

REGION OF OTTAWA-CARLETON  
RÉGION D'OTTAWA-CARLETON

REPORT  
RAPPORT

Our File/N/Réf.  
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DATE 16 February 1999

TO/DEST. Co-ordinator  
 Corporate Services and Economic Development Committee

FROM/EXP. Planning and Development Approvals Commissioner *and*,  
 Special Advisor on Social Housing

SUBJECT/OBJET **LEASE OF 494 AND 504 ALBERT STREET, OTTAWA**

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**RECOMMENDATION**

**That the Corporate Services and Economic Development Committee recommend Council approve a fifteen-year lease of Regional properties located at 494 and 504 Albert Street in the City of Ottawa, to City Living, for the sum of \$1.00 effective 1 April 1999, subject to approval of an application for Residential Rehabilitation Assistance Program (RRAP) funding from CMHC.**

**PURPOSE**

The purpose of this report is to obtain approval to enter into an agreement with City Living to lease two residential properties owned by the Region at 494 and 504 Albert Street in the City of Ottawa. The recommendation is being brought forward at this time because the viability of the proposal is dependent on federal funding being secured for necessary repairs; federal funding under the RRAP program is available until 31 March 1999. An agreement to lease the property to City Living must be secured before then.

It is the intention of the Special Advisor on Social Housing to bring forward to Regional Council options with respect to the Region's role in housing later this year. However, the current circumstance of surplus property leased to City Living, combined with the availability of Federal funding described below, necessitates a decision on the Albert Street properties in advance of the broader consideration of a Regional housing policy.

## BACKGROUND

The Region acquired two residential properties at 494 and 504 Albert Street in the City of Ottawa in 1987, to protect for the Central Area Transitway. The properties have been leased by either the Region or City Living for residential purposes, in the interim. The building at 494 Albert is currently leased to City of Ottawa (and managed by City Living) until September 1999 (ten year lease). The building at 504 Albert had been leased to City of Ottawa/City Living from 1989 until 1994 and has since been leased by the Region. Both properties are zoned RO-x(3.0) and R7-x(5.0).

494 Albert Street is a two-storey rooming house, with nine rooms and one bachelor suite, managed by City Living (the City of Ottawa's municipal non-profit housing corporation), as a women-only rooming house. The property is classed as a Grade 2 Heritage building. Throughout the period of the lease, the property has incurred losses.

504 Albert Street is a two-storey apartment building with six one-bedroom apartments and one bachelor suite. It is a Listed Heritage site.

On 9 December 1998, Council approved a report from Corporate Services and Economic Development Committee dealing with a number of surplus properties throughout the Region. The sale of the properties at 494 and 504 Albert Street (Parcels 12 and 13) had been recommended because they are no longer required for improvements to the Central Area Transitway in the new Official Plan. A decision on these two properties was deferred pending a review to be conducted by City Living and Regional staff into the suitability of the sites to assist in the provision of affordable housing.

## DISCUSSION

Properties owned by the Region provide an opportunity to deliver affordable housing. As Council is aware, the Region has been given responsibility for funding provincially administered Social Housing, but currently does not have the ability to intervene in the administration of these programs. The need for Social Housing is significant in the Region, with almost 16,000 households on the waiting list, but the opportunities to provide additional stock are limited, as the federal and the provincial governments are not providing funding for this purpose. Furthermore, there has been increasing attention on homelessness and Council recently joined with other cities to pass a resolution declaring homelessness a national disaster.

In December, 1998, the federal Minister responsible for Canada Mortgage and Housing Corporation announced an additional \$50 million for housing renovation programs targeted to low-income Canadians and the homeless. Through the Residential Rehabilitation Assistance Program (RRAP), forgivable loans of up to \$18K per unit can be provided for rental or rooming housing accommodation. These funds would be beneficial to improve the condition of the Albert Street properties and to make them more financially viable as accommodation for low and moderate income households. This additional RRAP funding is only available until the end of March 1999.

The proposal is to lease both 494 and 504 Albert to City Living for 15 years. City Living would secure funding and undertake renovations eligible for RRAP funding. City Living would then continue to operate 494 Albert as a rooming house for women, with rents at the shelter component for social assistance recipients. Rents at 504 Albert would remain as is (generally around \$640 per month), for in situ tenants but would be reduced on turnover to levels affordable for social assistance recipients (presently about \$511 for a one bedroom unit).

The advantages of this approach include:

- 494 Albert will be retained as an affordable rooming house for women. If the property is sold, it is unlikely that it would be retained as a rooming house;
- leasing these properties together makes the financial scenario more viable for City Living;
- Regional properties would benefit from the Federal funding currently available for repairs through RRAP;
- this project will preserve and expand affordable housing with the Region, City Living and the Federal government making financial commitments;
- City Living will maintain rents at levels affordable to those on social assistance. They estimate that a subsidy of up to \$120K may be required over a 15 year period; and
- City Living is willing to cross-subsidize these properties from other revenues.

### FINANCIAL ANALYSIS

The Region is generating approximately \$15K in annual net revenues at 504 Albert. Capital improvements and extraordinary repairs in 1998 totalled \$57K. The Region, while losing the annual revenue from rent, will also not have the liability for maintenance during the 15 year lease period, as a result of these proposed leases to City Living.

City Living has identified \$76K in repairs at 504 Albert eligible for RRAP funding and a further \$12K for 494 Albert, for a total of \$88,000. The availability of this funding will assist City Living in improving the properties and providing affordable rents for 17 housing units.

The opportunity cost for the Region will be the deferral of revenues from the sale of these two properties for a period of 15 years. The real estate market, while showing some signs of improvement, has not fully recovered at this point so there may be some benefit in holding these properties in light of their potential to assist in the provision of affordable housing within the Region.

The potential for revenues from the sale of the properties is currently being assessed by external appraisers. This assessment will be available by the time this report is considered by Corporate Services and Economic Development Committee.

COMMUNITY CONSULTATION

No community consultation has taken place as this is considered an administrative matter.

CONCLUSION

Should these properties be sold at the current time, there would be a net loss of rooming house and low-rent apartment stock from the Region, at a time when homelessness and the lack of affordable housing are serious problems. The opportunity to lease these properties to City Living would ensure the availability of seventeen units of affordable housing over the next 15 years.

*Original signed by Judy Forrest for  
Joyce M. Potter*

*Nick Tunnacliffe*

FINANCE DEPARTMENT COMMENT

The Finance Department has no further information to add to the financial analysis already presented in the report.

*K. Kirkpatrick on behalf of the  
Finance Commissioner*