

**CITY OF HAMILTON**

**COMMUNITY SERVICES DEPARTMENT**  
**Housing Services Division**

<b>TO:</b> Chair and Members Emergency & Community Services Committee	<b>WARD(S) AFFECTED:</b> CITY WIDE
<b>COMMITTEE DATE:</b> March 19, 2012	
<b>SUBJECT/REPORT NO:</b> Feasibility of Using the Ottawa Somerset Gardens Affordable Housing Model in Hamilton (CS11043(a)/PED11077(a)) (City Wide) (Outstanding Business Item)	
<b>SUBMITTED BY:</b> Joe-Anne Priel General Manager Community Services Department	<b>PREPARED BY:</b> David Brodati 905-546-2424 ext. 6159 Bob McKnight 905-546-2424 ext. 3728 Gillian Hendry 905-546-2424 ext. 4818
<b>SIGNATURE:</b>	

**RECOMMENDATION:**

- (a) That Report CS11043(a)/PED11077(a) respecting Feasibility of Using the Ottawa Somerset Gardens Affordable Housing Model in Hamilton be received; and,
- (b) That the Outstanding Business List Item, respecting the feasibility of using the Ottawa Somerset Gardens Affordable Housing Model in Hamilton, be considered complete and removed from the Emergency and Community Services Outstanding Business List.

**EXECUTIVE SUMMARY**

At the April 20, 2011 Emergency and Community Services (E&CS) Committee meeting, staff were directed to work with area churches, the Hamilton-Halton Homebuilders Association and the Hamilton Affordable Housing Flagship to investigate the feasibility of utilizing the Ottawa Somerset Gardens affordable housing model in Hamilton and report back to the Committee.

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An Information Report CS11043/PED11077 - Feasibility of Using the Ottawa Somerset Gardens Affordable Housing Model in Hamilton was presented to the E&CS Committee, on April 20, 2011. It was a joint report prepared by the Housing Services Division, Community Services Department and the Strategic Services Division, Planning and Economic Development Department. The report outlined the nature of the Somerset Gardens development in Ottawa and the programs and incentives used in the development.

Staff undertook an assessment of the feasibility of such a model in Hamilton and determined that the City of Hamilton has the necessary policies, tools and incentives to facilitate a mixed tenure affordable housing project similar to the Somerset Gardens project, subject to the availability of senior government capital funding assistance. A strong champion is needed to drive the process, develop the necessary partnerships and coordinate the business case for such a project, as was the case in Ottawa. However, given the high cost of developing new housing, even with those incentives, new housing affordable to lower income households will not likely occur in any significant and sustained way in Hamilton without capital and operating funding from the senior levels of government.

Given that a feasibility analysis regarding the Ottawa Somerset Gardens initiative was contained in Report CS11043/PED11077, this report outlines potential innovative affordable housing development activities that are being pursued in Hamilton at present:

- The Affordable Housing Flagship has received funding from Canada Mortgage and Housing Corporation (CMHC) to investigate the feasibility and to develop a business case for the concept of “pocket housing”. Pocket housing is small scale infill development for affordable smaller bachelor rental units in buildings in scale to single detached homes. Pocket housing promotes an affordable housing option that meets an identified need in Hamilton (single individuals). This type of housing is not concentrated, but rather, through a scattered model, integrates the housing into existing communities.
- The Options for Homes Non-Profit Corporation (Hamilton) is planning to develop affordable homeownership opportunities in Hamilton based on the successful Options for Homes model in Toronto. This model provides higher density condominium home ownership at a more affordable price than typical private market condominium development. Options for Homes (Hamilton) has partnered with the All Saints Anglican Church at King St. W. and Queen St. N. to redevelop the church site into condominium apartments in a high-rise building. The development was appealed to the Ontario Municipal Board (OMB) and the Board has recently ruled in favour of the development, permitting up to 110 units. A redeveloped church will occupy the first floor.

The City is collaborating with community stakeholders in the development of a 10-year Housing And Homelessness Action Plan (CS11017 and CS11017(a)). The Action Plan will be both a strategic plan and an implementation framework and will give direction for any future funding programs. Phase 1 of the Plan will be the strategic component containing goals and strategies and will be brought to Council for consideration in June 2012. Phase 2 of the Plan will be the implementation and monitoring component and it is expected that it will be brought to Council in early 2013.

***Alternatives for Consideration – Not Applicable***

**FINANCIAL / STAFFING / LEGAL IMPLICATIONS**

**Financial:**

There are no financial implications to Report CS11043(a)/PED11077(a)

**Staffing:**

There are no staffing implications to Report CS11043(a)/PED11077(a)

**Legal:**

There are no legal implications to Report CS11043(a)/PED11077(a)

**HISTORICAL BACKGROUND (Chronology of events)**

At its September 8, 2010 meeting, the E&CS Committee directed staff to investigate, in consultation with the Hamilton Affordable Housing Flagship, the feasibility of utilizing the City of Ottawa's Somerset Gardens mixed tenure affordable housing model in Hamilton. Staff were directed to prepare a joint report between the Community Services Department and the Planning and Economic Development Department and report back to the E&CS Committee.

On April 20, 2011, joint information Report CS11043/PED11077 was presented to the E&CS Committee. At that time staff were directed to work with area churches, the Hamilton-Halton Homebuilders Association and the Hamilton Affordable Housing Flagship to investigate the feasibility of utilizing the Ottawa Somerset Gardens affordable housing model in Hamilton and report back to the Committee.

On February 2, 2011 Report CS11017 – Housing and Homelessness Action Plan was received by the E&CS Committee. The City is collaborating with community stakeholders in the development of a 10-year Housing and Homelessness Action Plan as required by the Provincial government (CS11017 and CS11017(a)).

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The project objectives are to:

- Have a community owned vision, shared goals and agreed upon strategies that will work to ensure everyone in Hamilton has a home;
- Plan for and build funding and partnership opportunities with the public, private and not-for-profit sectors;
- Inform and respond to key federal and provincial policies and programs;
- Regularly measure and report progress in achieving outcomes;
- Support ongoing community engagement and integrated planning over the long term; and,
- Support outcome measurement and evaluation of the Action Plan, as well as guide any future priority development and planning efforts.

Phase 1 of the Plan will be the strategic component containing goals and strategies and will be brought to Council for consideration in June 2012. The Action Plan will be both a strategic plan and an implementation framework and will give direction for any future funding programs.

#### **POLICY IMPLICATIONS**

There are no policy implications to Report CS11043(a)/PED11077(a).

#### **RELEVANT CONSULTATION**

As part of the community engagement strategy of the Housing and Homelessness Action Plan, staff consulted with a broad range of stakeholders including the Hamilton-Halton Homebuilders Association.

All groups and individuals that have been consulted on this topic have stated that the Ottawa Somerset Gardens model is a positive one that could be successfully implemented in Hamilton with the right conditions. Conditions to success would include:

- Development of partnerships with the public, private and non-profit sectors
- Adequate funding from all levels of government to construct new affordable housing and

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- The removal of local barriers to the development of affordable housing including a review of municipal zoning by-laws.

**ANALYSIS / RATIONALE FOR RECOMMENDATION**

The Somerset Gardens model is an example of a public and private partnership that resulted in a new housing development which was affordable to a range of households. The Somerset Gardens development took advantage of key factors such as government funding (the Canada-Ontario Affordable Housing Program) and municipal incentives (deferral of development charges). Perhaps most importantly, the developer was a champion for affordable housing development and was able to secure a viable site through their partnership with a local church. Equally important was that the project's financial business model worked within the context of Ottawa's homeownership housing market.

City staff undertook an assessment of the feasibility of such a model in Hamilton and determined that the City of Hamilton has the necessary policies, tools and incentives to facilitate a mixed tenure affordable housing project similar to the Somerset Gardens project. Those tools and incentives include waiving of development charges and parkland dedication fees for affordable housing developments that meet certain criteria.

A strong champion is needed to drive the process, develop the necessary partnerships and coordinate the business case for such a project, as was the case in Ottawa. Also, the timing of the Ottawa development was key as Somerset Gardens took advantage of a senior government capital funding program for affordable housing (the Canada-Ontario Affordable Housing Program). Funding opportunities for that program ended in 2010 and the program has been replaced by the Investment in Affordable Housing initiative that is significantly reduced in terms of funding allocation to Hamilton. Hamilton was successful in utilizing the former Canada-Ontario Affordable Housing Program to develop 731 affordable rental units.

At the April 20, 2011 E&CS Committee meeting, staff were directed to work with area churches, the Hamilton-Halton Homebuilders Association and the Hamilton Affordable Housing Flagship to investigate the feasibility of utilizing the Ottawa Somerset Gardens affordable housing model in Hamilton and report back to the Committee. Given that a feasibility analysis was already contained in Report # CS11043/PED11077, this report outlines potential innovative affordable housing development activities that are being pursued in Hamilton:

- The Affordable Housing Flagship is a collaborative group of housing stakeholders representing the private, government and not-for-profit sectors. A key component of their mandate is to facilitate the creation of affordable housing. The Affordable

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Housing Flagship has received funding from CMHC to investigate the feasibility and develop a business case for the concept of “pocket housing”.

Pocket housing is small scale infill development that would provide affordable smaller bachelor rental units in buildings compatible in scale to single detached homes. Pocket housing has been developed in Winnipeg and it promotes an affordable housing option that meets an identified need in our community (single individuals) in a manner that does not concentrate the housing, but rather through a scattered model, integrates the housing into existing communities. The Affordable Housing Flagship has retained a consultant who is currently carrying out the feasibility analysis and is investigating potential sites for development.

- Options for Homes Non-Profit Corporation (Hamilton) is planning to develop affordable homeownership opportunities in Hamilton based on the successful Options for Homes model in Toronto. That model provides higher density condominium home ownership at a more affordable price than typical private market condominium development. The Options for Homes model is able to sell the units to moderate income households at a more affordable price because its development concept foregoes upscale amenities, common areas and finishings within the building. Options for Homes developments in Toronto have tended to be on relatively marginal sites with lower land costs.

Options for Homes (Hamilton) has partnered with the All Saints Anglican church at King St. W. and Queen St. N. to redevelop the church site into condominium apartments in a high-rise building. The development was appealed to the Ontario Municipal Board (OMB) and the Board has recently ruled in favour of the development, permitting up to 110 units. A redeveloped church will occupy the first floor.

The City is collaborating with community stakeholders in the development of a 10 year Housing And Homelessness Action Plan as required by the Provincial government (CS11017 and CS11017(a)). The Action Plan will be both a strategic plan and an implementation framework and will give direction for any future funding programs. Phase 1 of the Plan will be the strategic component containing goals and strategies and will be brought to Council for consideration in June 2012. Phase 2 of the Plan will be the implementation and monitoring component and it is expected that it will be brought to Council in early 2013. The Provincial deadline to submit a Council approved Housing & Homelessness Plan to the Ministry of Municipal Affairs & Housing is the end of 2014.

As part of the community engagement strategy of the Action Plan, staff have consulted with a broad range of stakeholders, including the not-for-profit sector, the private sector and people who have experienced homelessness or being precariously housed. Private sector consultation included the Hamilton-Halton Homebuilders Association, the Hamilton Chamber of Commerce and the Hamilton & District Apartment Association.

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Furthermore, the Planning Group which advises staff on the formulation of the Action Plan includes the Realtors Association of Hamilton-Burlington.

As outlined in Report CS11043/PED11077, municipal incentives are in place to facilitate the development of affordable housing. Those incentives include waived development charges, waived parkland dedication fees, reduced property tax rates for new rental buildings, new Urban Official Plan policies and downtown and corridor incentive funding programs.

However, given the high cost of developing new housing, even with those incentives, new housing affordable to lower income households will not likely occur in any significant and sustained way in Hamilton without municipal and senior government capital and operating funding. Hamilton received a relatively small allocation of \$16.8 million from the Federal/Provincial government to March 31, 2015 under the recently announced Investment in Affordable Housing initiative. That amount covering four programs (new rental construction, housing allowances, renovating existing housing and affordable homeownership down payment assistance) is reduced from the \$66 million Hamilton received in the previous five years for those same program streams.

**CORPORATE STRATEGIC PLAN (Linkage to Desired End Results)**

Focus Areas: 1. Skilled, Innovative and Respectful Organization, 2. Financial Sustainability, 3. Intergovernmental Relationships, 4. Growing Our Economy, 5. Social Development, 6. Environmental Stewardship, 7. Healthy Community

***Social Development***

- ◆ Everyone has a home they can afford that is well maintained and safe

***Healthy Community***

- ◆ Adequate access to food, water, shelter and income, safety, work, recreation and support for all (Human Services)

**APPENDICES / SCHEDULES**

There are no appendices to Report CS11043(a)/PED11077(a)