

To the Chair and Members of the Emergency and Community Services Committee

August 31, 2020

A proposal for Affordable Low Cost Housing

COVID 19 has turned a very difficult housing situation into a nightmare for many people in Hamilton. Tents have sprung up around the city with concerns about safety and public health. But tents will be dangerous and unsatisfactory in the winter.

Current Situation

1. Housing the homeless in shelters has been an unsatisfactory necessity for years. Concerns about thefts of belongings, disease transmission, and chaotic sleeping conditions are widely shared. Shelters do not offer a permanent address for health care and government benefits nor can you prepare your own food, creating a dependency on group kitchens and panhandling for fast food money.
2. COVID 19 poses a very real threat of transmission of a potentially deadly disease in cramped congregate quarters. Capacity in the shelter system has been reduced to address this concern. As a result, people have fled or not been able to access shelters and have turned to tenting in vacant land across the city. These tents have led to defecation in public spaces. Housed residents are rightly concerned for their safety and privacy and public health.
3. COVID 19 has put unprecedented stress on City budgets, reducing its ability to cope with this problem. As a result of citizen concerns and budget limits, it is attempting to close down the camps to force the people to move. But move to where?
4. The homeless create a very real cost burden on policing, public health, hospitals, social supports, by-law enforcement, shelters, soup kitchens, food banks and many other services. This cost is enormous, but has not been quantified.
5. The City owns a number of residential zoned lots across the city, collecting neither rent nor taxes on the land.
6. Market rents on new 1 bedroom rental units are about \$1,500 per month, far beyond what social benefits will support. The city has reduced the numbers of subsidized units that it offers due to budget and maintenance problems. Thousands of people wait for years to live in one of these units. As a result of these and other issues, vacancies are stubbornly stuck at 1%. And eviction proceedings due to unpaid rent are surging as temporary provincial restraining legislation expires.
7. With prime interest rates less than 1% and stock market pricing at all time highs, opportunities for investors to earn a modest, stable, real return are becoming more limited.
8. **Homelessness prevents people from rebuilding their lives and damages their physical and mental health.**

Proposal

Build small, 2 or 3 storey apartment buildings of about 16 bachelor units each, on leased city owned vacant lots across the city to a common design at a cost that would provide a good rate of return to investors at rents of \$500 per month.

Proposed Method

1. The project team creates a 2 or 3 storey design with 12 to 18 bachelor units that can be readily adapted to different lot sizes and shapes. Units of about 300 sq.ft. will include a bathroom with shower and a basic kitchenette. Fund design costs with a loan to be re-paid at \$5,000 per building completed. City to pre-approve the designs before building commences. The design will allow a unit cost, including utility hookup costs, of \$60,000.
2. The City commits to a list of suitable vacant lots, addresses zoning issues and eliminates the parking space requirement. The city waives development fees except for utility hook-up costs

3. The City agrees to a long-term lease of \$1 per year and to waive realty taxes. Because these lots are vacant now, this will create no out-of-pocket costs.
4. City agrees to continue to provide the normal social service supports.
5. Based on \$60,000 per unit with 12% common space (like halls and stairs), a 16 unit building would cost \$1,080,000. At monthly rent of \$500, the building would have a gross return of 8.8%. This compares favourably with other investments.
6. Offer the program including the lots and pre-approved designs to developers. Developers must agree to build to the design as generally specified and to limit rent increases to no more than 2% per year.

Benefits

1. Benefits to the city include the reduction of policing, public health problems, social services, etc. Further it reduces the “tent city” problem. Because the lots provided are currently vacant, and because the staff needed to approve the design and to issue zoning and building approvals are currently employed, there are no extra costs to the City. The land yields no realty tax now, so there is no loss of revenue. If the city wishes to sell the land to the developer at a later date at market rate, this could be done, but rents would have to be increased to cover the additional capital cost and the realty taxes.
2. Benefits to the neighbourhoods are that it converts vacant lots into apartments. Further because the buildings are small and fit into a residential neighbourhood, it reduces any “NIMBY” pushback and adds gentle densification..
3. Benefits to the individuals are enormous. They can begin to re-build their lives. They have a permanent address to get all government benefits. They can store and cook their own food improving the quality of meals and reducing cost. They can safely store their belongings and be clean.

R. Scott Innes