

**TRI-COUNTRY  
CONFERENCE 2004**



**All Carrots, No Sticks.  
Affordable Housing and the City of Ottawa's Official Plan.**

**Catherine Boucher  
Executive Coordinator  
Centretown Citizens Ottawa Corporation**

## **Ottawa, a snapshot**

Ottawa, Canada's capital, has experienced significant growth in the last decade because of immigration, and a recent amalgamation of 12 separate municipalities. Ottawa is now the fourth largest city in Canada.

In Ontario, cities are creatures of the provincial government. Most of their powers, such as planning and taxation, are decided at the provincial level. In 2000, the government decided that there were too many municipal structures and imposed amalgamation in all areas of the province. In the Ottawa area, this resulted in a city with a population of 775,000 in a broad area encompassing the older municipalities as well as a large rural component which makes up 90% of the land mass of the new city.

The municipal government is composed of 21 Councillors plus the Mayor, with urban councillors having half the seats. Amalgamation of the bureaucracies has also resulted in many key positions being held by senior staff of previous suburban and rural areas.

## **Housing supply/need**

In 1995, the Provincial Government, which had been responsible for housing, cancelled programs for the construction of new social housing. In 1998, it downloaded the responsibility for funding existing social housing as well as any new construction to the municipalities.

Ottawa keeps a centralized waiting list for social housing, which currently stands at slightly over 11,000 households. There are about 22,000 social housing units and applicants are told that their wait time may be as long as seven years. Over 95% of these households have incomes at or below the 30<sup>th</sup> percentile for the Ottawa area.

Extremely low vacancy rates in the mid/late nineties, along with a relaxing of rent control rules by the Province, resulted in skyrocketing rents, with a 20% average increase in the last five years. Ottawa is now the third most expensive rental market in the country.

The vacancy rate is now up (2.9% in fall of 2003), mainly due to low interest rates resulting in increased ownership options for higher income tenants. This has put some pressure on rents to remain static, but they have not decreased.

In addition, Ottawa has experienced a net loss of rental units over the past ten years, due to demolition and conversion of registered condominiums to ownership, another move from the Provincial government, through the repeal of the Rental Housing Protection Act. The very few new rental units are priced well outside the range for low and modest income households.

Currently, 2 out of 5 renters pay more than 30% of their income in rent and the average rent for a 2-bedroom apartment (\$930 CDN) is unaffordable to more than 30% of residents. Average rents in Ottawa are well beyond the affordability for households on the social housing list, and difficult to access for many "key workers".

## **Official Plan:**

As part of its planning mandate, Ottawa must prepare an Official Plan, which sets out broad parameters for overall land use in the area. This Plan is subject to approval by the Province. Once an Official Plan is approved, groups and individuals can appeal City planning decisions which they feel do not meet the intent of the Official Plan.

In 2002, the City embarked on drafting its new Official Plan. Affordable housing advocates were involved, along with a handful of progressive City Councillors, in drafting language to ensure that the Plan included affordable housing.

The affordable housing advocates included social housing providers, local health centres, church based interest groups and child care organizations. Recognizing that affordable housing for households at or below the 20<sup>th</sup> income percentile was not achievable without a government assisted program of some kind, the coalition concentrated on an Official Plan which ensured that (mainly) private sector housing development would meet the needs of residents at the 30<sup>th</sup> and 40<sup>th</sup> income percentiles. It is important to note that these groups were advocating for households that are not their primary clients, but rather for the residents whose needs are not addressed by social programs or by the for-profit sectors.

Working together with a few of the urban Councillors, the coalition was able to convince the Planning and Economic Development Committee of Council to have a requirement that 25% of all new developments be affordable, with 15% at the 30<sup>th</sup> income percentile and the balance at the 40<sup>th</sup> income percentile.

When the draft Official Plan was sent to City Council, the requirement was deleted and became a “target”. The vote was 12/8 in favour of the amendment. This was a significant change, as it meant the Official Plan could no longer be relied upon by advocates to ensure that affordable housing be included in developments. Despite there no longer being a requirement to build affordable housing, the private sector industry filed an appeal of the draft Official Plan asking that the target be removed.

One of the major roadblocks to ensuring Council approval was opinion of legal staff at the City that the Provincial Planning Act would require an amendment to allow municipalities to enact such requirements. They gave their opinion that the City would be vulnerable to an appeal by developers and that the City would lose if the issue went to the Ontario Municipal Board.

### **Affordable Housing Working Group (AHWG):**

While adopting a watered down version of the affordability sections of the Plan, City Council also passed a motion directing staff to work with a stakeholder group to “determine the means by which the development review and approval process can contribute to achieving these requirements.” The AHWG was given seven months to report back to Council with these strategies.

The AHWG consisted of representatives from the private sector development industry, social housing providers, architects, politicians and City planning and housing staff. The group met over the seven month period and extended its term for a further five months, reporting to Planning Committee in June 2004.

Much of the work of the AHWG consisted of looking for ways the City could facilitate the construction of affordable housing. This became known as The Carrots, and some of the proposals included:

- deferring payment of building permit fees, parkland levies and development charges;
- preparing a plan to provide for increased density or height in exchange for “community benefits” including affordable housing;
- alternative engineering standards to reduce development costs;
- increasing ability to apply for and receive “cash in lieu” of parking;
- ensure the new Zoning By-law promotes a greater mix of dwelling types, more flexibility in form and design, increased density, reduced parking requirements;
- petitioning Federal and Provincial governments to amend Acts in order to allow municipalities to require minimum percentages of affordable housing and examine income and property tax treatment of rental housing.

The social housing providers on the AHWG were of the opinion that there should be a requirement for developers to provide 25% affordable housing in the Official Plan. Not surprisingly, the private sector developers were adamant that this was not their responsibility. They argued that this would be forcing the private sector to provide a public good, which should be the purview of governments. This part of the work became known as The Sticks. The meetings were always cordial until The Sticks were discussed. Despite being given successful examples of such requirements from other jurisdictions in Canada and the U.S., it was clear that the private sector’s position was not going to change.

## **The outcome: All Carrots, No Sticks**

In June 2004, the AHWG reported to Council. In a last minute twist, without consulting the group, staff made a further amendment to the affordability targets so that the final version read as follows:

“The City will encourage the production of affordable housing in new residential development and redevelopment to meet an annual target of:

- a) 25% of all new rental housing is to be affordable to households up to the 30<sup>th</sup> income percentile,
- b) 25% of all new ownership housing is to be affordable to households up to the 40<sup>th</sup> income percentile.”

Separating the targets between rental and ownership was a significant reduction in the affordability policy statement. Very little, if any, rental housing is being built in the province. The amendment made the target meaningless, since the 25% for rental housing would only kick in if there was rental housing being constructed, an unlikely scenario.

When questioned on this point, staff replied that they had been convinced that housing for the 30<sup>th</sup> income percentile was de facto rental housing and that they could not dictate otherwise. The advocates challenged this specious argument, but Council agreed with staff, despite a spirited defense by a minority of Councillors.

As expected, The Carrots were adopted, with the support of the private sector developers. The social housing representatives, who were also in agreement with many of the incentives, managed to convince Council to make minor changes to increase the length of affordability required in exchange for such incentives.

## **Conclusion.**

It was clear to this writer that the lack of support at the political and staff level had doomed the issue from the start. The work of the AHWG was a dress-up exercise, dictated in part by the timing of municipal elections in the fall of 2003.

Ottawa has been experiencing a housing crisis for its low and modest income residents for the last ten years. This is unlikely to change until all players agree that they have a role in resolving this crisis.