

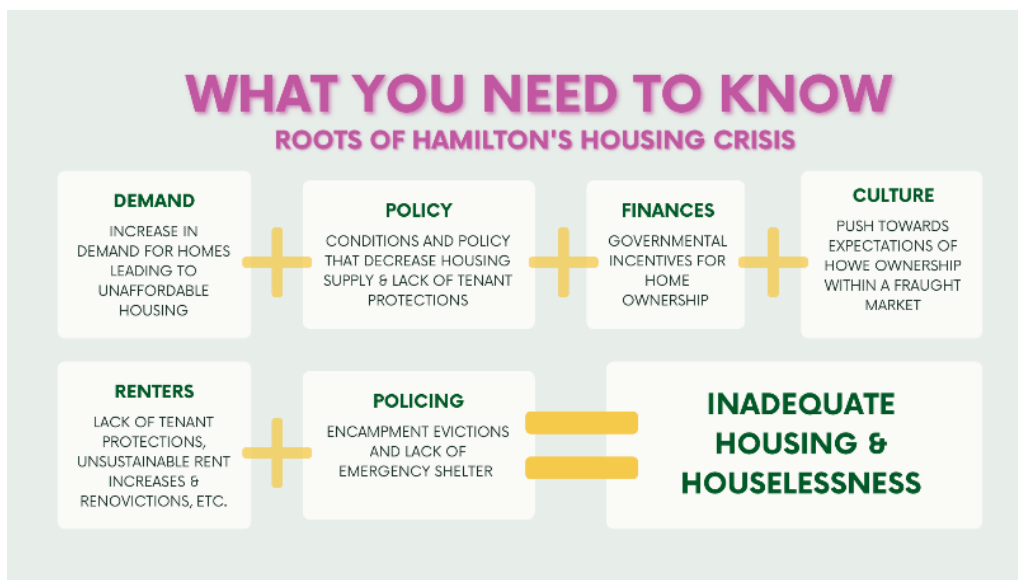
CMTYENGA 3A03 Winter 2022 - The Art of Change

Promoting Affordable Housing in Transit-Oriented Development¹

FINAL REPORT - APRIL 2022

Our team has been working with Just Recovery Hamilton and the Hamilton Community Benefits Network (HCBN) to establish the connection between the current Hamilton houselessness crisis and Inclusionary transit and zoning changes within the city. We examined how the creation of a Light Rail Transit (LRT) can help us move towards a broader and more comprehensive plan for promoting affordability in the longer term. We discussed with community members and leaders about how to turn this crisis into actionable steps. During these discussions, our questions were: how can all three levels of government support affordable housing, and what are the roles of the not-for-profit and private sectors in supporting affordable housing projects for the city of Hamilton? This report provides an overview of the housing crisis itself and the results from a community dialogue on how transit-oriented development can be leveraged in government, not-for profit, and private sectors to promote the preservation and development of affordable housing in Hamilton.

CONTEXT



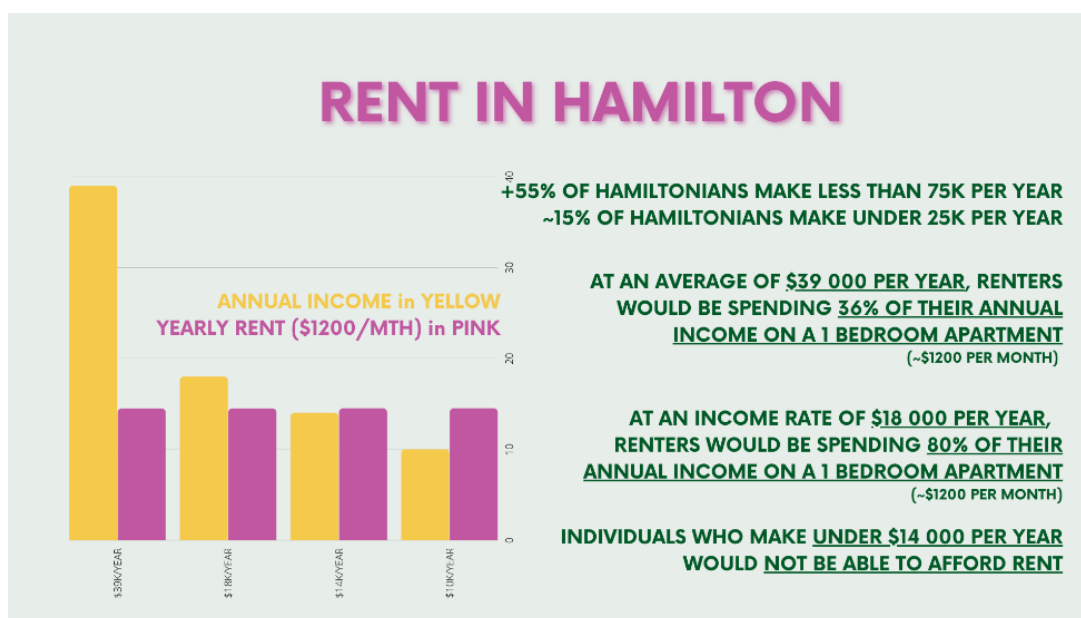
Contextually, there are many current issues that contribute to the housing crisis. Some of these include: demand, policy, finances, culture, renting versus owning, and policing.

As per the structure of supply and demand, and through the pandemic in particular, the demand for homes within the Hamilton area and within North Turtle Island continues to grow. Although there seems to be a lack of houses, it is more likely that the houses are extremely unaffordable than unavailable in the first place. A 2021 Oxford Economics study determined that Hamilton is

¹ This document was prepared by Amandeep Saini, Ali Siddiqui, Raagavi Ramenthiran, Summer Akhtar, and Hartley Schuyler, students in the Art of Change course at McMaster University, in support of community engagement efforts being led by the Hamilton Community Benefits Network and the Just Recovery Hamilton Coalition

the third least affordable city in North America when considering median household income and housing prices.² In fact, the average price of a home in Hamilton has now surpassed \$1 million. This is an increase of 35% in a single year,³ while the average rent for a one-bedroom unit has been increasing by 6.9% each year.⁴ Hamilton's housing market is now being fueled by accelerating gentrification across the city, along with inadequate investment in social and emergency housing services.

Due to the growing landscape of unaffordability that continues to dominate, many individuals have turned to renting. At the same time, government incentives to purchase homes such as low interest rates on mortgages, allow wealthy individuals to buy additional homes for financial gain. These individuals then turn these homes (that often sit vacant) into unaffordable rental properties, or into Airbnb's, where a single night's rent can cost upwards of \$100.



Renting, then, has become standard. However, *renovictions* – the removal of tenants in order to increase rent after a renovation – and the creation and influx of Airbnb properties that tends to follow, means that to be able to find a safe, affordable, and livable home has also become increasingly difficult. Currently, over 20% of Hamiltonians cannot sustainably afford rent for a 1-bedroom apartment within the city.^{5,6}

²Orin Klatchkin, Tony Stillo, and Michael Davenport. *Research Briefing: North America - Affordable Housing will be Increasingly Hard To Find*. Oxford Economics, 2021.

<https://resources.oxfordeconomics.com/hubfs/Content%20Hub%20RBs/open20210518012500.pdf>

³ McCullough, Kate. *Average Home Price In Hamilton Tops \$1 Million*. The Hamilton Spectator, Feb 3 2022. <https://www.thespec.com/business/real-estate/2022/02/03/hamilton-home-prices-housing-market.html>

⁴ Mitchell, Don. *"Rent in Hamilton higher for those looking versus someone already renting: report"*. The Hamilton Spectator, 18 Feb 2022. <https://globalnews.ca/news/8630755/chmc-report-hamilton-rents-2021/>.

⁵ Open Hamilton. *"Household Income By Ward"*. City of Hamilton, 15 Oct 2021. https://open.hamilton.ca/datasets/d2fb1b32f7b949c1bafef7106b6e8bbb_11/explore

⁶ Mitchell, Don. *"Rent in Hamilton higher for those looking versus someone already renting: report"*. The Hamilton Spectator, 18 Feb 2022. <https://globalnews.ca/news/8630755/chmc-report-hamilton-rents-2021/>

Lastly, policing has also become near synonymous with the houselessness crisis in Hamilton. Hamilton's municipal government has increasingly pushed towards encampment evictions,⁷ with no sustainable or long-term plans for emergency shelter in the numbers that Hamilton so desperately needs. This waste of money on policing and fining the houseless population continues to contribute to the cyclical nature of the housing and houselessness crisis in the city.

The resounding issue is then, truly, a current lack of accessibility and affordability, and the genuine lack of protections for renters themselves in the long term, which lends itself to the current disposability culture of capitalism and renting for profit. All this to say, if renting has become the standard, why then, are individuals who are tenants not being protected by the city? Where is the policy to protect and establish accessible and affordable housing?

Grassroots change organizations, such as the HCBN, can address these issues. There has been a push for a continued and growing change within the community. Hamilton has long recognized the need for affordable housing due to the work of many activists and organizers pushing for this change. The Housing and Homelessness Action Plan, created in 2013, aims to promote housing access, and has been supported by investments from the municipal, provincial, and federal governments. Despite this, the city continues to fall short of developing and maintaining enough affordable housing units, and the community has continued to push. The LRT has now become a main topic of conversation as a lever for change, as governments have been incentivizing building around transit. In turn, the goal of this dialogue is to bring communities into conversation about what has been successful and unsuccessful so far, and how we can continue to center the needs of those directly affected by houselessness in Hamilton as grassroots organizations work with city councillors to create policy around transit-oriented builds. Looking forward, this dialogue is hopeful to gather ideas on how to promote and protect the development of affordable housing in Hamilton by leveraging projects like the LRT in order to guide the hand of government policy to take active change on upholding and financially supporting affordable housing.

DIALOGUE PREPARATION

With the aim to identify ways in which we can leverage opportunities for change, our project team worked alongside the Just Recovery Hamilton network to organize a dialogue event on March 21, 2022, where Hamiltonians shared their ideas for improving housing services, and promoting the development and preservation of affordable housing stock. Our project team worked with Karl Andrus from the HCBN to organize a breakout room focused specifically on leveraging transit-oriented development for change.

In preparation for the dialogue, we conducted background research on the housing crisis at the global, national and local level. Through this process, we began to identify tools and methods to promote housing accessibility. We identified the need for increased collaboration and accountability among the governmental, private and not-for-profit housing sector, and this informed our discussion questions for the dialogue event. We left the questions as open-ended

⁷ Peesker, Saira. "Hamilton Planning Committee Votes To Evict Encampment Residents 'within 12 to 72 hours'. CBC Hamilton." <https://www.cbc.ca/news/canada/hamilton/encampment-enforcement-motion-farr-1.6393590>

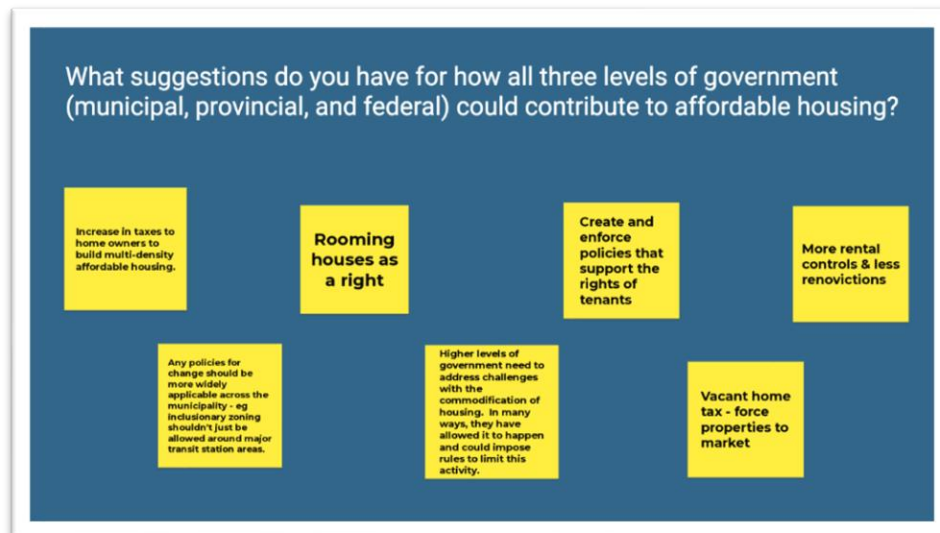
as possible to capture a variety of ideas about what changes could be made to promote affordable housing in the city and along the LRT corridor.

We hosted two breakout groups sessions at the event, and the findings of these discussions are outlined below. We have also expanded on policy recommendations that have come from our own research on what has worked in other national and international jurisdictions to promote affordable housing.

BREAKOUT ROOM 1 RESULTS

Our first breakout room session focused on discussing the tools each level of government can utilize to meet accessible and affordable housing needs in Hamilton. We asked the following question: *What suggestions do you have for how all three levels of government (municipal, provincial and federal) could contribute to affordable housing?* A summary of ideas identified during this breakout session are included below:

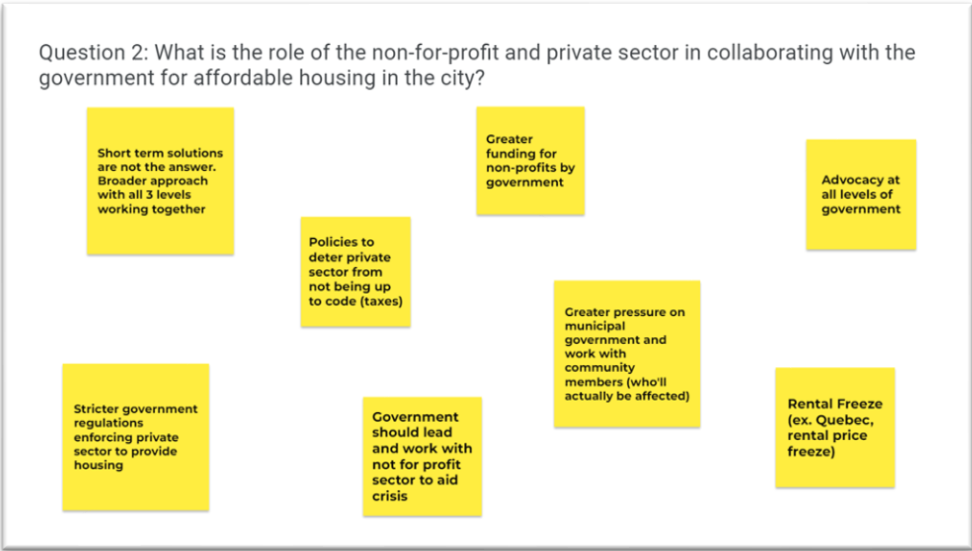
1. Many participants considered it necessary for policies to increase protection of tenants and the amount of affordable housing stock available on the market. The following strategies were suggested as tools to achieve this:
 - a. Vacant Home Tax – This idea would disincentivize homeowners and investors from leaving their property unoccupied, and would therefore promote an increase in housing supply. Homeowners and investors would be compelled to rent out or sell their properties in order to avoid paying additional taxes.
 - b. Rent Control Policies – These are regulations on how much a landlord is allowed to increase rent each year. Notably, the participants also mentioned that this idea may bring up conflicts of interest, as many city councilors are landlords themselves, and this vested interest may prevent them from advocating for these policies.
 - c. Community Discussions – This would help to clearly define the goals of Hamilton’s tenants and how these goals can be supported.



BREAKOUT ROOM 2 RESULTS

In our second breakout room session, we asked the following question: *What is the role of the not-for-profit and private sector in collaborating with the government for affordable housing in the city?* A summary of ideas identified during this breakout session are included below:

1. Many participants agreed that long-term solutions to the housing crisis may require the three sectors to work together. However, the sentiment that governments should lead the effort also arose. Examples by which the government could achieve this are included below:
 - a. Non-profits should receive greater funding from governments if they are the ones working to meet the needs of residents.
 - b. Participants expressed that the government should enact policies that enforce private sector involvement in building affordable housing.
2. Participants also expressed the need for governments to protect low-income residents and ensure they are not priced out of their homes. For instance, rental freezes, such as those implemented in Quebec, could ensure that rental units remain affordable in the long-term.



In summation, increased collaboration between the not-for-profit and government sector could increase the pool of funding and resources available to meet affordable housing needs in the city. This collaboration would also be in line with Hamilton’s Housing and Homelessness Action Plan. Private sector collaboration can also promote the development of affordable housing units, however the government may need to introduce policies to ensure developers prioritize these needs.

FUTURE POLICY RECCOMENDATIONS MUNICIPAL LAND USE PLANNING AND INCLUSIONARY ZONING MANDATES

Increasingly, we are seeing the widespread commodification of housing, which has transformed a basic human right into an investment opportunity. Along the LRT line, there is a lack of

protection for low-income tenants, and investor landlords are evicting residents because of renovations or demolitions of existing buildings. At a municipal level, this can be combatted through inclusionary zoning policies, which is a regulatory tool that municipalities can use to ensure builders allocate a certain share of units in new developments for affordable housing. At the moment, there is an absence of a detailed affordable housing plan along the LRT route. There is an estimated 12,000 units projected for construction along the corridor, but it seems that they will be unaffordable for most Hamiltonians.⁸ Metrolinx is expected to have levelled about 36 properties along the corridor by the end of March, but there is a disconnect between the agency's goals and the city's housing needs, as well as a lack of plans to reconcile these differences.⁹ Some view the lack of rigid plans as an opportunity for community input to shape new and well-informed plans. Although there were loose promises and commitments initially made by authorities, a properly regulated inclusionary zoning mandate for this project can be implemented to ensure support for the city's most vulnerable populations. This way, new residential developments would be required to include a certain number of affordable housing units, creating mixed-income housing.

For municipalities to create additional housing in a functional and orderly manner, proper land use planning and supporting regulations are critical. These regulations can encourage mixed-use developments with active transportation nearby and make provisions for mandatory social housing units. Property affordability can, however, be harmed by policies that are disconnected from local housing prices.

Throughout this process, it is important that a broader community conversation is conducted so that affected stakeholders can voice their concerns and stay informed. This includes consulting developers so that proposals for development are realistic and achievable, as well as soliciting feedback from residents along the corridor who are being displaced.

IMPLEMENTING PROVINCIAL SUPPORT FOR NON-PROFIT HOUSING PROVIDERS

Ontario is the only province in Canada in which municipalities are responsible for housing programs. In other provinces and territories, housing programs are funded and delivered by the provincial or territorial governments. In Ontario, municipalities may struggle to fund housing, and the burden is shifted onto non-profit housing providers to fill a critical need in the community.¹⁰ However, it is difficult for non-profit housing providers to acquire mortgages from the Canadian Mortgage and Housing Corporation (CMHC), due to the lack of capital. This lack of capital makes it difficult to acquire land for affordable housing. For instance, in January 2022, New Horizon, a private developer, outbid Indwell, an affordable housing provider, for the former Delta

⁸ Ken Mann. "Hamilton Councillors Anxious for Affordable Housing Details in Relation to City's LRT Project." *Global News*, March 25, 2022, <https://globalnews.ca/news/8707052/hamilton-lrt-affordable-housing-questions/>

⁹ Ken Mann. "Hamilton Councillors Anxious for Affordable Housing Details in Relation to City's LRT Project." *Global News*, March 25, 2022, <https://globalnews.ca/news/8707052/hamilton-lrt-affordable-housing-questions/>

¹⁰ Ontario Municipal Social Services Association. "Housing and Homelessness Services in Ontario". Accessed March 31, 2022. https://www.omssa.com/docs/Housing_and_Homelessness_Services_in_Ontario.pdf

Secondary School in East Hamilton, resulting in a lost opportunity for affordable housing units to be built.¹¹ This is only one of many examples.

While there is some provincial funding available for non-profit housing providers, such as Infrastructure Ontario loans, providers may face challenges in demonstrating borrower eligibility and credit worthiness to secure funding.¹² In order to address this, the province could create a granting program that helps non-profit housing providers cover the cost of permits, studies, and other forms of due diligence required to build a new affordable housing development. This additional funding may also help housing providers secure necessary mortgages and loans.

PROVINCIAL RENT CONTROL

From a provincial standpoint, Ontario passed a law on October 1 of 2020 to freeze rents in 2021 to aid residential tenants. The “Helping Tenants and Small Businesses Act of 2020” modified the Residential Tenancies Act (RTA) to limit rent increases from the beginning to the end of 2021. However, this law was temporary. The RTA enables private landlords that reside in Ontario to raise the rent for most sitting tenants once a year in accordance with an annual rent guideline announced by the government in August based on the Consumer Price Index. Tenants who are forced to move because of these increases are experiencing “economic eviction”.

Future policy changes should focus on rent control to ensure affordability. One such policy could be ensuring that new tenants moving into a new unit are not paying more rent than the previous tenant. In addition, renters in the same type of unit within a building should be paying similar rents. In Newfoundland and Labrador, if the tenant is renting for a fixed term, the landlord is not permitted to increase the rent in the duration of the rental period. This would be beneficial to also have in Ontario to ensure that rent during a fixed term is not increased. Ontario would also benefit from an annual allowable percentage to which rent can be increased. Currently in Prince Edward Island, the Island Regulatory and Appeals Commission sets an annual allowable percentage to which rent can be increased. If a landlord wishes to increase rent to an amount that exceeds the allowable percentage, they must apply to the Director of Residential Rental Property.¹³

FEDERAL CONTINGENT DEVELOPMENT FUNDING

On a federal level, the government could use funding to promote integrated urban planning and strategic use of land for community benefit. This strategy has been used in the past and be seen in the coupling of national urban transport funds and land use planning in Germany. In order to access national funds for urban transport projects, however, it is a requirement to first

¹¹ Teviah Moro. “New Horizon successful in bid to transform old Delta school into condos”. *The Hamilton Spectator*. Accessed April 6, 2022. <https://www.thespec.com/news/hamilton-region/2022/01/07/development-delta-secondary-school-housing-condos.html>

¹² Government of Ontario, Ministry of Economic Development. “Government of Ontario, Canada.” Government of Ontario, Ministry of Economic Development, Job Creation and Trade. Accessed March 31, 2022. <https://www.ontariocanada.com/registry/view.do?postingId=41451&language=en>.

¹³ Taylor, Matthew. “Rent Control Laws, Rules, and Regulations across Canada.” Loans Canada, December 3, 2021. <https://loanscanada.ca/rent/rent-control-laws-rules-and-regulations-across-canada/>

engage in land use planning with the direct involvement of interest groups and local residents.¹⁴ Creating an environmental impact assessment and cost-benefit analysis are also components of the listed requirements.¹⁵ The success of this German policy suggests that linking national funds to integrated urban planning can be beneficial in increasing the coordination of urban transit and land use planning. Similarly, the Canadian government offering conditional development funding with terms about community consultation could provide an incentive for private developers to think beyond profit generation for new projects. This could also be used as a step towards reconciliation if Indigenous communities are allowed to lead in these initiatives to protect and steward the land.

WHAT HAVE WE LEARNED?

COMMUNICATION WITH THE PARTNER

Our group has taken a lot from this project, and we have a lot to reflect on. To begin, one of the most prominent concepts that has been practiced repeatedly during this project has been communication. One of the challenges that our group had to face was being able to communicate all our ideas to our partner in such a brief period. From this, our group has learned to prepare ahead of time what questions we would ask our partner and what the primary focus would be of every meeting that we had with him to ensure time with our partner was used intentionally.

INITIATIVE AND CONTINUOUS LEARNING

As students that are learning about this crisis on a policy level for the first time, we had a lot of learning to do on our end to be able to have a constructive community dialogue and come prepared to meetings with our partner. Karl is extremely well versed in the topic of inclusionary zoning, the LRT, and leveraging transit developments for affordable housing purposes, and we wanted to do both him and the community justice in our dialogue. This meant taking the initiative to proactively research before coming to meetings to be able to engage in the learning in the best ways that we could. This learning, along with the resources provided by our partner allowed us to evaluate and re-evaluate our concepts and questions, and ultimately allowed us to find more clarity in how to best support the community.

FACILITATION SKILLS

The dialogue was an especially important event to practice verbal communication skills and feel comfortable speaking to others in a public setting. It allowed the facilitators in our group an opportunity to further their public speaking skills. In addition, the dialogue prepared our group members with the ability to answer questions on the spot about the topic that they were presenting. During the dialogue, some of the participants had questions pertaining to the content that was being presented and it is our responsibility to be able to answer those questions. We

¹⁴ Royal Institution of Chartered Surveyors. "Integrating Land Use and Transport Policies." *World Built Environment Forum*, April 21, 2021, <https://www.rics.org/eu/wbef/megatrends/urbanisation/integrating-land-use-and-transport-policies/>

¹⁵ Royal Institution of Chartered Surveyors. "Integrating Land Use and Transport Policies." *World Built Environment Forum*, April 21, 2021, <https://www.rics.org/eu/wbef/megatrends/urbanisation/integrating-land-use-and-transport-policies/>

also had the responsibility of facilitating a conversation during the dialogue and introducing new thoughts when things may have gotten slow. This was a good learning opportunity as well to further develop effective communication and facilitation skills. It was most definitely a teaching moment of how to best interact with your participants to have the most meaningful discussion that you can possibly have.

SKILLS FOR FUTURE DIALOGUES

We were also provided with multiple learning opportunities as well to better our future dialogues. We have learned to maximize time for the purposes of presenting our content. To do this, we will minimize the introductions in the beginning. By doing this, we maximize the discussion as much as possible.

WRITING SKILLS

During this project, we learned to write in an efficient manner as well as having to fit everything required for the project in such a limited space. Due to this, our group has strengthened our conscientious writing skills. The problem that we were given to research and provide possible solutions for is beyond complicated and has multiple factors included in it. We had to ensure that all our important information was included in the report while at the same time ensuring that we were not exceeding the limit. This will prove to be useful when writing reports in the future.

CONCLUSION AND NEXT STEPS

The City of Hamilton has encountered a significant barrier regarding the housing crisis. The prices of houses and apartments continues to grow on a steep incline, which in turn produces unrealistic costs of real estate, causing difficulties for the residents of Hamilton to purchase or rent a home. Such a critical situation is affected by a series of issues that interconnect and cause long-lasting adverse effects on the real estate market, local economy, and the well-being of Hamiltonians. With the-upcoming construction of the Hamilton LRT, we will see a similar rise in prices along this corridor. It is essential to acknowledge the leading local factors that contribute to this problem and address them early. A comprehensive identification of such factors and the decision-making logic of important stakeholders will allow for proper reassessment and effective action plans. Over the course of this report, we have identified a number of steps that should be implemented immediately, in the short term, and in the long term.

SHORT TERM GOALS

When considering immediate steps, it is critical to hold discussions with the aim of engaging with the community. Inclusive and Indigenous-led community engagement practices will be crucial to ensuring an equitable planning process and outcomes when it comes to housing projects like the Hamilton LRT or when refining the national housing strategy. Conversations need to be held with those living along the LRT corridor to listen to their perspectives, concerns, and recommendations in order to unearth any issues and reveal strategies that can better meet their housing needs and Land Back Initiative demands regarding building. Additionally, including developers at the table will be important so that proposals for development benefit and align with community values, as well as seeking feedback from residents.

MEDIUM TERM GOALS

In the next few months, city councilors need to develop key tax design features and administrative structures to support a vacant home tax program in Hamilton to aid with housing availability and increase rental spaces. Next, an audit, on all levels of government, must begin to review and ensure any owned properties are being managed effectively and whether they can be leveraged to build affordable housing developments. All levels of government must put out a detailed report on exactly how they plan to tackle the affordable housing crisis and their respective land use strategy over the next few years. Lastly, policies need to be set in place to protect LRT corridor residents from evictions and gentrification.

LONG TERM GOALS

Ultimately, affordable housing is a challenge that cannot be solved overnight, and as such, there are several steps that need to be taken in the coming years. Firstly, the province needs policies to make it easier for non-profits to receive mortgages and to also establish a grant program to better support non-profit housing providers. Next, Ontario needs to implement stricter regulations on rent control policies to prevent tenant displacement, such as a freeze on rental prices, which can safeguard rental unit affordability or keeping rent consistent between subsequent tenants. Moreover, along the LRT corridor, inclusionary zoning policies must be employed to include a number of affordable housing units to achieve mixed-income housing. Lastly, the city must require developers to incorporate affordable housing within their plans to receive funding, ensuring it is made a priority before approval is granted.

Using these solutions, there is a possibility to turn the housing crisis into a great opportunity to build affordable homes that also build a community. Could it happen? It could if enough municipal councils, non-profits, and developers get behind it, urging our provincial and federal politicians to embrace solutions such as these, and show leadership. Ultimately, there needs to be a paradigm shift where housing is seen as a human right and not a commodity.

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