

<p>1. HOUSING SERVICES LONG RANGE FINANCIAL PLAN PLAN FINANCIER À LONG TERME POUR LES SERVICES DU LOGEMENT</p>

COMMITTEE RECOMMENDATIONS, AS AMENDED

That Council approve:

1. That the City's annual contribution for affordable housing as per the Long Range Financial Plan be increased to \$20.6 million per annum. This includes an annual capital budget authority of \$14.6 million for the Affordable Housing capital program starting in 2022 and increasing the annual Development Charge Exemptions budget to \$6 million by 2030;
2. That the annual contribution from taxation for Affordable Housing be increased by \$1 million annually for the next four years (2022 to 2025) to increase the annual base budget capital contribution from \$6 million to \$10 million by 2025, within Council's approved tax target;
3. That the Development Charge Exemptions budget be increased by \$500 thousand annually for the next nine years (2022 to 2030) to increase the portion of this budget estimated to be attributable to affordable housing exemptions from \$1.5 million annually to \$6 million annually by 2030, within Council's approved tax target;
4. That the Mayor pursue additional capital funding from the federal and provincial governments estimated at \$283.1 million over the next ten years to contribute one-third share each of the capital requirement for 5,000 new housing units and two transitional housing facilities;

5. That the Mayor continue to pursue permanent stable operating funding from the federal and provincial governments estimated at \$93.4 million annually over the next ten years to add new housing subsidies, provide enhanced support services, increase emergency shelter funding, and provide operating funding for new supportive and transitional housing; and
6. That the Mayor write to the Minister of Municipal Affairs and Housing to request that the Province of Ontario cover the expenses of the City of Ottawa's Rent Geared to Income program.

RECOMMANDATIONS DU COMITÉ, TELLES QUE MODIFIÉES

Que le Conseil approuve les mesures suivantes :

1. Que la contribution annuelle de la Ville pour le logement abordable, conformément au Plan financier à long terme, soit portée à 20,6 millions de dollars par année. Cela comprend une autorisation budgétaire d'immobilisations annuelle de 14,6 millions de dollars pour le Programme de logement abordable qui débutera en 2022 et une augmentation du budget annuel affecté aux dispenses de redevances d'aménagement qui passera à 6 millions de dollars d'ici 2030;
2. Que la contribution annuelle au logement abordable provenant des recettes fiscales soit augmentée de un million de dollars par année pendant les quatre prochaines années (de 2022 à 2025) de façon à faire passer le financement annuel des immobilisations de 6 à 10 millions de dollars d'ici 2025, ce qui respecte les objectifs fiscaux

approuvés par le Conseil;

3. Que le budget affecté aux dispenses de redevances d'aménagement soit augmenté de 500 000 \$ par année pour les neuf prochaines années (de 2022 à 2030) de façon à faire passer la portion estimative de ce budget attribuable aux exemptions pour logement abordable de 1,5 à 6 millions de dollars par année d'ici 2030, ce qui respecte les objectifs fiscaux approuvés par le Conseil;
4. Que le maire cherche à obtenir un financement supplémentaire de la part des gouvernements fédéral et provincial d'un montant estimé à 283,1 millions de dollars au cours des 10 prochaines années afin que chaque instance fournisse le tiers des fonds d'immobilisations requis pour la construction de 5 000 nouveaux logements abordables et de deux logements temporaires;
5. Que le maire continue de chercher à obtenir des fonds de fonctionnement stables et permanents de la part des gouvernements fédéral et provincial d'un montant estimé à 93,4 millions de dollars par année au cours des 10 prochaines années afin d'ajouter des nouvelles subventions au logement, de fournir des services de soutien améliorés, d'accroître le financement des refuges d'urgence et de financer l'exploitation de nouveaux logements temporaires et en milieu de soutien; et
6. Que le maire écrit au ministre des Affaires municipales et du Logement pour réclamer que la province de l'Ontario couvre les dépenses associées au Programme de loyer indexé sur le revenu de la Ville d'Ottawa.

**FINANCE AND ECONOMIC
DEVELOPMENT COMMITTEE
AND COMMUNITY AND
PROTECTIVE SERVICES
COMMITTEE
JOINT REPORT 1
MARCH 10, 2021**

4

**COMITÉ DES FINANCES ET DU
DÉVELOPPEMENT ÉCONOMIQUE ET
DU COMITÉ DES SERVICES
COMMUNAUTAIRES ET DE
PROTECTION
RAPPORT CONJOINT 1
LE 10 MARS 2021**

DOCUMENTATION/DOCUMENTATION

1. Deputy City Treasurer's Report, Corporate Finance, dated February 19, 2021, (ACS2021-FSD-FIN-0001)

Rapport de la Trésorière municipal adjointe, Finances municipales,
Direction générale des services des finances daté le 19 février 2021,
(ACS2021-FSD-FIN-0001)

2. Extract of draft Minutes, Finance and Economic Development Committee and Community and Protective Services Committee Joint meeting 2 March 2021

Extrait de l'ébauche du procès-verbal de la réunion conjointe du Comité des finances et du développement économique et du Comité des services communautaires et de protection, le 2 mars 2021.

**FINANCE AND ECONOMIC
DEVELOPMENT COMMITTEE
AND COMMUNITY AND
PROTECTIVE SERVICES
COMMITTEE
JOINT REPORT 1
MARCH 10, 2021**

5

**COMITÉ DES FINANCES ET DU
DÉVELOPPEMENT ÉCONOMIQUE ET
DU COMITÉ DES SERVICES
COMMUNAUTAIRES ET DE
PROTECTION
RAPPORT CONJOINT 1
LE 10 MARS 2021**

**Report to
Rapport au:**

**Special Joint Meeting of Finance and Economic Development Committee
and Community and Protective Services Committee / Réunion
extraordinaire conjointe du Comité des finances et du développement
économique et du Comité des services communautaires et de protection
2 March 2021 / 2 mars 2021**

**and Council
et au Conseil
10 March 2021 / 10 mars 2021**

**Submitted on February 19, 2021
Soumis le 19 février 2021**

**Submitted by
Soumis par:**

**Wendy Stephanson, Chief Financial Officer, Finance Services Department /
Cheffe des finances, Direction général des services des finances**

Contact Person

Personne ressource :

**Isabelle Jasmin, Deputy City Treasurer, Corporate Finance, Finance
Services Department / Trésorière municipale adjointe, Finances municipales,
Direction général des services des finances
613-580-2424, ext. / poste 21312, Isabelle.jasmin@ottawa.ca**

Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE File Number: ACS2021-FSD-FIN-0001

**FINANCE AND ECONOMIC
DEVELOPMENT COMMITTEE
AND COMMUNITY AND
PROTECTIVE SERVICES
COMMITTEE
JOINT REPORT 1
MARCH 10, 2021**

6

**COMITÉ DES FINANCES ET DU
DÉVELOPPEMENT ÉCONOMIQUE ET
DU COMITÉ DES SERVICES
COMMUNAUTAIRES ET DE
PROTECTION
RAPPORT CONJOINT 1
LE 10 MARS 2021**

SUBJECT: HOUSING SERVICES LONG RANGE FINANCIAL PLAN

**OBJET: PLAN FINANCIER À LONG TERME POUR LES SERVICES DU
LOGEMENT**

REPORT RECOMMENDATIONS

**THAT THE FINANCE AND ECONOMIC DEVELOPMENT COMMITTEE RECOMMEND
COUNCIL APPROVE:**

- 1. That the City's annual contribution for affordable housing as per the Long Range Financial Plan be increased to \$20.6 million per annum. This includes an annual capital budget authority of \$14.6 million for the Affordable Housing capital program starting in 2022 and increasing the annual Development Charge Exemptions budget to \$6 million by 2030.**
- 2. That the annual contribution from taxation for Affordable Housing be increased by \$1 million annually for the next four years (2022 to 2025) to increase the annual base budget capital contribution from \$6 million to \$10 million by 2025, within Council's approved tax target.**
- 3. That the Development Charge Exemptions budget be increased by \$500 thousand annually for the next nine years (2022 to 2030) to increase the portion of this budget estimated to be attributable to affordable housing exemptions from \$1.5 million annually to \$6 million annually by 2030, within Council's approved tax target.**
- 4. That the Mayor pursue additional capital funding from the federal and provincial governments estimated at \$283.1 million over the next ten years to contribute one-third share each of the capital requirement for 5,000 new housing units and two transitional housing facilities.**

- 5. That the Mayor continue to pursue permanent stable operating funding from the federal and provincial governments estimated at \$93.4 million annually over the next ten years to add new housing subsidies, provide enhanced support services, increase emergency shelter funding, and provide operating funding for new supportive and transitional housing.**

RECOMMANDATIONS DU RAPPORT

QUE LE COMITÉ DES FINANCES ET DU DÉVELOPPEMENT ÉCONOMIQUE RECOMMANDE AU CONSEIL D'APPROUVER LES MESURES SUIVANTES :

- 1. Que la contribution annuelle de la Ville pour le logement abordable, conformément au Plan financier à long terme, soit portée à 20,6 millions de dollars par année. Cela comprend une autorisation budgétaire d'immobilisations annuelle de 14,6 millions de dollars pour le Programme de logement abordable qui débutera en 2022 et une augmentation du budget annuel affecté aux dispenses de redevances d'aménagement qui passera à 6 millions de dollars d'ici 2030.**
- 2. Que la contribution annuelle au logement abordable provenant des recettes fiscales soit augmentée de un million de dollars par année pendant les quatre prochaines années (de 2022 à 2025) de façon à faire passer le financement annuel des immobilisations de 6 à 10 millions de dollars d'ici 2025, ce qui respecte les objectifs fiscaux approuvés par le Conseil.**
- 3. Que le budget affecté aux dispenses de redevances d'aménagement soit augmenté de 500 000 \$ par année pour les neuf prochaines années (de 2022 à 2030) de façon à faire passer la portion estimative de ce budget attribuable aux exemptions pour logement abordable de 1,5 à 6 millions de dollars par année d'ici 2030, ce qui respecte les objectifs fiscaux approuvés par le Conseil.**

- 4. Que le maire cherche à obtenir un financement supplémentaire de la part des gouvernements fédéral et provincial d'un montant estimé à 283,1 millions de dollars au cours des 10 prochaines années afin que chaque instance fournisse le tiers des fonds d'immobilisations requis pour la construction de 5 000 nouveaux logements abordables et de deux logements temporaires.**

- 5. Que le maire continue de chercher à obtenir des fonds de fonctionnement stables et permanents de la part des gouvernements fédéral et provincial d'un montant estimé à 93,4 millions de dollars par année au cours des 10 prochaines années afin d'ajouter des nouvelles subventions au logement, de fournir des services de soutien améliorés, d'accroître le financement des refuges d'urgence et de financer l'exploitation de nouveaux logements temporaires et en milieu de soutien.**

EXECUTIVE SUMMARY

Long range financial plans (LRFPs) support good financial planning. Once developed, these plans are updated each term of Council to reflect new information such as changing policy priorities, adjusted costing, and new legislated requirements, if required. This is the first long range financial plan for Housing Services for the City of Ottawa. It was developed to help support the goals set out in the City's 10-Year Housing and Homelessness Plan (the "10 Year Plan").

The 10-Year Plan, approved by Council in 2014, committed to a series of actions to improve the housing needs of residents in the City through new construction, improving affordability and investing in support services to help people find and keep their homes. Council has also approved record capital investments to fund new affordable housing between 2014 to 2020, including the City committing \$15 million in capital in both 2019 and 2020, for a total of \$54.9 million over 7 years. Combined with Federal and Provincial funding of \$106.8 million, this investment has funded the construction of

1,692 new affordable housing units. There was also increased investments in operating funding and one-time grant funding during this period (2014 to 2020).

The updated 10-Year Plan 2020-2030 was adopted by Council on July 15, 2020. It provides the actions the City and community partners will undertake to improve the system of housing and support services for people in need in our community. The Plan outlines a series of targets over 10 years to create 5,700-8,500 affordable housing options; increase transitional housing capacity for families and women; and expand homelessness services and housing subsidies. The capital requirement to support this Plan must be cost shared equally between the City, Provincial and Federal governments, while the operating funding is to be solely funded by the Provincial and Federal governments. This cost sharing formula is consistent with the statutory obligations and responsibilities set out in the Canadian Parliamentary system.

Capital funding investments are required to support the construction of up to 500 new affordable/supportive units annually through a combination of capital grant funding, non-transit development charge exemptions, forgivable loans, low-interest financing, property tax exemptions, and development fee relief. The total estimated cost over ten years is \$565.1 million, with a municipal share of \$188.4 million. One-time capital funding of \$30 million is required to fund the development of new transitional housing for families and women. The capital cost is to be shared equally between the City, Provincial, and Federal governments, with the City's one-third share being \$10 million.

Ongoing operating funding is required from the federal and provincial governments to address housing affordability in the City, including those households experiencing homelessness, for those living in shelters, or households on the Centralized Wait List, through the provision of housing subsidies. The creation of a minimum of 700 housing subsidies are required annually to contribute to the 5,700 to 8,500 affordable housing options over the next ten years at a cost of \$5 million per annum for every additional 700 housing subsidies, increasing to \$51.3 million per annum after ten years.

Supports must also be available to transition people experiencing homelessness to permanent housing and to achieve housing stability and long-term housing retention. To augment the services and programs currently available, operating funding of \$93.4 million per annum is required from Federal and Provincial governments to:

- Provide operating funding for support services for 50 new Supportive Housing units annually
- Increase the Home for Good program
- Increase the Reaching Home program
- Operating costs for Two New Transitional Housing Facilities
- Increase the Community Homelessness Prevention Initiative (CHPI) (sustainable level of operating funding)
- Increase the Community Homelessness Prevention Initiative (CHPI) (emergency shelter supports and services)

The City's Housing Services operating budget will require an average increase of \$2.1 million per year to address the objectives approved through the 10-Year Plan. This is needed to increase program requirements and to address the pressure caused by the gradual reduction in federal social housing funding. This operating pressure will be addressed gradually by increasing the City's operating budget by approximately \$525 thousand over four years as part of the annual budget approval process.

Over the past three years, Council has approved \$15 million annually for capital requirements, primarily from one-time sources such as operating reserves. These funding sources are now fully drawn down, including both the Housing Reserve and the Affordable Housing Development Charge reserves. To fund the City's \$198.4 million share of the capital requirement, the annual contribution to the Affordable Housing capital program of \$7.3 million will need to increase to \$14.6 million and the Development Charge Exemptions annual budget will need to increase from \$1.5 million to \$6 million. That is a total increase of \$11.8 million annually for the next nine years

**FINANCE AND ECONOMIC
DEVELOPMENT COMMITTEE
AND COMMUNITY AND
PROTECTIVE SERVICES
COMMITTEE
JOINT REPORT 1
MARCH 10, 2021**

11

**COMITÉ DES FINANCES ET DU
DÉVELOPPEMENT ÉCONOMIQUE ET
DU COMITÉ DES SERVICES
COMMUNAUTAIRES ET DE
PROTECTION
RAPPORT CONJOINT 1
LE 10 MARS 2021**

(2022 to 2030). By increasing the annual base budget, as outlined above, the City will have more sustainable and predictable funding moving forward.

Given the existing funding pressures and Council approved funding priorities, adding \$11.8 million to the annual Tax-Supported Operating and Capital Budget will be achieved over several years. Staff is recommending that the funding be phased in over four years and come from multiple funding sources, including: base budget increase from taxation, development charges, new sources of funding such as Community Benefit Charges or possibly a Vacant Homes Tax, and be supplemented by one-time contributions from surplus land sales and other sources.

Although it will take approximately four years for the base budget to reach the annual funding level required, Council will need to commit the full \$14.6 million every year to the Affordable Housing capital program over the next nine years starting in 2022, in order to implement the plan and to fund the entire \$198.4 million over ten years. City debt funding will be used as a bridge to supplement the funding required each year. Debt will only be required for cashflow management purposes and issued in years where actual capital costs have been incurred. Therefore, over the ten-year timeframe only \$4.8 million in debt is estimated to be required and if additional funding from one-time sources or revenue from development charges or surplus land sales are higher than expected, the amount of debt required will decrease.

Similar to the debt estimates, the Development Charge exemptions estimates will also be dependent on the timing of construction. The funding gap expected for this budget in the early years of the plan, will be managed within the Development Charge exemptions budget overall, while increasing this base budget gradually over the nine years.

RESUME

Les plans financiers à long terme favorisent la bonne planification financière. Une fois élaborés, de tels plans sont mis à jour à chaque mandat du Conseil de façon à tenir compte des nouveaux renseignements, par exemple de priorités stratégiques changeantes, d'une révision des coûts et de nouvelles exigences législatives, au besoin. Ce plan financier à long terme est le premier se rapportant aux Services du

**FINANCE AND ECONOMIC
DEVELOPMENT COMMITTEE
AND COMMUNITY AND
PROTECTIVE SERVICES
COMMITTEE
JOINT REPORT 1
MARCH 10, 2021**

13

**COMITÉ DES FINANCES ET DU
DÉVELOPPEMENT ÉCONOMIQUE ET
DU COMITÉ DES SERVICES
COMMUNAUTAIRES ET DE
PROTECTION
RAPPORT CONJOINT 1
LE 10 MARS 2021**

logement de la Ville d'Ottawa. Il a été élaboré pour permettre de soutenir les objectifs énoncés dans le Plan décennal de logement et de lutte contre l'itinérance de la Ville (le « Plan décennal »).

Le Plan décennal approuvé par le Conseil en 2014, s'est engagé à prendre une série de mesures visant à répondre aux besoins des résidents d'Ottawa en matière de logement en construisant de nouveaux logements, en rendant les logements plus abordables et en investissant dans les services de soutien pour que les gens puissent trouver un logement et le conserver. Le Conseil a également approuvé des investissements records dans les immobilisations entre 2014 et 2020 dans le but de financer de nouveaux logements abordables, dont 15 millions de dollars en immobilisations affectés par la Ville en 2019 et en 2020, pour un total de 54,9 millions de dollars sur 7 ans. Cette somme, à laquelle s'ajoutent les 106,8 millions de dollars fournis par les gouvernements fédéral et provincial, a financé la construction de 1 692 nouveaux logements abordables. Il y a également eu, au cours de cette période (entre 2014 et 2020), une hausse des investissements dans les fonds de fonctionnement et l'octroi de subventions non renouvelables.

La version mise à jour du Plan décennal pour 2020 à 2030 a été adoptée par le Conseil le 15 juillet 2020. Elle énonce les mesures que la Ville et les partenaires communautaires devront entreprendre pour améliorer le système de logement et les services de soutien destinés aux résidents dans le besoin de notre communauté. Le Plan présente une série de cibles échelonnées sur 10 ans visant à créer entre 5 700 à 8 500 options de logement abordable, à accroître la capacité en logements de transition destinés aux femmes et aux familles et à augmenter les services aux sans-abri et les subventions au logement. La Ville ainsi que les gouvernements provincial et fédéral doivent se partager les dépenses en immobilisations en parts égales en vue de soutenir ce plan, tandis que les fonds de fonctionnement seront couverts uniquement par les gouvernements provincial et fédéral. Cette formule de partage des coûts est conforme aux obligations et responsabilités statutaires énoncées dans le système parlementaire canadien.

Des investissements en immobilisations sont nécessaires pour appuyer la construction d'un maximum de 500 nouveaux logements abordables ou en milieu de soutien par année au moyen d'une combinaison de subventions d'immobilisation, de dispenses de

redevances d'aménagement (non liées au transport en commun), de prêts-subventions, de financement à faible taux d'intérêt, d'exonérations d'impôt foncier et de mesures d'allègement des frais d'aménagement. Le coût total sur 10 ans est estimé à 565,1 millions de dollars, la part municipale s'élevant à 188,4 millions de dollars. Un versement non récurrent de 30 millions de dollars est requis pour financer l'aménagement de nouveaux logements de transition destinés aux femmes et aux familles. Les coûts des immobilisations seront partagés entre la Ville et les gouvernements provincial et fédéral; la part de la Ville s'élevant à 10 millions de dollars.

Des fonds de fonctionnement permanents sont requis de la part des gouvernements fédéral et provincial afin de rendre les logements plus abordables pour les ménages d'Ottawa, y compris ceux qui se trouvent en situation d'itinérance ou qui quittent les refuges, ou encore ceux qui se trouvent sur la liste d'attente centralisée, par l'intermédiaire de subventions au logement. Il est nécessaire de créer au moins 700 nouvelles subventions au logement par année afin de contribuer au financement des 5 700 à 8 500 options de logement abordable au cours des 10 prochaines années au coût de 5 millions de dollars par année, pour chaque tranche de 700 subventions au logement supplémentaires, une somme passant à 51,3 millions de dollars par année après 10 ans.

Des mesures de soutien doivent être offertes afin de faciliter la transition des personnes en situation d'itinérance vers un logement permanent et d'assurer la stabilité et le maintien à long terme du logement. Pour bonifier les services et les programmes actuellement offerts, des fonds de fonctionnement de 93,4 millions de dollars par année sont requis de la part des gouvernements fédéral et provincial pour :

- fournir des services de soutien de fonctionnement pour les 50 nouveaux logements en milieu de soutien par année
- augmenter le programme Logements pour de bon
- augmenter le programme Vers un chez soi

- fonds de fonctionnement pour deux nouvelles installations de logements de transition
- augmenter l'Initiative de prévention de l'itinérance dans les collectivités (fonds de fonctionnement à un niveau viable)
- augmenter l'Initiative de prévention de l'itinérance dans les collectivités (refuge d'urgence)

Le budget de fonctionnement des Services de logement municipales nécessitera une augmentation moyenne de 2,1 millions de dollars par année pour atteindre les objectifs approuvés au moyen du Plan décennal, pour augmenter les exigences du programme et atténuer les pressions découlant de la réduction graduelle du financement fédéral pour les logements sociaux. Cette pression sera atténuée graduellement en augmentant le budget de fonctionnement de la Ville d'environ 525 000 \$ sur quatre ans dans le cadre du processus annuel d'approbation du budget.

Au cours des trois dernières années, le Conseil a approuvé la somme de 15 millions de dollars par année pour des besoins d'immobilisation, provenant principalement de sources ponctuelles telles que les réserves de fonctionnement. Ces sources de financement sont maintenant totalement utilisées entièrement, incluant le fonds de réserve pour le logement et le fonds de réserve des redevances d'aménagement. Pour financer la part d'investissement de la Ville, laquelle s'élève à 198,4 millions de dollars, la contribution annuelle au programme de logement abordable de 7,3 millions de dollars devra passer à 14,6 millions de dollars, tandis que le budget annuel affecté aux dispenses de redevances d'aménagement devra passer de 1,5 million à 6 millions de dollars. Au total, l'augmentation s'élève à 11,8 millions de dollars par année pour les neuf prochaines années (de 2022 à 2030). En augmentant le budget annuel de base, comme indiqué ci-dessus, la Ville aura plus de financement durable et prévisible pour l'avenir.

Compte tenu des pressions financières actuelles et du fait que le Conseil a approuvé les priorités de financement, l'ajout de 11,8 millions de dollars au budget de

fonctionnement et des immobilisations annuel financé par les recettes fiscales sera atteint sur plusieurs années. Le personnel recommande que les fonds proviennent progressivement durant quatre ans et de plusieurs sources, y compris de l'augmentation du budget de base à partir des recettes fiscales, de redevances d'aménagement, de nouvelles sources de financement telles que les redevances pour avantages communautaires ou possiblement d'une taxe sur les propriétés vacantes, et être complétés par des contributions ponctuelles provenant de la vente de terrains excédentaires et d'autres sources.

Même si environ quatre années seront nécessaires pour que le budget de base atteigne le niveau de financement annuel requis, le Conseil devra affecter chaque année la totalité de la somme de 14,6 millions de dollars au programme de logement abordable au cours des neuf prochaines années à compter de 2022 afin de mettre en œuvre le plan et de fournir le financement total de 198,4 millions de dollars sur 10 ans. Le financement par emprunt de la Ville sera utilisé à titre de pont pour compléter les sommes requises chaque année. Les emprunts serviront uniquement à la gestion des liquidités et seront contractés durant les années où des coûts d'immobilisations réels auront été engagés. Par conséquent, au cours de la période de 10 ans, le montant de la dette requise est estimé à seulement 4,8 millions de dollars, une somme qui pourrait diminuer si le financement supplémentaire provenant de sources ponctuelles, de redevances d'aménagement ou de la vente de terrains excédentaires est plus élevé que prévu.

À l'image du montant estimé de la dette, le montant estimé des dispenses de redevances d'aménagement dépendra également du calendrier des travaux. L'insuffisance de financement prévue pour ce budget au cours des premières années du plan sera prise en charge par le budget des dispenses de redevances d'aménagement, tandis que le budget de base sera augmenté graduellement au cours des neuf années.

BACKGROUND

Long range financial plans (LRFPs) support good financial planning. Once developed, these plans are updated each term of Council to reflect new information such as changing priorities, adjusted costing, and any new legislated requirements, if required. This is the first long range financial plan for Housing Services for the City of Ottawa.

The City's current housing and homelessness system does not have the capacity to address current and emerging needs and additional funding is required to augment the system response. The level of need is reflected both in the number of households waiting for affordable housing, as well as the number of people accessing the emergency shelter system. This growing need for housing and homelessness supports has been driven by population and migration growth, an unfavorable rental market with high rents and low vacancy, limited turnover in existing community housing stock, and increasingly complex needs and supports required by residents. These factors have resulted in increasing financial and social costs.

Historical Funding Summary

The first 10-Year Plan was implemented in 2014 with a series of actions to improve the housing needs of residents in the City through new construction, improving affordability and investments in support services to help people find and keep their homes. Council has approved record capital investments to fund new affordable housing between 2014 to 2020. There have also been increased investments in operating funding and one-time grant funding during 2014 to 2020.

From 2014 to 2020 1,692 new units were funded, with funding from all three levels of government. The City has provided a \$41.8 million capital contribution, including record investments of \$15 million in 2019 and 2020. The City also provided \$13.1 million through non-transit development charge exemptions, for a total investment over the 7-year period of \$54.9 million (34 per cent of total investment).

Provincial and Federal governments provided \$106.8 million in grant funding towards new supportive and affordable housing units during 2014 to 2020 (66 per cent of total investment). Home for Good provided funding for supportive housing, while the Ontario Priorities Housing Initiative (OPHI), Investment in Affordable Housing- Extension (IAH-E), and Social Infrastructure Fund (SIF) provided capital funding for new affordable and supportive housing.

Under the new National Housing Strategy the new National Housing Co-Investment Fund provides forgivable loans and low-interest financing for new projects. The forgivable loan portion has been included as a provincial and federal contribution.

The provincial Community Homelessness Prevention Initiative implemented in 2013 is the City's largest envelope of homelessness funding and is the consolidation of five previous separate funding streams. When transferred in 2013, it provided more autonomy and flexibility for the City to respond to local needs. However, the funding was capped and reduced at the time of transfer. Although there have been increases to this funding since 2013 (\$33 million to \$38.6 million currently in 2021), the funding remains inadequate to meet ongoing and emerging pressures in our City. To make up this shortfall in provincial funding, and to keep up with local demands, the City has supplemented this annual deficit with municipal funding. Funding is invested in emergency shelter solutions, housing with related supports (Residential Services Homes), homelessness prevention and other housing initiatives and programs that help people at risk of or experiencing homelessness. Annual ongoing operating funding of \$4.7 million (2019 to 2022) is received through the provincial Home for Good program, a homelessness supports program that focuses on assisting the following four priority groups to obtain and retain housing: the chronically homeless, youth, Indigenous and people exiting provincial institutions. Funding is allocated for support services, first and lasts month rent, unit set-up expenses and portable housing subsidies for the four priority groups.

The City’s previous federal homelessness funding, the Homelessness Partnering Strategy, was replaced with the Reaching Home Strategy in 2019. The City received an additional allocation of \$5.6 million (from 2019 to 2024) on top of the \$7 million base funding as follows: \$608,000 per year from 2019 to 2021 and \$1.5 million each year for the remaining three years, 2021 to 2024. This funding is used to support the City’s Housing First program and is invested in outreach services and operating funding for supportive housing.

10-Year Housing Plan 2020-2030

The updated 10-Year Housing and Homelessness Plan 2020 to 2030 was adopted by Council on July 15, 2020 ([ACS2020-CSS-GEN-006](#)). It provides the roadmap and actions the City and community partners will undertake to improve the system of housing and support services for people in need in our community. The Plan also outlines a series of targets over 10 years as detailed in the table below.

Table 1 – 10-Year Plan Funding Request (\$ millions)

Goals	Financial Implications	City	Prov/Fed	Total
Create between 5700-8500 affordable housing options (new units and housing subsidies) targeted to both low to moderate income households	\$600M for 3500-5700 new affordable housing units (capital)	200.0	400.0	600.0
	\$280M for new housing subsidies		280.0	280.0
Unsheltered and veteran homelessness is eliminated; chronic homelessness is	\$45M for new transitional housing for families and women (capital)	15.0	30.0	45.0

reduced by 100 per cent; Indigenous overall homelessness is reduced by 25 per cent; and overall homelessness is reduced by 25 per cent	Additional operating funding for services and programming		100.0	100.0
Total 10 Year Plan Requirement		215.0	810.0	1,025.0
Average Annual Requirement		21.5	81.0	102.5

Implementing the updated 10-Year Plan requires new and sustained investments from all levels of government. The Plan outlines a series of targets over 10 years as summarised in Table 1 and explained as follows:

1. Ongoing capital funding for 300-570 new affordable housing units per year - \$600 million over 10 years, divided evenly between the three levels of government, to build new affordable/supportive housing units.
2. One-time capital funding of \$45 million to increase transitional housing capacity for families and women experiencing homelessness, allowing the City to reduce reliance on hotels and motels and ensuring there is adequate capacity in the housing system for women experiencing homelessness.
3. Additional operating funding of \$38 million (\$380 million over 10 years) is needed from the provincial and federal governments to invest in expanding outreach and prevention resources, Housing First services, and for housing subsidies to support the City's affordable housing targets.

The City's direct operating contribution to these homelessness programs is currently \$31 million. This is provided through the municipal Housing and Homelessness Investment Plan and an annual top-up for the provincial homelessness funding program. Given the current financial pressures of municipalities, the City is not in a

position to add new long-term financial commitments through the housing benefit programs that are a provincial and federal responsibility. 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. The municipality however, with its limited sources of revenue, above the property tax base, is least positioned to bear further costs. Of note, Ontario is the only province where the cost of rent geared to income housing has been downloaded to municipalities, a \$80 million annual expense to the City.

As input to the Housing Services Long Range Financial Plan (LRFP), Housing Services has further refined the overall capital and operating requirements needed to address the 10-Year Plan and updated the estimated cost and funding requirements. The next section describes in greater detail the revised capital and operating financial requirements of the 10-Year Plan.

DISCUSSION

The Housing Services LRFP addresses two key components of the 10-Year Plan – the funding required to maintain existing services and the funding required to meet the targets set under the updated Plan. This report provides an overview of the needs, and an affordability plan to address those needs over time. Subsequent sections identify the required investments from Municipal, Provincial and Federal governments to meet these needs.

To meet the targets outlined under the updated 10-Year Plan, the following sections outline the scale and costs of new affordable housing units, housing subsidies, transitional housing, and homelessness programs and services.

New Affordable Housing Units

Capital funding investments are required to support the construction of up to 500 new affordable/supportive housing units annually through a combination of capital grant funding, non-transit development charge exemptions, forgivable loans, low-interest financing, property tax exemptions, and development fee relief. The ongoing capital funding table below (Table 2) is reflective of the direct funding transfers required by the City from the Provincial and Federal governments to meet the targets established under the 10-Year Plan. It also reflects the projected grant funding and or financing that will be required by affordable housing developers under various National Housing Strategy programs.

Table 2 – Capital Cost for New Affordable Housing Units 2021 to 2030 (\$ millions)

10 Year Development Plan	Year 1	Total
New Affordable Housing Units	500	5,000
Net Development Equity Requirement	50.6	565.1
Federal and Provincial Requirement	33.7	376.7
City Requirement	16.9	188.4

The current estimated funding requirement for the 500-unit development plan is approximately \$65,000 for an Ottawa Community Housing unit (300 units per year) and \$175,000 for a supportive housing or Not-For-Profit and charitable sector developed unit (200 units per year). The difference between the two options is partly driven by the scale of Ottawa Community Housing’s development plan, their ability to leverage the National Housing Co-Investment Program, and their access to property tax exemptions on some of their properties. The level of affordability also differs between the two options as they are structured to maintain different levels of affordability. For example, Ottawa Community Housing’s long-term development plan has established that they will provide 30 per cent to 43 per cent of their new units at a below-market rent level of 80

per cent of the average market rent or less, depending on the level of capital subsidy and low interest financing available. Not-for-Profit units would have up to two-thirds of their rents averaging below 70 per cent of the average market rent or lower to accommodate lower income households with the average of all units typically at 80 per cent of average market rent. The charitable sector is responsible for providing the majority of supportive housing and provides the lowest rents with support services to people on Ontario Disability Support Program and Ontario Works. The 500-unit development plan is dependent on cost sharing from all levels of government, and the actual affordability mix will vary on a project-level basis depending on the types of funding available.

An affordability plan to address the funding gap for the City's share is addressed later in this report.

The City is advocating for Provincial and Federal government support to fund their share of the capital required to construct 5,000 affordable housing units over the next 10 years to meet the targets under the 10-Year Plan.

New Transitional Housing

In the update to the 10-Year Plan in July 2020, Housing Services indicated 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. The 10-Year Plan workplan (2021 to 2022) has a key strategic focus to implement actions to create quicker transitions to permanent housing for families currently in the family shelter system, negating the need for a second family facility. One-time capital funding of \$30 million is required to fund the development of new transitional housing for families and women to address the City's capacity challenges and reduce the use of hotels and motels for family shelter placement. The capital cost would be shared between the City, Provincial, and Federal governments, with the City's one-third share being \$10 million.

These investments are estimated to cost \$15 million per facility which would provide between 40 to 50 rooms. Operating costs will depend on the number of residents, but an average of \$1.5 million per year for the family facility and \$750,000 for the women's facility has been estimated as the requirement for on-site support and case management services. The operating costs for these new facilities are the responsibility of the Provincial and Federal governments, as would be the two-thirds share of the capital costs.

Table 3 – Capital Cost of New Transitional Housing Facilities (\$ millions)

New Family & Women's Transitional Housing	Total
One-Time Capital Cost for two Facilities	30.0
Provincial & Federal Requirement	20.0
City Requirement	10.0

An affordability plan to address the funding gap for the City's share of the funding is addressed later in this report.

New Housing Subsidies

Housing subsidies (rent supplements and housing allowances) provide households with financial support to offset the rental costs of accommodations. Programs assist people exiting homelessness to secure private market housing they can afford over the long-term, and assist people who need help with rental costs to sustain their current accommodations.

Since 2014, there have been 1,725 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 of 700 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.

**FINANCE AND ECONOMIC
DEVELOPMENT COMMITTEE
AND COMMUNITY AND
PROTECTIVE SERVICES
COMMITTEE
JOINT REPORT 1
MARCH 10, 2021**

27

**COMITÉ DES FINANCES ET DU
DÉVELOPPEMENT ÉCONOMIQUE ET
DU COMITÉ DES SERVICES
COMMUNAUTAIRES ET DE
PROTECTION
RAPPORT CONJOINT 1
LE 10 MARS 2021**

Based on the current Canada-Ontario Housing Benefit (COHB) program, an average portable housing allowance benefit costs \$611 per month. There will be an annual incremental cost of \$5.1 million per year which will add 700 new housing subsidies annually.

Table 4 – Cost of New Housing Subsidies 2021 to 2030 (\$ millions)

New Housing Subsidies Requirement	Year 1	Year 10	Total
Household Housing Subsidies	700	7,000	7,000
Total Cost of Housing Subsidy Program	5.1	51.3	282.3
Provincial & Federal Requirement	5.1	51.3	282.3

New Operating Funding

Complementary supports must be available to transition people experiencing homelessness to permanent housing and to achieve housing stability and long-term housing retention. The type and level of supports needed vary by household.

In 2020, the City funded or operated 1,143 emergency shelter beds, 711 supportive housing beds, and 1,000 Residential Services Homes beds. To augment the services and programs currently available, new operating funding is required to add at least 7,000 new housing subsidies, provide enhanced support services, increase emergency shelter funding, and provide operating funding for new supportive and transitional housing.

The City's Housing First program continues to support single people to exit homelessness with rental assistance and support services. Since the start of the 10-Year Plan in 2014, 1,353 singles experiencing chronic or unsheltered homelessness transitioned to permanent housing through the Housing First program, and 1,650 families experiencing homelessness transitioned to permanent housing. Staff have estimated the additional operating funding required from the Federal and Provincial governments to provide the programs, services and subsidies required to support the City's 10-year plan:

- 1. Operating funding to provide support services 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 \$809,000 per 50 units has been costed.
- 2. Increase Home for Good Program funding** – The current Home for Good program provides \$4.7 million per year for housing allowances, first and last month’s rent, and support services for Housing First clients. Currently, all housing allowances under the program have been committed and new and increased funding for both housing subsidies and support services are required to expand the program. The request is for an annual incremental cost of \$3.2 million per year, to support an additional 300 households annually.
- 3. Increase Reaching Home funding** – \$8.8 million in additional Reaching Home funding would be used to expand the City’s Housing First program, invest in operating funding for supportive housing programs, and increase investments in housing search and housing loss prevention supports that help people find and keep their housing.
- 4. Funding for two new Transitional Housing Facilities** – Operating funding is required for the new family and women’s transitional housing facilities. Based on a recent analysis of emergency shelters, the estimated cost for an externally operated family facility is \$1.5 million annually. The cost for a women’s facility is estimated at \$0.8 million annually. Facilities are estimated to have between 40-50 rooms.
- 5. Increase to the provincial Community Homelessness Prevention Initiative (Sustainable Level of Operating Funding)** - Emergency shelters are currently funded on a per diem basis under the Community Homelessness Prevention Initiative, meaning a flat rate per bed occupied per night. The annual increases

and decreases in occupancy create a fluctuation and unpredictability in funding. In 2021, the City will transition shelters to a block funding model. Through this transition, operators will receive the same amount of funding annually, however, funding would be allocated consistently, allowing operators to plan for and better match funding with expenses incurred.

Most shelters are still required to fundraise on top of payments issued by the City to cover the costs of operations. There has been no per diem increase since 2013 for emergency shelters which continue to face mounting costs to deliver housing-focused services and supports. Costs being incurred are only increasing with the level and depth of need in the community, as well as the required response and adjustments under the COVID-19 response.

In order to ensure the continued stability and sustainability of this critical service infrastructure, the City needs to evaluate opportunities to increase funding to better match the true cost of operations. Analysis completed by shelter providers indicates the true cost of operations to be an increase from \$44 per day per bed to approximately \$60 per day per bed, resulting in an increase of \$6.2 million per year.

6. Increase to the provincial Community Homelessness Prevention Initiative (Emergency Shelters) - Funding under the Community Homelessness

Prevention Initiative is used to support emergency shelter solutions, housing with related supports, and other homelessness initiatives that help people at risk of or experiencing homelessness. This funding is not responsive to increasing demand for emergency shelters. Annually, the City tops up this funding envelope to support a suite of services and supports for people in need. Additional annual funding of \$20 million is required to reflect the true cost of providing emergency shelter services and to expand housing programs for people who requires support services to find and maintain housing.

Table 5 – Cost of New Operating funding 2021 to 2030 (\$ millions)

Scenarios	Year 1	Year 10	Total
Operating funding to provide support services for 50 new units annually	0.8	9.7	50.2
Increase Home for Good funding for 300 new clients annually	3.2	37.7	195.6
Increase Reaching Home funding	8.6	10.3	94.5
Operating costs for Two New Transitional Housing Facilities	2.3	2.7	24.6
Increased Community Homelessness Prevention Initiative (CHPI) funding – sustainable level of per diem funding	6.2	7.5	68.3

**FINANCE AND ECONOMIC
DEVELOPMENT COMMITTEE
AND COMMUNITY AND
PROTECTIVE SERVICES
COMMITTEE
JOINT REPORT 1
MARCH 10, 2021**

32

**COMITÉ DES FINANCES ET DU
DÉVELOPPEMENT ÉCONOMIQUE ET
DU COMITÉ DES SERVICES
COMMUNAUTAIRES ET DE
PROTECTION
RAPPORT CONJOINT 1
LE 10 MARS 2021**

Increase Community Homelessness Prevention Initiative (CHPI) Funding – emergency shelter	20.0	23.9	219.0
Total Federal & Provincial Requirement	41.1	91.7	652.1

Municipal Operating Funding Requirement

Operating Budget Pressures

The City contributes \$112 million to the Housing Services budget annually. The projected 10-year pressure on this budget is \$16 million above an annual two per cent increase due to reductions in funding from upper levels of government. This pressure is due to a \$2.7 million decrease in provincial funding for the Strong Communities Rent Supplement program in 2022, and a \$13.3 million decrease in federal social housing funding offset by savings in reduced debenture and mortgage costs.

Staffing Requirement to Address Increased Programs

To address the objectives of the 10-Year Plan and increased program funding, a new Strategic Initiatives Branch is recommended at a cost of \$0.6 million per year, with up to five new staff. As the level of need for housing services in the community continues to grow, so do the demands on the current staffing complement. There are increasing federal and provincial expectations, additional reporting requirements for new funding programs and related processes, and contract management demand for new services. This new branch would support all service areas in order to facilitate existing staff to focus on their core functions. The branch would support the implementation of mandated and strategic service initiatives such as the 10-Year Plan.

Social Housing Capital Repairs Funding

Building Condition Assessments and energy audits were recently completed by social housing providers to identify and quantify required short and long-term repairs and retrofits. Housing Services will report to Committee and Council in early 2022 outlining these findings and available funding options and strategies to address capital needs over time.

Summary of Long-Range Financial Plan Requirements

Capital Budget Requirement Gap

The affordability of the Housing Services LRF is a key component for the City's fiscal responsibility. Like other LRFs, the funding gap cannot be closed in the first year of the plan, consequently a long term view must be used to gradually build up towards the desired funding level.

Below is a consolidated summary of the capital funding requirements of the 10-Year Plan split between the City's share and the Provincial and Federal Government's share.

Table 6 – Capital Cost Sharing of all Objectives from 2021 to 2030 (\$ millions)

Capital Requirement	City	Prov/Fed	Total
New Affordable Housing Units	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

Council approved \$15 million in capital funding sources in the 2021 budget, \$7.3 million of which is base funding:

- City-Wide Tax Stabilization Reserve (\$2 million one-time) - In 2021, Council approved the allocation of one-time funding from the tax stabilization reserve of \$2 million.
- Housing Reserve Funds (\$5.7 million one-time) – In 2021, Council approved the withdrawal of housing reserve funds to fund capital.

- Base Contribution to Capital (\$6 million annually) - With budget 2021, the base annual contribution to capital for the affordable housing budget was increased from \$1 million to \$6 million. This provides \$60 million over the 10-Year Plan.
- Surplus Land Sales (\$0.5 million average annually) – Projected revenue sales from the sale of surplus land. 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.
- Development Charge Revenues (\$0.8 million annually on average) - The development charges that affordable housing has received averaged over \$1 million for the last three consecutive years. It is projected that this will continue to be a reliable funding source moving forward for a total contribution of \$8 million.

Table 7 – City Base Funding (\$ millions)

Current Base Annual Budget	2021
Base Contribution to Capital	6.0
Surplus Land Sales	0.5
DC Revenues	0.8
Total Affordable Housing Base Budget	7.3
Non-transit DC Exemption Base Budget	1.5

The Provincial and Federal governments have currently approved \$113.7 million in existing capital funding sources within the 2021 to 2030 timeframe as follows:

- National Housing Co-Investment Fund (\$6.45 million annually) - The Province and Federal government's current funding consist of the cost-shared National Housing Co-Investment Fund (NHCF) which can provide low-interest financing and forgivable loans of \$8,000 to \$15,500 per unit. This is estimated to provide \$64.5 million in forgivable loans over the course of the 10-Year Plan. However, this funding is contingent on a fully funded plan for 500 units per year and successful applications under the NHCF program.
- Ontario Priorities Housing Initiative (\$4.6 million one-time) – Three-year program providing \$4.6 million for new affordable housing in 2021. No further announcements for future funding.
- Rapid housing Initiative (\$31.9 million one-time) - In October 2020, the Federal Government, through the Canada Mortgage and Housing Corporation (CMHC), launched the Rapid Housing Initiative (RHI) to quickly create permanent and affordable housing units across Canada as part of the COVID-19 response. The program provides capital contributions to construct new units using modular

construction, conversion of 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. The City of Ottawa was allocated \$31.9 million which is being used to create 109 new affordable and supportive units through 4 developments.

- Social Services Relief Funding (SSRF) (\$12.7 million one-time) – The City of Ottawa allocated \$12.7 million of the \$43 million in SSRF received to preserve 60 affordable and supportive units while supplementing projects that received Rapid Housing Initiative funding.

Operating Requirement Gap

Here is a consolidated summary of the operating funding requirements of the 10-Year Plan split between the City’s share and the Provincial and Federal Government’s share.

Table 8 – Operating Cost Sharing of all Objectives 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

The City’s requirement is \$2.1 million annually and \$21 million over ten years. The plan to address the gap is outlined in the municipal funding strategy below.

Municipal Funding Strategy

Capital Funding

Over the past three years, Council has approved \$15 million annually, primarily from one-time sources such as operating reserves and has fully drawn down, both the Housing Reserve and the Affordable Housing Development Charge reserves. To fund the City's \$198.4 million share of the capital requirement, the annual contribution to the Affordable Housing capital program of \$7.3 million will need to increase to \$14.6 million and the portion of the Development Charge Exemptions annual budget attributable to affordable housing will need to increase from \$1.5 million to \$6 million. That is a total increase of \$11.8 million annually for the next nine years (2022 to 2030). Sustainable, predictable funding is required going forward, which can best be achieved by increasing the annual base budget to an affordable level. Adding \$11.8 million to the annual Tax-Supported Operating and Capital Budget cannot be achieved in one year and the funding will need to come from multiple funding sources:

- Contribution to Capital from Taxation (additional \$4 million annually) - Increase base budget contribution to capital for affordable housing by \$1 million for the next four years.
- Development Charge Exemptions budget (additional \$4.5 million annually) - Increase DC Exemption budget by \$500 thousand for the next nine years.
- Development Charge Revenue (additional \$1 million annually) – The current development charge fees for affordable housing are based on historical levels of affordable housing development, which have significantly increased in the last three years and this is expected to continue for the next ten years. There is an opportunity in the next Development Charge Background study to increase these service levels to better reflect Council's commitment to fund the one-third share of the capital requirement of the 10-Year Plan. Council can increase charges related to affordable housing, but this will require careful review, as it affects

Council's ability to raise funds for other priorities and it affects the charges on new housing in the City.

- Other Funding (additional \$1.4 million annually):
 - Community Benefit Charge (CBC) (estimated \$400 thousand annually) - The new CBC is currently under review by City staff, and future revenues could be applied towards new affordable housing units. The new CBC will replace the former Section 37 provisions of the Planning Act, no later than September 18, 2022. The \$400 thousand estimate is based on assumptions that sites subject to Inclusionary Zoning would not pay the CBC. It is based on rough estimates of the number of developments that would be eligible each year and applying the maximum four per cent cap.
 - Vacant Homes Tax (estimated \$1 million annually) - Revenue Services is currently studying the feasibility of a vacant homes tax and will be reporting back to Committee and Council in June 2021. If revenues from this tax were directed to affordable housing, an estimated additional annual revenue of \$1 million would be available starting in 2023.
- One-Time Funding (additional \$8.8 million over nine years) – In the past, surpluses from the Housing Services annual budget have helped to provide one-time funding sources to supplement the Affordable Housing capital program. The current ten-year plan estimates that the operating budget will incur additional pressures going forward, and this source can no longer be relied upon for ongoing funding. However, there may be other sources of one-time funds in the future that could help to supplement funding available in a particular year, particularly one-time sales of surplus land over and above the existing budget forecast such as the \$2.5 million to be allocated from the final disposition of the Central Library in 2024. There is also \$6.25 million expected from 801 Albert Street, which was the agreed upon amount for contribution to the affordable

housing reserve. These are the only confirmed one-time contributions included in the funding strategy over the next ten years, but there could be more.

Although it will take at least four years for the base budget to attain the annual funding level required, Council will need to commit the full \$14.6 million every year to meet the City's commitment to the capital component of the 10-Year Plan. In order to not fall behind in the plan, and to fund the entire \$198.4 million over ten years starting in 2022, debt funding will be used to supplement the funding required each year.

Table 9 below details the LRFP for the Affordable Housing Capital requirements and funding strategy over the next nine years, the Federal/Provincial share of the funding required and the projected increases in the Development Charges exemptions budget, base budget increases, development charge revenues, other funding and expected one-time funding sources to fund the City's share. The 2021 amounts are based on the 2021 budget approved by Council.

Table 9: Long Range Financial Plan for the Affordable Housing Capital Plan (\$ millions)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
Housing Units	500	500	500	500	500	500	500	500	500	500	5,000
Transitional Housing				1	1						
Total Net Requirement	50.6	51.8	53.1	69.4	70.7	57.1	58.4	59.9	61.3	62.8	595.1
Fed/Prov Requirement (2/3)	33.7	34.6	35.4	46.3	47.1	38.0	39.0	39.9	40.9	41.9	396.7
Forgivable Loan	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	64.5
Fed/Prov Funding	49.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	49.2
Funding GAP	-21.9	28.1	28.9	39.8	40.7	31.6	32.5	33.5	34.4	35.4	283.1
City Requirement (1/3)	16.9	17.3	17.7	23.1	23.6	19.0	19.5	20.0	20.4	20.9	198.4
DC Exemptions	1.5	2.0	2.5	3.0	3.5	4.0	4.5	5.0	5.5	6.0	37.5
DC Exemptions Funding Gap	0.4	2.8	2.5	2.3	1.9	1.6	1.3	0.9	0.4	0.0	14.1
DC Exemption Contribution Net Capital Requirement	1.9	4.8	5.0	5.3	5.4	5.6	5.8	5.9	5.9	6.0	51.6
Base Budget	6.0	7.0	8.0	9.0	10.0	10.0	10.0	10.0	10.0	10.0	90.0
DC Revenues	1.0	0.0	1.1	2.2	2.3	2.3	2.4	2.4	2.5	2.6	18.8
Surplus Land	0.3	0.7	0.5	3.5	0.5	0.5	0.5	0.5	0.5	0.5	8.0
Other Funding	0.0	0.0	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	11.2
One-time	7.7	0.0	0.0	0.0	3.0	3.3	0.0	0.0	0.0	0.0	14.0
Debt	0.0	6.9	3.6	-1.5	-2.6	-2.9	0.3	0.3	0.2	0.1	4.8
City Capital Contribution	15.0	14.6	14.6	14.6	14.6	14.6	14.6	14.6	14.6	14.6	146.8
Total City Funding	16.9	19.4	19.6	19.9	20.0	20.2	20.4	20.5	20.5	20.6	198.4

Per this proposed plan, the DC Exemptions budget will be fully funded by 2030 and the annual capital budget authority for Affordable Housing will be set at \$14.6 million per year, for the next nine years (2022 to 2030). The budget increases and capital budget authority, including sources of funding, will be approved annually as part of the annual budget process.

The debt requirement identified in the LRFP for Affordable Housing will only be required as construction costs are incurred. Debt will only be required for cashflow management purposes. Although the average capital authority required each year is \$14.6 million for 500 units per year, the construction of these units will likely occur in phases and construction costs will not be evenly distributed. City debt will only be issued in years where the actual capital costs have been incurred. Therefore, over the ten-year timeframe only \$4.8 million in debt is estimated to be required, and if additional funding from one-time sources or revenue from development charges or surplus land sales are higher than expected, then this number will decrease.

Similar to the debt estimates, the Development Charge exemptions estimates will also be dependent on the timing of construction. The funding gap shown in the early years of the plan, will need to be managed within the overall Development Charges exemptions budget.

Operating Budget Funding

The annual budget pressure is \$2.1 million over the next 10 years. This will need to be addressed as part of the annual Tax-Supported Operating Budget approval process. The \$2.1 million pressure cannot be addressed in one year, and the operating budget for Housing Services will need to be increased by \$525,000 for the next four years to address this funding requirement.

Other Strategies to Address Affordable Housing Needs

Inclusionary Zoning

Inclusionary Zoning legislation in the *Planning Act*, requires the City to designate Protected Major Transit Station Areas in the Official Plan. Planning Services staff are studying where to designate Protected Major Transit Station Areas in the new Official Plan.

Planning and Housing Services have also engaged consultants to complete the required background studies, as required by Provincial legislation, to determine if Inclusionary Zoning is a viable affordable housing option, for Council's consideration. The background studies will be completed and presented to Committee and Council in the fall of 2021.

The implementation of the Inclusionary Zoning policies will occur after approval of the Assessment Report and is expected to align with the implementation of the new Official Plan in Q3-Q4 of 2021.

The City will also evaluate the feasibility and financial impact of a Private Developer Incentive package that could provide development fee relief, development charge exemptions, or discounted land in exchange for the inclusion of affordable units.

Federal/Provincial Advocacy and Support

The Housing Services LRFP will provide the basis for advocacy to the federal and provincial governments for additional and sustained capital and operating funding to achieve the targets under the updated 10-Year Plan.

In addition, the 10-Year Housing and Homelessness Plan 2020 to 2030 outlines federal and provincial policy and program changes that would also support the targets outlined in the 10-Year Plan. These include but are not limited to:

- **Advocacy for New Programs** – The Federal and Provincial governments have shown their commitment to address the needs of affordable housing in municipalities. The City will continue to advocate for new funding programs based on the costing provided in this long-range financial plan.
- **Building on Existing Operating Programs** – There are existing funding programs that provide core funding for a variety of housing and homelessness support services and programs. These programs include the provincial Community

Housing Prevention Initiative and Home for Good programs and the federal Reaching Home program. The City has advocated extensively for additional funding to enhance services, serve additional households, and provide sustainable funding to partner agencies.

- Continuation of Grant Capital Programs – The Ontario Priorities Housing Initiative (OPHI) program provides capital funding for new affordable housing, housing subsidies and the Ontario Renovates program; however, there are no commitments beyond March 31, 2022. The City will advocate for continued and increased funding.

Conclusion

The Housing Services Long Range Financial Plan provides a funding and advocacy strategy for the objectives of the 10-Year Plan. The City's current ongoing investment of \$7.3 million in capital funding and \$1.5 million in non-transit development charge exemptions will be increased to \$14.5 million and \$ 6 million by 2030, for a total of \$20.6 million. This will enable the City to provide a funding commitment for its one-third share of the capital requirement to build 500 new affordable housing units per year and two new transitional housing facilities. The City will also continue to support Housing Services' annual operating budget pressures as part of the annual budget cycle including providing new staffing requirements. The 10-Year Plan however cannot be achieved without significant new, enhanced, and continued support from the Provincial and Federal governments. The City requires \$283.1 million from the Provincial and Federal governments to fund two-thirds of the capital requirement and \$93.4 million annually to add new housing subsidies, 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.

RURAL IMPLICATIONS

There are no rural implications associated with this report.

CONSULTATION

The Housing Services LRF was developed in collaboration and partnership with Housing Services based on the objectives and goals of the 10-Year Housing and Homelessness Plan 2020-2030. Extensive consultation was undertaken to develop the 10-Year Plan to ensure it reflected community needs and priorities.

LEGAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

Risks have been identified and explained in the report and are being managed by the appropriate staff.

ASSET MANAGEMENT IMPLICATIONS

There are no asset management issues related to this report.

FINANCIAL IMPLICATIONS

Financial implications are identified in the report.

ACCESSIBILITY IMPACTS

All affordable housing projects approved under the City's affordable housing capital program and funded through the Ontario Priorities Housing Initiative or the National Housing Co-Investment Fund include mandatory accessibility design criteria in addition

to providing a minimum number of barrier-free dwelling units (10 per cent to 20 per cent). New construction, whenever possible, will also include Visitability Standards as recommended by the City's Accessibility Committee to create more accessible and welcoming homes for anyone living with a disability.

TERM OF COUNCIL PRIORITIES

As part of the 2019-2022 Term of Council Priorities, the City is committed to ensuring that Ottawa residents have access to safe, adequate and affordable housing. Under the Thriving Communities priority, the City will collaborate with stakeholders to increase the supply of affordable housing and homelessness solutions through the implementation of the 10-Year Plan.

Some of the strategies and tactics described in workplan also support the following priorities:

- Economic Growth and Diversification
- Environmental Stewardship
- Service Excellence through Innovation

DISPOSITION

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