



**CITY OF HAMILTON**  
**HEALTHY AND SAFE COMMUNITIES DEPARTMENT**  
**Housing Services Division**

<b>TO:</b>	Chair and Members Emergency & Community Services Committee
<b>COMMITTEE DATE:</b>	April 7, 2022
<b>SUBJECT/REPORT NO:</b>	City of Hamilton's Strategic Plan to Create Affordable Housing Supply in the Secondary Rental Market (HSC22007) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	James O'Brien (905) 546-2424 Ext. 3728 Kamba Ankunda (905) 546-2424 Ext. 4557
<b>SUBMITTED BY:</b>	Edward John Director, Housing Services Division Healthy and Safe Communities Department
<b>SIGNATURE:</b>	

### RECOMMENDATION(S)

- (a) That the City of Hamilton's Strategic Plan to Create Affordable Housing Supply in the Secondary Rental Market attached as Appendix "A" to Report HSC22007, be endorsed; and,
- (b) That the General Manager of the Healthy and Safe Communities Department, or designate, be authorized and directed to administer the Secondary Dwelling Units Program and provide support to residents applying to the Secondary Dwelling units Program including: entering into any agreements on such terms as they consider appropriate; approving payments, and taking other actions needed to ensure success, in a form satisfactory to the City Solicitor.

### EXECUTIVE SUMMARY

The City committed to developing a strategy and implementation plan to increase the supply of affordable rental units in the secondary rental market as a means of helping the community achieve its targets around creating new housing supply in Hamilton

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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: City of Hamilton’s Strategic Plan to Create Affordable Housing Supply in the Secondary Rental Market (HSC22007) (City Wide) - Page 2 of 7**

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through the Housing and Homelessness Action Plan Five-Year Review (Report CS11017(d)).

The Strategic Plan to Create affordable Housing Supply in the Secondary Rental Market (the Strategic Plan) attached to as Appendix “A” to Report HSC22007 provides:

- The tools in the City’s toolbox to create and maintain affordable housing for residents in Hamilton;
- Options for creating affordable housing supply at a reduced cost per unit;
- The benefits and barriers to creating second dwelling units; and,
- Implementation strategies and recommendations generated through stakeholder consultation as well as an action plan that summarizes the key actions and next steps; timelines; measures and targets; cost estimates and key resources for each of the sixteen recommended strategies.

Staff foresee the Strategic Plan as an additional mechanism that will assist the City in meeting supply targets outlined in Hamilton’s 10-Year Housing and Homelessness Action Plan while raising awareness and knowledge of the value of the secondary rental market as a means of providing affordable housing supply.

**Alternatives for Consideration** – Not Applicable

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: Housing Services Division is waiting for the Ontario Priorities Housing Initiative (OPHI) 2022-2024 funding allocation and implementation regulations from the Provincial Government to review available funding for this initiative.

Staffing: N/A

Legal: Legal Services staff was consulted in the development of the secondary dwelling units’ program and will be involved in the review and drafting of any ancillary agreements as may be required.

**HISTORICAL BACKGROUND**

Considerable progress has been made locally and by the Province in addressing barriers and exploring opportunities to create additional affordable, safe and quality housing supply in the secondary rental market. This progress has been achieved through the development/update of City strategies and by-laws as well as amendments to existing legislation that pertain to second dwelling units including;

**SUBJECT: City of Hamilton's Strategic Plan to Create Affordable Housing Supply in the Secondary Rental Market (HSC22007) (City Wide) - Page 3 of 7**

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- In November 2013, Council endorsed Hamilton's 10-year Housing and Homelessness Action Plan (Report CS11017(c)).
- In 2016, the Provincial Government enacted the *Promoting Affordable Housing Act*, that amended Subsection 2(3) of the *Development Charges Act, 1997* by adding clause (c) to permit the creation of a second dwelling unit, subject to the prescribed restrictions, in prescribed classes of proposed new residential buildings.
- In 2018, the City endorsed Report PED16200(b) which allowed Second Dwelling Units in Detached Structures for properties adjoining a laneway in Wards 1-4.
- In 2019, the City began examining the effects of rental licensing and second dwelling units; the changes were to be addressed through the City Initiative CI-19-D - Accessory Dwelling Units - Pilot Project for Wards 1 and 8; and, creating the Temporary use By-law to amend certain zoning regulations for Section 19 in Zoning By-law No. 6593.
- In August 2020, Council endorsed the 5-year review of the Housing and Homelessness Action Plan (Report CS11017(d)) which specifically addressed the need to focus on creating additional supply and maintaining existing supply of affordable rental housing in the secondary rental market.
- In September 2020, the Planning and Economic Development Department released their Second Dwelling Unit Discussion Paper (Report PED20093) which put forward a series of proposals to relax the regulatory barriers around local Zoning By-Laws.
- In 2020, staff began looking into regulating Short Term Rental Units.
- On May 14, 2021, Council approved By-laws Nos. 21- 071 to 21-077, inclusive to amend the City of Hamilton Zoning By-law No. 05-200 and Zoning By-laws applicable to the Town of Ancaster, Town of Dundas, Town of Flamborough, Township of Glanbrook, City of Hamilton and City of Stoney Creek Zoning By-laws to permit:
  - One Secondary Dwelling Unit (SDU) within the principal dwelling and one detached SDU on a lot containing a Single Detached Dwelling, Semi-Detached Dwelling or Street Townhouse Dwelling in the Urban Area;
  - One SDU within a Single Detached Dwelling and a Semi-Detached Dwelling in the Rural Area;
  - Locational, design, parking, and other technical regulations related to Secondary Dwelling Units in the Urban Area; and,
  - Minimum lot area, adequate service, parking, and other technical regulations related to Secondary Dwelling Units in the Rural Area.

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

Hamilton has an undersupply of affordable rental housing units. To address its housing crisis, Council endorsed a 10-Year Housing and Homelessness Action Plan with the first outcome area to increase the supply of affordable housing. The revised HHAP has a focus on increasing the number of new and legal secondary units in Hamilton to meet the ongoing affordable housing crisis.

The City has successfully created an enabling environment for the implementation of the Secondary Dwelling Units Strategy through the changes made on the City's comprehensive Zoning By-Law No.05-200 approved by Council on May 14, 2021.

This strategy also aligns within over a decade of progressive Provincial regulatory reform and housing policy that has incrementally opened the door for Hamilton to explore innovative housing solutions, including creating affordable housing in the secondary rental market.

## **RELEVANT CONSULTATION**

Stakeholders consulted in the development of the strategic plan represent thousands of businesses, individuals and community groups in Hamilton. Consultations included the following groups:

- Housing and Homelessness Advisory Committee
- Housing and Homelessness Action Planning Group
- Canada Mortgage and Housing Corporation
- Province of Ontario
- West End Home Builders Association (formerly Hamilton Homebuilders Association)
- Realtors Association of Hamilton Burlington
- Hamilton District Apartment Association
- McMaster Off Campus Housing Office
- McMaster Students Union
- Mohawk Students Union
- Mohawk Off-Campus Housing Office
- Durand Neighbourhood Association
- Hamilton Social Planning Research Council
- Hamilton Regional Indian Centre
- Investors with experience developing second units

Cross-Departmental Advisory Group

To assist with adding to the strong feedback provided to the City through stakeholder consultations, an internal working group was developed to draft a supply-focused strategy. The details of the City's cross departmental team of subject matter experts and the list of Regional Municipalities whose secondary dwelling units' approaches were reviewed during the consultation are included in Appendix "A" of Report HSC22007.

Additional consultation was done through conference calls with each of the municipalities listed to better understand the successes and challenges they have experience with the implementation of their approaches and strategies.

**ANALYSIS AND RATIONALE FOR RECOMMENDATION**

Second dwelling units provide tremendous benefits to homeowners, tenants and the broader community. They increase property value and potential buyers will use them as an asset. They make housing more affordable because of their size and sharing residence with another property; they provide long-term healthy alternative housing arrangements for households including seniors and families, contribute to community sustainability and are innovative housing solutions.

In addition, second dwelling units conserve land by adding to an existing unit without need for additional land; offers affordable housing choice within the existing housing stock in established communities to assist both owners and tenants; assist in meeting growth and density targets through 'gentle intensification'; provide healthy alternative living choices for seniors and families which supports the City's Age-Friendly Plan and creates economic development opportunities for homeowners, investors and local contractors that aligns with the City's growth plans.

Traditionally, the City of Hamilton and community partners have relied largely on creating new units in the primary rental market through the construction of large multi-residential apartment buildings. While multi-residential style rental apartments are needed in Hamilton, local stakeholders acknowledge that more can be done to create additional housing, additional choice and more affordability in the community. One of these alternatives is exploring opportunities in the secondary rental market.

The City of Hamilton faces increasingly scarce and limited resources to invest in creating affordable housing. Creating second dwelling units is a market driven solution to the unmet demand for affordable rental housing which amounts to a 'win-win-win' approach for Hamilton.

While undertaking consultations on the development of the Strategy, staff recognised that simply permitting a secondary dwelling unit does not result in significant uptake. Therefore, to maximize the uptake of this initiative, the first phase of program implementation will be used to build awareness and provide supports to homeowners interested in developing secondary dwelling units. Through this initial phase, staff will review how the program fits within the affordable housing spectrum while understanding more about the demand of the program among residents. At a later stage, staff will use the experience gained to determine the potential of scaling up the program to benefit the City's overall affordable housing objectives. This could include targeting specific locations in the City with undersupply of rental housing as well as increasing incentives to ensure rents are kept low and affordable to the renters.

Consultations proved there was broad support for a City-wide strategy that was geared towards achieving broader goals like building housing through infill development and was focused on increasing the overall supply of rental housing in Hamilton. They recommended that initiatives should support land development, include the construction industry as well as initiatives to support landlords and tenants. In addition, all sectors supported the City in creating an incentive program to assist with addressing the costs associated with creating second dwelling units.

The outcome of this strategy is a secondary units vision that mirrors the City's vision to be the best place to raise a child and age successfully. An increased supply of secondary units creates added opportunities for multi-generational living on a single property, and it can also help seniors age successfully in place which meets goals set out in Hamilton's Plan for an Age-Friendly Community.

Environmental sustainability was a key platform of the Housing and Homelessness Action Plan review process. Creating more affordable housing in Hamilton through gentle intensification provides a viable alternative to greenfield development or high-density housing development.

The Secondary Dwelling Unit strategy takes a deliberate and mindful approach to addressing various barriers to creating secondary units including costs and regulations, in addition to building the community knowledge base about how to develop a safe and legal new unit.

## **ALTERNATIVES FOR CONSIDERATION**

Not applicable.

**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.

**APPENDICES AND SCHEDULES ATTACHED**

Appendix "A" to Report HSC22007: City of Hamilton's Strategic Plan to Create  
Affordable Housing Supply in the Secondary Rental  
Market