

3. **DEVELOPMENT CHARGES REBATE PROGRAM**
PROGRAMME DE REMISES SUR LES REDEVANCES D'AMÉNAGEMENT

COMMITTEE RECOMMENDATION

That Council designate Housing Services as the Service Manager for the administration of the provincial Development Charges Rebate Program.

RECOMMANDATION DU COMITÉ

Que le Conseil désigne les Services du logement comme gestionnaire de service pour l'administration du Programme provincial de remises sur les redevances d'aménagement.

DOCUMENTATION/DOCUMENTATION

1. Director's report, Housing Services, Community and Social Services, dated February 6, 2018 (ACS2018-CSS-GEN-0001)

Rapport de la directrice, Services de logement, Direction générale des services sociaux et communautaires, daté le 6 février 2018 (ACS2018-CSS-GEN-0001)

**Report to
Rapport au:**

**Planning Committee
Comité de l'urbanisme
13 February 2018 / 13 février 2018**

**and Council
et au Conseil
28 February 2018 / 28 février 2018**

**Submitted on February 6, 2018
Soumis le 6 février 2018**

**Submitted by/Soumis par:
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VILLE**

**File Number / numéro de dossier:
ACS2018-CSS-GEN-0001**

SUBJECT: Development Charges Rebate Program

OBJET: Programme de remises sur les redevances d'aménagement

REPORT RECOMMENDATIONS

That Planning Committee recommend Council designate Housing Services as the Service Manager for the administration of the provincial Development Charges Rebate Program.

RECOMMANDATIONS DU RAPPORT

Que le Comité de l'urbanisme recommande au Conseil de désigner les Services du logement comme gestionnaire de service pour l'administration du Programme provincial de remises sur les redevances d'aménagement.

BACKGROUND

On April 20, 2017, the government of Ontario announced its Fair Housing Plan, which included 16 measures to improve housing affordability, address demand and increase housing supply across the province. The Development Charges Rebate Program (Rebate Program) is a measure designed to increase the supply of new purpose-built rental market units.

To secure funding, municipalities must apply for the program via an Expression of Interest (EOI) to the province. In order to submit the EOI, Council must designate a Service Manager as the Program Administrator for the Rebate Program. Staff recommend that Housing Services, in the Community and Social Services Department (CSSD), be designated the Service Manager for the administration of this program, as CSSD is currently the Service Manager under the Housing Services Act, 2011.

Through the proposed Rebate Program, the province is offering funding, up to a total of \$125M over a five-year period to eligible municipalities, in the form of rebates for all or part of development charges paid by housing developers. Following the receipt of applications through the EOI, the province will announce notional allocations in the spring of 2018 to eligible Service Managers. The province will then provide approved funding according to a Transfer Payment Agreement (TPA) between the province and the local municipality. There are no requirements for municipalities to contribute incentives, financial or otherwise, to the program. In addition, the program provides for the recovery of administration costs.

DISCUSSION

To be considered for the Rebate Program, municipalities must submit an Expression of Interest (EOI) to the province by March 2, 2018. The application process includes responding to questions concerning why the municipality requires the funding, how funds will be utilized, how monitoring and reporting requirements will be met, as well as how much overall funding is being requested. Staff recommend that Housing Services

submit an EOI and administer this rebate program. Based on CMHC data, there were 726 rental starts in 2016. This number increased to 1,410 in 2017. Rental starts for 2018 and coming years are expected to be in the range of 750 units per year. If the City receives program funding, this will further encourage the construction of purpose-built rental housing and help increase affordability in the rental sector.

The province has also released Program Guidelines that identify key elements such as the role of the municipality, accountability and reporting requirements, as well as eligibility criteria. The Guidelines define the following criteria, based on local requirements but within the provincial program guidelines. The units must:

- be new purpose-built rental units;
- be apartments or townhomes;
- remain rental for a minimum of 20 years;
- be secured via a contribution agreement between the municipality and developer.

Any affordable rental units in receipt of a capital grant from the Investment in Affordable Housing for Ontario (IAH) Program are not eligible for this program, nor are market rental projects eligible for a deferral or exemption of development charges under existing municipal programs.

The City currently offers relief of development charges for new affordable rental housing funded under the Investment in Affordable Housing for Ontario Program and other types of affordable housing for low to moderate income households. The new Rebate Program aims to encourage the construction of new, market-rate rental housing that provides rents up to 175% of the Average Market Rent (AMR), but allows municipalities to establish the qualifying amount based on the local rental market. In order to encourage more diversity in the rental housing market in Ottawa, Housing Services is seeking Council approval to apply for funding under the new program and implement a rental target up to 125% of the AMR or up to the AMR for units built after 2005. The table below identifies AMR for Ottawa based on the most recent December 2017 CMHC data.

Table 1: Average Market Rent (AMR) by apartment type and date of construction

Apartment Type	City wide AMR	AMR for units built after 2005	125% of AMR
Bachelor apartment	\$836	\$983 (117% of AMR)	\$1,045
1 bedroom apartment	\$1,023	\$1,597 (156% of AMR)	\$1,279
2 bedroom apartment	\$1,232	\$1,913 (155% of AMR)	\$1,540
3+ bedroom apartment	\$1,568	\$2,012 (128% of AMR) - 2016 data, 2017 data n/a	\$1,960

Successful municipalities are required to establish how they will administer the program. For example, in order to create incentives for multiple projects, the City may elect to provide partial rebates. Program criteria also establish thresholds for qualifying rents based on the local rental market. Other factors such as a development's location will also need to be considered.

It should be noted that while some of the program criteria and guidelines have been established, details regarding program implementation and administration are still to be determined by the Ministry of Municipal Affairs and the Ministry of Housing. Prior to implementation, staff will develop the required application process, monitoring and reporting framework for the program, as well as any new legal agreements. Staff anticipate that new procedures will need to be developed with other departments that will be involved in running the program.

Staff will engage with the private and not-for-profit sectors in the design of the program and will continue to monitor new programs that may arise from the federal National Housing Strategy, which may be further leveraged to encourage the development of affordable rental housing.

RURAL IMPLICATIONS

N/A

CONSULTATION

N/A

LEGAL IMPLICATIONS

There are no legal impediments to the implementation of the report recommendations.

RISK MANAGEMENT IMPLICATIONS

There are no risk implications associated with the report recommendations.

FINANCIAL IMPLICATIONS

There are no financial implications associated with the report recommendations.

ACCESSIBILITY IMPACTS

Visitable and accessible dwelling units are a requirement under the Ontario Building Code and will also be supported through the Development Charge Rebate Program.

TERM OF COUNCIL PRIORITIES

The recommendations in this report are aligned with the 2015-2018 Term of Council Strategic Plan and address Strategic Initiative #40 The 10 Year Housing and Homelessness Plan, under the Strategic Priority of Healthy and Caring Communities.

DISPOSITION

Upon Council approval of this report, the Director of Housing Services will submit an application for funding and to participate in the Development Charges Rebate Program to the Ministry of Housing for consideration.

Housing Services will consult with Planning, Infrastructure and Economic Development, and the private and not for profit sectors prior to finalizing the parameters of the program.

Housing Services will implement and coordinate an application intake process and forward qualified applications for eligible development charge rebates to the Ministry of Housing for approval. Legal Services will be required to support the drafting and execution of required agreements.