



CITY OF HAMILTON
COMMUNITY AND EMERGENCY SERVICES DEPARTMENT
Housing Services Division

PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division

TO:	Chair and Members General Issues Committee
COMMITTEE DATE:	October 5, 2016
SUBJECT/REPORT NO:	Establishment of an Affordable Housing Site Selection Sub-Committee (CES16033/PED16168) (City Wide) (Outstanding Business List Items)
WARD(S) AFFECTED:	City Wide
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SUBMITTED BY:	Joe-Anne Priel General Manager Community & Emergency Services Department Jason Thorne General Manager Planning and Economic Development Department
SIGNATURE:	

RECOMMENDATIONS

- (a) That the Terms of Reference for the Affordable Housing Site Selection Sub-Committee attached as Appendix “A” to Report CES16033/PED16168, be approved;
- (b) That City-owned parking lots be included in the list of properties to be considered by the Affordable Housing Site Selection Subcommittee for development of affordable housing;
- (c) That the item respecting the “Discussion with CHH re: feasibility of constructing affordable housing on underutilized City parking lots”, be considered complete and removed from the Planning Committee’s Outstanding Business List; and,

- (d) That the item respecting the "Establishment of an Affordable Housing Site Selection Sub-Committee" be considered complete and removed from the Emergency and Community Services Committee's Outstanding Business List.

EXECUTIVE SUMMARY

This report responds to two Council motions regarding the use of City-owned land for the development of affordable housing. The first was brought forward at Planning Committee and approved December 9, 2015, and the second was brought forward at Emergency and Community Services Committee and approved February 10, 2016. The directions to staff from these motions are to:

- 1) review opportunities to utilize underperforming City-owned parking lots for the development of new affordable housing, and report back to Committee with any planning and financial implications;
- 2) develop a process for offering City-owned properties at no charge to not-for-profit or private sector housing providers/developers for the purpose of building new affordable housing units; and,
- 3) report back on setting up a subcommittee of Council with the mandate to identify City-owned properties that could be offered at no cost for the purpose of building new affordable housing, including a Terms of Reference.

As the review of City-owned lands for their potential for affordable housing would fit within the mandate of the Site Selection Subcommittee, staff recommend through adoption of the Terms of Reference attached as Appendix "A" to Report CES16033/PED16168, that the Subcommittee review underperforming City-owned parking lots as potential sites for development of new affordable housing, and develop a process for offering City-owned properties at no charge for affordable housing.

Both the Housing and Homelessness Action Plan and the Urban Hamilton Official Plan contain targets for the development of new rental housing. These targets have not been met in any year since each plan was adopted. There are many barriers to the development of affordable housing. The lack of affordable developable land is one such barrier.

It can be difficult for affordable housing developers to compete in land sales on the open market. Further, it is expensive to get financing for land purchases and to carry the costs between the land sale and the time the building is fully occupied, especially for the non-profit or small developer with constrained resources. The provision of land at reduced or no cost can help with these issues and help make affordable housing development viable.

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The work plan for the sub-committee would include such tasks as mapping all vacant and underutilized City-owned land, as well as parking lots; shortlisting properties with potential for development of affordable housing; and developing a process and terms and conditions for granting properties to affordable housing developers.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: There are no financial implications to Report CES16033/PED16168.

Staffing: Staff resources from the Community and Emergency Services and Planning and Economic Development Departments will be required to convene and support the Affordable Housing Site Selection Subcommittee. This can be accomplished with the existing staff complement.

A Legislative Coordinator, from the City Clerk's Office will be required to facilitate this Sub-Committee.

Legal: There are no legal implications to Report CES16033/PED16168.

HISTORICAL BACKGROUND

On December 9, 2015 Council approved the following motion:

- (a) That the appropriate staff meet with CityHousing Hamilton (CHH) staff and CHH Board representatives to discuss opportunities related to utilizing underperforming City of Hamilton parking lots as a means to support the construction of new affordable housing units;
- (b) That staff report back to the Planning Committee detailing the result of the investigation and conversation, including but not limited to the planning and financial implications.

On February 10, 2016 Council approved the following resolution:

- (a) That an Affordable Housing Site Selection Sub-committee of Council be established to devise a list of City of Hamilton owned properties that could be offered to social housing providers for the purpose of building new affordable housing units; and,
- (b) That staff be directed to prepare a Terms of Reference for the Affordable Housing Site Selection Sub-Committee and report back to the Emergency & Community Services Committee; and,

- (c) That the Community and Emergency Services and Planning and Economic Development staff report back with a process for offering City of Hamilton owned properties at no charge to not-for-profit or private sector housing providers/developers for the purpose of building new affordable housing units.

On April 19, 2016 staff reported to the Planning Committee (Report PED16104) on a review of City-owned parking lots in the downtown area and an analysis of each with regard to real estate metrics (e.g. value in use versus highest and best use), financial performance, site factors, community and strategic planning / policy considerations, and parking supply impacts, with the objective of potential disposition to spur redevelopment. The report also outlined a disposition process for any candidate parking lots, which included participation by a stakeholder advisory committee. On April 27, 2016, Council directed staff to circulate all City-owned surface parking lots identified in Report PED16104 for potential surplus, and report to the Planning Committee with a recommended disposition strategy for each lot recommended as surplus to the City's needs.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

There is substantial policy direction at both the provincial and municipal levels to increase the supply of affordable housing. The Provincial Policy Statement, 2014, directs municipalities to establish and implement minimum targets for the provision of housing which is affordable to low and moderate income households.

The Urban Hamilton Official Plan (UHOP), Policy 3.2.2.2 sets an annual target of the development of 377 new affordable rental housing units just to meet projected growth. The Housing and Homelessness Action Plan sets a similar annual target of 300 new affordable rental units as it assumes the secondary rental market (second units in houses, rented condominiums, etc.) will produce the remaining 77.

These targets have not been met in any year since the adoption of these plans. For example, in 2014, only 29 new rental units were built, but all were luxury units. 2015 saw a significant increase in new rental starts with 485 units. However, 395 of these were priced well above affordable levels built with the help of the Downtown and Community Renewal Incentives. Ninety were affordable and built with the help of capital funding from the Federal-Provincial Investment in Affordable Housing Program – Extension.

Specific strategies in the City's Housing & Homelessness Action Plan to address housing supply include:

Strategy 1.7

Inventory and map affordable housing development opportunities including:

- Underutilized commercial space that can be converted to residential
- Vacant residential space in buildings
- Vacant government land that is viable for affordable housing

Strategy 1.8

Advocate for changes to the City's and senior governments' surplus land policy to make surplus land available for affordable housing development at discounted or no cost.

Implementation of the Housing and Homelessness Action Plan is part of Strategic Priority 1.5 of the current Strategic Plan; "Support the development and implementation of neighbourhood and City wide strategies that will improve the health and well-being of residents.

- (xi) Implement a ten-year Housing and Homelessness Action Plan with strategies to support:
- Increasing the supply of affordable rental and ownership housing."

Report CES16033/PED16168 helps the City achieve the rental housing supply targets in the City's UHOP and Housing and Homelessness Action Plan, and helps implement key Action Plan and City Strategic Plan strategies.

RELEVANT CONSULTATION

Report CES16033/PED16168 is a joint report of the Housing Services Division of the Community and Emergency Services Department and the Real Estate Section, Economic Development Division of the Planning and Economic Development Department.

The City's inter-departmental staff Portfolio Management Committee was consulted.

Housing Services Division Staff had numerous discussions with both non-profit and private sector developers about the viability of affordable housing development, particularly affordable rental housing development. Developers said that the provision of government owned land at no or reduced cost is one of several important factors needed to increase the viability of rental housing development, and to make rental housing affordable.

Report CES16033/PED16168 was reviewed by the Planning Division of the Planning and Economic Development Department.

The Legal Services Division reviewed and provided comments on the Legislative Authority section of Report CES16033/PED16168.

The Office of the City Clerk was consulted respecting the availability of a Legislative Coordinator to facilitate the Sub-Committee meeting process.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

Need for Affordable Housing

Key indicators continue to show a strong need for affordable housing in Hamilton, including:

- As of July 2016, there were 6,035 households on the social housing wait list. This is a record high number of households applying for social housing.
- Census data shows that over 20% of Hamilton renters pay more than 50% of their incomes on rent, leaving little left over for food and other needs.
- In February of this year Hamilton's urban, suburban and rural areas as well as its emergency shelters, hospitals and community service agencies were canvassed in an effort to get a more accurate estimate of homelessness. A total of 504 individuals experiencing homelessness were surveyed.

Provision of Land and Viability of Affordable Housing Development

In recent discussions with affordable housing developers, the provision of land was identified as a key factor in making affordable housing development viable. It can be difficult for affordable housing developers to compete in land sales on the open market. Further, it is expensive to get financing for land purchases and to carry the costs between the land sale and the time the building is fully occupied, especially for the non-profit or small developer with constrained resources.

Identification and provision of City-owned lands at no or reduced charge to developers for the purposes of affordable housing would help to make projects financially viable and more affordable, in particular rental projects. Current land costs in Hamilton range from approximately 15% to 20% of the total costs of development. When combined with sufficient other incentives (e.g. fee waivers, grants, operating subsidies, financing), the provision of land at no or a reduced cost would enable a project to address the need for deeper affordability than is typical with new affordable developments.

A related issue is timelines associated with planning and development approvals. If developers were able to obtain land that didn't require development approvals, such as official plan or zoning by-law amendments, projects would progress faster, be more viable, and support more affordable rents. The costs of financing a project through a lengthy development approvals process can be substantial, particularly if the project is appealed to the Ontario Municipal Board, to the point of significantly impacting the viability of a project.

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Legislative Authority to Provide City-Owned Land at No or Low Cost

Section 110 of the *Municipal Act, 2001* and O. Reg. 603/06 (Municipal and School Capital Facilities - Agreements and Tax Exemptions) authorize municipalities to provide financial and other assistance, including the provision of land at less than fair market value or at no cost, for certain municipal capital facilities, including municipal housing project facilities. This authorization allows municipalities to provide incentives to for-profit developers of affordable housing without the assistance being considered “bonusing” under the Municipal Act.

To exercise this authority for municipal housing project facilities, a municipality must have in force a municipal housing facilities by-law. In addition, before assistance can be provided, Council must adopt a site-specific by-law for the development and the owner of the development must enter into a municipal housing project facilities agreement with the City.

A municipal housing facilities by-law provides a mechanism, in addition to a community improvement plan under the *Planning Act*, for incentivizing the development of housing projects. A municipal housing facilities by-law has the added benefit that, unlike a community improvement plan, it is not geographically restricted, but applies to the whole of the municipality.

Affordable Housing Site Selection Sub-Committee

Council directed that a Sub-committee of Council be established with the mandate to devise a list of City of Hamilton owned properties that could be offered at no charge to not-for-profit or private sector housing providers for the purpose of building new affordable housing. Further to the 2015 motion to assess the potential use of City-owned parking lots for affordable housing development, City-owned parking lots should be included in the broader review of City-owned properties. Council also directed that staff develop a process for offering City of Hamilton owned properties at no charge to not-for-profit or private sector housing providers/developers for the purpose of building new affordable housing units. Staff recommend that such a process be brought to the Affordable Housing Site Selection Sub-committee for review and endorsement.

A Terms of Reference has been drafted for the Affordable Housing Site Selection Sub-Committee and is attached as Appendix “A” to Report CES16033/PED16168. A work plan would include such items as:

- mapping all vacant and underutilized City-owned land, with various GIS layers;
- shortlisting properties with potential for development of affordable housing;
- determining the most appropriate form of affordable housing for each site; and,

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- developing a process and terms and conditions for granting properties to affordable housing developers at no or low cost in exchange for a long term commitment to affordability of the resulting units.

ALTERNATIVES FOR CONSIDERATION

None

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Economic Prosperity and Growth

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

Healthy and Safe Communities

Hamilton is a safe and supportive city where people are active, healthy, and have a high quality of life.

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report CES16033/PED16168: Terms of Reference for the Affordable Housing Site Selection Sub-Committee

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