



CITY OF HAMILTON
HEALTHY AND SAFE COMMUNITIES DEPARTMENT
Housing Services Division

TO:	Chair and Members Emergency and Community Services Committee
COMMITTEE DATE:	June 3, 2021
SUBJECT/REPORT NO:	Service Manager Consent for CityHousing Hamilton to Sell Jamesville Property (HSC21011) (Ward 2)
WARD(S) AFFECTED:	Ward 2
PREPARED BY:	Brian Kreps (905) 546-2424 Ext. 1782
SUBMITTED BY:	Edward John Director, Housing Services Division Healthy and Safe Communities Department
SIGNATURE:	

RECOMMENDATION

- (a) That Service Manager consent be provided for CityHousing Hamilton to sell the site bounded by James St. N., Ferrie St. W., MacNab St. N. and Strachan St. W for the purpose of redevelopment resulting in 46 units of community housing on the site;
- (b) That the General Manager of the Healthy and Safe Communities Department or designate, be authorized and directed to enter into, execute and administer an operating agreement with CityHousing Hamilton for their affordable housing project at 450 James St. N. to reflect the rent subsidy in accordance with the terms and conditions contained in the Term Sheet attached as Appendix "A" to Report HSC21011, in a form satisfactory to the City Solicitor; and,
- (c) That the rent subsidy funding provided to the new Jamesville building starting in 2023 be increased annually by the allowable rent increase guideline set by the Ministry of Municipal Affairs and Housing.

EXECUTIVE SUMMARY

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

SUBJECT: Service Manager Consent for CityHousing Hamilton to Sell Jamesville Property (HSC21011) (Ward 2) - Page 2 of 7

CityHousing Hamilton (CHH) owns and operates Jamesville, a community of 91 rent-geared-to-income (“RGI”) townhouse units situated on 5.4-acres in the City’s North End. The development was built in 1969 and was incurring increased costs for maintenance as it aged. Additionally, as the downtown and North End became more attractive to investors, the opportunity presented itself to leverage the value of the land as part of a larger redevelopment project.

CHH went through an extensive process to review options for regeneration and redevelopment. Its board has approved a plan to develop and the sell the site to a consortium. The sale would result in redevelopment of the entire site. The new development would be mixed income, mixed tenure and have higher density. Most importantly, it would result in the construction of a new 46 unit RGI building for CityHousing Hamilton. There would be no net loss of RGI units, however, as the remaining 45 RGI units would be replaced through the construction of CHH’s new 104-106 Bay St. N (Bay/Cannon) project. In addition, up to 120 additional affordable rental units would be created on the site and owned and managed by Indwell Community Homes as a key outcome of the redevelopment which would overall increase the affordability on site. The enabling financial mechanism for the revitalization, and essential driver of mixed income and tenure and additional density, is the incorporation of 364 private market ownership units in stacked townhouse form. These units also provide a significant tax uplift to the City.

CHH has been negotiating the final agreement with the proponents. One of the final steps in the sale is to receive consent from the City of Hamilton, as the Service Manager for the Sale. It is anticipated that the new building will be ready of occupancy in 2023.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The specific terms of the sale are still being negotiated and are confidential at this time.

Currently, the entire site is covered by a property tax exemption. The portion of the site containing CHH’s new 46 unit building will continue to be covered through the property tax exemption. Through the sale of the site, the majority of the site will begin generating tax revenue.

Jamesville is currently funded under the Public Housing Portfolio. While the site is vacant, the subsidy of \$168,700 has continued to be flowed to CHH to support its development costs. Based on anticipated rents, the new community housing building will require an estimated rent subsidy of \$193,000, an increase of \$24,300, to support

SUBJECT: Service Manager Consent for CityHousing Hamilton to Sell Jamesville Property (HSC21011) (Ward 2) - Page 3 of 7

Rent-Geared-to-Income level (RGI) affordability for all 46 units. The additional \$24,300 will be included in Housing Services budget starting in 2023. The final figure will depend on the rents that are charged.

Staffing: N/A

Legal: N/A

HISTORICAL BACKGROUND

On September 20, 2016, CityHousing Hamilton (CHH) confirmed its intention to redevelop and intensify the site bounded by James St. N., Ferrie St. W., MacNab St. N. and Strachan St. W. (known as 'Jamesville'), in a Resolution in CityHousing Hamilton Report #16034.

A Council motion was made on March 21, 2017 for the land at 38 Strachan St. W./344 Bay St. N. to be transferred to CHH for use as part of the Jamesville development, and now also is considered included in reference to 'Jamesville.'

On May 8, 2017, a Request for an Expression of Interest (RFEOI) was launched to gauge market interest in the Jamesville project and articulate the guiding principles for the development. CHH was in receipt of several fulsome responses that aligned with the strategic priority of maximizing social benefit while contributing to financial sustainability. The following principles were identified to guide the redevelopment framework of Jamesville:

- Significantly intensify the lands
- Achieve an income mix
- Achieve a tenure mix
- Express quality design
- Provide a mix of unit sizes
- Provide accessibility
- Ensure affordability
- Build community support capacity
- Optimize the number of social and affordable housing units

On July 18, 2017, Report #17021(a) was approved by CHH's Board of Directors outlining the replacement impacts and financial modelling of the new CHH developments. It was determined 46 of the existing project's 91 rent-geared-to-income (RGI) units would be replaced on site and that the remaining 45 RGI units would be replaced at the newly acquired Bay-Cannon site.

SUBJECT: Service Manager Consent for CityHousing Hamilton to Sell Jamesville Property (HSC21011) (Ward 2) - Page 4 of 7

On December 20, 2018, a report was presented and approved by CHH's Board of Directors authorizing staff to issue a Request for Proposals (RFP) in accordance with the Evaluation Criteria and Scoring Framework in the report.

The RFP was issued on April 8, 2019 and closed on June 6, 2019. Three proposals were evaluated between June 7, 2019 and July 18, 2019.

On September 24, 2019, CHH's Board approved the Preferred Proponent, known as: Indwell Community Homes and Jamesville Redevelopment Limited Partnership. The partnership includes Fram + Slokker, Melrose Investments Inc., Marz Developments Inc., and Homes by Desantis. The report authorized staff to negotiate the contract documents.

Over the last year, CHH has negotiated with the Developer to create a Terms of Reference which addresses the provisions of the CHH affordable housing building and financial contribution, the non-profit owned affordable housing building, the site plan and retained land, and the demolition and remediation of the site which will form the basis of a Master Development Agreement of which terms of reference were received by CHH's board on October 27, 2020. Final negotiations have continued since towards a Master Development Agreement.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

The *Housing Services Act, 2011* ("Act") designates the City of Hamilton as the Service Manager for Community Housing within the City boundaries. It also specifies that certain changes to any of the Designated Housing Projects under the Act require the consent of the City as Service Manager. This includes the following:

- transfers of certain housing projects and Local Housing Corporations (LHCs);
- mortgaging of housing projects;
- redevelopment of housing projects; and,
- Service Level Standard changes (both increase or decrease to the targeted number of Rent-Geared-to-income units).

Funding and performance of listed projects as well as the Service Level Standards are reported annually to the province in our Service Manager Annual Information Report.

The redevelopment of CHH's Jamesville site aligns with the City of Hamilton's long-term policy plan to further intensify land uses on the site given its location adjacent to the West Harbor GO station as articulated in the City's West Harbor Secondary Plan and the James Street North Mobility Hub Study.

RELEVANT CONSULTATION

CHH has provided input into the report and is in agreement with the stated rent subsidy costs.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

Staff recommend that Service Manager consent be given to CHH for the sale of its Jamesville property.

Jamesville was an early public housing urban renewal project spanning a two-hectare block situated prominently in Hamilton's West Harbour. The site includes 91 town homes which were constructed in 1969, with a mixture of three to five-bedroom units. As the project aged, the cost of maintenance has increased, and decisions needed to be made regarding its long-term viability. At the same time, Hamilton's downtown and North End were experiencing increased interest from developers. This created the opportunity to leverage the property's value through redevelopment.

In considering the strategic approaches to these buildings, CHH assessed the following options:

- Replacement and/or renovation of the existing units on the existing site.
- Replacement of the existing units on alternative sites, including the infill capacity of City-owned assets in the West Harbour.
- Replacement of the existing units on a combination of existing and alternative sites.

Three key studies were undertaken to determine the best development options for these properties. In the fall of 2015, the City of Hamilton, along with CHH, commissioned Deloitte to undertake a financial market analysis to support CHH and the City of Hamilton in their decision making for affordable housing within the West Harbour Community. The second study involved extensive Building Condition Assessments (BCAs) for Jamesville to identify capital expenditures at both five- and thirty-year intervals. The third and most comprehensive was a financial analysis of the redevelopment feasibility by N. Barry Lyon Consultants. This included the evaluation of the intrinsic value of the site and the offset of procuring new CHH replacement units as part of a broader mixed income neighbourhood revitalization program.

As part of the confidential deal under negotiation, CHH is to receive a cash amount, plus the deliverable of a newly constructed high-performance 46-unit building designed in consultation with CHH. Additionally, up to 120 new affordable units are to be built on site by another non-profit, Indwell Community Homes, as a key component of additional affordability critical to the redevelopment.

SUBJECT: Service Manager Consent for CityHousing Hamilton to Sell Jamesville Property (HSC21011) (Ward 2) - Page 6 of 7

This deal is contingent on a number of conditions, including unit count, affordability, a City ERASE grant for brownfield site remediation, and several others under negotiation. Once the ERASE motion and relevant City approvals are made, demolition and remediation will begin, concurrent with site plan approval, and then followed by building permit.

Under the emerging terms of the deal, the developer must make the delivery of CHH's building one of their first priorities for completion, so it will be amongst the first units delivered on site.

From the Housing Services Division's perspective, the sale is beneficial because it leverages ageing social housing stock into a new building. The new building will not have the capital costs associated with the old development. It is anticipated that the new building will have lower operating costs because it will be built to passive house standard and because it is a denser housing form. Townhouse complexes are relatively costly from a maintenance perspective. The new building also will benefit new tenants as it will be built to address modern expectations.

The sale is also beneficial because the arrangement preserves all 91 existing Rent-Geared-to-Income (RGI) units. The new building will create 46 RGI units. The remaining 45 units will be replaced through the development of CHH's Bay-Cannon project. Maintaining the number of RGI units is critical to the City meeting its obligation to the province to meet minimum Service Level Standards.

The sale and overarching project helps to achieve a number of other City goals established through a variety of planning documents including:

- Setting Sail: Secondary Plan for West Harbour A comprehensive plan for the West Harbour
- Housing and Homelessness Action Plan: Guides decision making on housing and homelessness issues.
- Hamilton Accessibility Guidelines: Design standards to eliminate built environment barriers.
- West Harbour Waterfront Recreation Master Plan: Defines and clarifies planning design guidelines for the West Harbour.
- James Street North Mobility Hub Study: To identify opportunities centered around the major transit hub.
- Transit Oriented Development Guidelines: Guidelines for coordinating land use planning with transit.

The site is to be primarily residential, but with supporting uses, and to be configured in a way that provides maximum benefit to residents and the broader community. This includes:

SUBJECT: Service Manager Consent for CityHousing Hamilton to Sell Jamesville Property (HSC21011) (Ward 2) - Page 7 of 7

- Intensification – density increased to capitalize on the prime location but within planning requirements (with options for rezoning or an Official Plan Amendment) and in alignment with the vision for a human-scale vibrant community.
- Mixed-Income – a spectrum of affordability levels within the social, affordable and market categories.
- Mixed Tenure – a combination of rental and ownership options.
- Mixed Use – a mix of residential with retail, commercial and/ or other uses that align with demand.
- Mobility – linkages to existing and proposed transit nodes and community amenities; parking accommodation for the range of expected mobility uses and building functions to be developed.

ALTERNATIVES FOR CONSIDERATION

N/A

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Healthy and Safe Communities

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

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report HSC21011: Term Sheet for Community Housing Operating Agreement - 450 James St. N