

Parkdale United Church Property Development Working Group Housing Subgroup – Recommendations Report

January 24, 2025



Introduction

The Housing Subgroup

At Parkdale United Church's (PUC) Annual General Meeting on February 26, 2023, the congregation approved the following motions:

Motion 2: That the congregation give its approval to proceed with consideration of affordable/supportive housing options as part of the redevelopment plans.

Motion 3: That the congregation approve of the creation of a separate group to further the discussion on housing.

The Housing Subgroup first met May 31, 2023, with seventeen meetings as of January 2025. Members include Linda Baker, Jenna Bondo, Jesus Bondo, Ed Ellis (chair), Irene Hilkes, Barry Hobin, Elise Mennie, and Chris Tait (recording secretary).

To consider the affordable housing landscape in Ottawa and how PUC might contribute, the housing subgroup consulted approximately 44 organizations including those in the Hintonburg neighbourhood; churches involved in affordable housing; city officials; non- and for-profit

affordable housing developers; affordable housing providers including those that provide supportive housing; advocacy organizations and other community service organizations. All organizations supported the concept of building housing on PUC's property, and many social service organizations were interested in placing their clients in the building (see page 8).

The following report, based on the Housing sub-group's consultations, lays out a theoretical model of how PUC might include affordable housing as a part of the church's larger redevelopment plans, while considering financial feasibility, city planning requirements and available land area. It does not include recommendations for redevelopment of the church building itself. This report includes a missional objective, proposed building details, financial estimates, a tenant selection concept, potential financial partners, and governance and management considerations.

Missional Objective

With an extensive property in the heart of Hintonburg, and our plans to redevelop the church, the time is now to consider how PUC might bless our city with the land we have been blessed with.

PUC has a long history of engaging in God's work of social justice in our neighbourhood. Our church started up Goodwill Industries in the 1930's, which went on to become Ottawa Neighbourhood Services. In the 1970's, Parkdale started a senior citizen's support program, which then involved other churches and became Ottawa West Community Support. The Queensway Head-Start Pre-School, which is currently housed in our building, was also a shared church initiative that is now operated by Somerset West Community Health Centre as Queensway Preschool. These social enterprises took root in the community from seeds that were planted by our congregation.

Today, we feel that Parkdale is called again to respond to a glaring need in our city, this time, for affordable housing for those most in need. Unsurprisingly, housing unaffordability and homelessness are rising trends in Ottawa. From October 2018 to October 2024, the average rental price in Ottawa increased by 41 per cent¹, impacting individuals and families across our city. Between 2022 and 2023 alone, unsheltered homelessness increased by 18 per cent while encampments increased by 40 per cent.

One of the groups most impacted by the housing crisis is Indigenous people. Due to our colonial history, homelessness disproportionately impacts Indigenous communities; 1 in 3 homeless people in Ottawa are Indigenous (32%) yet only 2.6% of the city's population are Indigenous.²

¹ Ontario — Rental Market Statistics Summary by Metropolitan Areas, Census Agglomerations and Cities, CMHC, <https://www03.cmhc-schl.gc.ca/hmip-pimh/en/TableMapChart/Table?TableId=2.1.31.2&GeographyId=35&GeographyTypeId=2&DisplayAs=Table&GeographyName=Ontario>

² City of Ottawa 2022 Homeless Count and 2021 Census

PUC acknowledges that our land and building are on the unceded territory of the Algonquin Anishinabe. In the light of these realities and Jesus's teachings on reconciliation, we feel that if the church proceeds with an affordable housing project, we must include Indigenous organizations as partners whose clients could be housed in our building (details on page 8).

As a result of PUC's desire to meet local needs and value of reconciliation, many among our congregation have expressed a strong desire to incorporate affordable housing into PUC's redevelopment plans. This goal is intrinsically linked to PUC's values of justice, compassion and mercy, which continually lead us to look for ways we can meet the needs of local communities. That is why we as the Housing Subgroup believe that PUC's God-given real estate resources can be used to build affordable apartments that will provide stability to some low-income residents over the long-term.

Our contribution to the challenge of solving the current housing crisis will be missional and focussed, as we understand the limits of what just one church can do. PUC will not solve the crisis of housing affordability in Ottawa, but we can meaningfully engage in and contribute to the solutions by using our resources to serve our neighbours.

The Building

Building Concept

Since the commencement of our housing subgroup, we have explored the concept of building an apartment block north of the church. This proposed building could be 9 storeys tall, in line with city height preference, with approximately 126 units of various sizes (studio, 1, 2 and 3 bedroom). The levels of affordability would also vary in order to avoid a single income demographic. Typical levels of affordability are as follows:

Deeply affordable (DA): Applies to very-low- and low-income households, that is, those earning zero to 50 per cent of the area's median household income. These rents are calculated at 30% of a household's income, which means rents of less than \$1,050 a month for low-income households and as low as \$420 a month for very-low-income people on social assistance.³ For example, individuals receiving a single shelter allowance from Ontario Works (OW) (\$390 monthly) or Ontario Disability Support Program (ODSP) (\$582) would qualify for deeply affordable rents.

Below market rent (BMR): Meaning rents are not geared to income but rather are fixed at a rate below the average market rent. Affordable housing created through the city's

³ <https://irpp.org/wp-content/uploads/2024/10/Homeward-Bound-How-to-Create-Deeply-Affordable-Housing.pdf>

Action Ottawa Program is defined as BMR, with average rents in a development fixed at a rate of 70% of average market rents in Ottawa.⁴

Average market rent (AMR): A measure generated by Canada Mortgage and Housing Corporation (CMHC) through its Rental Market Survey. AMR captures the average rent charged by private landlords for available units and is calculated for individual neighbourhoods or urban zones.⁵

Ideally, we would like to maximize the number of DA units to house those most in need. However, to make the building work financially, it would initially have a majority of AMR units and a minority of DA and BMR units. Income from the AMR units will internally subsidize the DA and BMR units, as well as pay off the mortgage. Over time as the mortgage is paid down, the number of affordable units can be increased.

Opportunities for the Apartment Building

In order to proceed with the apartment building, PUC should create a separate non-profit housing organization (NPO) that would own the building, (see page 11 for additional details). Adding any building on our current site will require coordination between the NPO and PUC's Property Development Working Group, as the site area is insufficient for a major building to be created without adjustments to the existing church. The design of a new building should consider the possible spatial synergies with the church building. Whether the church and the apartment building are connected or independent, ground floor amenity areas could be designed to meet special needs of the church as well as new ministry opportunities. For example, a social enterprise coffee shop, informal gathering space, or afterschool homework club.

A detailed investigation of parking, access, and egress⁶ will be done through the design and approvals process. In addition to the needs of the church, the city of Ottawa's planning process will require specific consultant reports. At this juncture, we recommend the following:

- The new project, in conjunction with the church redevelopment, should preserve the number of existing church parking spaces for the congregation as well as improve access and egress.
- Both the church and an apartment building would benefit from a dedicated drop off zone near both entrances.

⁴ https://www.startswithhome.ca/glossary?active=_below_market_rent

⁵ https://www.startswithhome.ca/glossary?active=_average_market_rent

⁶ The circulation of people and vehicles entering and exiting.

- The new building would need 40 to 60 dedicated underground parking spaces. This is highly dependent on our tenants. Seniors, people with special needs and those in DA units will not likely have a car.

Development Consultants

A professional building development consultant will be required to oversee the design, approvals, and building phases of this project. The selection of a reputable development consultant is important for governmental funders to see that the team behind the project has credibility and experience. We have currently narrowed down development consultant options to the following companies:

CAHDCO

CAHDCO is a non-profit real estate developer based in Ottawa that is focused on increasing Canada's affordable housing through consulting, knowledge sharing, network-building and increasing capacity. They have worked on many affordable housing projects, such as Julian of Norwich Anglican Church, Ellwood House (non-profit housing), and the Anglican Diocese Hollyer House project at Bells Corners. They are the development arm of Centretown Citizens of Ottawa Corporation (CCOC), a non-profit housing provider. Their experience in developing affordable housing provides credibility in applying for funding.

Windmill Developments

Windmill Developments is a commercial real estate development company whose values may align well with those of the NPO. Amidst their real estate development, they prioritize making big impact in the fight against climate change through sustainable building standards. They have a target of 10% of affordable homes across their portfolio, demonstrating a commitment to contributing to building housing for those who need it most.

Theia Partners

Theia Partners is also a commercial real estate development company and is a derivative of Windmill Developments. For the past five years, Theia Partners has worked to acquire, maintain, and improve naturally occurring affordable housing in transit-serviced and walkable neighbourhoods. Theia Partners has credibility, strong knowledge of the development landscape, and project management experience relevant to the NPO. They are currently working on a 200-unit infill development with First Unitarian Congregation of Ottawa, where many of the affordable units will go to Ontario Aboriginal Housing Services.⁷

⁷ <https://www.firstunitarianottawa.ca/affordable-housing.html>

Timeline

Based on information from an affordable housing builder, we are looking at a timeline of 5 years to complete the project, starting from the moment when a full, church-approved proposal is sent for review and eventual approval by the City of Ottawa and CMHC. Actual times for steps in the process are variable, for example:

City review and approval of required zoning variants or rezoning: 8 to 14 months

Documentation and approval of permits: 6 to 8 months

Construction: 24 to 28 months

Contingency: 12 months

Financial Estimates

We worked with a developer to build a financial model that reflects CMHC's application for financing. CMHC demands levels of affordability to meet their favorable loan criteria. The following model is for a building that is 100,000 gross sq ft. above ground (net leasable area is 85,000 sq. ft.) with 126 units of an average size of 661 square feet,

- The building will cost \$41M in hard costs (bricks and mortar) and \$13M in soft costs.
- There will be \$6M allocated for land.
- The total project cost will be \$60M.⁸

Based on these numbers, the proposed levels of rents and current interest rates, the NPO would be eligible for a loan of \$51,437,974 through the CMHC. To cover the debt, we will need a ratio of 1.1 of income to debt.

With this financing in mind, the building could have 25 affordable units, some DA and some BMR (more could be added over time as the mortgage is paid off).

A key factor in all the estimates above is the shortfall between the total project cost of \$60M and the potential loan of \$51.4M (\$51,437,974). The difference is the equity required for the project, which will be \$8.6M (\$8,562,026). The church's land value of \$6M can be used to address the required equity, but the remaining shortfall is \$2.6M (\$2,562,026). However, the loan value could increase if interest rates fall, which would reduce the equity required, and therefore lower the shortfall amount.

The NPO would have to find ways to cover the shortfall (current estimate is \$2.6M). This could be done through the following: fundraising among church members and adherents; involving other churches or philanthropic donors interested in supporting affordable housing for

⁸ This is subject to change based on interest rates, labour and material costs, and other factors.

marginalized persons; applying for governmental and non-governmental grants; and recruiting organizational partners that have financial credibility and an interest in contributing financially (see potential financial partners on page 10).

Although this apartment building will not help finance church operation or redevelopment, it may assist by way of shared space and efficiency of construction. Further, the church's operating budget will not subsidize the apartments, but the PUC community will be encouraged to provide individual and group social support to residents as is appropriate.

The Tenants

Approach to Tenant Selection: Bridging Organizations

Throughout our consultations, many social service organizations told us that landlords are apprehensive to rent to people they don't deem as "typical" renters, regardless of an individual's ability to live independently. For example, individuals who have successfully completed a rehabilitation program and are ready to live independently still face stigmatization from landlords.

For the building's affordable units, we recommend that the NPO form partnerships with selected social service organizations who will place their clients in our units. We have called these organizations *bridging organizations* and are proposing seven that would work with the NPO to help select tenants for the affordable units, and potentially some AMR units depending on the tenant's financial circumstances.

We believe that working with bridging organizations will help ensure that the building's affordable units are allocated to those who would be a good fit and who have the best chance at successful independent living. This is because the bridging organizations have ongoing relationships with their clients and will provide varying levels of continued support as they live independently. For example, some bridging organizations have staff caseworkers who provide wrap around supports such as mental health support/advocacy, or assistance with daily tasks. Working with bridging organizations who have various missions, values, and populations they serve will also ensure that the NPO is committed to fostering diversity and inclusion.

The seven recommended bridging organizations described below serve the following groups: refugee claimants, Indigenous people, those diverted from shelters, those with physical disabilities, those with developmental disabilities, and seniors. Our consultations with various experts and organizations confirmed that there is a large gap in affordable and available housing for these populations. We believe that the groups selected reflect Jesus' teachings to care for those in need, welcome the stranger, and love others as our neighbours.

We recommend that the PUC building's management work with the following seven bridging organizations, based on their experience housing residents, the needs of the population they serve, and supports that they would be providing their clients. Each organization has indicated the number of units they would like. The exact number of DA and BMR units that can be allocated to each organization will be determined once congregational approval has been given to work with each proposed bridging organization.

Bridging Organizations

Abbeyfield House Seniors Residence

Located next to PUC, Abbeyfield provides family-style accommodation for up to 10 independent seniors. Differing from the other partners listed below, Abbeyfield's partnership is crucial for any of PUC's redevelopment plans, and especially those that include housing, due to their proximity to the church property. It is important that PUC maintain good relations with its neighbour.

If Abbeyfield is interested in being part of the project, they would require one floor which would have 10 to 14 bedrooms with bath and common space for living, cooking, and eating collectively. Abbeyfield would be looking for a total of approximately 7,800 square feet for their average of 12 residents (650 square feet per resident). Abbeyfield residents currently maintain a beautiful garden and thus it would be important to Abbeyfield, PUC and the NPO to include gardens and green spaces in any design.

Gignul Non-profit Housing Corporation

Gignul focuses on both short- and long-term housing solutions for the Indigenous population, from supportive shelters to affordable, independent living. They would like to place clients in 10 of the NPO's units. They propose 7 one-bedroom, 2 two-bedroom, and 1 three-bedroom units. All their clients are considered low-income.

Their model is to own and administer their own units. However, they propose a possible leasing arrangement between Gignul and the NPO whereby 10 market rent units would be reserved for Indigenous residents and administered by Gignul, who would apply elsewhere for rental assistance for their clients. This arrangement would increase the number of affordable units provided in the NPO building.

Gignul does not provide wrap-around supports directly but connects tenants to support services through organizations within the Ottawa Aboriginal Coalition and other non-Indigenous agencies.

Gignul is always looking for more units to rent to their clients, given the overrepresentation of Indigenous peoples in the homelessness population.

Inuit Non-Profit Housing Corporation

Inuit Non-Profit Housing Corporation's (INPHC) mission is to provide housing for Inuit and other Indigenous individuals and families of low income.

INPHC is interested in renting 3 to 4 studio or one-bedroom units in the NPO building. They would administer the units in the same way as Gignul, by selecting tenants from their own waiting list, and entering into a block leasing agreement with the NPO.

They offer administrative support to clients, including interpretation in Inuktitut, filling out forms and applications, and referrals to other services throughout the city.

As with Gignul, housing is required due to the overrepresentation of Inuit peoples in the homeless population, and it aligns with PUC's mission for reconciliation.

Karis Disability Services (formerly Christian Horizons)

Karis Disability Services is a faith-based organization that offers residences, including group homes and apartment style living, for adults with developmental disabilities. They are interested in renting up to 10 units throughout the NPO's building for their clients able to live independently. Most of these units would be studio or one-bedroom apartments and would mostly have to be DA, although some individuals would be able to afford BMR or AMR units.

Supportive services for these tenants would be facilitated by Karis staff. They would include in-person, weekly check-ins, and would liaise between the building management and the tenant.

Renting these units would house clients who are independent enough to move out of a group home, and free up spaces in Karis' group homes for those on the waiting list.

L'Arche

L'Arche is a faith-based, registered charity that provides supportive residential services for adults with intellectual disabilities. They are interested in occupying a large, accessible 6 to 8-bedroom unit that accommodates living space for 5 to 6 tenants plus 2 to 3 live-in staff who will offer daily support to these tenants. They are also interested in 2 to 3 one-bedroom apartments for their clients who can live independently with some ongoing support from L'Arche.

The units that L'Arche rents will be DA, as all their clients receive ODSP and thus have a very limited shelter allowance. Some individuals may possibly be able to pay BMR or AMR rates with contributions they receive from their family.

L'Arche would like to see their group homes being within walking distance of each other. Since they already have a 10-bedroom home in our neighborhood on Hinton Ave, they would

consider closing an 8-bedroom home in another neighbourhood and move tenants from that facility into our building.

Matthew House

Matthew House is a faith-based organization that provides supportive services for refugee claimants, including short-term reception and transition homes, and a furniture bank to assist with moves to more permanent lodging. They are in a position to rent out as many rooms to clients as are available, so they are continually searching for landlords willing to rent units to their organization.

They are interested in short-term rental of 1 to 2 three-bedroom units to be shared by recently arrived refugee claimants. Matthew House aims to house 4 to 6 individuals in each 3-bedroom unit for 3 or 4 months, before they find permanent housing. Due to the shared rent arrangements that Matthew House offers their tenants, the organization would be paying market rents for the units they rent in the NPO's building. Matthew House would benefit from renting units as they face difficulty in finding willing landlords to rent from.

The Ottawa Mission

In addition to emergency shelter, food, dental and health services for men, The Ottawa Mission provides housing placement services and offers programs to improve the individual's life situation so they can live independently. They also own and operate three apartment buildings in Ottawa with affordable units – similar to what the NPO is planning. The Ottawa Mission is also a faith-based organization.

Executive Director Peter Tilley said that they could use as many BMR studio or one-bedroom units as we had to offer for men who are ready to live on their own. The Mission is adamant about successful placement, therefore caseworkers on staff provide wrap around support for their tenants for as long as it is required.

The Ottawa Mission is very reputable in the city for the services and programs they provide to individuals with a history of homelessness and addiction. A partnership with the NPO would be beneficial to the Ottawa Mission's program graduates who are consistently met with difficulty finding independent housing.

Potential Financial Partners

To generate enough equity beyond the value of the land, the NPO will have to develop financial partnerships with like-minded organizations. Below, we have summarized the extent of these partnership conversations thus far (none have been finalized).

Three bridging organizations have shown interest in partnering financially with the NPO. Further discussions are expected. Depending on the building development consultant the NPO selects, (page 5), there may also be an opportunity for financial partnership.

The City of Ottawa has been extremely open and interested to hear about our housing project concept. We would plan on applying for city funding to assist with building costs; however, these grants are typically relatively small.

The list of these potential financial partners is not exhaustive. If the church decides to move forward with this project, more connections will be fostered throughout the city to explore financial partnership.

Governance and Management

Governance

A governance model that meets the approval of PUC Council and congregation will need to be developed. We have researched the governance models of other housing providers and churches who have built housing on their land. Our findings suggest that PUC should create a separate non-profit housing organization (NPO) to own and manage the apartment building, with a board consisting of representatives of Parkdale United Church (majority of seats), as well as representatives of financial partners and bridging organizations, the Hintonburg community, and eventually building residents.

More specifically, we recommend that the land be leased rather than sold to the NPO since the church will be in very close proximity to the apartment building. The Trustees of PUC own the church property in trust for the United Church of Canada. The Trustees can sell or lease the property on behalf of the congregation of PUC with the prior approval of the Executive of the Eastern Ontario Outaouais Regional Council (EOORC). The annual leasing cost would be nominal.

Management

It is recommended that the non-profit organization hire a professional building manager and ancillary staff to manage the day-to-day operation of the building. They will oversee regular leasing arrangements with tenants in AMR apartments, and work alongside the bridging organizations to create any particular leasing arrangements for their clients. We received recommendations for building management companies during consultations, including the following:

- CAHDCO
- District Realty
- Sleepwell Management

Recommendations

1. That Parkdale United Church include an all-rental apartment building with a significant portion of affordable units into its property redevelopment plans, as a tangible action to live out our commitment to Christian values and social justice by fostering community and increasing the supply of affordable housing in Ottawa.
2. That the building includes a mix of unit sizes and levels of affordability (market rent, below-market rent, and deeply affordable) to create a diverse and inclusive community of residents.
3. That the Housing Subgroup investigate the creation of a non-profit organization to own and manage the apartment building, with a board consisting of representatives of Parkdale United Church (majority of seats), as well as representatives of financial partners and bridging organizations, the Hintonburg community, and eventually building residents.
4. That Parkdale United Church maintains ownership of the land on which the apartment building will sit and lease it to the non-profit organization at a nominal cost.
5. That the non-profit organization works with designated social service “bridging” organizations which provide supportive services to their clients to select tenants for the affordable units.
6. That the non-profit organization hire a professional building manager and ancillary staff to manage day-to-day operations.
7. That the non-profit organization be mandated to increase the proportion of affordable units over time, as decreasing mortgage payments make it feasible to do so.