M E M O / N O T E D E S E R V I C E

To / Destinataire	Mayor and Members of Council	File/N° de fichier:	
From / Expéditeur	Wendy Stephanson, City Manager		
Subject / Objet	Lansdowne 2.0 Project Clarifications	Date: November 6, 2025	

This memo provides information about components of the Lansdowne 2.0 redevelopment plan in response to Councillor Brown's inquiry. It is being provided recognizing the benefit of ensuring Council has this information in advance of consideration of the Lansdowne 2.0 report at the Special Council Meeting on Friday, November 7, 2025.

The 'True Cost' of Lansdowne 2.0

The recommended funding strategy outlined in the Lansdowne 2.0 Redevelopment report follows the direction received by Council in 2023 and takes into consideration the overall costs for the project, as well as the expected revenue sources to fund it. With the proposed Lansdowne 2.0 plan, the City will have access to new and site-specific revenue sources that would not materialize if the project were not to proceed and, therefore, would not be available for other City services or projects.

Per the recommendations outlined in the report, the $418.8 million investment for a new Event Centre, North Side Stands, and a portion of the Grand Entrance will be paid for by $33.9 million in the sale of air rights, $32.4 million in debt premiums, $6 million in Municipal Accommodation Tax, $15.6 million in City Capital reserves and $331 million in additional debt over the span of the project. The City's true cost is the contribution from reserves, the debt premium and only $82.7 million of the debt for a total of $130.7 million. The remaining $248.3 million in debt will be offset by other revenues. The other related projects totaling $65.1 million, specifically the City-owned parking beneath the stadium and the retail podium, are not a cost to taxpayers. These costs will be funded by air rights, parking revenues, and the Partnership.

The annual cost for the $331 million in additional debt is estimated at $17.4 million, assuming 4.25 per cent interest for 40 years. Once the other sources of revenue are taken into account, the true cost to taxpayers is $4.3 million annually. These are sources of revenue that would not otherwise be available for any other City service or renewal project. These revenue sources will grow over time, as the debt servicing remains the same over the term of the debt. Some of these revenues will be earned at the outset of the project, and some are projected to be realized over the term of the debt.

To present an accurate and comparable cost of the true cost of the debt servicing, the projected revenue streams were converted to net present values to reflect the time value of money. For example, $20 million today is worth $2.9 million in 2070 when the debt is repaid. Staff have taken this time value into account when estimating the true net cost of the $17.4 million. Specifically, the debt servicing cost for the City is $4.3 million annually, after taking into account the time value of the various sources of revenue expected to the end of 2070. Therefore, the City's true share of the debt is $82.7 million, which represents $4.3 million in true debt servicing cost.

The Funding Strategy is Specific to Lansdowne 2.0

Recent discussions on the Lansdowne 2.0 Redevelopment report have focused on the idea that the funds being considered for Lansdowne 2.0 could instead be allocated to other City services or projects. Specifically, some have interpreted that the annual debt servicing cost of $17.4 million could be redirected to other uses; however, this amount is only available by 2036 as part of the Council approved funding strategy. As a risk mitigation strategy, this approach ensures the $17.4M base debt servicing is in place to fund the debenture. These other revenue sources include property taxes from the residential towers, air rights revenues, stadium rent and ticket surcharges from the Partnership, as well as a greater share of the waterfall distributions from the Partnership and cannot be realized without proceeding with the comprehensive funding strategy. If Lansdowne 2.0 is not approved, the $2.6 million base budget accumulated to date would be available to redirect to other projects.

As background, in 2023, Council approved the funding strategy, including a gradual increase to the base budget of $1.3 million annually until 2036 within annual tax targets, to build towards a base budget for debt servicing of $17.4 million. During the annual 2024 and 2025 budget processes, staff allocated a total of $2.6 million towards the debt servicing for Lansdowne 2.0 per Council direction. Should Council approve Lansdowne 2.0, $1.3 million in debt servicing will continue to be included in the annual budget amongst other budget considerations, capital investments, operating efficiencies/savings and other revenue sources available to the City, all within Council directed tax targets.

Another component of the funding strategy that is specific to Lansdowne 2.0 is the recommended Municipal Accommodation Tax (MAT) increase of one per cent. This increase was proposed by Ottawa Tourism during consultations on the Lansdowne 2.0 Project given the economic benefits of the redevelopment plan. Should Council not proceed with Lansdowne 2.0, staff do not expect that this increase would continue to be supported by Ottawa Tourism, Ottawa Gatineau Hotel Association and other key partners and stakeholders. A one per cent increase in the MAT with no commitment to improve one of the central tourism attractions in Ottawa, namely Lansdowne, would not be supported by the industry.

Renovating the Arena and North Side Stands

City staff have received inquiries about whether the Event Centre and North Side Stands can be maintained for another 40 years and continue to accommodate current events and operations. Maintaining these facilities while remaining competitive as one of Ottawa's principal sports and entertainment facilities is not feasible and is not the direction given by Council**.** The arena at TD Place, built in 1967, is the second-oldest municipal arena in Ontario, and the North Side Stands are approaching 60 years of age. Although both structures remain safe and structurally sound, they are functionally obsolete and no longer operationally suited to the requirements or expectations of modern event organizers, athletes, performers, or guests.

The North Side Stands have significant design and operational limitations that reduce functionality and user experience. These include narrow and outdated concourses, insufficient and non-compliant washrooms, inadequate accessibility features, a lack of premium seating, and outdated concession and service areas. The result is a facility that provides an inconsistent experience when compared with the more modernized South Side Stands, and it does not align with current industry standards for stadium operations.

The arena at TD Place presents many of the same operational, accessibility and technical challenges. Built to 1960s standards, it lacks the technical and functional capacity to support modern professional sports, concerts, and touring productions. Challenges include outdated lighting and sound systems, the lack of proper HVAC and dehumidifying capacity, limited rigging and load-bearing capacity, insufficient entertainer and athlete dressing rooms, lack of premium seating, and accessibility barriers throughout the facility. These constraints affect both the range and scale of events that can be hosted in Ottawa.

National and international event organizers have identified these limitations as barriers to hosting major events in the city. Skate Canada**,** Curling Canada, and Cirque du Soleil have indicated that their events will not return to TD Place without a modernized event centre. The Canadian Elite Basketball League (CEBL) has also confirmed that it will not host its Championship Weekend Tournament in Ottawa until modernized facilities are in place. In addition, the current arena does not meet the technical and operational standards required to host major events such as the Canadian Hockey League Memorial Cup**.**

The City and OSEG have received feedback and letters from concert promoters noting that numerous artists and touring productions have opted not to perform at TD Place due to the outdated infrastructure, poor technical systems, and insufficient performer amenities. Para sport organizations have similarly indicated that TD Place does not meet modern accessibility standards and, as a result, it is not suitable to host many national and international para sport events.

A new, modernized mid-sized Event Centre would address these operational and accessibility deficiencies and ensure that Ottawa can continue to attract and accommodate a full range of sporting, entertainment, and cultural programming. It would also provide the necessary infrastructure to sustain event activity at Lansdowne, which contributes to the local economy through hotel occupancy, tourism, and spending at nearby businesses.

In summary, while the existing arena and North Side Stands remain structurally stable, they are no longer compatible with current industry, accessibility, or event requirements. Maintaining the existing facilities would limit Ottawa's ability to attract and retain major events and reduce Ottawa's competitiveness relative to other Canadian municipalities. Without renewal of these facilities, Lansdowne will not likely remain a viable home for the existing sports franchises.

The Reality of Doing Nothing

City staff have received comments that the investment into the Lansdowne 2.0 redevelopment plan is a half billion dollars that could be spent on other City priorities. This is not an accurate interpretation of the business case put forward for Council's consideration. As referenced earlier, more than two-thirds of the total investment is funded from revenue sources which will be generated by proceeding with the Lansdowne 2.0 redevelopment plan. The remaining $130.7 million is the City's portion of the investment for a new asset worth $418.8 million. Of this portion, $22 million has already been spent to date.

Not proceeding with Lansdowne 2.0 will keep the 1.0 agreement with OSEG in place. This means that OSEG would continue to earn eight per cent on their contributed equity, the City would not receive any distribution from the waterfall, the property tax uplift would not materialize, the base rent for the stadium would remain at $1, and the City would not receive any ticket surcharge. Further, the aging facilities at Lansdowne Park are not included in the City's Asset Management Plan which is facing a funding gap of $10.8 billion. This means that a separate funding strategy would be needed in order to renew the aging stands and arena, which would effectively add to the $10.8 billion funding gap. Should the facilities be renewed at 70 years, in 2037, the estimated cost could be up to $752 million for the City. The estimated average annual operating cost for debt servicing on $752 million is $39.4 million annually.

Finally, if OSEG were to leave the Partnership, the City would take on the estimated annual cost of $8 million in net negative cashflows and any outstanding loans.

Affordable Housing Contribution

The *Affordable Housing Land and Funding Policy* stipulates that "25 per cent of the City's Net Proceeds be transferred to the Affordable Housing Reserve Fund to fund the development of new affordable housing elsewhere." The calculation of net proceeds includes the total revenue from the sale of the air rights, less any cost required to finalize that sale. In the *Lansdowne 2.0 Redevelopment* report being considered by Council this Friday, staff have recommended that Council consider the differential between the cost to build the City-owned parking beneath the stadium and the value created from the parking revenue (approximately $500 thousand annually at a market rate) that would be earned by licensing the 140 parking stalls to the future residential tenants. The approximate difference is $10 million and is a cost to the City. Staff are recommending that this amount be deducted from the air rights revenue given that the parking was a key factor in the negotiated air rights sale agreement that is before Council. The City-owned parking supports the residential development by enabling more density on the site, which benefits the City in the form of additional property tax uplift.

Based on this premise, and if Council agrees with the staff recommendation, the net proceeds from the air rights would be $48.3 million from the $65 million purchase price. Per Council's direction in 2023, the allocation to affordable housing would be calculated as 25 per cent of the first $39 million and 50 per cent of the remaining $9.3 million for a total contribution of $14.4 million. This is an increase from the original estimate of $9.75 million in 2023.

New City-owned Stadium Parking

The Lansdowne 2.0 redevelopment plan includes the construction of City-owned parking underneath the new North Side Stands, as referenced above. Building this parking area ensures that the full stadium footprint is maximized and creates an ongoing revenue source for the City. As part of the sale of the air rights, these parking stalls will be licensed to the future residential tenants at market value. These parking spaces will remain in the inventory and control of the City and are not being subsidized for private benefit. The preferred air rights developer, Mirabella Development Corporation, will also build approximately 400 dedicated parking stalls on the development parcel to service the new residential units.

Event Centre Capacity

The Lansdowne 2.0 project team has received questions and comments related to the new Event Centre capacity and its usage for larger sporting events, such as the Professional Women's Hockey League (PWHL) games. On average, the Lansdowne Partnership and TD Place hosts 180 events each year, including concerts, cultural programming and sports, plus an additional 130 community ice rentals. The Ottawa Charge PWHL regular season schedule includes 13 games which represents four per cent of all events including ice rentals. This year, almost half of the season's games are on Saturdays which, if they were not required, would be available for concerts or other events. The Ottawa Charge could also play between zero and six home playoff games per season. The design of the facility ensures the flexibility required to host a variety of event types so that the space is in regular use.

As referenced in my memo to Council, *Lansdowne 2.0 – Increase in Capacity of Event Centre*, sent on October 29, 2025, the concept of creating a larger arena to add capacity does not align with Council's direction to staff to-date, represents an increase in costs of $80 to $100 million, not including the $22M that has already been invested in the current design, and would result in the cancellation and restart of the overall development plan.

If you have any questions, please do not hesitate to reach out to me directly.

Sincerely,

Wendy Stephanson
City Manager

cc: Senior Leadership Team
Nathalie Gougeon, Auditor General
Jocelyne Turner, Chief Communications Officer, Public Information and Media Relations