

RESIDENTIAL INTENSIFICATION SUPPLY UPDATE

MARCH 2021



Hamilton

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1.0 INTRODUCTION AND PURPOSE

As part of the update to the Growth Related Integrated Development Strategy (GRIDS), known as GRIDS 2, and municipal comprehensive review (MCR), the City will assess how the 2051 employment and population forecasts identified in the Growth Plan for the Greater Golden Horseshoe, 2019, as amended (“Growth Plan”) will be accommodated.

A Land Needs Assessment (LNA) will identify how much of the forecasted residential growth will be accommodated through infill / intensification and existing designated greenfield lands, and how much, if any, additional land may be required to accommodate the forecasted growth.

For the purposes of this update, Residential Intensification is defined as:

“Intensification of a property, site or area which results in a net increase in residential units or accommodation and includes:

- a) redevelopment, including the redevelopment of brownfield sites;
- b) the development of vacant or underutilized lots within previously developed areas;
- c) infill development;
- d) the conversion or expansion of existing industrial, commercial and institutional buildings for residential use; and,
- e) the conversion or expansion of existing residential buildings to create new residential units or accommodation, including accessory apartments, secondary suites and rooming houses. (PPS, 2014)”

The Growth Plan identifies a minimum intensification target for the City of Hamilton of 50%, meaning that 50% of new residential units must be constructed within the built-up area on an annual basis. The Growth Plan target is a minimum. The City may plan for a higher intensification target, or conversely, may apply to the Province for approval of a lower target.

The Residential Intensification (RI) Supply Update identifies the intensification supply potential across the City to the year 2051 which supports the intensification target input into the LNA.

Through the RI Supply Update opportunities for RI in both the short term (2021 to 2031) and long term (2031 to 2051) are identified. The opportunities are identified in terms of the total number of potential intensification units over the planning horizon, allocated geographically according to the nodes, corridors and neighbourhoods identified in the Urban Hamilton Official Plan (UHOP).

2.0 HISTORY

As part of the original GRIDS, the Hamilton Residential Intensification Study (May of 2006) was completed by MKI, and assessed by Clayton Research Group Associates. The Study identified a potential supply of 44,000 intensification units across the city between 2001 and 2031. A further study by Clayton was undertaken to examine market conditions for intensification. Based on local housing formation and demographic and economic trends, Clayton determined the market demand for intensification units in Hamilton to be approximately 26,500 units to the year 2031. This intensification unit forecast was consistent with the 2006 Growth Plan target of 40% for the 2006 – 2031 time period. The 26,500 unit estimate was utilized for planning purposes in the GRIDS process.

As part of the GRIDS 2 project, an update of the RI supply information is warranted to reflect new secondary plans, the planned evolution of the mixed-use corridors and the implementation of new zoning.

In addition to the RI Supply Update, the City has also retained a consultant (Lorius & Associates) to complete a Residential Intensification Market Demand Study. The RI Market Demand Study will consider the market for intensification units in the City of Hamilton to 2051. Together, the RI Supply Update and the Market Demand Study will support the selection of an appropriate RI target for the City.

2.1 GAP ANALYSIS

Prior to commencing the RI Supply Update, staff conducted a gap analysis to determine how the City’s actual RI experienced since 2006 compared to the forecasted intensification identified in the 2006 study.

The results of the Gap Analysis highlighted two important facts. First, from a City-wide perspective, the amount of RI forecast in 2006 was very close to the actual RI the City has experienced to date. The total forecasted RI between 2006 and 2016 was approximately 9,000 units. The actual RI experienced to June of 2016 was 8,870 units. This amount is a variance of less than 2% from the original projection.

However, on a finer geographic level, there are some significant variations between projected and actual RI. What this means is that, while intensification is occurring, the pattern and location of intensification is not the same as that forecasted in 2006. In general, it is noted that the west harbour area and the Downtown have been underperforming with regards to intensification. Some of the newer growth areas such as Hamilton Mountain, Ancaster and the Stoney Creek waterfront have experienced greater intensification than what was forecasted.

The information from the Gap Analysis was used to inform the GRIDS 2 Growth Summary, 2006 – 2016 which was released in 2017. The information also provided a starting point for the RI Supply Update, described below.

3.0 METHODOLOGY – RESIDENTIAL INTENSIFICATION UPDATE

Three primary sources described below were used to identify potential RI opportunities:

- (1) Working group review;
- (2) B-line corridor review; and,
- (3) Development applications / planning studies (eg. Barton Tiffany, West Harbour).

The following sections describe the data sources in more detail.

3.1 WORKING GROUP REVIEW:

A working group comprised of Planning and GIS staff was formed to review intensification opportunities across the built boundary. The working group used Google Streetview, Official Plan and Secondary plan designations, and property information to identify potential intensification opportunities at the Traffic Zone (TZ) level. Traffic Zones (TZs) are geographic units smaller than a census tract, and are used for data analysis purposes. The working group focussed its review first on the TZs identified in the Gap Analysis as being significantly over-performing or underperforming with regards to intensification. “Significant” was defined as a difference of 100 units or more between actual and projected intensification to the year 2016. The working group also focussed on Downtown TZs, expected to have the greatest rates of intensification. Following the detailed review of the over-performing and under-performing TZs and the Downtown area, the remainder of the City’s TZs were reviewed at a higher level. The higher level review focussed on redevelopment areas, nodes and corridors. The working group recorded its data on land use maps and electronically on a master spreadsheet.

The working group review commenced in early 2017 and focused on intensification opportunities to the year 2041 (which was the planning horizon at the time) with the data being updated on an ongoing basis to reflect new development applications, enquiries or land use changes. With the release of Amendment 1 to the Growth Plan 2019 in August of 2020, staff were required to re-evaluate the intensification supply potential to the year 2051, and re-examined expected growth areas such as the Downtown, Centennial Neighbourhoods and other nodes / corridors to identify additional long-term intensification opportunities. As the planning horizon is extended it becomes more difficult to foresee intensification opportunities, as changes in market demand, housing choice, economic factors, and demographics etc. are harder to predict in the longer range. For this reason, the intensification opportunities are classified as “short term potential” (intensification before 2031) or “long term potential” (intensification between

2031 and 2051) as it is difficult to predict when (i.e. pre or post 2041) intensification opportunities in the long term may be realized.

The following assumptions were used by the working group when considering intensification potential:

Properties not assumed for intensification:

- Existing development three stories or greater or existing townhouses / multiple dwellings;
- Institutional uses (school, church, community centre) – unless a school closure is known;
- Conservation / parkland;
- Utilities / railway;
- Properties which have undergone recent redevelopment (within last five years approximately); and,
- Properties designated under the *Ontario Heritage Act*.

Assumptions – Corridors, Nodes, Arterials (mixed use high / medium):

*Properties assumed to potentially redevelop in **short term (pre-2031):***

- Vacant or under-utilized sites;
- Presence of poor building conditions; and,
- Current development application (Official Plan Amendment, Zoning Bylaw Amendment, Site Plan or Subdivision) or known development proposal on subject lands (note: development applications were considered separately as per 3.3 below).

*Properties considered for potential **long-term intensification (2031 – 2051):***

- Presence of deteriorating building conditions which may warrant future replacement;
- Recent redevelopment activity in area which may be catalyst for future redevelopment;
- Strip malls and small corner plazas with vacancies or excess parking;
- Shopping centres designated Mixed Use High in the UHOP – Centre Mall, Limeridge, Eastgate (portion of parking area assumed for potential intensification);
- Larger Plazas with significant surface parking – e.g. University Plaza, Dundas or Upper James and Fennel (portion of the parking area was identified as potential redevelopment. This assumption was applied on a limited basis as some of these sites are designated District Commercial which only allows residential uses above commercial, requiring an amendment for stand-alone residential.);
- Corridors designated Mixed Use Medium which are assumed to have greater redevelopment potential - areas such as James Street, Upper James, or

Centennial Parkway (assumption made that a percentage, approximately 50%, of properties within the Mixed Use designation would redevelop);

- Limited non-residential to residential conversions;
- Vacant storefronts;
- Some surface parking lots; and,
- Formal consultation application on subject lands (note: development applications were tracked separately as per 3.3 below).

Assumptions – Neighbourhoods, interior

- Vacant sites, larger sites with severance potential, and sites that are subject to current development applications assumed to have intensification potential;
- Larger lot areas such as “B” Zones (20m, 1100 sq m) “B-1” (15m 690 sqm), “B-2” (15m , 540 sq m) in Hamilton, “ER” Zones (18m, 695 sq m) in Ancaster, “R1-6” (30 m, 1390 sqm)) in Waterdown assumed to have little change and maintain existing minimum lot frontages (severances not anticipated);
- Other potential intensification sites: neighbourhood commercial uses/plazas (depending on building conditions, size etc); vacant / brownfield sites; school sites if known closure; and,
- Secondary dwelling units (SDUs) – tracking of building permits to add an additional residential unit to an existing dwelling identifies that approximately 100 SDUs are legally added per year. This rate of SDU uptake is consistent with the forecast from Hemson Consulting (Greater Golden Horseshoe: Growth Forecasts to 2051) which identifies a growth of approximately 2,700 SDUs in Hamilton between 2021 and 2051, which is a rate of 90 per year. It is assumed that this trend will continue to 2051.

For the potential RI areas identified by the working group, an appropriate density factor based on UHOP / Secondary Plan direction where applicable, or otherwise based on density of recent comparable developments, was applied to determine the anticipated number of potential short and long term units across the City.

3.2 B-LINE CORRIDOR REVIEW:

In Q4 2015 and Q1 2016, planning staff conducted a detailed review of all properties along the B-line Corridor (McMaster to Eastgate) as part of the LRT planning work. The review involved a consideration of both short term (pre 2031) and long term (2031 to 2041) residential intensification opportunities along the Corridor (2041 was the planning horizon at that time). This was an update to work that had previously been completed in 2011 as part of the Nodes and Corridors Planning Study. The assumptions used in the Corridor Review were similar to the assumptions noted above in the Working Group review, however, certain assumptions noted above were not applicable to this work. An appropriate density factor was applied to the intensification opportunities identified in the Corridor Review to determine the anticipated number of potential short and long term units along the Corridor.

The B-line review had initially been undertaken as part of the LRT planning work in order to understand future redevelopment potential along the corridor. Despite the Provincial cancellation of the LRT project in 2019, staff find that the assumptions surrounding future redevelopment potential along the corridor should be maintained. The B-line corridor is identified as a Primary Corridor in the UHOP and is expected to accommodate a form of higher order transit in the future. Primary Corridors are identified to accommodate intensification and redevelopment opportunities to support future transit use. These assumptions are maintained despite the current cancellation of the LRT project. The recent announcement of partial funding from the Province for a reduced-length LRT confirm the assumption that some form of higher order transit will ultimately be developed along the corridor. While assumptions surrounding intensification of the corridor remain valid, it is acknowledged that the current lack of confirmed funding for higher order transit may impact the rate of intensification and overall levels of intensification experienced along the corridor.

It is further noted that the B-line Corridor Review did not include a review of properties in the Downtown Core along the corridor (these properties were not included because at the time there was consideration of a separate downtown review being conducted). As such, the Working Group review described in Section 3.1 included the Downtown Corridor properties in its mandate.

The B-line review data has been updated on an ongoing basis to reflect new development applications, enquiries or land use changes. As with the Working Group review, with the release of Amendment 1 to the Growth Plan 2019 in August of 2020, staff were required to re-evaluate the intensification supply potential along the corridor to the year 2051.

4.3 DEVELOPMENT APPLICATIONS:

The third data source for the identification of intensification opportunities was a review of recent and current development applications. The review of development applications included all types (Official Plan and Zoning By-law Amendments, Draft Plans of Subdivision and Condominium, Site Plans, and Consents). All applications for the last five years were compiled and the number of associated intensification units were tracked.

The list of applications was reviewed to remove duplicates (i.e. more than one application on the same property); projects that had already been completed; condo conversions (these units were already existing); and properties located outside of the built boundary.

Finally, a determination on timing of when the proposed intensification units would be built was made. Staff determined that it was appropriate to assign units proposed through a Draft Plan of Subdivision or Condominium, Official Plan or Zoning By-law Amendment or Site Plan to the short term period (units will be constructed prior to 2031). This assumption is based on the fact that an application has already been

received, meaning an investment has already been made in the property for the future intensification use, and it is therefore more likely that the proposal will proceed to construction.

Any units proposed through a Formal Consultation application were assigned to the Long Term period (between 2031 and 2051). It is very difficult to determine when or if a Formal Consultation application will proceed to the development stage, market and ultimately construction. To be conservative, staff felt it prudent to assume that Formal Consultation applications signalled an interest in developing the property but, as no investment has been made in the development proposal at this stage, it was reasonable to assume a longer term time period for future intensification of these parcels.

The number of intensification units proposed through currently active (within last 5 years) development applications is shown in Table 1 below:

Table 1 – Residential Intensification Units Proposed Through Current Development Applications

Time Frame	# of Units
<i>“Short Term” (Units Proposed Through Official Plan / Zoning By-law Amendment, Draft Plan of Subdivision / Condominium, and Site Plan Control Applications)</i>	18,245
<i>“Long Term” (Units Proposed Through Formal Consultation Applications)</i>	17,925
Total (Short Term + Long Term)	36,170

Source: City of Hamilton

With regard to Consent applications, rather than tracking all new units created through consent, staff ran a query to determine, on average, how many new units are created through consent within the built boundary each year. Between 2007 and 2016, 356 residential units were built or land was severed to build in the built up area. Of these units, 310 units were added to the City, while 46 were replacement units (where the original dwelling was demolished and rebuilt at the same time as the new dwelling, according to the severance application). These numbers indicate that approximately 30 residential units are created through severance on a yearly basis. An assumption was made that this trend would continue and that intensification through severances in the built-up area would not be a significant contributing factor to overall intensification rates in the City.

4.0 RESULTS: SHORT AND LONG TERM INTENSIFICATION OPPORTUNITIES

Using the results of the identified potential supply from the sources in section 3.0 above, the RI Supply Update identified intensification opportunities based on assumptions for how much RI may occur to 2051. Details are shown below in relation to the distribution of intensification units by geographic area. The ‘short’ time frame refers to 2021 to 2031, and the ‘long’ refers to 2031 to 2051.

Table 2 below identifies the total identified short and long term intensification units by geographic area:

Table 2: Short and Long Term Residential Intensification Opportunities

Area		Short Term	Long Term	Total
Downtown	Units	9,700	14,000	23,700
	%	36	31	33
Other Nodes & Corridors	Units	4,200	18,300	22,500
	%	16	40	31
Neighbourhoods (includes Waterfront)	Units	12,700	13,400	26,100
	%	47	29	36
Total Units		26,600	45,700	72,300

Source: City of Hamilton

The total identified opportunities equates to the following intensification percentage as compared to the City’s overall forecasted growth during the 2021 to 2051 period:

Table 3: Residential Intensification Opportunities as a Percentage of Overall Growth

Year	Forecasted Unit Growth	Identified RI Opportunities (# of Units)	RI % of total growth
2031 - 2051	110,000	72,300	66

Source: City of Hamilton, Forecast: Lorius and Associates City of Hamilton Land Needs Assessment to 2051

5.0 COMMENTARY AND ANALYSIS

The results of the RI Supply Update identify supply opportunities of approximately 70,000 units between 2021 and 2051. While many sites in the built-up area could

theoretically intensify and therefore the potential intensification supply is vast, the RI Supply Update has attempted to identify potential intensification opportunities to 2051 in accordance with the assumptions outlined in section 3.0 and known development applications.

Planning for an extended 30 year time horizon to 2051 raises challenges when attempting to predict intensification opportunities well into the future. A 30 year time horizon is significant and it is difficult at present to anticipate future social, economic and market changes. Questions surrounding intensification potential, market preferences, built form considerations and other unknown variables make the identification of future intensification opportunities less certain as the time period progresses.

At the same time, the change to a 2051 planning horizon as introduced by Amendment 1 to the Growth Plan 2019 has resulted in the requirement to accommodate more people and jobs within the City, a total growth of 236,000 people and 122,000 jobs between 2021 and 2051. To accommodate this amount of growth, a significant percentage of the new units will need to be in the form of intensification of the existing built-up area.

The intensification supply update has identified a supply which equates to roughly 66% of the City’s unit growth to 2051. However, it must be noted that achieving such significantly high intensification numbers will be challenging and it is not expected that all of these potential opportunities would be realized within the planning horizon.

It is known that the supply of intensification units will almost always exceed demand. Constraints on the ability to bring prospective supply opportunities to market include:

- requirement for land consolidation and / or ownership issues;
- site contamination and associated remediation costs;
- neighbourhood opposition;
- financing constraints;
- lack of infrastructure capacity and / or need for upgrades;
- lack of market demand; and,
- requirement for municipal approvals.

The City has already put in place many measures to encourage and facilitate future intensification projects, including new and updated Secondary Plans (Downtown, Centennial Neighbourhoods), new Zoning (Downtown, Commercial / Mixed Use, Transit-Oriented Corridor), pilot projects related to laneway housing, incentive programs and streamlined development approvals.

To encourage the realization of the supply opportunities, the City will need to continue to be proactive as above, and supplement these initiatives with further endeavours including flexible residential zoning in the new Residential Zoning By-law, additional incentives, education programs surrounding the benefits of intensification within a

neighbourhood, creativity and innovation to problem solve and work with developers and homeowners to create compatible and desirable intensification projects.

Of course, matters beyond the City’s control will continue to impact the realization of intensification potential, including economic and market shifts, pandemic impacts, and consumer choice.

Key to assisting the City in meeting planning goals going forward will be the continual monitoring of key trends, such as the number of intensification units being constructed annually, to determine if the City is making progress toward meeting the established goals and targets. Moving forward in the planning horizon, if the monitoring identifies that the City is not making consistent improvement and progress in meeting its intensification goals, the City can revisit the programs and policies in place to encourage intensification with an objective to increasing the overall numbers. Further, at forthcoming Official Plan reviews, which are mandated to occur at five year intervals in accordance with the *Planning Act*, the City can examine the assumptions behind the intensification target, as well as recent trends and market directions, to determine if the planned intensification target needs to be shifted in any direction. In short, while it is difficult at present to plan for an extended 30 year time horizon, there is certainty in knowing that the City will have many opportunities over the forthcoming years to review trends and react accordingly.

6.0 NEXT STEPS

The intensification target is a key input into the LNA. This RI Supply Update is one consideration in determining an appropriate RI target for the City to plan towards, in conjunction with the RI Market Demand Report, a review of recent RI trends, and feedback and input from the public and stakeholders.

Through the approval of the LNA, staff are recommending an average RI target of 60% as an input into the LNA, with a phased increase of the target from 50% between 2021 and 2031, to 60% between 2031 and 2041, and up to 70% between 2041 and 2051. This target equates to a requirement for approximately 66,000 new dwelling units to be constructed within the built-up area between 2021 and 2051, which is within the supply potential identified through this report (approximately 90% of the identified supply).

Following the approval of the LNA and recommended RI target, a detailed breakdown of anticipated intensification units (by unit type) at the TZ level across the City will be prepared to assist in future growth and infrastructure modelling exercises.