



CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division

TO:	Chair and Members Planning Committee
COMMITTEE DATE:	November 19, 2019
SUBJECT/REPORT NO:	The Housing for Hamilton Community Improvement Plan for the Roxborough Mixed Income/Tenure Demonstration Project (PED19208) (Ward 4)
WARD(S) AFFECTED:	Ward 4
PREPARED BY:	Phillip Caldwell (905) 546-2424 Ext. 2359 Edward John (905) 546-2424 Ext. 4860
SUBMITTED BY: SIGNATURE:	Glen Norton Director, Economic Development Planning and Economic Development Department

RECOMMENDATION

- (a) That the Housing for Hamilton Community Improvement Plan (2019), attached as Appendix "A" to Report PED19208, be approved;
- (b) That, subject to the approval of recommendation (a), the Housing for Hamilton Community Improvement Plan Implementing By-law, attached as Appendix "B" to Report PED19208, be enacted;
- (c) That, subject to the approval of recommendation (b), the program terms and administrative processes for the Roxborough Access to Homeownership Grant Program, attached as Appendix "C" to Report PED19208, be approved and appended to the Housing for Hamilton Community Improvement Plan;
- (d) That, subject to the approval of recommendation (b), the program terms and administrative processes for the Roxborough Rental Housing Loan Program, attached as Appendix "D" to Report PED19208, be approved and appended to the Housing for Hamilton Community Improvement Plan;

**SUBJECT: The Housing for Hamilton Community Improvement Plan for the
Roxborough Mixed Income/Tenure Demonstration Project
(PED19208) (Ward 4) - Page 2 of 11**

- (e) That the General Manager of Healthy and Safe Communities be authorized to approve applications, and execute agreements, under the Roxborough Access to Homeownership Grant and Roxborough Rental Housing Loan Programs with agreement content satisfactory to the General Manager and in a form satisfactory to the City Solicitor;
- (f) That, subject to the approval of recommendation (c) and (d), parkland dedication requirements for residential townhouses and multi-residential units located within the Roxborough Community Improvement Project Area and which meet the eligibility criteria of the Roxborough Access to Homeownership Grant and/or Roxborough Rental Housing Loan Programs be suspended under Section 12 of the City of Hamilton's Parkland Dedication By-law for a period of seven years beginning from the date of adoption of the Housing for Hamilton Community Improvement Plan By-Law.

EXECUTIVE SUMMARY

The Roxborough Demonstration Project (RDP) is a joint public-private housing redevelopment which will deliver a mix of market and below market homeownership and rental housing options through the redevelopment of approximately 12.5 acres of land within the McQueston neighbourhood in East Hamilton.

The RDP is intended to be a model for the creation, and integration of, mixed income and mixed tenure housing options within a changing neighbourhood. The RDP will also support on-going revitalization efforts in the McQueston neighbourhood through the redevelopment of a vacant, former school site, the replacement of existing CityHousing Hamilton (CHH) housing stock which is at the end of its intended life cycle as well as introduce a new supply of homeownership and rental housing options within the community.

In total, the RDP will consist of approximately 650-750 mixed income and mixed tenure residential units including:

- 103 family-oriented Rent-Geared-to-Income and affordable rental units to be owned and operated by CHH;
- Over 200 multi-residential rental units with capped rents;
- Approx. 200 - 250 below market homeownership townhouse units; and,
- Approx. 100 -150 maisonettes and condominium units geared towards seniors and smaller households.

**SUBJECT: The Housing for Hamilton Community Improvement Plan for the
Roxborough Mixed Income/Tenure Demonstration Project
(PED19208) (Ward 4) - Page 3 of 11**

On June 26, 2019, Report HSC19034 was approved by Council which included a direction to staff that a Community Improvement Plan (CIP) and associated program descriptions, terms and administrative procedures for financial incentive programs required to facilitate the non-CHH component of the RDP be brought forward to Planning Committee for a statutory public meeting.

Appendix “A” to this Report contains the Housing for Hamilton Community Improvement Plan (HHCIP) which establishes the supporting policy framework under which the City may provide financial incentives that will support the goal of minimizing financial barriers to, and stimulating private sector investment in, a broad spectrum of housing options to meet the needs of Hamilton’s residents.

Contained as appendices to the HHCIP are the program descriptions, terms and administrative processes for HHCIP’s two incentive programs which are intended to facilitate the non-CHH component of the RDP; the Roxborough Access to Homeownership Grant and Roxborough Rental Housing Loan Programs contained in Appendix “C” and “D” to this Report respectively. These incentive programs provide grants and/or forgivable loans equivalent to the value of municipal Development Charges (DC) for below-market homeownership units and/or residential rental units with capped rents and which meet specific parameters in keeping with the goals of the RDP.

In addition, planned parkland dedication waivers are proposed for units which meet the parameters of the above programs which would be facilitated under Section 12 of the Parkland Dedication By-Law and discussed further in this Report.

Alternatives for Consideration – N/A

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The cost of grants and forgivable loans provided for under the Roxborough Access to Homeownership Grant and Roxborough Rental Housing Loan Programs are estimated to be \$10.47 M based on the DC rates effective July 6, 2019 and the current development plans for the RDP.

The impact of suspending parkland dedication requirements will be approximately \$3.9 M.

It is noted that through the intensification of the lands, the provision of financial incentives will be offset through the increased tax assessment generated by the demonstration project. Each new townhouse is projected to generate approximately \$4 K-\$4.5 K annually, while the rental apartment buildings will generate approximately \$550 K annually (excluding the CHH

**SUBJECT: The Housing for Hamilton Community Improvement Plan for the
Roxborough Mixed Income/Tenure Demonstration Project
(PED19208) (Ward 4) - Page 4 of 11**

building which is exempt). In total the demonstration project is expected to generate approximately \$2.3 M in new tax income annually.

Staffing: Administration of the HHCIP and associated incentive programs will be accommodated by existing staff within the Housing Services Division.

Legal: Under Section 28 of the *Planning Act*, municipalities with enabling policies in their Official Plans may adopt a CIP for the purposes of providing grants and/or loans within a Community Improvement Project Area (CIPA) which would otherwise be prohibited under Subsection 106(2) of the *Municipal Act*. These grants and/or loans may be provided to the registered owner(s), assessed owner(s) or tenant(s) (or their respective assignees) of lands within the CIPA.

Municipal authorization for the establishment of CIPs are contained in Section 1.15 of the Urban Hamilton Official Plan and referenced in Section 3.0 of Appendix “A” to the Report.

The adoption of a CIP by a municipality must be conducted in accordance with the applicable policies under Sections 17 and 28 of the *Planning Act* as well as the City’s Public Participation and Notification Policies contained in Chapter F, Section 1.17 of the Urban Hamilton Official Plan. These policies include requirements for stakeholder engagement, public notice and a statutory public meeting. Public notice of the statutory public meeting at which the HHCIP was to be considered by Committee was published in The Hamilton Spectator on November 1, 2019.

HISTORICAL BACKGROUND

The RDP is a joint public-private housing redevelopment consisting of approx. 650-750 mixed income and mixed tenure units, including 103 Rent-Geared-to-Income and affordable rental units, with a significant amount of larger 3 to 4-bedroom units, to be owned and operated by CHH.

The RDP is located on approximately 12.5 acres of land within the McQueston Neighbourhood in East Hamilton and includes:

- The site of the former Roxborough Park School, which has been closed since June 2015 and which was demolished in 2017; and
- Lands currently owned by CHH which contain 91 Rent-Geared-to-Income townhouses and 16 one-bedroom market apartments.

**SUBJECT: The Housing for Hamilton Community Improvement Plan for the
Roxborough Mixed Income/Tenure Demonstration Project
(PED19208) (Ward 4) - Page 5 of 11**

The school site was purchased by Roxborough Park Inc. (RPI), with the intent of developing a market priced residential development.

Prior to proceeding with these plans, the City and RPI entered into discussions regarding the potential for the former school site to form part of a larger redevelopment effort that could deliver a new model of housing within the city. This model would go beyond creating market housing and instead include the creation of a range of housing options that could achieve broader goals for the community including:

- Creating integrated mixed income and mixed tenure residential developments;
- Spurring investment and redevelopment that would serve as an economic catalyst to support the revitalization of the McQueston neighbourhood; and,
- Reducing the potential for the displacement of existing residents and avoid significant income disparities between existing and future residents as a result of a new development in the community.

As part of these discussions, an opportunity was identified to include CHH's existing lands within the community for the purposes of facilitating this new model of housing. The inclusion of these lands would enable CHH to replace its existing housing stock which had been identified as being at the end of its intended lifecycle and in need of significant Capital expenditure going forward. In addition, the replacement of these units in concert with the development of RPI's lands would allow for a comprehensive redevelopment plan that would allow for better integration of the CHH's housing within the community.

In order to facilitate the development of below market homeownership opportunities as well as the integration of a significant rental housing component to the project, it was identified that financial incentives would be required. In September 2018, Council approved Report PED16236(b) and the establishment of a CIPA for the above-mentioned lands in order to establish the boundaries in which a new CIP and associated financial incentive programs could be created and applied within in order to facilitate the RDP. The approach to establish a CIPA was considered the most appropriate as it would create the framework under which the programs could be replicated to facilitate similar models of development on other suitable sites in the future, subject to Council approval. This approach also provides the City with the most effective means of ensuring that the specific desired outcomes of the RDP would be achieved.

The subsequent creation of the implementing CIP and associated financial incentive programs for use in the Roxborough CIPA were to occur once the sale of CHH's lands

and the costs of CHH's new building were approved by the CHH Board. This approval occurred in principal, and subject to continued negotiations with RPI to obtain specific legal and financial commitments, at an in-camera meeting of the CHH Portfolio Committee on October 24, 2017.

At the June 26, 2019 Council meeting, Report HSC19034 was approved which included, among other matters, preliminary program terms for a new Roxborough financial incentive program and the following associated staff direction:

“That staff be directed to bring forward the recommended draft program description to the Roxborough CIPA, as contained in Appendix “A” to Report HSC19034, to the Planning Committee for a statutory public meeting in accordance with Section 17 (15) (d) of the *Planning Act*,”

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

The Housing for HHCIP, contained in Appendix “A” to this Report, fulfils legislated requirements under Section 28 of the *Planning Act* for the purposes of providing grants and/or loans within the Roxborough CIPA.

The HHCIP establishes the supporting policy framework under which the City may provide financial incentives that will support the City's goal of minimizing financial barriers to, and stimulating private sector investment in, a broad spectrum of mixed income and mixed tenure housing options that will meet the needs of Hamilton's residents.

The purpose and goals of the HHCIP are supported by applicable Provincial and City housing policy including those contained in the Provincial Policy Statement (2014), A Place to Grow: Growth Plan for the Greater Golden Horseshoe (2019), the Urban Hamilton Official Plan (2013) and the City's Housing and Homelessness Action Plan (2013). These supporting policies are further discussed in Section 4.0 of the HHCIP contained in Appendix “A” to this Report. The implementing By-law for the HHCIP is contained in Appendix “B” to this Report.

Contained as appendices to the HHCIP are the program descriptions, terms and administrative processes for HHCIP's two incentive programs; the Roxborough Access to Homeownership Grant and Roxborough Rental Housing Loan Programs, contained in Appendix “C” and “D” respectively to this Report.

Although the recommended incentive programs are applicable to only the Roxborough CIPA and intended to facilitate the associated demonstration project, the overall policy framework and format of the HHCIP is such that additional CIPAs and/or housing

related incentives programs could be added as amendments to the HHCIP over time for other geographic areas/projects at Council's discretion.

RELEVANT CONSULTATION

The HHCIP and associated financial incentive program has been jointly developed by Housing Services and Economic Development staff. Staff from CHH as well as Legal and Financial Services have been consulted in the preparation of this Report.

Staff have engaged with relevant stakeholders in the preparation of the HHCIP including representatives of the RPI development consortium who will be undertaking the development of the RDP.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

The HHCIP has been prepared by staff in response to the establishment of the Roxborough CIPA in 2018 as well as Council's approval of Report HSC19034 in June 2019 respecting the planned RDP.

The HHCIP contains two incentive programs which are intended to facilitate the RDP:

- The Roxborough Access to Homeownership Grant Program (RAHGP) which is intended to provide grants equivalent to the value of municipal DCs for below-market homeownership units provided within the Roxborough CIPA. Grants provided under this program are intended to support the creation of homeownership townhouse units at below-market prices ranging between \$380 K - \$420 K per unit with a median average of \$400 K in order to provide greater access to homeownership within the City and contribute to the broader spectrum of housing options available within the McQueston neighbourhood specifically.

Based on the DCs in effect at the time of this Report, the value of a grant under this program, on an eligible per unit basis, would be \$31,128.

The grants would also support the creation of smaller maisonettes and condominium units geared towards seniors and smaller households. These units would increase the range of ownership units within the community and be accessible to lower income households given that they would be priced lower than the grade related townhouses. Precise required price thresholds will be determined on an individual project basis.

Based on the DCs in effect at the time of this Report, the value of a forgivable loan under this program, on an eligible per unit basis, would range between

\$17,422 for bachelor and one-bedroom units to \$25,467 for units containing two or more bedrooms.

- The Roxborough Rental Housing Loan Program (RRHLP) is intended to provide forgivable loans equivalent to the value of municipal DCs required for multi-residential rental units created within the Roxborough CIPA. Forgivable loans provided under this program are intended to support the creation of new residential rental units with rental rates that are capped at 175% of the Average Market Rent for the Hamilton Census Metropolitan Area (CMA). Units provided under this program will ensure rental housing options are available within the community at or under this threshold for a period of 10 years and contribute to the broader spectrum of housing options available within the McQueston neighbourhood.

Based on the DCs in effect at the time of this Report, the value of a forgivable loan under this program, on an eligible per unit basis, would range between \$17,422 for bachelor and one-bedroom units to \$25,467 for units containing two or more bedrooms.

Together, these programs are intended to facilitate the creation of approximately 200 below market homeownership townhouse units, 100 below market maisonette and condominium units, and over 200 multi-residential rental units with rents capped for a period of 10 years. These units would be in addition to the 103 family-oriented Rent-Geared-to-Income and affordable rental units which are to be provided as part of the planned development and which will be owned and operated by CHH.

Since the initial draft program terms and administrative processes for the above grant and forgivable loan programs were provided in Report HSC19034, staff have continued to engage with representatives of RPI, as well as staff from Legal and Financial Services. These discussions have resulted in numerous refinements to the program structure, terms and administrative processes. Key changes are discussed below.

- Range of Units Prices

Previously staff Report HSC19034 indicated a maximum cost of \$397 K per unit, however, following discussions with RPI it was considered that providing a range of \$380 K - \$420 K per unit with a median average of \$400 K per unit would provide the opportunity for the developer to offer a number of different unit types (stacked/back-to-back/street townhouses) at below market prices. This approach

was considered appropriate and as a result likely to ensure a greater mix in the type and location of product offered at below market prices.

- Demolition Credits

It is noted that 107 dwelling units exist within the current development lands that would be demolished as a result of the proposed development. DC credits are offered in instances of redevelopment whereby existing units that are to be demolished are treated as a credit against DCs for future new units.

Given that these existing units are currently owned and operated by CityHousing Hamilton these 107 residential units are not automatically eligible for a demolition credit. Notwithstanding this, the proposed program would be extended to include these units, provided they satisfy the cost requirement of not exceeding \$420 K.

- Range of Unit Types and Seniors Building

Through the detailed design process, it was identified that there is an opportunity to provide an even greater range of ownership unit types and additional unit specific reduced-price points, compared to that proposed through the delivery of townhouse units alone.

The developer has proposed the creation of maisonettes and midrise multiple dwelling units geared towards older adults in addition to the existing discussed range of unit types and tenures. The addition of such units would further advance the goal of establishing a complete community that offers a diverse range of unit options and at a range of different price points.

In order to ensure a proportion of those units are kept below a predetermined price threshold the program has been modified to include such units. Given that these additional unit types would be in the form of maisonette and multiple dwelling units and generally smaller unit sizes, the program would establish separate price thresholds. Given the potential range in both size and form of these units, additional price thresholds will be determined on an individual project basis through the delegative approval of staff. These price thresholds would be nuanced to ensure even lower prices for units reflective of their size and form and therefore increasing the opportunity for a greater number of households to access ownership housing.

To ensure the diverse range of units is included within the development, additional provisions within the program have been added to ensure a minimum threshold of rental units and ground related townhouses have also been added.

**SUBJECT: The Housing for Hamilton Community Improvement Plan for the
Roxborough Mixed Income/Tenure Demonstration Project
(PED19208) (Ward 4) - Page 10 of 11**

In addition to the above, staff have investigated the most advantageous means by which planned parkland dedication waivers could be provided. To this end, staff are recommending use of Section 12 of the Parkland Dedication By-law which states the following:

“EXCEPTION

12. Council may vary any of the requirements for parkland dedication or payment in lieu thereof set out in this By-law provided that such variance is:
- (1) less onerous or stringent than the requirement set out herein;
 - (2) applicable for a temporary, specified period of time;
 - (3) applicable to a specified type or class of development or redevelopment; and,
 - (4) applicable to the whole of the City or a specified geographical area thereof.

The period of time specified pursuant to subsection 12(2) above may be extended once for an additional period of time not to exceed the period of time specified for the original variance.”

The use of Section 12 will allow staff to efficiently provide parkland dedication waivers for the RDP as it eliminates the need for staff to create and administer a separate incentive program under the HHCIP as well as removes the requirement for cash-in-lieu of parkland dedication fees to be paid by the applicant and then subsequently reimbursed by the City under such a program.

In accordance with Section 12, staff are recommending that parkland dedication requirements be suspended in accordance with the following parameters:

- That parkland dedication requirements be suspended for a period of seven years in order to allow sufficient time for all applicable Building Permits to be submitted for the RDP;
- That classes of development eligible for the suspension of parkland dedication requirements include residential townhouses and residential units contained in multi-residential buildings consistent with the planned demonstration project; and,
- That the suspension of parkland dedication requirements be limited to the geographic area consisting of the Roxborough CIPA.

In addition to the above, staff are further recommending that the suspension of parkland dedication requirements only apply to those units which meet the parameters of the RAHGP and/or the RRHLP.

ALTERNATIVES FOR CONSIDERATION

N/A

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Community Engagement and Participation

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.

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.

Clean and Green

Hamilton is environmentally sustainable with a healthy balance of natural and urban spaces.

APPENDICES AND SCHEDULES ATTACHED

- Appendix “A” Housing for Hamilton Community Improvement Plan (2019)
- Appendix “B” Implementing By-law for the Housing for Hamilton Community Improvement Plan (2019).
- Appendix “C” Program Description, Terms and Administrative Processes for the Roxborough Access to Homeownership Grant Program.
- Appendix “D” Program Description, Terms and Administrative Processes for the Roxborough Rental Housing Loan Program.

PC/EJ:dt