



BACKGROUND

PROMOTING INNOVATIVE SOLUTIONS TO ADDRESS THE AFFORDABLE HOUSING ISSUE IN OTTAWA FOR KEY VULNERABLE POPULATIONS.

AFFORDABLE HOUSING IN OTTAWA – WHAT’S THE PROBLEM?

Safe, sustainable, adequate housing is a fundamental human need. It is also a social determinant of individual and community health and wellbeing. Housing is deemed to be “affordable” if a household’s shelter costs are less than 30% of before-tax household income (CMHC). Many households in Ottawa, due to economic limitations, physical health and addictions issues, mental health issues, and social circumstances, do not have the ability to afford housing on the open market. Key vulnerable populations in Ottawa facing these realities include individuals who are chronically homeless, families with low to very low incomes, youth-at-risk, Aboriginal peoples, and seniors. For those in housing need, various programs are available through governments, community organizations, non-profit and cooperative groups to provide low-income rental housing or subsidized and supportive housing to meet the households’ ability to pay. However, in Ottawa the demand greatly outweighs the supply. In 2014, there were 10,200 households on the waitlist for subsidized housing and only 141 new units built. New data from the Canadian Rental Housing Index shows nearly 22,000 Ottawa renter households are paying more than 50% of monthly household income on rent and utilities. Consequently, many individuals in our community were precariously housed or relied on unstable and inadequate emergency housing.

WHY AREN’T CURRENT APPROACHES MEETING THE AFFORDABLE HOUSING NEED IN OTTAWA?

The affordable housing problem in Ottawa is multi-faceted and complex. Some of the underlying causes include: a rental market that does not adequately provide for low and fixed income households needs; a residential housing market that disincentives mixed-income rental development; an inadequate funding and asset allocation structure for affordable housing; and a community and policy environment that lacks understanding/advocacy for affordable housing development.

Vacancy rates in Ottawa have remained consistency low (2.8% in April of 2015), the construction of rental housing has “flat lined”, and existing rental stock has diminished through erosion and conversion to condominium housing (CMHC, 2015; FCM, 2012), resulting in upward pressure on market rents that are well above the ability of those on limited, fixed or disability

incomes to pay. As an example, in 2014 an individual receiving an Ontario Disability Support Payment received, on average, \$656.00 per month. The average market rent for a bachelor apartment in Ottawa during that same period was \$780.00 (ATEH, 2015). While there has been some softening of the rental market in the fall of 2015, it has not been to the degree that would allow for significant inclusion of Ottawa's economically vulnerable citizens.

Rising development costs (including the cost of land), a constrained land supply, and more onerous municipal approvals/standards have increased economic pressures on the home building sector (CHBA, 2015), making affordable housing development less attractive (Black, 2012). As profit margins decrease, risk tolerance weakens which results in developers focusing on building for the single family housing and condominium real estate markets with little integration of mixed-income housing projects. The City of Ottawa, in conjunction with other levels of government, has offered incentives to developers in exchange for affordable rental housing; however, unlike a number of other jurisdictions within Canada and the USA, the municipal government is unable to require developers to include affordable housing within their developments (referred to as inclusionary zoning). Developers generally perceive rental housing development to be far less profitable, not economically feasible without significant government subsidies, and more difficult to manage (Black, 2015).

In Ontario, federal, and then provincial, downloading of responsibility and funding for social and supportive housing in the 1990s put the onus of responsibility for affordable housing development, funding management, and asset maintenance and management onto the municipality. This includes identifying and approving all new affordable housing projects, managing provincial and federal funding programs, maintenance and management of all social housing, management and funding of the social housing registry, management and disbursement of rental supplements and housing allowances, and financing of emergency housing and supports for those experiencing homelessness. For many of these functions, the City has partnered with community organizations and non-profit housing and social service providers to deliver the programs and services. The City of Ottawa developed a 5 year action plan in 2002 and then a 10 year action plan in 2013 to envision a framework for a housing system that "aligns assets, funding, services, supports, policies and programs" to address the city's housing and support needs (City of Ottawa, 2014). Adopting a "Housing First" approach, the City has committed to housing and supports for those in need to reduce homelessness in Ottawa – and to end chronic homelessness by 2023. Funding and programming is managed and under the direction of the Housing Branch. The City has dedicated considerable resources to the initiative, topped up by federal and provincial funding for new affordable housing development, though recent inflationary pressures have driven a rationalization of the housing and homelessness envelope. Despite the investment and commitment made to the action plan, there remains a significant "asset gap" for achieving the affordable housing objectives outlined in the plan. (For an explanation of the allocations in the 2015 budget, see <http://bit.ly/1AG1QeD>).

Finally, in Ottawa there is a lack of collective community action surrounding affordable housing resolutions. While the issue itself has received tremendous attention from media, social

welfare groups and government, there has been a lack of community engagement surrounding the issue. This has resulted in community apathy for the need for affordable housing development, or worse, instances of intolerance or resistance to public and subsidized housing development. This has, in turn, influenced the prioritization of policy initiatives that could create a more supportive environment for affordable housing development. A broader community understanding of the issue and the economic and social value of diverse housing solutions in Ottawa is required.

THE VISION OF BROADENING THE BASE

Broadening the Base evolved from a conversation among business, non-profit, and community leaders who recognized that more and diverse resources, partnerships, and assets need to be woven together and dedicated to affordable housing in Ottawa in order to achieve our community goals. Broadening the Base is a collaborative and inclusive initiative that, through engaging a more diverse group of stakeholders to address the issue, seeks to identify new and under-utilized mechanisms and models to leverage resources and partnerships to accelerate affordable housing development in Ottawa. Broadening the Base has set a target of identifying the means to open 1,500 new affordable housing units in five years, increasing the City's goal for the same period by 1,000 units.

Broadening the Base has identified five core areas of activity essential to achieving the goal: affordable housing development partnerships; land assembly strategies; social impact investment; philanthropic support; and, community engagement and advocacy. A design circle, comprised of issue-specific experts and volunteers from diverse stakeholder groups, have been formed and will research and recommend Ottawa-specific strategies for each area of activity. The design circles will regularly come together as a leadership team, and with the larger community, to report on activities, and to test and deliberate opportunities for the integration of the recommended approaches to address the asset gap for affordable housing gap in Ottawa and to meet the BtB project goals.

HOW OTHER COMMUNITIES HAVE ADDRESSED THE ISSUE

The primary activity of the design circles over the next 6 – 10 months will be to identify innovative and creative ways to accelerate affordable housing in Ottawa. In part, we can look to the efforts of other communities' innovative solutions as a starting point to identify what may be possible for Ottawa. On the pages that follow are descriptions of projects that have been successful in other jurisdictions to address issues of homelessness and poverty. These case studies are offered as a creative starting point for our thinking of how we can weave together our resources, partnerships and assets to achieve the goals of Broadening the Base.

Innovative Solutions to Affordable Developments and Partnerships:

Case Study #1: Massey Manor, Brandon



In Brandon, Manitoba, the Brandon Neighbourhood Renewal Corporation partnered with The Canadian Mental Health Association, the Brandon Friendship Centre, and Habitat for Humanity to redevelop a vacant and run-down downtown warehouse into a multi-income/purpose residential building for aboriginal families, homeowners, and persons with disabilities. Habitat for Humanity Brandon developed 14 units and sold them to qualified households. BFC owns 14 units and rents to low-to moderate income Aboriginal households. The CMHA owns 25 units and rents to low-to moderate income mental health clients, as well as 5 emergency shelter units funded under the federal government's Homelessness Partnering Strategy. In addition to drawing on provincial and federal funds, cost savings were realized through partnerships with builders and suppliers. The redevelopment cost of the existing building was estimated at 50% of new construction costs. (Total estimated project costs were \$6,789,788. Federal and provincial contributions to the project were \$2,140,000.) Value added benefits of the project include: a revitalized

downtown core and diverse stakeholder engagement in affordable housing development and solutions in the city.

More information available at:

http://www.gov.mb.ca/housing/pubs/massey_building_factsheet.pdf

Case Study #2: Central Presbyterian Church, Vancouver



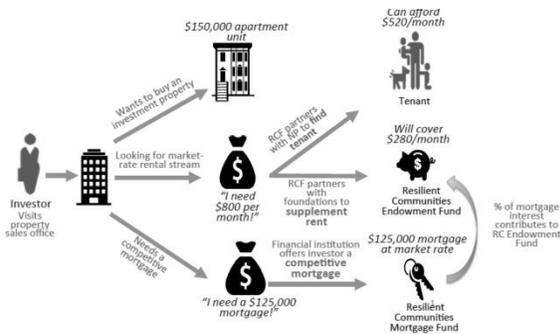
In Vancouver, BC., the Central Presbyterian Church partnered with Bosa Properties and Henriquez Partners Architects, to redevelop existing church land into a multi-use, mixed-housing development. The new structure will include a new church, community space, and commercial and retail spaces on the first two floors. The upper floors will include 45 units of non-market rental housing for seniors (to be run by the Central Presbyterian Church's non-profit housing society) and 168 units of market rental housing. City approval was received in June of 2014 and the project is currently in development. Financing details are not available. The church receives the benefit of updating its worship space as well as opportunities to extend its mission into the larger community. The community receives additional mixed market rental housing and community spaces.

Additional information available at:

<http://www.straight.com/news/579911/central-presbyterian-church-provides-model-nonmarket-rental-housing>

Innovative Solutions to Social Impact and Investments:

Case Study #1: The Resilient Communities Fund, London (proposed)



The Resilient Communities Fund (RCF) is a program that allows real estate investors to act as affordable housing providers. RCF links a mortgage investment fund to an affordable housing endowment fund. The RCF is designed to avail market-rate units in any building development to someone in need of affordable housing, generating a market rate rental stream to an investor without negatively affecting property value. Investors that purchase an RCF designated unit take out a mortgage with a designated mortgage provider. A portion of the mortgage interest the investor pays is diverted into an endowment fund that is topped up by philanthropic partners. The endowment fund covers the gap between the market rate the investor requires and the rent level that the individual or family can pay. The mortgage product is competitive in the marketplace, and involvement by non-profit agencies ensures consistent tenancy and regular rental payments (thereby reducing risks to the investor).

Additional information available at: <http://purposecap.com/portfolio/london-housing-development-corporation/>

Case Study #2: YWCA Elm Centre Community Housing Bond, Toronto



The YWCA Elm Centre is a 300 unit affordable housing project targeted at single low income women, women with children, women living with mental health and addiction issues and families of Aboriginal ancestry. In addition to the housing complex, it has a 180 seat auditorium, reception hall, courtyard, meeting rooms, and a restaurant. The complex also houses two support service organizations. The YWCA Elm Centre received approximately \$37 million in financing and incentives from the federal, provincial and municipal governments, and a loan of \$26 million from Infrastructure Ontario. The project fundraised almost \$16 million, part of which was through a community housing bond worth \$1 million. The bond was set at 4% fixed interest rate over 10 years and was purchased by the Muttart Foundation. The investor is able to support social and environmental impact as well as receive real financial return. The MaRS Centre for Impact Investing provided advisory support to the YWCA on structuring the bond offering.

Additional information is available at: <http://socialfinance.ca/2012/06/11/tangible-impact-financing-the-ywca-elm-centre/>

Innovative Solutions to Philanthropy:

Case Study #1: Resolve Campaign, Calgary



Making Calgary a better home for *everyone*.

The Resolve campaign is a capital campaign to raise funds within the community to augment and mobilize federal, provincial and municipal grants for affordable housing builds in Calgary. Resolve solicits gifts of cash, securities or mutual funds, real estate, gifts-in kind or other opportunities in conjunction with its partner agencies. The Resolve campaign is a collaboration of nine partner non-profit agencies raising \$120 million to build affordable and supported rental housing for 3,000 vulnerable households in Calgary, AB. Each partner serves a particular homeless/low income population and has established a development and fundraising objective within the \$120 million campaign goal. A 21 page binding, legal agreement outlines the partnership. The Resolve campaign is housed out of the Calgary Homeless Foundation. A dedicated staff has been hired for the campaign and an extensive public and private communications campaign is being undertaken on behalf of the partner agencies. As of 2015, the Resolve campaign has achieved approximately 1/3 of its goal with substantial donations received from 12 different homebuilders/developers as well as banks, business organizations and local philanthropists.

Additional information is available at:
<http://www.resolvecampaign.com/>

Case Study #2: Streetohome Foundation, Vancouver



The Streetohome Foundation was launched in 2008 through an incubation project with the Vancouver Foundation. In 2010, it developed a 10 year plan to guide their efforts. Initially setting a goal of a \$26.5 million capital campaign, by 2012 the foundation had raised \$28 million. By the end of 2014, the fund will have directly helped over 1700 vulnerable people through new supportive housing and homelessness prevention programs. Streetohome actively identified a need to include Vancouver's corporate sector in the solution to homelessness and has recruited to its board leaders from the private, public and non-profit sectors. Streetohome's activities include raising funds (with a focus on large gifts), seeking donations of land and buildings, in-kind donations and discounts on materials; facilitating the joint planning of housing and services, contributing expertise to promote innovative financing and construction methods to lower capital costs, promoting public engagement and engaging in research. 100% of the funds received are allocated to supportive housing units and housing provider organizations. Operational costs are funded by the Vancouver Foundation, BC Housing and the City of Vancouver. Streetohome also founded and funds the Vancouver Rent Bank.

Additional information is available at:
<http://streetohome.org/>

Innovative Solutions to Land Assembly:

Case Study #1: Vancouver Land Trust



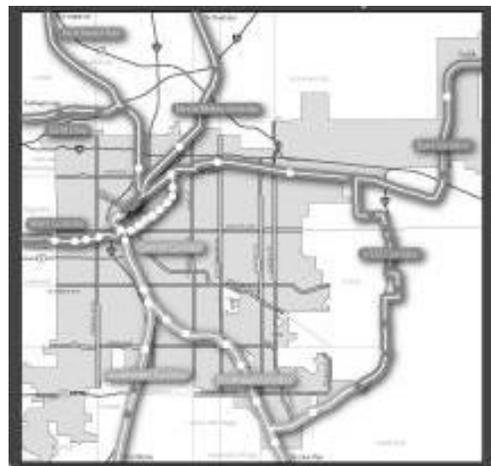
The Vancouver Community Land Trust Foundation is a consortium of non-profit organizations, social finance institutions and the municipal government with a plan to develop and provide long term affordable housing in Metro Vancouver. The Land Trust project will provide 358 units of non-market rental housing on four sites. Units will rent at varying levels of affordability ranging from units for those living on income-assistance to units renting at close to market rates. The City of Vancouver is leasing the Land Trust \$24.6 million of land at the four sites through 99 year leases at a nominal rate. The Land Trust is responsible for the construction of the buildings. Construction financing is being sought from BC Housing. Long term mortgage debt is being underwritten by Vancity Credit Union and additional capital financing has been secured from New Market Funds. The Land Trust will enter into operating agreements with three non-profit housing providers to operate housing on the sites. There will be no ongoing operating subsidies provided from the City or other levels of government. At the end of the lease, the land and building will revert back to the City's

ownership (although this will be open to renegotiation). The Land Trust, a non-profit organization established by the Co-op Housing Federation of BC is the lead proponent in the project. Non-profit and co-operative organizations will operate units for a diverse range of tenants, including low-income families and individuals with mental health and / or addictions. A key feature of the project is a 'portfolio approach' that is enabling efficiencies in developing and operating the site, as well as enabling cross-subsidization from higher rent units to lower end of market units across the portfolio. The agreement between the City and the Land Trust anticipates operating surpluses that will be used for future expansion of affordable housing. (Patten, 2015)

Additional information is available at:

<http://auspace.athabasca.ca/bitstream/2149/3531/1/Vancouver%20Community%20Land%20Trust%20Case%20Study%20April%202015.pdf>

Case Study #2: Denver Transit Oriented Development Fund



Transit oriented development (TOD) focuses compact, mixed-use development around transit nodes to maximize access to public transport. TOD's can be effective

mechanisms for incorporating affordable housing. According to the Center for Transit Oriented Development, “Development of housing adjacent to transit presents opportunities to meaningfully address the nation’s continued need for affordable housing.” The Urban Land Conservancy (ULC), Enterprise Community Partners, the City and County of Denver, and several other investors partnered to establish the first affordable housing Transit Oriented Development (TOD) acquisition fund in the US. The purpose of the Denver TOD Fund is to support the creation and preservation of over 1,000 affordable housing units through strategic property acquisition in current and future transit corridors. The fund has \$24 million in total loan capital that will leverage over \$500 million in economic development activity. (Urban Land Conservancy, 2015)

Additional information available at:
<http://www.denvergov.org/content/denvergov/en/transit-oriented-development.html>

Innovative Solutions to Community and Advocacy

Case Study #1: The Parkdale People’s Economy Project, Toronto



The Parkdale People’s Economy Project (PPE) began in Fall 2010 when The Parkdale Activity-Recreation Centre (PARC) commissioned a research project to investigate the impacts of gentrification on

food security in Parkdale. Two recommendations from the research report were put into action. In 2011, the Parkdale Food Coalition, now Parkdale Food Network, was formed to explore and facilitate community responses to food insecurity. Second, a Community Land Trust model was taken up for further exploration through researching cases from other cities and engaging experts, key community players and researchers in the conversation. In 2012, the PPE received funding from the Metcalf Foundation to test the feasibility of the Community land trust model. In 2013, The Parkdale Neighbourhood Land Trust (PNLT) was formed. PNLT will acquire land and use it to meet the community needs of Parkdale by leasing it to non-profit partners who can provide affordable housing, furnish spaces for social enterprises and non-profit organizations, and offer urban agriculture and open space. PNLT promotes community participation in guiding how land is used to benefit the community. It also actively promotes and engages community support for affordable and diverse neighbourhood design. In 2014, PNLT received Ontario Trillium funding to develop organizational capacity for the land trust (PPE, 2015)

More information is available at:
<https://parkdalecommunityeconomies.wordpress.com/community-land-trust/>

Case Study #2: Hamilton Roundtable for Poverty Reduction



The Hamilton Roundtable for Poverty Reduction (HRPR) was co-convened by the City of Hamilton and Hamilton Community Foundation in May 2005 to understand

Hamilton's high poverty levels, focus the community's attention on poverty and begin to find solutions. The Roundtable has been active in identifying community led solutions, investment strategies, and mechanisms to alleviate poverty in Hamilton. Foundational to the activities of the Roundtable is ongoing community conversations, engagement and accountability. The Roundtable has been successful in directing a poverty lens to municipal policy decisions and increasing public attention and engagement to the issue.

More information is available at:
<http://hamiltonpoverty.ca/>