

## **Affordable Housing in Ottawa**

### **Did you know?**

- Over one third of renters in Ottawa pay more than 30 per cent of their income for rent, which means that they have less money for food, clothing, education and other essentials.
- The City provides emergency shelter for over 850 homeless men, women and children every night.
- Although 40 per cent of Ottawa residents rent their homes, only 7 per cent of all housing built since 1996 has been purpose built rental accommodation.
- The Ottawa Social Housing Registry has over 10,000 families actively listed as waiting for affordable housing. Over 80% of these households earn less than \$20,000 per year, which means the maximum rent they can afford is \$500 per month.
- In Ottawa the average rent for a 2-bedroom apartment in Ottawa in 2005 was \$920. This requires that a household earn an income equivalent to 3 minimum wage jobs.

Ottawa's residents are faced with a shortage of affordable housing. For low-income earners, citizens with special needs, newcomers and unemployed people, finding an appropriate home that fits their budget remains challenging.

Housing market: Ideally, the housing market can be seen as a continuum, where supply responds to the changing range of demands of the community. However, housing needs along the continuum are not always met in the market, especially for those with lower incomes or those with health-related or other unique needs that precipitate special housing requirements.

Traditionally, gaps in these segments of housing supply have been addressed, at least partly, through government intervention in the form of housing programs and policies. However, shifting government priorities and responsibilities have led to changing roles and the need to revisit the range of available tools to respond to these needs.

Withdrawal of government investments: The need for affordable, low-income housing was seriously exacerbated by the withdrawal of federal and provincial social housing programs in the mid-nineties. By 1999 the lack of affordable housing had evolved into a national homelessness crisis. In the absence of any federal or provincial commitment to build low-income affordable housing, the City of Ottawa actively pursued a variety of means to address the expanding need of affordable housing for low-income residents.

City of Ottawa policies: Stemming from Ottawa 20/20, two of the City's Growth Plans, the Official Plan and the Human Services Plan, were approved by City Council in 2003. They both emphasize that affordable, appropriate housing is a fundamental building block of healthy, inclusive and complete communities and they outline broad housing policies to help achieve this community vision.

## Affordable Housing in Ottawa Overview

The City is exploring ways to improve the overall housing system to ensure that the appropriate funding, financing and partnership tools are available to support those trying to build affordable housing. This includes:

- Investing in affordable housing – the city has a package of incentives to encourage the production of affordable housing in the private market including deferral of development charges and fees;
- Building Capacity in the community to support partnerships that will result in housing affordable to low-income residents;
- Implementing policies to target city investments to address housing needs – e.g. “Housing First”; which ensures that surplus City land or proceeds from the sale of land are made available to build affordable housing;
- Ensuring the Official plan and related policies address housing needs, e.g. promote development of secondary dwelling units, or targeted incentives and investments;
- Seeking new partners to invest in affordable housing; and
- Improving the regulatory environment help remove barriers to innovation and improved affordability and choice in the market.

Official Plan policies: There are approximately fifteen policies and/or directions relating to affordable housing in the City of Ottawa’s Official Plan. The core principle behind these policies is the promotion of an inclusionary approach to housing development in the city. This means that development and redevelopment should support a range of housing options affordable to the full spectrum of household incomes in all areas of the city.

Affordable housing is defined in the Official Plan as: “Housing, either ownership or rental, for which a low or moderate income household pays no more than 30% of its gross annual income.” Over 65,000 low and moderate income households in Ottawa, or 20% of Ottawa’s households are currently paying more than 30% of their gross income on shelter.

To respond to this need, the OP sets out a policy that encourages an annual affordable housing target of 25% for new development, where 25% of new rental housing is affordable to households at or below the 30<sup>th</sup> income percentile, and 25% of new ownership housing is affordable to households at or below the 40<sup>th</sup> income percentile. The Official Plan provides that income levels and target rents be determined by the City on an annual basis.

There are currently approximately 120,000 households in Ottawa where the household income is at or below the 40<sup>th</sup> income percentile. The vast majority of the households paying more than 30% of their income on housing costs have incomes at or below the 40<sup>th</sup> income percentile.

- 60,310 (50%) of households at or below the 40<sup>th</sup> income percentile pay more than 30% of their income on basic housing costs.
- 44,665 (37%) of these households are at the 20<sup>th</sup> income percentile or below. (household income \$30,746 or below)

## Affordable Housing in Ottawa Overview

The need is not limited to any particular neighbourhood and the OP targets apply to all new residential development.

Targeted Incentives: These income targets also identify the point at which the City is prepared to negotiate incentives or investments in development in order to make housing affordable. In addition to targeting the use of city-owned land, the City has also negotiated the deferral, reduction or waiver of development charges, parkland levy, and building permit fees for a range of projects that help meet the Official plan affordability targets.

In exchange, the City expects that developments that receive any of these incentives will enter into an agreement assuring that those units are made available to targeted income groups. In general, the higher the level of investment made by the City, the more affordability – in terms of duration and/or depth – is expected.

Targeted Investments: In 2002, the Action Ottawa program was initiated to package development incentives and significant capital investments to developers to support the development of rental housing with rents significantly below market. Although not rent-geared-to-income (RGI) housing, Action Ottawa projects enable lower-income households on the waiting list for social housing to access rental housing that is much more affordable than would otherwise be available.

To date, 11 projects have been funded in 9 different wards of the City, recognition that the need for affordable housing exists city wide. In addition to the packaged incentives and city owned land, Action Ottawa has provided up to \$90,000 per unit in capital funding, to projects that commit to providing units at below market rents for at least 20 years, though we are typically signing agreements for up to 50 years.

Current and future programs: The Province of Ontario has recently confirmed that the City will be able to access Federal and Provincial funding for another 176 units of low-income rental housing for the Action Ottawa program. Of these, 85 units must be targeted to households referred by support programs for dealing with domestic violence or mental illness.

The Province has also established a program to provide up to \$10,000 to assist up to 200 first-time homebuyers to purchase a house. The City will administer this program, and will be seeking expressions of interest from developers in 2007.

At this time, the City is anticipating an additional 80 units of funding for Action Ottawa late in 2007. No further funding is expected.

## Affordable Housing in Ottawa Overview

	# units funded	Total Project Cost (\$M)	Fed (\$M)	Prov. (\$M)	City Capital (\$M)	Target	Unit Gap
2002	39	\$4.7	-	-	\$1.7	-	
2003	0	\$0	-	-	-	-	
2004	271	\$35.7	\$8.1	\$0.6	\$3.3	-	
2005	139	\$23.4	\$5.0	\$4.2	\$4.5	500	361
2006 est.	166	\$30.0	\$5.0	\$5.9	\$5.3	500	334
2007	80 ?	-	\$2.5	\$2.9	\$0 avail	500	420
Total	615	\$91.2	\$19.1	\$9.8	\$14.9	1,500	1,115

Some of the projects recently completed or currently under development include:

- Blue Heron Cooperative Homes, March Rd. Kanata, with 83 affordable and energy efficient units.
- 1142 Richmond Rd, CCOC's award winning project with 23 new affordable units.
- Ottawa Community Housing Corporation, 60 units adjacent to Hartmann's grocery store ,Bank and Somerset.
- Ottawa Salus Corporation, 40 supportive units for people with mental health issues.
- Nepean Housing Corporation, 62 townhouse units at CentrepoinTE.
- Quex Property Corporation, addition of 30 affordable units to existing apartment building in Lowertown.
- John Howard Society, 26 bachelor units providing supportive housing for ex-offenders in Vanier.
- McLean Cooperative Homes, 63 affordable apartments and townhomes on Albion Rd.
- Gloucester Non-Profit Corporation, 36 townhouse units on Cummings Ave..
- Innovative 119 unit affordable condominium project at 138 Somerset St. West, that benefited from deferred development charges, and includes 10 low-income rental units funded via Multifaith Housing Initiative.