

City of Hamilton | Housing Needs Assessment



December 12th, 2022

Acknowledgement

The City of Hamilton Housing Needs Assessment was undertaken on behalf of the City of Hamilton. This report is the result of a collaborative process and would not have been possible without the active involvement of City of Hamilton staff, as well as a number of key housing stakeholders and residents. We would like to especially thank Tiffany Singh from the City of Hamilton for her continued support and feedback during the process of creating this report.

Project Team

City of Hamilton

Tiffany Singh, Senior Planner –
Community Initiatives, Planning and
Economic Development



SHS Consulting

Ed Starr, Partner
Isanna Biglands, Manager, Housing
Policy and Research
Nimmi Hamid, Policy Analyst
Marwa Al Waeal, Policy Analyst



Contents

Executive Summary	1
Introduction	6
Background	6
Approach to the Assessment.....	8
Report Format.....	8
Data Sources.....	9
Study Area.....	10
Housing Continuum.....	11
Housing Demand.....	14
Analysis of Demographics and Population	14
Analysis of Household Incomes	30
Key Findings: Housing Demand	34
Housing Supply.....	37
Analysis of Housing Supply Characteristics.....	37
Analysis of Current Market Rents and Prices.....	55
Key Findings: Housing Supply.....	65
Housing Affordability	67
Defining Affordable Housing in Hamilton	67
Analysis of Need for Affordable Housing	71
Key Findings: Housing Affordability	82
Housing Gaps in Hamilton.....	83
Key Housing Gaps.....	84
Housing Policy Context	87
Federal Policies and Initiatives	87
Provincial Policies and Initiatives.....	90
City Policies and Initiatives.....	101
Recommendations for an Inclusionary Zoning Policy	110
Appendices	111
Appendix A: Defining Affordable Housing in Hamilton.....	111
Appendix B: Other Affordable Housing Funding Programs and Grants.....	123

Executive Summary

The Housing Needs Assessment was developed through a collaborative approach and is a detailed analysis of current and projected key housing gaps in the City of Hamilton across the broader housing continuum. The Housing Needs Assessment will inform the City's approach to a future inclusionary zoning By-law in accordance with the requirements of the Planning Act and may inform future work on a housing strategy for the City of Hamilton.

The Housing Needs Assessment should fulfill the Provincial requirements for an "Assessment Report" as required by the Planning Act (O. Reg 232/18) prior to adopting an inclusionary zoning By-law. This includes the following analyses:

- Analysis of demographics and population
- Analysis of household incomes
- Analysis of housing supply characteristics
- Analysis of housing types and sizes
- Analysis of current average market prices

To conduct these analyses, data and information was gathered from Statistics Canada, Canada Mortgage and Housing Corporation (CMHC) and the City of Hamilton.

Definition of Affordability

The recommended thresholds for affordable ownership and affordable rental housing which can be used in an inclusionary zoning policy for the City of Hamilton¹ should be in line with the definitions presented in the Provincial Policy Statement² (PPS). The definitions from the PPS are also in line with the definitions presented in A Place to Grow: Growth Plan for the Greater Golden Horseshoe³ and the City's Urban Hamilton Official Plan.

¹ A full analysis of the various definitions of affordable housing that are currently being used in different contexts in Hamilton is presented in Appendix A. These definitions provide the foundation for the recommended definitions for affordable ownership and affordable rental housing which can be used in an inclusionary zoning policy for the City of Hamilton presented here.

² Province of Ontario, 2020. Provincial Policy Statement. Accessed from: <https://files.ontario.ca/mmah-provincial-policy-statement-2020-accessible-final-en-2020-02-14.pdf>

³ Province of Ontario, 2020. A Place to Grow: Growth plan for the Grater Golden Horseshoe. Accessed from: <https://www.ontario.ca/document/place-grow-growth-plan-greater-golden-horseshoe>

In the case of **ownership housing**, the PPS defines affordability as the least expensive of:

- a) housing for which the purchase price results in annual accommodation costs which do not exceed 30 percent of gross annual household income for low and moderate income households
- b) housing for which the purchase price is at least 10 percent below the average purchase price of a resale unit in the City of Hamilton;

In the case of **rental housing**, affordability is defined as the least expensive of:

- a) a unit for which the rent does not exceed 30 percent of gross annual household income for low and moderate income households
- b) a unit for which the rent is at or below the average market rent of a unit in the City of Hamilton.

For the purposes of this definition, “low and moderate income households” means households with incomes in the lowest 60% of the income distribution for the City of Hamilton.

In 2022, based on Hamilton household income deciles, **affordable ownership housing** should be priced through the income-based approach at a maximum of **\$505,455** for the lowest 60% of the income distribution

In 2021, **affordable rental housing** should be priced through the market-based approach at a maximum rent of **\$1,190** on average for all unit types, **\$915** for bachelor units, **\$1,095** for one-bedroom units, **\$1,271** for two-bedroom units, and **\$1,479** for units with three bedrooms or more in 2021.

Key Housing Gaps

The key housing gaps were determined by comparing trends and forecasts of demographics, household characteristics and household incomes in Hamilton with the existing and planned housing supply, as well as trends in housing affordability.

This analysis led to three key housing gaps that summarize the current and emerging need for housing that is adequate, suitable and affordable in Hamilton.

Key Housing Gap 1

There is a need to continue to diversify the housing stock, particularly to include more smaller dwelling types, as well as family sized dwellings, to allow seniors (aged 65+ years) to age in appropriate homes and to encourage couples with children to settle in Hamilton.

The majority of dwellings in Hamilton were single-detached dwellings in 2021 (56.2%). However, the demographics of households in Hamilton are changing and their needs might not be met by single-detached dwellings in the future.

Smaller households with one or two persons are the predominant household size (59.9%) in Hamilton in 2021. In addition, the population is aging. From 2016 to 2021, households with primary maintainers aged 45 to 64 years in Hamilton decreased (-1.9%), indicating these households are likely having challenges to find affordable and suitable housing in Hamilton and are moving to different municipalities in Ontario. In contrast, the number of households led by seniors (aged 65+ years) was the fastest growing age group over that same time period (11.1%). Single-detached dwellings are not always the most suitable dwelling type for seniors and older adults to age in place. In addition, these dwelling types are also the most expensive dwellings and are only affordable to households in the 9th income decile or higher.

When looking at housing starts and completions, the data show the housing stock is changing and more diverse dwelling types are being built or proposed. It would be important to continue to support these trends through policy incentives such as inclusionary zoning and ensure the housing stock will also meet the needs of residents in Hamilton in the future. Although the structural types seem to be diversifying in Hamilton, the majority of the new dwellings being completed, and the proposed dwellings remain in the homeownership market. There is therefore a need to continue to diversify the housing stock with dwellings that include smaller sized rental and affordable ownership options in Hamilton.

Key Housing Gap 2

There is a need to increase the stock of purpose-built rental housing in the primary rental market in Hamilton.

Average household incomes in Hamilton were lower compared to Ontario as a whole. From 2020 to 2022, the average household income in Hamilton grew by approximately 11.3%. In contrast, the average price of a home grew by 19.7% over that time period indicating homeownership has become rapidly unaffordable to households.

The previous gap showed that in 2021 the majority of newly completed dwellings were ownership dwellings (69.9%) and very few were rental housing in the primary market (30.1%). This could explain the higher proportions of renter households who are facing housing

affordability issues or who are in core housing need in Hamilton and demonstrate a strong need for more rental housing options that are affordable to households with low and moderate incomes. This is also supported by the large number of households on the centralized wait list for community housing, which indicates the existing stock of affordable and subsidized rental housing in Hamilton is not sufficient to meet the need in the community.

From 2016 to 2021, the supply of units in the primary rental market increased by 5.5% while the number of renters increased at a significantly faster pace (11.7%). The number of renters also increased at a faster pace than households overall (11.7% versus 5.3%). These data demonstrate a need for increasing the supply of purpose-built rental units. While home ownership may be ideal for some households, rental housing provides more flexibility, requires less maintenance, and is generally more affordable for households with low and moderate incomes. This could explain why renter households were more likely to be in core housing need compared to owner households. Rental housing may be the better option for young adults just starting their careers, people living alone or with roommates, and seniors who wish to downsize. It is particularly important to encourage the development of primary rental units as these are much more stable and generally more affordable compared to rental units in the secondary rental market through policies such as inclusionary zoning. Furthermore, adding to the supply in the primary rental market through an inclusionary zoning policy may encourage some households to move to newer rental units which would then free up some of the more affordable units that currently exist.

Key Housing Gap 3

There is a need to develop ownership options that are affordable to households with moderate incomes and that are appropriate for larger households.

In Hamilton in 2022, even the average condominium price would not be affordable to the majority of households with moderate incomes. While smaller condominium dwellings might be appropriate for some households, couples with children might require larger dwellings. From 2016 to 2021, however, their share decreased over that period. These households could be migrating to other municipalities for reasons such as a lack of housing options, to seek employment, or to attain a different lifestyle than what is offered in Hamilton. There is potentially a lack of housing that meets the desires and needs of this group of households in Hamilton currently.

As such, it would be important to work with the development industry and other partners through an inclusionary zoning policy to focus efforts on encouraging the development of ownership options that are affordable to larger households, including families with children or families planning to have children. While the data suggest smaller households are still the dominant household type, larger households are growing at a fast rate in Hamilton.

Recommendations for an Inclusionary Zoning Policy

Based on the analysis in this Housing Needs Assessment report, an inclusionary zoning policy in Hamilton should be developed with the following considerations in mind:

- Exploring opportunities to generate affordable rental and ownership options to meet the needs of households with moderate incomes that grow as the city grows.
- Facilitating a steady flow of purpose-built rental housing units to accommodate the growing number of renter households in Hamilton.
- Focusing on smaller households while also creating some opportunities for larger affordable units suitable to families with children.
- There is an opportunity for inclusionary zoning to provide rental units affordable to households with low incomes if combined with financial incentives or rent supplements. A list of other affordable housing funding programs and grants is presented in Appendix B.
- Ensuring a portion of the affordable rental units created through an inclusionary zoning policy are suitable to individuals with support needs. These units could be created through partnerships with the not-for-profit, cooperative housing, and supportive housing sectors who could own or operate some of these units on a developer's behalf.

While inclusionary zoning is one tool available to the City of Hamilton to provide a range of new housing opportunities, especially as it relates to housing affordability for low- and moderate-income households, the City should consider developing a more robust housing strategy to meet the diverse needs of households into the future.

Introduction

The Housing Needs Assessment was developed through a collaborative approach and is a detailed analysis of current and projected housing needs in the City of Hamilton across the broader housing continuum. The Housing Needs Assessment will inform the City's approach to a future inclusionary zoning By-law in accordance with the requirements of the Planning Act and may inform future work on a housing strategy for the City of Hamilton.

The Housing Needs Assessment should fulfill the Provincial requirements for an "Assessment Report" as required by the Planning Act (O. Reg 232/18) prior to adopting an inclusionary zoning By-law.

Background

The provision of affordable housing is a growing concern across the country, province, and region. Recent actions from the federal and provincial governments to address this concern include:

- In November of 2017, the Federal Government announced its National Housing Strategy – "A Place to Call Home" pledging \$40 billion in a ten-year plan. The \$40 billion includes both grants and loans, and amounts for provincial and territorial cost matching for investments in new and existing social and affordable housing.
- The 2019 Provincial budget indicated that Ontario and the federal government will provide approximately \$4 billion in federal and Provincial funding for the Ontario housing sector over the next nine years.
- In April of 2018, the Province brought into effect provisions of the Planning Act that would permit municipalities to adopt inclusionary zoning By-laws (which are not subject to appeal to the Ontario Land Tribunal), and the Province amended the Planning Act to require local Official Plans to specifically provide practicable policies and measures to ensure the adequate provision of affordable housing.
- On April 17, 2019, the Province launched the Community Housing Renewal Strategy that includes funding for the upkeep and development of community housing across Ontario.
- On May 2, 2019, the Province released the More Homes, More Choice: Ontario's Housing Supply Action Plan, which included Bill 108 – an omnibus bill that limits the applicability of inclusionary zoning to Protected Major Transit Station Areas (PMTSAs). These PMTSAs must be identified in the Official Plan through adoption by Council and approval by the Minister of Municipal Affairs and Housing.

- On October 25, 2022, the Province released the Ontario Government introduced More Homes, Built Faster: Ontario's Housing Supply Action Plan 2022 – 2023 (Bill 23). This Plan sets out several initiatives and commitments the government intends to take to support the creation of 1.5 million homes over the next 10 years. This will be achieved through several changes to nine (9) pieces of legislation, including but not limited to the Planning Act, the City of Toronto Act, and the Conservation Authorities Act.

Accordingly, there are several new and changing programs and tools to facilitate the development of affordable and rental housing to meet the needs of the residents of the City of Hamilton. Inclusionary zoning is one of those tools.

Inclusionary zoning is a land-use planning tool that the City of Hamilton may consider as a means of supporting the provision of affordable housing stock, consistent with the objectives of Hamilton's Housing and Homelessness Action Plan (HHAP), 2020 and ongoing efforts towards fulfilling the City of Hamilton's vision "to be the best place in Canada to raise a child and age successfully".

In general, inclusionary zoning refers to zoning regulations that would require new development or redevelopment to dedicate or maintain a portion of new residential units as affordable housing. Inclusionary zoning would also require the affordable units to be maintained as affordable for a period of time. The Municipality can also set other guidelines to require the affordable units developed through inclusionary zoning to reflect a specified unit size mix. Inclusionary zoning also can be applied to both rental and ownership housing tenures.

Inclusionary zoning is not meant to replace publicly provided CityHousing Hamilton units, nor is it a municipal incentive program with financial supports. It is a separate tool that is intended to complement those other efforts to tackle local affordable housing issues.

Section 35.2 of the Planning Act contains permission for municipalities to implement Inclusionary zoning provisions. As a prerequisite to any implementation of inclusionary zoning policies, the City must first conduct a Housing Needs Assessment report, which then needs to be updated every five years to determine whether amendments to the inclusionary zoning policies / by-law are required. Bill 23, More Homes, Built Faster: Ontario's Housing Supply Action Plan 2022 – 2023 introduced a proposed amendment to O. Reg 232/18: Inclusionary Zoning which is summarized in the Policy Context section of this report.

Inclusionary Zoning Work Program – City of Hamilton

Concurrent with the preparation of the Housing Needs Assessment, the City is also undertaking additional background work to inform the development of a future inclusionary zoning Policy and By-law, including completion of:

- a Market Feasibility Study to satisfy the requirements of the Planning Act O. Reg 232/18;

- a peer review of the Market Feasibility Study;
- delineation of the City's Major Transit Station Areas (MTSAs) and completion of planning work related to planned density and land uses within the MTSAs. This work will inform identification of the MTSAs as Protected Major Transit Station Areas (PMTSAs) within the City's Urban Hamilton Official Plan.

Approach to the Assessment

The focus of the City's Housing Needs Assessment is to identify the need for affordable housing in Hamilton based on an analysis of existing and projected demographic trends, existing and projected housing unit supply by type and size, household incomes as related to affordability thresholds, average market prices and rents, and overall demand for affordable housing.

The key aspects to Assessment include:

1. Complete a Housing Needs Assessment which will fulfill the requirements of the Planning Act to inform a future inclusionary zoning By-law.
2. Facilitate consultation discussions on the Housing Needs Assessment with staff in other departments, senior level management, Councillors, partners, indigenous community groups, and other stakeholder groups, in conjunction with the City's broader engagement on the creation of an inclusionary zoning by-law.

This Assessment will be undertaken in three phases:

- **Phase One:** Research and Preparation of the Housing Needs Assessment for Hamilton
- **Phase Two:** Consultation with internal and external stakeholders
- **Phase Three:** Completion of Addendum to the Housing Needs Assessment Report

Report Format

Ontario regulation 232/18 on inclusionary zoning states that to implement inclusionary zoning official plan policies⁴, municipalities are required to complete an assessment report which must include the following analyses:

⁴ The Government of Ontario 2018. Regulation 232/18: Inclusionary Zoning. Accessed from: <https://www.ontario.ca/laws/regulation/r18232>

- Analysis of demographics and population;
- Analysis of household incomes;
- Analysis of housing supply characteristics;
- Analysis of housing types and sizes;
- Analysis of current average market prices; and
- An analysis of the financial impact of inclusionary zoning and potential impact of inclusionary zoning on the housing market considering:
 - i. Value of land
 - ii. Cost of construction
 - iii. Market price
 - iv. Market rent
 - v. Housing demand and supply

The Housing Needs Assessment addresses the first five requirements of the Ontario regulation 232/18 on inclusionary zoning listed above. Specifically, these are addressed in the following sections of this report:

Regulatory Requirement	Document Section
An analysis of demographics and population	Analysis starts on page 14
An analysis of household incomes	Analysis starts on page 30
An analysis of housing supply characteristics	Analysis starts on page 34
An analysis of housing types and sizes	Analysis starts on page 37
An analysis of current average market prices	Analysis starts on page 55

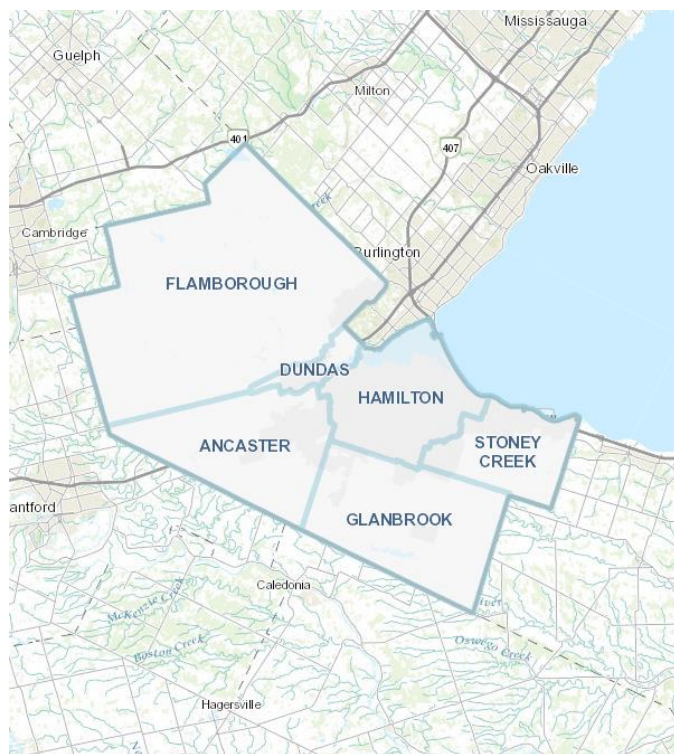
Data Sources

This study uses data and information from a range of different sources, including readily available census profiles from Statistics Canada. Other sources include Canada Mortgage and Housing Corporation reports and readily available data from its Housing Information Portal. In addition, information was obtained from the City of Hamilton.

Study Area

The study area for this background report is the City of Hamilton⁵. The analysis has focused on the city level with comparisons to the province of Ontario as a whole.

Figure 1: Map of the Study Area



Source: City of Hamilton, 2022

⁵ Throughout this report, unless otherwise stated, “Hamilton” refers to the census subdivision (CSD) of Hamilton.

Housing Continuum

The Canada Mortgage and Housing Corporation (CMHC) defines the housing market as a continuum or system where housing supply responds to a range of housing need⁶.

Due to demographic, social, economic, and geographic factors which impact housing need and demand, the private housing market does not always meet the full range of housing need in a community. This is particularly true for individuals and families with low and moderate incomes or for persons with unique housing and support needs.

It should be noted that while the housing continuum looks linear, it is not. People can move back and forth along the continuum through different stages of their lifetime. For example, a young couple may start in affordable rental housing when they settle in the geographical community, move to ownership housing as they expand their family, then downsize into a market rental unit during retirement, and move into supportive housing in their old age. As such, it is important for each geographical community to have an adequate supply of housing options within the housing system.

The different elements of the housing system are described below⁷:

Figure 2: Elements of the Housing Continuum



⁶ Canada Mortgage and Housing Corporation (2018). About Affordable Housing in Canada. Accessed from: <https://www.cmhc-schl.gc.ca/en/developing-and-renovating/develop-new-affordable-housing/programs-and-information/about-affordable-housing-in-canada>

⁷ National Housing Strategy Infographic and Glossary of Terms. Accessed from: <https://www.placetocallhome.ca/pdfs/Canada-National-Housing-Strategy-Infographic.pdf> and <https://eppdscrmssa01.blob.core.windows.net/cmhcprodcontainer/files/pdf/glossary/nhs-glossary-en.pdf?sv=2017-07-29&ss=b&srt=sco&sp=r&se=2019-05-09T06:10:51Z&st=2018-03-11T22:10:51Z&spr=https,http&sig=0Ketq0sPGtnokWOe66BpqquDljVqBRH9wLOCg8HfE3w=>

Source: Canada Mortgage and Housing Corporation 2019⁸

Emergency Shelters

This is short-term accommodation (usually 30 days or less) for people experiencing homelessness or those in crisis.

Transitional Housing

Housing that is intended to offer a supportive living environment for its residents. It is considered an intermediate step between emergency shelter and supportive or permanent housing and has limits on how long an individual or family can stay. Stays are typically between three months and three years.

Supportive Living

This is housing that provides a physical environment that is specifically designed to be safe, secure, enabling and home-like, with support services such as social services, provision of meals, housekeeping and social and recreational activities, in order to maximize residents' independence, privacy and dignity.

Community Housing

This refers to either housing that is owned and operated by non-profit housing societies and housing co-operatives, or housing owned by provincial or municipal governments.

Affordable Rental and Ownership Housing

Affordable housing is housing that can be owned or rented by a household with shelter costs (rent or mortgage, utilities, etc.) that are less than 30% of its gross income. In the City of Hamilton, which is the local Service Manager for housing, this refers to housing which is affordable to households with low and moderate incomes (i.e. the lowest 60% of the income distribution respectively).

Market Rental Housing

These are rental units in the private rental market and include purpose-built rental units as well as units in the secondary rental market, such as secondary suites, rented single detached dwellings, etc.

⁸ This figure was adapted from the Wheelhouse Model developed by the City of Kelowna in 2017

Market Ownership Housing

This refers to ownership units priced at market values and purchased with or without a mortgage but without any government assistance⁹.

⁹ This does not include any mortgage insurance a household might have purchased through CMHC to access lower down payment requirements.

Housing Demand

The aim of this section is to identify the demographic and socio-economic characteristics of the people living in Hamilton. Population and household characteristics are determinants of the housing need in a community. These key determinants include age of the population, household size, household tenure, labour force activity, and household income.

Analysis of Demographics and Population

The information in this section addresses the requirements of subsection 2(1)1 of O. Reg. 232/18 for an analysis of demographics and population in Hamilton.

Population Trends and Projections

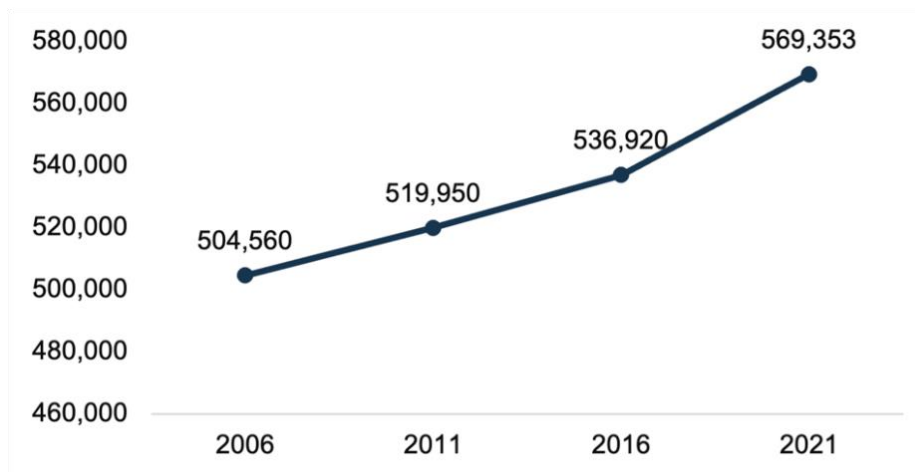
According to the Statistics Canada Census, there were 569,353 people living in Hamilton in 2021; up by 6.0% from 536,920 in 2016. This rate of population growth is consistent with the population growth in Ontario overall where the population increased by 5.8% from 2016 to 2021.

These population estimates from the Census likely are lower than the actual estimates of the population in Hamilton. The objective of the Census is to provide detailed information on the population at a single point in time. In this respect, one of its goals is to enumerate the entire population. Inevitably, however, some people are not counted, either because their household did not receive a Census questionnaire (for example, if a structurally separated dwelling is not easily identifiable) or because they were not included in the questionnaire completed for the household (for example, the omission of a boarder or a lodger). Some people may also be missed because they have no usual residence and did not spend Census night in any dwelling. In contrast, a small number of people may also be counted more than once (for example, students living away from home may have been enumerated by their parents and by themselves at their student address)¹⁰.

¹⁰ Statistics Canada. Differences between Statistics Canada's Census Counts and Population Estimates. 2022. Accessed from: <https://www.statcan.gc.ca/en/hp/estima>

According to population estimates published in the City of Hamilton Land Needs Assessment to 2051¹¹, the total population (with undercount) in Hamilton in 2021 was 584,000, rather than 569,353 as reported by the Census. Those individuals who were not counted by the Census also require housing and contribute to the demand for housing in Hamilton.

Figure 3: Population Trends: The City of Hamilton; 2006-2021



Source: Statistics Canada Community Profiles; 2006-2021

According to estimates of future population growth published in the City of Hamilton Land Needs Assessment to 2051¹², the total population (with undercount) of Hamilton is forecasted to reach 820,000 by 2051; an increase of 40.4% from 2021, or an approximate increase of 7,867 people each year. This forecast is for a significant amount of growth relative to the past: twice as much over the next 20 years than the last 20 years, and beyond to 2051. The reason for this is that, from a regional planning perspective, the Growth Plan for the Greater Golden Horseshoe: A Place to Grow¹³ anticipates an expanded economic and demographic role for the City of Hamilton over time, along with other priority centres in the western Greater Golden Horseshoe.

As described in the updated Growth Plan forecast report, the long-term growth outlook remains positive notwithstanding the impacts of the COVID-19 pandemic. In general, both the Greater Toronto and Hamilton Area and Outer Ring are anticipated to experience rates of long-term economic growth sufficient to absorb the expanding labour force created through migration.

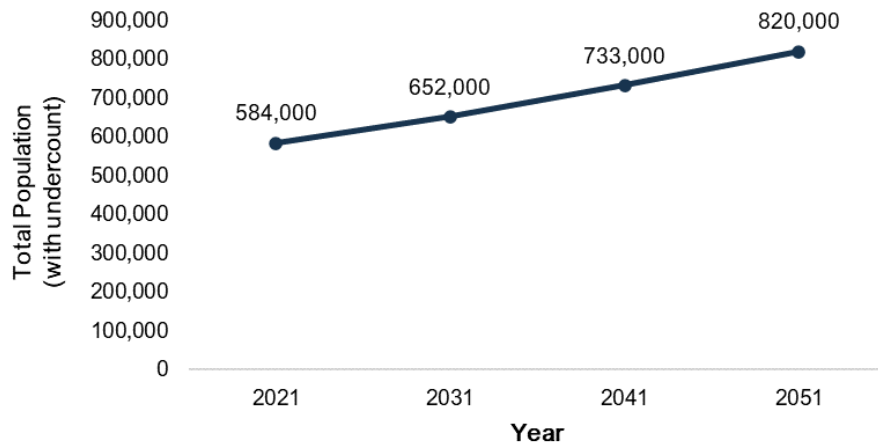
¹¹ City of Hamilton Land Needs Assessment to 2051. Technical Working Paper – Summary of Results. March 2021. Accessed from: <https://pub-hamilton.escribemeetings.com/filestream.ashx?DocumentId=270921>

¹² City of Hamilton Land Needs Assessment to 2051. Technical Working Paper – Summary of Results. March 2021. Accessed from: <https://pub-hamilton.escribemeetings.com/filestream.ashx?DocumentId=270921>

¹³ Province of Ontario. Growth Plan for the Greater Golden Horseshoe: A Place to Grow. Office Consolidation 2020. Accessed from: <https://www.ontario.ca/document/place-grow-growth-plan-greater-golden-horseshoe>

This expectation is consistent with the Ministry of Finance's Ontario's Long-Term Report on the Economy¹⁴ which remains a sound economic outlook.

Figure 4: Population Forecast: The City of Hamilton; 2021-2051



Source: Statistics Canada Census Profile; 2021, City of Hamilton Land Needs Assessment to 2051; Lorus and Associates

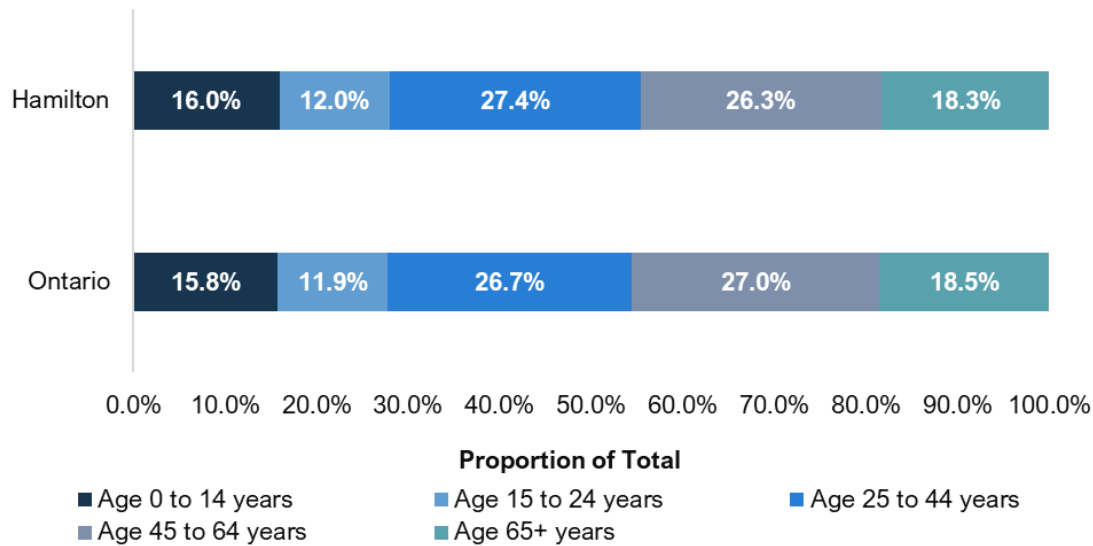
Population by Age

Individuals aged 24 or younger made up the largest share of people in Hamilton in 2021; comprising 28.0% of the entire population. In comparison, individuals aged 25 to 44 years made up 27.4%, followed by individuals aged 45 to 64 years who represented 26.3% of Hamilton's population in 2021. Individuals over the age of 65 years accounted for the smallest share of the population (18.3%).

This distribution of Hamilton's population by age is slightly different to that of Ontario as a whole, where people aged 24 or younger made up the largest cohort (27.8%), followed by the group of people aged 45 to 64 years (27.0%), then those who were 25 to 44 years (26.7%), and finally the share of people 65 years and older (18.5%) in Ontario in 2021.

¹⁴ Province of Ontario. Ontario's Long-Term Report on the Economy. June 2020.
<https://www.ontario.ca/page/ontarios-long-term-report-economy>

Figure 5: Population by Age Groups: The City of Hamilton and Ontario; 2021



Source: Statistics Canada Community Profiles, 2021

Although the total population in Hamilton increased by 6.0% from 2016 to 2021, these gains were not distributed equally among the different population age groups. From 2016 to 2021, the share as well as the overall number of people aged 45 to 64 years living in Hamilton decreased by 1.7% from 152,460 people to 149,795 people. The decrease in the population aged 45 to 64 years in Hamilton indicates that people in this age group might be choosing to leave the city suggesting there could be barriers for these individuals to establish themselves, potentially due to a lack of suitable and affordable housing options for this age cohort.

In comparison, surrounding communities in Ontario experienced increases in their populations within this age group from 2016 to 2021. In Ontario, the population aged 45 to 64 years increased by 0.3%. This further supports the argument that individuals in this age group could be migrating to other communities in the province or beyond due to a variety of reasons such as to cash out while the housing market is hot, a lack of housing options, to seek employment, or to attain a different lifestyle.

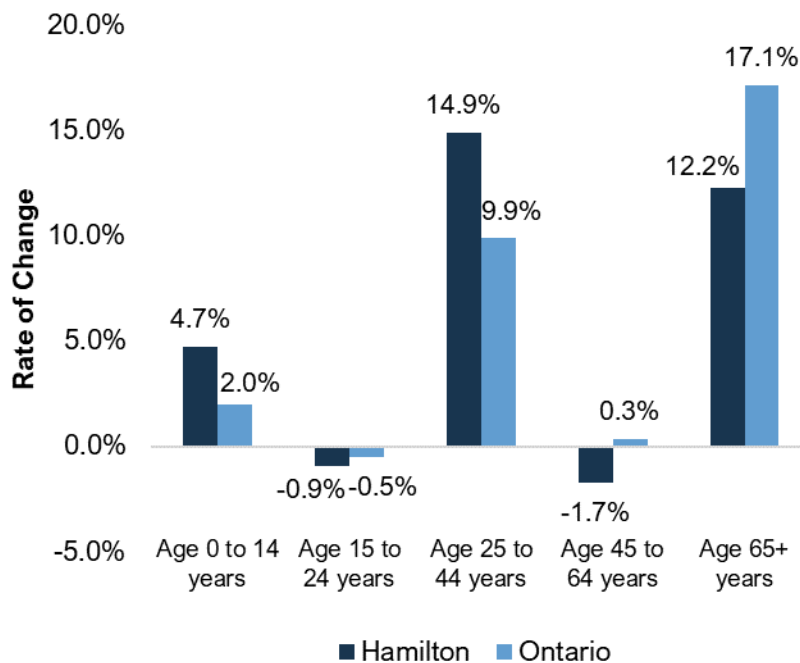
In contrast, the population aged 65 years and older in Hamilton increased by 12.2% from 92,910 in 2016 to 104,290 in 2021. This was the highest rate of growth within any age group in the population of Hamilton and this indicates that the city is aging. Individuals 65 years or more in Ontario also saw the highest rate of increase within this age group as a share of the total population (by 17.1%.)

The group with the second largest increase in its population was among people aged 25 to 44 years which increased by 14.9% from 135,600 to 155,820. Individuals in this period of their life can likely be expected to be completing their education, are in the process of building a career,

or have likely reached an age where they have left their parental home and entered the rental or homeownership markets. This suggests that these individuals are choosing to establish themselves in Hamilton.

Finally, the population of individuals aged 24 or younger had the smallest rate of increase over the period from 2016 to 2021. This group increased by only 3.8% overall, which is lower than the rate of growth of the population of Hamilton overall which grew at 6.0%.

Figure 6: Rate of Change: Population by Age Groups: The City of Hamilton; 2016-2021



Source: Statistics Canada Community Profiles; 2016-2021

The demand for residential dwellings by different age groups in the population reflects the specific housing needs of these individuals. In Hamilton, the demand for housing by seniors aged 65 years and older will continue to grow at a faster pace than that of other age groups. This will increase the need for housing options suitable for seniors to age in place (e.g., accessible units). This includes options for seniors to downsize when their adult children have moved out of the home.

In addition, the growing senior population indicates the demand for support services and home care services that will help seniors remain independent in the community is expected to grow as well.

The decrease in the population aged 45 to 64 years from 2016 to 2021 in Hamilton indicates that these individuals could be migrating to other municipalities for reasons such as a lack of housing options, to seek employment, or to attain a different lifestyle than what is offered in Hamilton. Individuals aged 45 to 64 are typically in the prime of their working careers which means they should have access to higher incomes than other population groups. These adults typically have more options available to them for where they would like to settle because of their higher incomes.

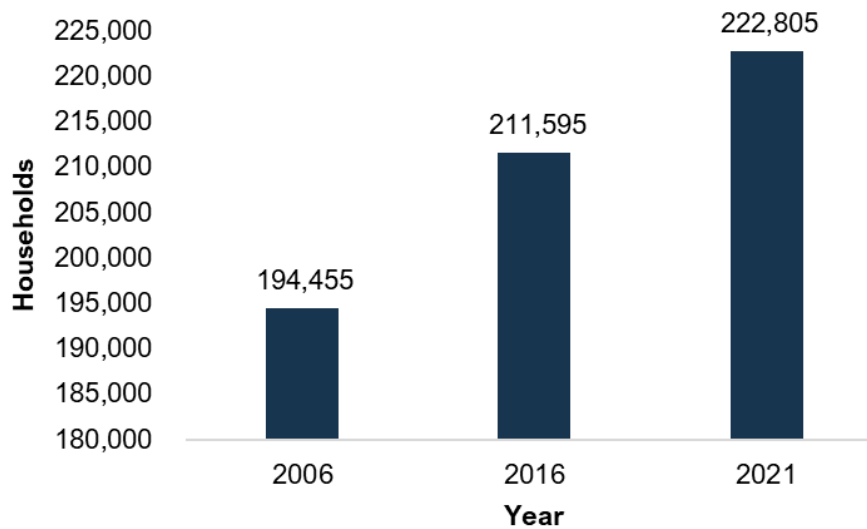
To better understand why the population aged 45 to 64 decreased from 2016 to 2021 it is useful to look at the population trends of individuals aged 45 to 54 separately from those aged 55 to 64. From 2016 to 2021, individuals aged 45 to 54 decreased by 9.6% (from 78,300 to 70,820 people). Conversely, the cohort of individuals aged 55 to 64 increased by 6.5% from 74,160 to 78,975 people. This demonstrates that all of the decrease in the population aged 45 to 64 years is associated with a decrease in the population aged 45 to 54 more specifically. This population cohort typically are in their child rearing years and likely require larger homes than younger and older generations. These data demonstrate that there is potentially a lack of housing that meets the desires and needs of this population group in Hamilton.

Household Trends and Projections

While population trends and characteristics are important indicators of housing need, household characteristics are more directly related to housing need as each household requires a housing unit. As such, it is important to understand the trends in the number, size, type, and tenure of households in a community.

In 2021, there were 222,805 households in Hamilton; up by 5.3% from 211,595 in 2016. In comparison, the number of households in Ontario increased by 6.2% during the same time period. These trends demonstrate that the growth in households in Hamilton is quite similar to the trends in the province overall.

Figure 7: Household Trends: The City Hamilton; 2016-2021



Source: Statistics Canada Community Profiles, 2016-2021

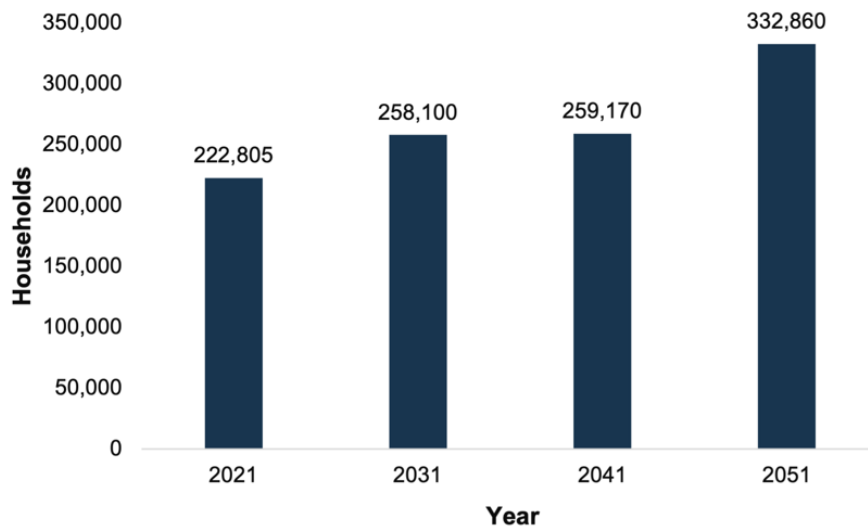
The population forecast from the Growth Plan translates into significant demand for new housing units in Hamilton into the future. In accordance with the mandated method, the housing forecast from the Growth Plan is based on applying household formation rates to the forecast of population growth by age cohorts as well as age-specific propensities to occupy different housing unit types. As such, the number of households in Hamilton is expected to increase by approximately 110,055 households from 222,805 in 2021 to 332,860 in 2051. This change in households represents a 49.4% increase over the 30-year period. Similar to the population forecast, this housing forecast is a significant amount of growth relative to the past.

This household forecast translates into the need for more than twice the number of new dwelling units over the next 20 years than were completed in the last 20 years, and beyond to 2051, to accommodate the growth that is expected. This outlook reflects Growth Plan expectations for an expanded economic and demographic role for the City of Hamilton over the planning horizon.

The Growth Plan forecasts are structured as the share of the Greater Golden Horseshoe housing market taking into account land supply, especially in southern Halton and Peel Regions where rapid growth continues. Over time, as the supply of available development lands in these locations becomes increasingly constrained, Hamilton will be effectively drawn 'closer' to these established communities in the Greater Toronto Area-west and demand for housing will increase considerably.

The number of households is therefore forecasted to increase in the future and an increase in the demand for housing will accompany this growth.

Figure 8: Household Forecasts: The City of Hamilton; 2021-2051



Source: Statistics Canada Census Profiles; 2021, City of Hamilton Land Needs Assessment to 2051, Lorus and Associates

Impacts on an Inclusionary Zoning Policy

Population and Household Trends and Projections

As the population and number of households in Hamilton are projected to increase in the future, there will be an increased need for housing to accommodate this growth.

An inclusionary zoning policy is an additional tool available to the City to provide a range of new housing opportunities that meet the diverse needs of households into the future, especially as it relates to housing affordability for low- and moderate-income households.

Households by Age of Primary Maintainer

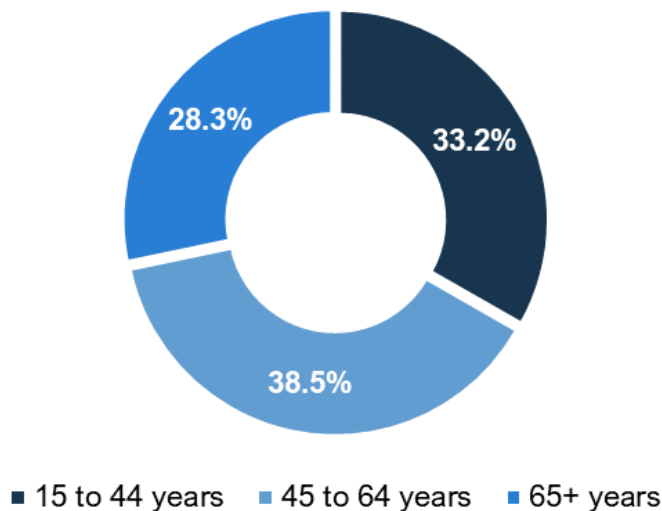
Households with a primary maintainer¹⁵ aged 45 to 64 years made up the largest share of households in Hamilton in 2021 (38.5% of all households). The second largest cohort of households in 2021 was those with a maintainer aged 15 to 44 years; its share of all households

¹⁵ Statistics Canada defines a primary household maintainer as: the first person in the household who pays the rent, or the mortgage, or the taxes, or the electricity services/utility of the dwelling.

was 33.2%. Households with a maintainer who was 65 years or older represented the next greatest share of the households in Hamilton (28.3% of households).

The distribution of households across the household maintainer age cohorts was very similar in Ontario more generally as that in Hamilton. In Ontario in 2021, households with a primary maintainer aged 45 to 64 years also made up the largest share of households in Ontario with 39.4% of all households. The second largest cohort of households in 2021 was those with a maintainer aged 15 to 44 years; its share of all households was 32.5%. Finally, households with a maintainer who was 65 years or older represented the next greatest share of the households in Ontario (28.1% of households).

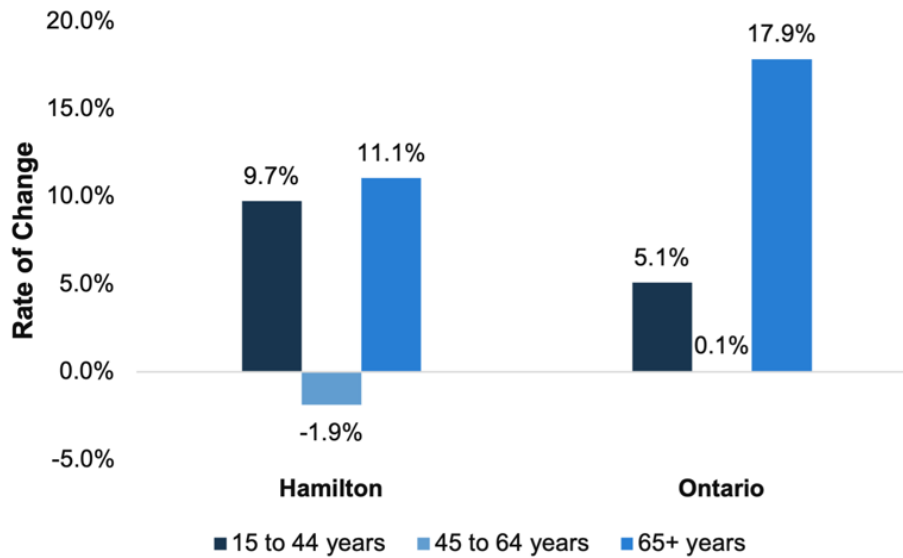
Figure 9: Household by Age of Household Maintainer, The City of Hamilton; 2021



Source: Statistics Canada Community Profiles; 2021

From 2016 to 2021, households led by an individual who was 65 years or more saw the greatest increase (11.1% increase) from 56,710 households to 62,990 households. From 2016 to 2021, households with a maintainer who was 15 to 44 years of age increased more moderately (9.7% increase) from 67,500 households to 74,080 households. In contrast, households led by an individual aged 45 to 64 years decreased by 1.9% from 2016 to 2021 (from 87,395 households to 85,745 households). This is consistent with the shrinkage of the population within the 45 to 64 years age group noted previously.

Figure 10: Growth of Households by Age of Primary Households Maintainer: City of Hamilton, 2016-2021



Source: Statistics Canada Community Profiles; 2016 – 2021

The increasing number of households led by an individual 65 years and over in Hamilton will result in increased demand for housing options which are suitable to older residents, including units which meet physical mobility needs which allow these households to age in place as well as for housing with supports such as, units in retirement homes or access to home care services. Seniors typically live in smaller households so these individuals likely require options to downsize.

Households with a maintainer aged 15 to 44 years were more likely to separate from their parents to form their own households in recent years due to improved employment conditions after the pandemic. While unemployment rates for each age group remained above pre-pandemic levels, they were significantly lower than in 2020. These rates were supported mainly by sizeable employment gains in service industries, including ones that tend to generate rental demand, such as retail and accommodation and food services. These economic conditions could explain why households led by a maintainer aged 15 to 44 years saw these larger increases. Younger households typically enter the housing market as renter households and therefore require options which are affordable to them in the rental market.

The decrease in the number of households led by an individual aged 25 to 44 years from 2006 to 2016, highlights that the demand for residential dwellings by these households is not being met in Hamilton. In Ontario, households led by a maintainer in this age group saw a slight increase (0.1%), so it is likely that households are choosing to settle in other communities outside of Hamilton. These households are more so than ever in competition with older households in the labour market as the participation rates of Canadians aged 55 years and over

have increased by a significant margin over the past two decades¹⁶. There is also increased competition in the housing market as aging-in-place becomes more common for the aging population.

These data indicate many adults aged 45 to 64 years may be choosing to migrate to other municipalities due to a lack of suitable employment opportunities and/or affordable housing options in Hamilton. This suggests that there is a greater need for housing for households led by individuals aged 45 to 64 years.

Impacts on an Inclusionary Zoning Policy

Households by Age of Primary Maintainer

The proportion of seniors households is growing rapidly in Hamilton. In contrast, households with a maintainer aged 45 to 64 years saw the lowest growth rates - this group actually declined in recent years, indicating these households are finding it difficult or undesirable to settle in Hamilton.

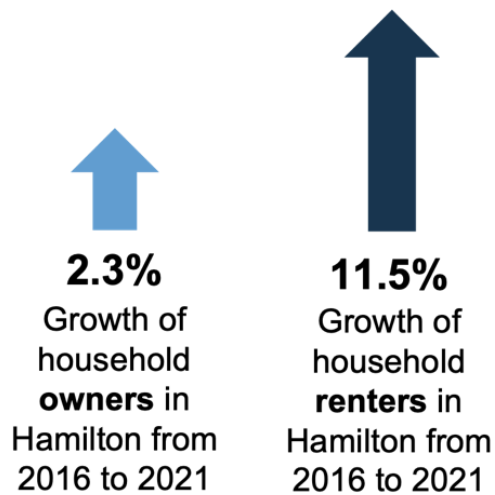
An inclusionary zoning policy should help address some of these challenges by creating smaller accessible housing options affordable to seniors. It should also provide options that are both affordable to and suitable to individuals aged 45 to 64 years who are currently decreasing in Hamilton. An individual aged 45 to 64 years might need a larger unit suitable for a family.

Household Tenure

In 2021, 65.7% of all households in Hamilton owned their home and 34.3% rented. This demonstrates that ownership is currently the dominant housing tenure in Hamilton. However, since 2016, the number of owners in Hamilton expanded at a much slower rate than the number of renters. Owner households increased by an increment of 2.3% and renter households increased by 11.5%. Although homeownership was still the dominant tenure in Hamilton in 2021, trends are demonstrating a shift towards increased demand for rental housing.

¹⁶ Statistics Canada, Working Seniors in Canada. Accessed from: <https://www12.statcan.gc.ca/census-recensement/2016/as-sa/98-200-x/2016027/98-200-x2016027-eng.cfm>

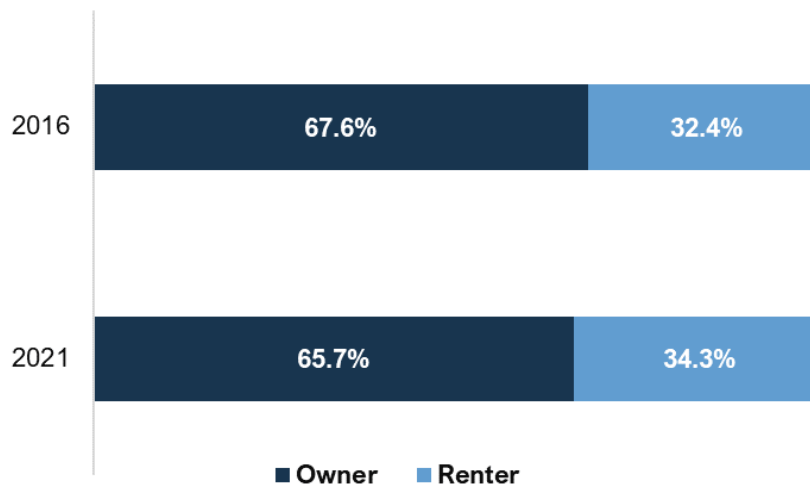
Figure 11: Growth of Household Owners and Renter: City of Hamilton, 2016-2021



Source: Statistics Canada Community Profiles; 2016 – 2021

In Ontario, the share of owner households made up 68.4% of households and the share of renters was 31.5% in 2021. These data demonstrate that the distribution of households by tenure in Hamilton is quite like that across Ontario as a whole.

Figure 12: Household by Tenure: The City of Hamilton; 2016-2021



Source: Statistics Canada Community Profiles, 2016-2021

While homeownership is the ideal for many households, a more balanced share of owners and renters is an indicator of a more inclusive community. In Hamilton, the increase of renters which occurred from 2016 to 2021 implies that households are looking for more diversity across

tenure types. More households in Hamilton may be renting because homeownership costs have become unaffordable.

Impacts on an Inclusionary Zoning Policy

Household Tenure

An inclusionary zoning policy for Hamilton should explore opportunities to generate affordable rental units in addition to affordable ownership units. The increased demand for rental housing between 2016 to 2021 highlights the desire for more diversity of tenure among households in Hamilton.

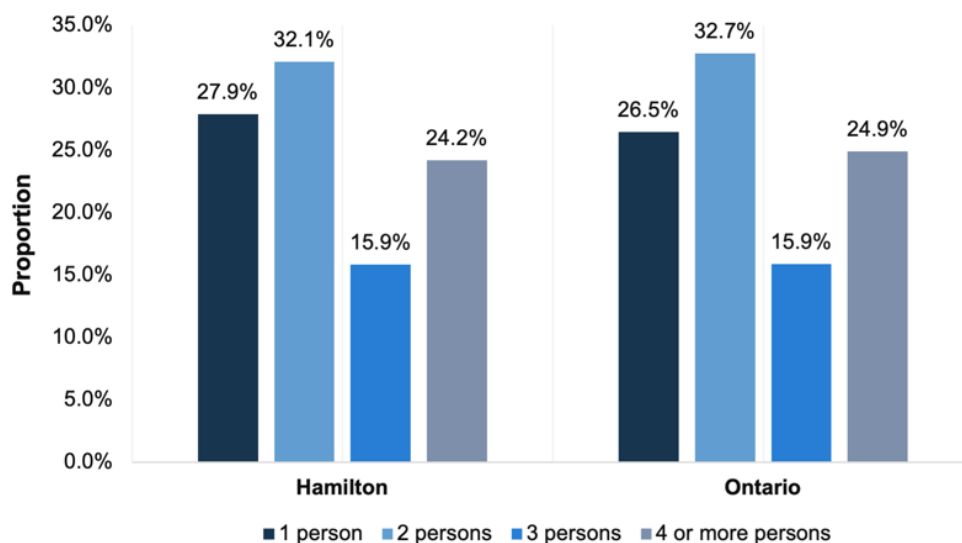
Household Sizes

Households with two-persons represented the largest share (32.1%) of all households in Hamilton in 2021, followed by households with one person (i.e., people living alone) (27.9%), households with four or more persons (24.2%), and finally, households with three persons (15.9%).

Households with four or more persons increased most significantly from 2016 to 2021; increasing by 7.2%. This was the only group that increased more rapidly than total households overall though, which increased by 5.3% from 2016 to 2021.

From 2016 to 2021, two-person households increased second most rapidly (5.0%). Households with three persons increased by 4.8%. One person households gained 4.3% only and was the slowest growing group.

Figure 13: Households by Household Size: The City of Hamilton and Ontario; 2021

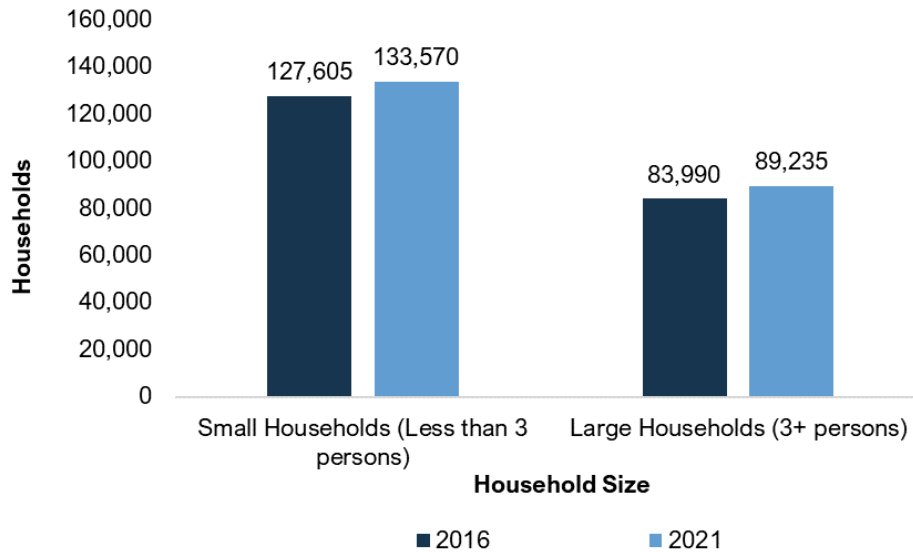


Source: Statistics Canada Community Profiles, 2021

When taken together, smaller households (i.e., one- and two- person households) made up 59.9% of all households in Hamilton; however, this share decreased from 60.3% in 2016. Larger households (i.e., with three or more persons) on the other hand made up only 40.1% of all households in 2021, but this share is greater than what it was in 2016 (39.7%).

In comparison, smaller households made up 59.2% of all households in Ontario and larger households represented 40.8% of all households in 2021. These shares are very similar to those in Hamilton.

Figure 14: Households by Size: The City of Hamilton; 2016-2021



Source: Statistics Canada Community Profiles; 2016 – 2021

The greatest demand for housing in Hamilton is from households which are smaller (less than three persons), however the proportion of larger households (three or more persons) in Hamilton is increasing in comparison with smaller households. The housing supply in Hamilton should therefore offer options to households of different sizes.

Impacts on an Inclusionary Zoning Policy

Household Sizes

An inclusionary zoning policy should focus on generating more smaller units which could be suitable for seniors or younger people, while also creating some opportunities for larger units suitable to couples with children.

Household Types

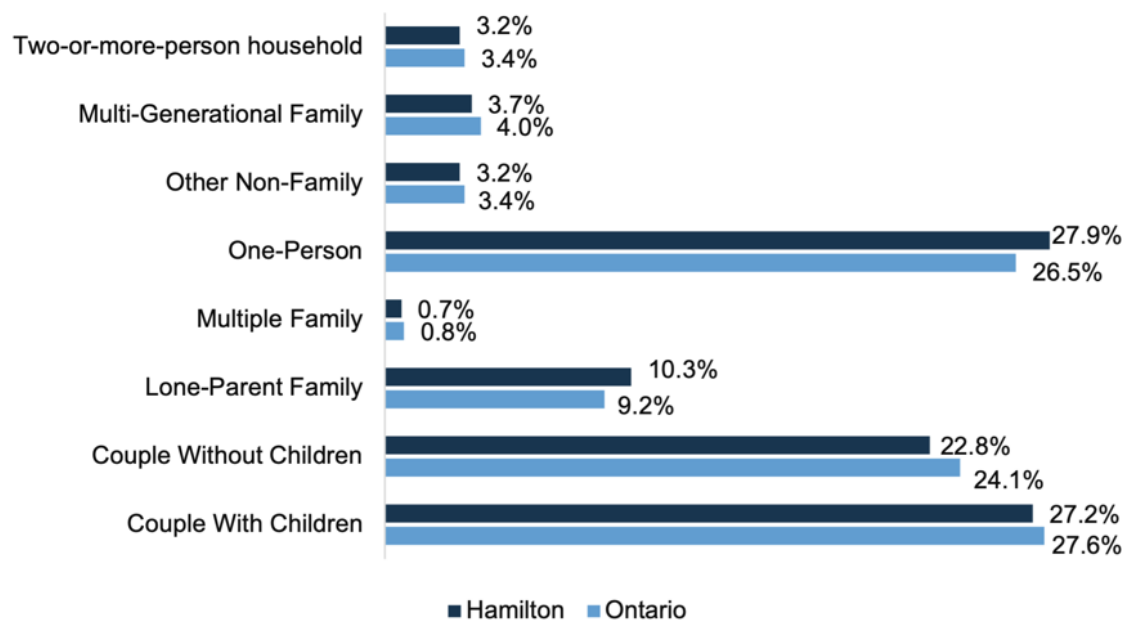
One-person households made up 27.9% of all households in Hamilton in 2021 – the largest share among different household types. The following most common household type was couples with children (27.2%). This indicates that Hamilton is currently a desirable place for both

individuals living on their own and families with children to reside. In Ontario, the most common household type was couples with children (27.6%), followed by one-person households (26.5%).

From 2016 to 2021, one-person households increased by 4.3% (from 59,575 to 62,110 households) while couples with children decreased by 3.9% (from 62,960 to 60,520 households). The share of couples without children in households in Hamilton decreased by 0.6% from 2016 to 2021 (from 51,215 to 50,885 households), and the share of other non-family households decreased by 8.0% (from 7,645 to 7,030 households). The share of lone parent households decreased by 10.5%, from 25,710 households in 2016 to 23,015 households in 2021. Finally, multiple family households decreased most significantly; decreasing by 67.0% from 2016 to 2021, although this household type made up only 0.7% (1,570 households) of all households in Hamilton in 2021, the smallest proportion of all household types.

The multi-generational family household type and the two- or more-person household type are new household types included in the Statistics Canada 2021 Census. Due to the introduction of these new household types, it is not possible to identify the rate of growth for these categories from 2016 to 2021. This change also results in a data limitation in terms of being able to identify which household types grew most rapidly from 2016 to 2021. These types of households represent a very small portion of overall households.

Figure 15: Households by Type: The City of Hamilton and Ontario; 2021



Source: Statistics Canada Community Profiles; 2021

Persons living alone represented the largest share among different household types in Hamilton and also were the group that grew most rapidly between 2016 and 2021. There is therefore a growing need for smaller housing types to accommodate these households. As noted

previously, seniors typically are in smaller households so these units should be accessible as well.

Couples with children represent a large share among different household types in Hamilton in 2021, however, their share seems to be decreasing in recent years. This decrease could highlight some barriers for couples with children to settle in Hamilton.

Analysis of Household Incomes

The financial capacity of a household is an important element in determining housing need. As such, this section looks at the income of households in Hamilton. Household income has been calculated for 2022 using the growth rate in the consumer price index (CPI) for Ontario for 2020 to 2022 of 11.3% as reported by Statistics Canada.

In response to the COVID-19 pandemic, governments around the world, including in Canada, adopted public health measures to slow the spread of the virus. As a result, many businesses closed, and many workers lost their jobs or worked reduced hours. To mitigate the impacts of the pandemic on Canadians and businesses, governments implemented relief programs. The 2021 Census includes data on the income Canadians received from pandemic relief benefits in 2020, and highlights how these benefits impacted the income landscape in Canada during the first year of the pandemic. Although many households lost employment income during the COVID-19 pandemic, government transfers, including from pandemic relief programs, helped offset the lost employment income¹⁷.

The information in this section addresses the requirements of subsection 2(1)2 of O. Reg 232/18 for an analysis of household income in Hamilton.

Average and Median Household Income

The estimated average household income in Hamilton in 2022 was \$121,031 while the median household income was \$95,756. In comparison, the estimated average household income in Ontario in 2022 was \$129,159, while the estimated median household income was \$101,323. This demonstrates that the average and median household income in Hamilton are slightly lower than in Ontario more broadly.

¹⁷ Statistics Canada. The Contribution of Pandemic Relief Benefits to the Incomes of Canadians in 2020. August 2022. Accessed from: <https://www12.statcan.gc.ca/census-recensement/2021/as-sa/98-200-X/2021005/98-200-X2021005-eng.cfm>

The average household income in Hamilton increased by 37.9% from \$87,775 in 2015 to \$121,031 in 2022 compared to an increase of 32.0% in Ontario overall. Additionally, average income growth in Hamilton was higher than the rate of inflation from 2015 to 2022 (21.0%). This indicates that the current dollar value for today's household is higher than the dollar value for a household in 2015, which expands the current households' ability to buy or rent housing.

Figure 16: Average Household Income: The City of Hamilton and Ontario; 2022



Source: Statistics Canada Community Profiles; 2022 and SHS Consulting estimates based on growth rate of CPI for Ontario for 2020-2022

The financial capacity of a household is a key determinant of their housing need. Households in Hamilton had a slightly lower average income than households in other parts of Ontario in 2022. This demonstrates that these households likely require homes with prices that are marginally less high than in other communities. However, average household income in Hamilton increased at a faster rate than that of Ontario and of inflation from 2015 to 2022. The increase in incomes could demonstrate that households with higher incomes from other communities are choosing to move into Hamilton. This higher standard of living could lead to increases in housing costs due to competition in the market.

These findings from this section demonstrate that households in Hamilton can afford a somewhat lower standard of living than the average household in Ontario since their incomes are lower. However, current households in Hamilton have a higher purchasing power compared to households in 2015 when considering the rates of increase of inflation.

Household Income Deciles

While the average household income and median household income provide a general sense of a household's economic capacity, looking at the distribution of income within the local context

provides greater detail of the economic capacity of households in Hamilton and their ability to afford housing.

Household income deciles divide the total universe of households into ten equally portioned income groups. This means that there is one tenth (or 10%) of all households in each income decile. These income deciles are used throughout the following sections and in the affordability analysis to provide a more detailed picture of the economic profile of Hamilton's households.

Similar to the previous section, household incomes for 2022 were estimated based on the growth rate of Ontario's CPI from 2020 to 2022. Please note that where dollar amounts are presented, these represent the upper range of each income decile, except for in the case of the tenth household income decile as the upper range has been suppressed based on Statistics Canada's confidentiality rules. The tenth income decile represents all household incomes which are one dollar or more than the upper range of the ninth income decile. The top range of each of the household income deciles in Hamilton as well as the household income deciles in Ontario can be found below. As noted previously, household incomes in Ontario as a whole are slightly higher than those in Hamilton.

For the purposes of this study, **households with low incomes** refers to households with incomes in the **first to the third income deciles** earning \$61,738 or less in 2022; **households with moderate incomes** refers to households with incomes in the **fourth to sixth income deciles** (from \$61,739 to \$115,350 in 2022); and **households with high incomes** refers to households with incomes in the **seventh to tenth income deciles** in 2022 (\$115,351 and above).

Figure 17: Average Income by Household Income Deciles: City of Hamilton and Ontario; 2022

		Hamilton	Ontario
Low Income	Decile 1	\$30,150	\$31,575
	Decile 2	\$46,388	\$49,291
	Decile 3	\$61,738	\$65,878
Moderate Income	Decile 4	\$77,710	\$82,822
	Decile 5	\$95,295	\$100,922
	Decile 6	\$115,350	\$122,207
High Income	Decile 7	\$138,536	\$146,927
	Decile 8	\$170,365	\$183,353
	Decile 9	\$222,207	\$222,687
	Decile 10	\$222,208	\$222,689

Source: Statistics Canada, Census 2022 and SHS Consulting estimates based on the growth rate of the CPI for Ontario for 2020-2022. Note: The amounts presented are the upper limits of the income ranges for each household income decile.

Labour Force: Participation and Unemployment

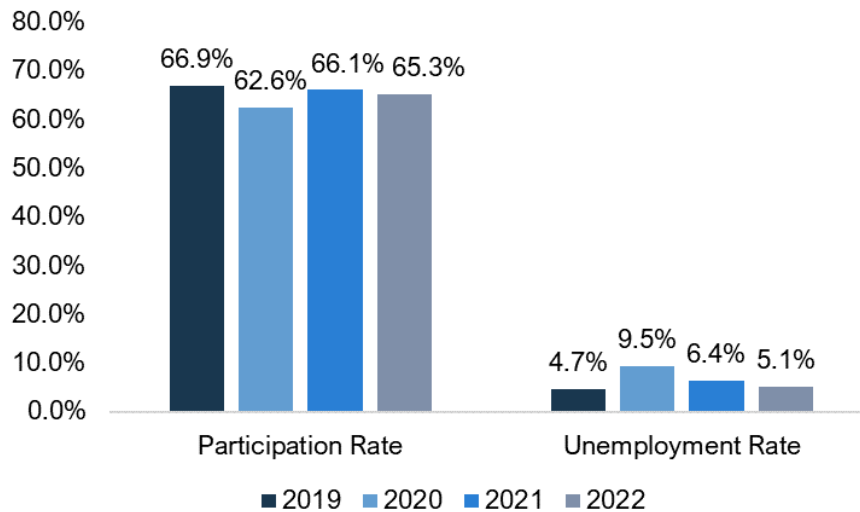
Changing economic conditions impact the demand for housing in a community in ways which include how many housing units are required, the type and tenure of housing units, as well as the ability of households to afford housing.

In October of 2022, 65.3% of the population 15 years and older in Hamilton¹⁸ were in the labour market, either as employees or as people looking for jobs. Comparatively, the participation rate in Ontario was 64.5% in 2022 which is slightly lower than that in Hamilton. The unemployment rate in Hamilton was slightly lower in 2022 compared with that of Ontario (5.1% versus 5.2%, respectively). Employment has a significant impact on a household's ability to earn income and afford housing. Households experiencing insufficient employment are likely also facing challenges in affording housing costs as a result.

In 2019, the participation rate in Hamilton was 66.9% however it dropped to 62.6% during the COVID-19 pandemic (October 2020). Since the low in 2020, the participation rate has steadily increased over time and is approaching pre-pandemic levels. With regards to the unemployment rate, it was 4.7% in 2019 and then soared to 9.5% during the pandemic in 2020 in Hamilton. The unemployment rate therefore seems to be lowering to be more in-line with pre-pandemic rates as well.

¹⁸ These data are for the Census Metropolitan Area (CMA) of Hamilton rather than the Census Subdivision (CSD).

Figure 18: Labour Participation Rate and Unemployment Rate: The City of Hamilton; 2019-2022



Source: Statistics Canada Labour Force Survey, 2022.

These findings point to improved employment conditions for households in recent years post-pandemic. Due to improved employment conditions, people aged 15 to 44 were more likely to separate from their parents to form their own households. While unemployment rates for each age group remained above pre-pandemic levels, they were significantly lower than in 2020. These rates were supported mainly by sizeable employment gains in service industries, including ones that tend to generate rental demand, such as retail and accommodation and food services.

While less unemployment can be regarded as a positive trade, as it signals that individuals who would like to work can find employment, fewer job seekers also results in the current challenge that employers across Canada are facing with respect to attracting and retaining a labour force.

Key Findings: Housing Demand

There is a Need to Create New Housing Opportunities

- The population and number of households in Hamilton are projected to grow indicating there is a need to continue to create new housing opportunities in Hamilton.
- The household forecasts to the year 2051 translate into the need for more than twice the number of new dwelling units to be created over the next 20 years than were completed in the last 20 years. This outlook reflects the Growth Plan expectations for an expanded economic and demographic role for the City of Hamilton into the future.

There is a Need for Housing Options for Seniors to Age-in-Place and for Support Services

- The proportion of households led by an individual aged 65 years or more is growing rapidly, indicating there is a need for additional dwellings that are appropriate for seniors to age in the right place (e.g., accessible units). Seniors should have access to housing options that provide them with the ability to live in the same community safely, independently, and comfortably, as they age.
- The growing seniors population indicates the demand for support services and home care services as well as units in retirement homes that will help seniors remain independent in the community is expected to grow as well.

There is a Growing Need for Options Suitable for Smaller Households

- The greatest demand for housing in Hamilton is from households which are smaller (less than three persons) in 2021. Furthermore, persons living alone represented the largest share among different household types in Hamilton and were the group that grew most rapidly between 2016 and 2021. There is therefore a need for smaller housing types to accommodate these households.
- Seniors typically are in smaller households so these units should be accessible as well.

There is a Growing Need for Rental Dwellings

- Although homeownership was still the dominant tenure in Hamilton in 2021, trends are demonstrating a shift towards increased demand for rental housing. The increase of renters which occurred from 2016 to 2021 implies that households are looking for more diversity across tenure types. More households in Hamilton may be renting because homeownership costs have become unaffordable.

There Could be Barriers for Couples with Children Households to Settle in Hamilton

- Couples with children represent a large share among different household types in Hamilton in 2021, however, their share has decreased in recent years. These households could be migrating to other municipalities for reasons such as a lack of housing options, to seek employment, or to attain a different lifestyle than what is offered in Hamilton. There is potentially a lack of housing that meets the desires and needs of this group of households in Hamilton currently.

There is a Growing Need for Affordable Options for Households with Moderate and Low Incomes

- The rise in inflation increased the price of housing from 2015 to 2022, effectively decreasing the value of the dollar and worsening the affordability of housing for households with moderate and low income.
- During the COVID-19 pandemic, the government of Canada adopted public health measures to slow the spread of the virus. As a result, many businesses closed, and many workers lost their jobs or worked reduced hours. Many households lost their employment income sources during that time; however, to mitigate the impacts of the pandemic on Canadians and businesses, governments implemented relief programs.
- Households in Hamilton had a slightly lower average income than households in other parts of Ontario in 2022. This demonstrates that households in Hamilton can afford a somewhat lower standard of living than the average household in Ontario.

Housing Supply

Housing supply is measured by the available housing options in a community. An important aspect of assessing housing supply is to examine recent construction activity, the tenure and condition of current dwellings, and the supply of housing for residents with unique needs or affordability challenges. This allows for an analysis of the extent to which housing supply matches housing need. It also helps to identify gaps in the current housing supply and where inclusionary zoning could play a role in filling these gaps.

Analysis of Housing Supply Characteristics

The information in this section addresses the requirements of subsection 2(1)3 of O. Reg 232/18 for an analysis of housing supply by housing type currently in Hamilton and planned for in the official plan. This section also addresses the requirements of subsection 2(1)4 of O. Reg 232/18 for an analysis of housing types and units that may be needed to meet anticipated demand for affordable housing.

Housing Supply by Structural Type







In 2021, there were a total of 222,810 occupied private dwellings in Hamilton. Of these dwellings, the greatest proportion consisted of single-detached dwellings, which accounted for over half of the housing supply (56.2%). In comparison, 53.6% of dwellings in Ontario were single-detached which is quite similar to the Hamilton context.

Hamilton had a larger share of row or townhouses than Ontario (12.3% versus 9.2%, respectively). However, the share of all other dwelling types was smaller in Hamilton than in Ontario in 2021. The share of apartments with more than five storeys in Hamilton was 16.4% in 2021 while it was 17.9% in Ontario. The share of dwellings in apartments with fewer than five storeys was 11.9% in Hamilton and 13.3% in Ontario, the share of semi-detached dwellings in Hamilton was also less prominent compared to Ontario (3.0% versus 5.5%), and the proportion of other dwellings was slightly lower in Hamilton than in Ontario (0.3% versus 0.5%).

From 2016 to 2021, all dwelling types saw higher rates of increase compared to the number of single-detached homes in Hamilton. Row or townhouses increased the most between 2016 and 2021 (11.1%). Dwellings in apartments with more than five storeys increased by 8.6% from 2016 to 2021, dwellings in apartments with fewer than five storeys increased by 6.6%, and semi-detached dwellings increased by 4.3%. In comparison, single-detached dwellings increased by only 3.2%.

While there is generally a need for more diversity among the dwelling structures in Hamilton, the data show that since 2016 the housing stock in Hamilton has become more diverse.

Figure 19: Proportion of Dwellings by Structural Type: The City of Hamilton and Ontario; 2021

		Hamilton	Ontario
	Single-Detached	56.2%	53.6%
	Apartment (>5 Storeys)	16.4%	17.9%
	Row House	12.3%	9.2%
	Apartment (<5 Storeys)	11.9%	13.3%
	Semi-Detached	3.0%	5.5%
	Other	0.3%	0.5%

Source: Statistics Canada Community Profiles; 2021

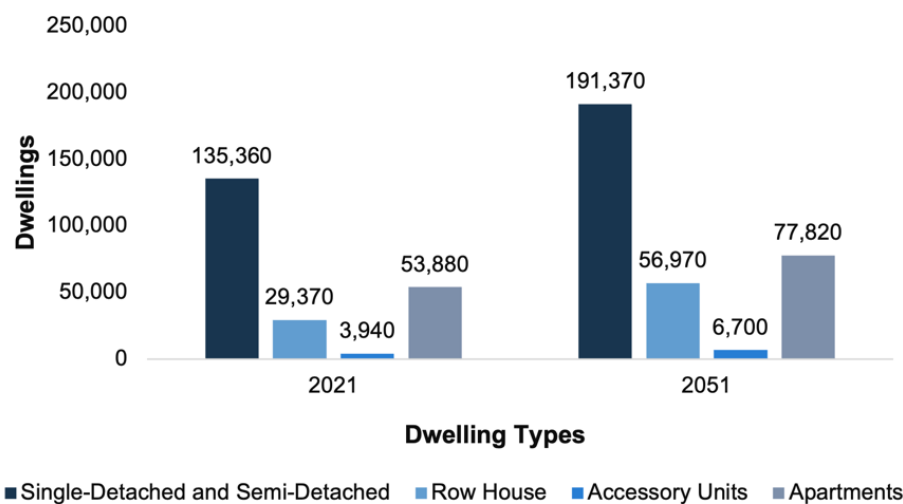
According to estimates of future housing supply published in the City of Hamilton Land Needs Assessment to 2051¹⁹, in 2051, the predominant structural type of housing will continue to be single- and semi-detached dwellings (57.5%), followed by dwellings in apartments (20.1%), row and townhouses (17.1%), and then accessory units (2.0%).

¹⁹ City of Hamilton Land Needs Assessment to 2051. Technical Working Paper – Summary of Results. March 2021. Accessed from: <https://pub-hamilton.escrimemeetings.com/filestream.ashx?DocumentId=270921>

The Growth Plan population forecast translates into demand for approximately 110,320 new housing units over the 2021-2051 period. From 2021 to 2051, the growth in the supply of row and townhouses will ultimately outpace all other dwelling types, increasing by 94.0%. The number of accessory units is expected to increase by 70.1%. Dwellings in apartments are expected to increase by 44.4%. Finally, the number of single- and semi-detached dwellings in the market is expected to increase by 41.4% from 2021 to 2051.

These forecasts point to an increased diversity in the housing supply into the future, moving away from single-detached dwellings.

Figure 20: Projection of Dwelling Units by Structural Type: City of Hamilton; 2021-2051



Source: City of Hamilton Land Needs Assessment to 2051, Lorus and Associates, 2021, 2051

The section on housing demand indicated there is a growing need for more diversity in tenure and type among dwelling structures in Hamilton to meet the increased demand for housing caused by current and anticipated trends in the number, size, composition and income of households.

Projections of future housing supply indicate that the anticipated new housing supply in Hamilton will be denser and more diverse, moving away from single-detached family-sized dwellings. These denser housing forms are often more accessible and efficient at providing homes in the community with a diversity of tenures and affordability.

Impacts on an Inclusionary Zoning Policy

Future Housing Supply by Structural Type

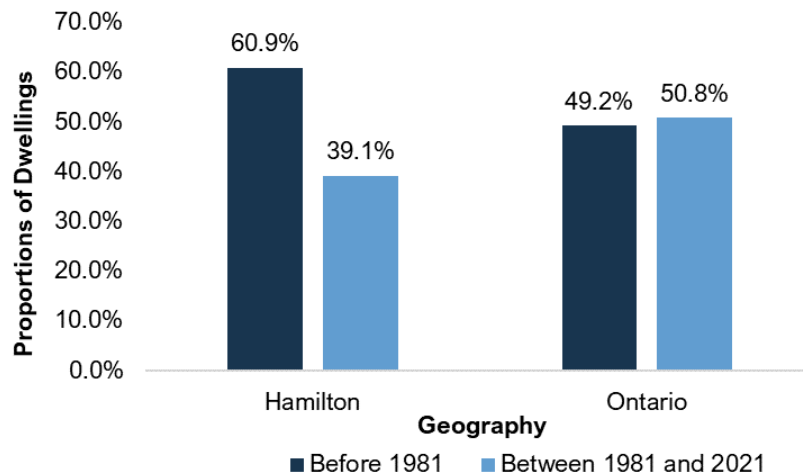
The comparatively high forecasted increase in row and townhouses, accessory dwellings and dwellings in apartments in Hamilton from 2021 to 2051 demonstrates that an inclusionary zoning policy could be successful in Hamilton as such a policy is generally most effective in higher density built forms.

Age and Condition of Dwellings

Age of Dwellings

The largest share of dwellings in Hamilton (60.9%) were built before 1981, while only 39.1% were built between 1981 and 2021. In contrast, 49.2% of dwellings in Ontario were built before 1981, and 50.8% were built between 1981 and 2021. These trends illustrate that Hamilton's housing stock is older than that in other areas of Ontario since a majority of dwellings were constructed prior to the 1980s.

Figure 21: Proportion of Dwellings by Construction Age: The City of Hamilton and Ontario, 2021



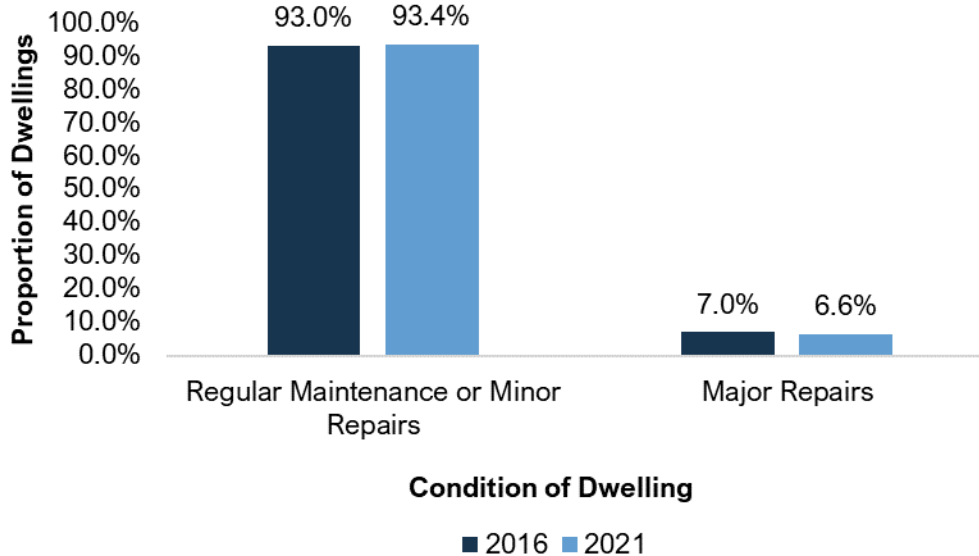
Source: Statistics Canada Community Profiles, 2021

Condition of Dwellings

In 2021, 93.4% of all dwellings in Hamilton required only regular maintenance or minor repairs, while the remaining 6.6% of dwellings required major repairs. This demonstrates that the majority of dwellings in Hamilton were in a good state of repair in 2021. In Ontario, the proportion of dwellings requiring regular maintenance and minor repairs accounted for 94.3% of dwellings and 5.7% needed major repairs. As such, there is a slightly higher share of dwellings which required major repairs in Hamilton compared with Ontario.

The number of dwellings requiring major repairs decreased by 0.8% while total dwellings increased by 5.3% from 2016 to 2021 in Hamilton. In comparison, in Ontario there was a decrease of 1.2% of dwellings which needed major repairs from 2016 to 2021. These data suggest that the need for major repairs among dwellings in Hamilton is quite low generally and has been decreasing over recent years.

Figure 22: Proportion of Dwellings by Dwelling Condition: The City of Hamilton; 2016-2021



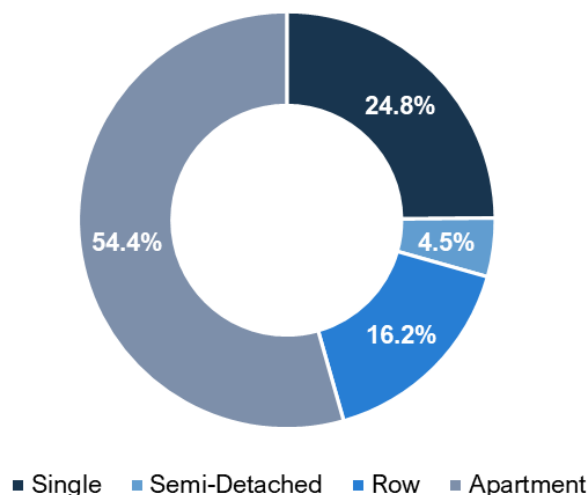
Source: Statistics Canada Community Profiles; 2016-2021

New Dwellings

Housing Completions

In 2021, 2,070 new housing units were completed in Hamilton. Of these new housing completions, apartment completions made up the largest share in Hamilton in 2021 at 54.4% (1,126 housing completions). Completions of single-detached dwellings made up 24.8% (514 housing completions). Row or townhouse completions represented 16.2% of all completions in 2021 (336 housing completions). This demonstrates there is an interest among developers in Hamilton to develop higher density dwelling types such as apartments.

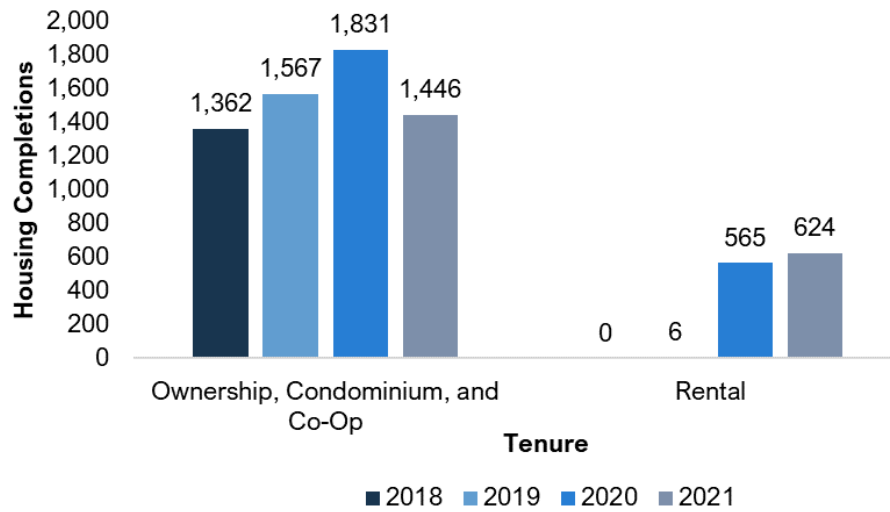
Figure 23: Proportion of Housing Completions by Structural Type: The City of Hamilton, 2021



Source: CMHC Information Portal; 2021

While the housing supply in Hamilton is becoming more diverse and shifting away from single-detached dwellings, the focus of dwelling completions remains in the ownership and condominium market resulting in a lack of purpose-built rental housing options for households. Although there were 624 rental dwelling completions in 2021 there were 1,446 homeownership and condominium units completed. Regardless of the small number of completions of new purpose-built rental dwellings in Hamilton, the number of households who were renters increased since 2016. These additional renter households are presumably being served through the secondary rental market.

Figure 24: Housing Completions by Tenure: The City of Hamilton, 2018-2021

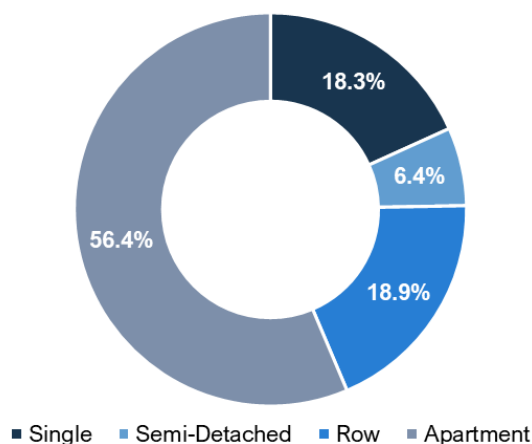


Source: CMHC Information Portal; 2018-2021

Housing Starts

CMHC also provides information on housing starts which also helps to understand what the future housing stock in Hamilton might look like. In 2021, there were 3,604 housing starts in Hamilton. The data show that apartment unit starts made up 56.4% of all housing starts in Hamilton in 2021, compared to 18.9% for row or townhouse dwellings, 18.3% for single-detached dwellings, and 3.3% for semi-detached dwellings.

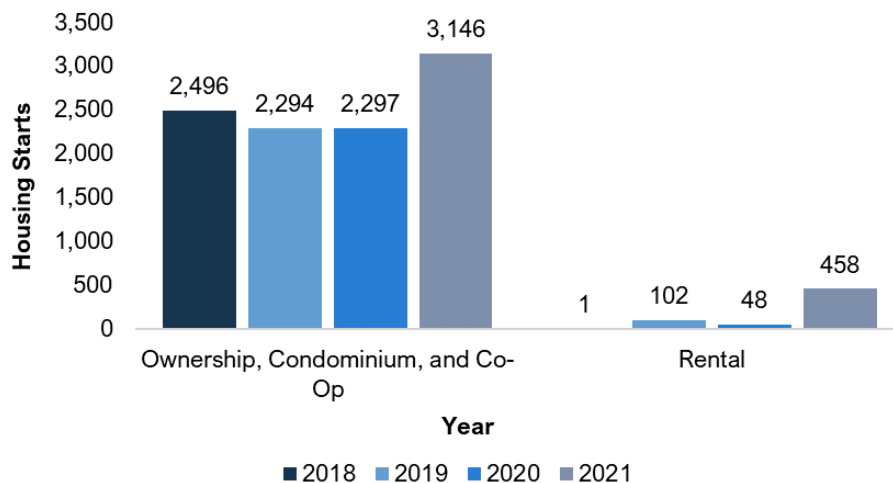
Figure 25: Proportion of Housing Starts by Structural Type: The City of Hamilton; 2021



Source: CMHC Information Portal; 2021

Of the new housing starts in 2021, 3,146 were ownership or condominium tenure units and only 458 were for purpose-built rental units. These data demonstrate that although rental housing is becoming more prominent in Hamilton, the demand for this tenure type might not be being met by adding a sufficient amount of new purpose-built rental supply.

Figure 26: Housing Starts by Tenure: City of Hamilton, 2018-2021



Source: CMHC Information Portal; 2018-2021

Based on the analysis above, it can be determined that the housing supply in Hamilton is becoming more diverse and denser, according to recent data on housing starts and completions. However, the focus of dwelling starts and completions remains in the ownership and condominium market, resulting in a lack of purpose-built rental housing. More purpose-built rental housing is needed to meet the increased demand for rental housing in Hamilton.

Building Permit Applications

Development application data was provided by the City of Hamilton for 2018 to 2022. Of the building permit applications submitted for 2022, 71.6% were for single family dwellings, 17.7% were for row or townhouses, and 8.6% were for semi-detached dwellings.

Of the building permit applications for 2022, 2.1% were for apartment buildings. Although it is not possible to identify the exact number of units which will be created in these proposed apartment developments, the presence of the apartment building permits suggests there is a demand for higher density housing which will persist into the future.

These data provide further proof that the housing stock is becoming more diverse and denser as new developments for row and townhouses, semi-detached dwellings, and apartment units come online in the future.

Impacts on an Inclusionary Zoning Policy

Future Housing Supply by Tenure

A tool like inclusionary zoning which is uniquely suited to increase the supply of rental units is not incidental but rather is designed to create a stable supply of rental units that come online in the Hamilton market areas where it is implemented. Through the implementation of an inclusionary zoning policy, the City will have a new tool to provide more rental housing, and so help accommodate the growing number of renter households in Hamilton.

Non-Market Housing Supply

Non-market housing is made up of emergency accommodation and permanent housing where monthly rent rates are geared-to-income or set at below-market rates. The City of Hamilton, as the Service Manager, is responsible for funding, administration, and ensuring legislative compliance for local non-profit, co-operative, federal, and urban native housing programs including the local housing corporation, City Housing Hamilton.

Community Housing

Community housing (sometimes referred to as social housing) is government-assisted housing that provides rent-geared-to-income (RGI) and affordable rental units to households with low to moderate incomes. Community housing includes private non-profit corporations, municipally owned non-profit corporations and non-profit co-operative housing corporations. A subsidy is provided so that households only spend 30% of their income on rent. For some people with low income, a rent subsidy is provided to live in a unit in a private market rental building. This subsidy is referred to as a rent supplement (RGI) or housing allowance (flat rate reduction of rent).

Affordable housing refers to housing that costs 30% or less of gross household income for households with low to moderate incomes. All community housing is affordable, but not all affordable housing is community housing. The terms affordable housing and community housing are often used interchangeably. While all community housing is affordable, the term “community housing” refers more specifically to housing that has government subsidy.

As of September 2022, there were 13,065 rent-geared-to-income (RGI) and market units in Hamilton's community housing stock. There are approximately 510 accessible units which include units that are partially or fully modified. All units within the housing stock are with 40 housing providers that operate community housing across the city and who have agreements with the City for subsidized units. This includes rent supplement units with community housing providers but does not include rent supplement units with private landlords.

Since 2001, there has been a reduction of approximately 1,900 units due to the end of Federal operating agreements and the approved sale of single and semi-detached units.

Approximately 35.5% of the community housing units in Hamilton were mandated for seniors, 9.3% were mandated for families, 1.8% of units for families with special needs, 1.4% for "other" household types, 0.9% of units for seniors with special needs, 0.7% were alternative housing units, and 0.7% were specifically mandated for households with special needs. Only 0.2% of units were mandated for non-elderly singles and 0.2% were alternative housing units for non-elderly singles.

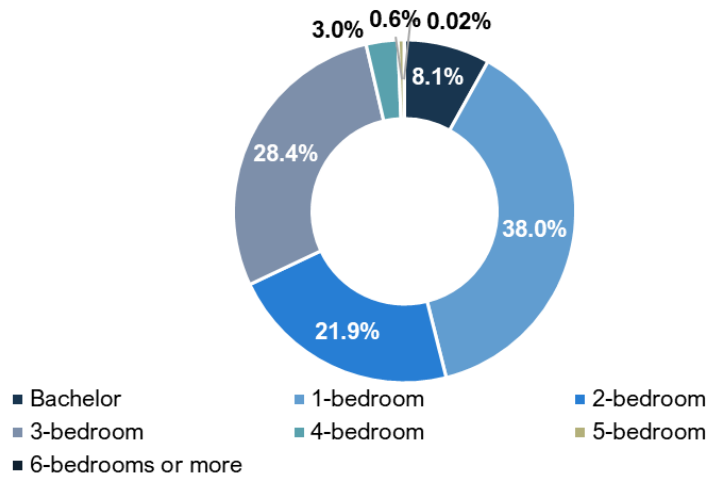
Figure 27: Community Housing Units by Mandate: City of Hamilton; 2022

Building Mandate	Proportion of Units by Mandate
Seniors	35.5%
Families	9.3%
Families, Special Needs	1.8%
Other	1.4%
Seniors, Special Needs	0.9%
Alternative Housing	0.7%
Special Needs	0.7%
Non-elderly Singles	0.2%
Alternative Housing, Non-elderly Singles	0.2%
Not applicable	49.3%
Total Units	100.0%

Source: City of Hamilton, 2022.

The majority of community housing in Hamilton is in the form of one-bedroom units (38.0%), followed by three-bedroom units (28.4%), two-bedroom units (21.9%), four-bedroom units (3.0%), five-bedroom units (0.6%), and six-bedroom units (0.02%). In 2022, only 3.7% of the community housing supply had four-bedrooms which would be suitable for larger households and families.

Figure 28: Proportion of the Community Housing Units by Unit Size: City of Hamilton; 2022



Source: City of Hamilton, 2022.

Rental rates for those in receipt of RGI assistance within community housing are typically set according to the household's income, with households paying no more than 30 per cent of their income towards rent. Ontario Works (OW) and Ontario Disability Support Program (ODSP) households' RGI is calculated using a rent scale which is outlined in the Housing Services Act, 2011.

Additionally, there were 1,416 households in receipt of a housing allowance or rent supplement in Hamilton in 2021. Of these, 362 were receiving housing allowances and 1,054 rent supplements.

Portable housing benefits provide direct financial assistance to households, and unlike community housing, the benefit is tied to a household instead of a housing unit. Portable benefits help to bridge the housing affordability gap by helping households keep housing costs at or below 30% of their income. While the goal is to bring a household's rent to within 30% of their income, the housing benefit is a flat rate so does not always meet this target. A monthly payment to a private landlord or co-op/non-profit housing provider covers the difference between an agreed-upon market rent and the tenant's RGI portion of rent. There are several municipally funded housing allowance programs in Hamilton, including Municipal Housing Allowance (MHA), Hamilton Housing Benefit (HHB), and COVID Relief Housing Allowance (CRHA). All of these municipally funded housing allowance programs are only portable within the boundaries of Hamilton.

Each of the subsidies are entirely funded by the municipal levy and are portable within Hamilton. They are also time-limited of five or eight years depending on the program. Households receiving housing allowance stay on the Access to Housing (ATH) waitlist and are eligible for the housing allowance until they accept an offer of RGI, become ineligible for the waitlist or housing allowance, or meet the maximum program period.

Some housing allowances are also provided through the Social Infrastructure Fund (SIF) – Housing Allowance program, however this program will end March 31st, 2022.

The Canada-Ontario Housing Benefit (COHB) is a Provincially-funded housing allowance subsidy program. The COHB program is designed to increase the affordability of rental housing by providing an income-tested, portable housing benefit that is paid directly to eligible households. It is portable anywhere in Ontario. However, households do not have to move to receive the COHB. They can use it to pay rent in-situ. COHB is an alternative to RGI housing. Unlike the municipally-funded programs, households in receipt of a COHB agree to be taken off the ATH waitlist, as per the requirements of the program. Currently, all households with COHB subsidies are included within the ATH 'housed' data.

On the other hand, rent supplements are subsidies paid to community housing providers and private landlords to bridge the gap between what a household can afford to pay and the actual cost of housing. In Hamilton, rent supplements are attached to a specific program. Rent supplements are a form of RGI housing subsidy that help households with low or moderate incomes with rent affordability. A monthly payment to a private landlord or co-op/non-profit housing provider covers the difference between an agreed-upon market rent and the tenant's RGI portion of rent. A household's eligibility to remain in a rent supplement unit is reviewed annually.

Figure 29: Rent Supplement and Housing Allowance Units: The City of Hamilton; 2021

	2021
Number of households in receipt of local Housing Allowance	362
Number of households in receipt of a Rent Supplement	1,054
Total	1,416

Source: City of Hamilton, 2022.

Demand for Community Housing

The demand for community housing is much greater than the supply. Eligible households for community housing are placed on a centralized waitlist through Access to Housing (ATH) to wait for an RGI unit within Hamilton's community housing portfolio.

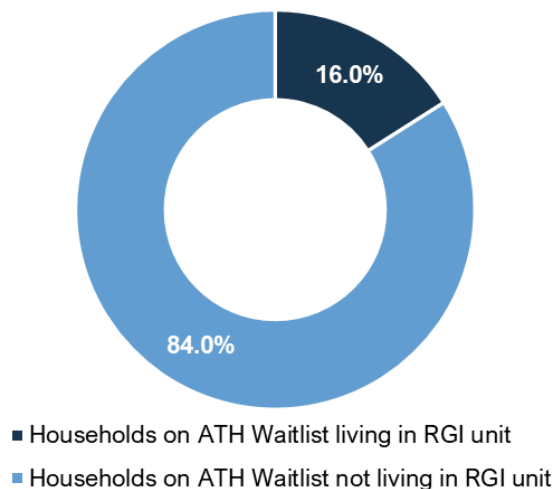
For a household to move into RGI housing, other households must move out or new stock must be made available.

ATH waitlist includes:

- Family, senior, single and couple households that wish to secure RGI housing or are living in RGI housing and request/require a transfer to another housing provider. These are households that:
 - Know about subsidized housing
 - Have chosen to apply
 - Kept their application current
 - May or may not have a priority designation

As of 2021, there were 5,716 households on the waitlist for community housing in Hamilton. The number of Applicant Households living in an RGI unit represents households currently living with a community housing provider who wish to “transfer” to another community housing provider. This includes over-housed households who are required to apply for a smaller unit, people with safety or other concerns in their existing unit and those in receipt of RGI subsidy living in another municipality. In 2021, 16.0% of applicant households on the community housing waitlist were already living in an RGI unit. In contrast, 84.0% of applicant households on the waitlist did not currently live in an RGI unit.

Figure 30: Proportion of Households on the Community Housing Wait List: The City of Hamilton; 2021



Source: City of Hamilton, 2022.

Whether households are waiting for community housing or already live in community housing and looking to transfer, the number of households on the waiting list for community housing reflects households whose housing needs are not being met. The number of active applicant households was reduced to 5,716 in 2021 from 6,647 in 2020, but this does not represent a downward trend in the need for community housing. Two main factors influenced the decrease: a backlog of applicants yet to be assigned and a data clean-up exercise was conducted before implementing the new waitlist administration system in 2021. The number of applicant

households for 2022 thus far has already increased from year-end 2021. It is anticipated that over time, 2021 will be viewed as an anomaly year.

The percentage of households on the community housing waitlist annually housed is a performance measure established by the Municipal Benchmarking Network of Canada (MBNC). MBNC uses 10% as the benchmark for waitlist placements which has been adopted by the City of Hamilton. Since 2016, the City of Hamilton has consistently met or has been close to meeting the 10% “housed” target. Despite the target, it still equates to a small percentage of applicants who secure RGI housing. Fewer vacancies due to low-turnover or units off-line means fewer units can be rented to applicants or RGI tenants who need to transfer to another unit. Although the small turnover rate in RGI units provides for more stable tenancies and community housing communities, it means fewer units can be rented to waitlist applicants or RGI tenants who need to transfer to another unit.

Figure 31: Percentage of Households Housed from the Community Housing Wait List: The City of Hamilton; 2016 – 2021

	2016	2017	2018	2019	2020	2021
Number of households on ATH Waitlist	5,964	6,258	6,704	6,231	6,647	5,716
Number of households housed from ATH Waitlist	662	672	508	595	662	541
% of households housed from ATH Waitlist	10%	10%	7%	9%	9%	9%

Source: City of Hamilton, 2022.

The average wait time for all households housed in an RGI unit from the ATH waitlist has increased over the last five years. Depending on the applicant’s circumstances, unit requirements, selections, and availability, wait times range from several months to upwards of 10 years.

The length of time people wait for community housing depends on several factors including:

- Number and location of buildings an applicant has selected
- Size and type of unit required
- The rate at which people move out and units become available
- Priority status
- Limited stock – demand exceeds supply
- Changes in application status – e.g., applicants can be in deferred status for an unlimited time and reactivated with original application date thus making the time between application date and housed date longer.

Impacts on an Inclusionary Zoning Policy

Non-Market Housing Supply

If an inclusionary zoning policy is implemented in Hamilton, some of the units might be purchased or transferred to the not-for-profit or co-operative housing providers in Hamilton through partnership agreements with for-profit developers. This could be an effective way to increase the stock of community housing in Hamilton and subsequently reduce waitlists and wait times for these units. Such a partnership could increase the capacity of the not-for-profit sector in Hamilton, although it may also require additional support from the City through subsidies or incentives to be financially viable.

Supportive Housing

The Residential Care Facilities (RCF) Subsidy Program prevents homelessness by providing funding for the operation of safe and affordable supported housing in a communal setting, i.e., in a Residential Care Facility (RCF) for people who require assistance with the daily activities of life.

The City of Hamilton recognizes the RCF Subsidy Program as an important part of the housing continuum. The program offers choices of housing with support options for people who would otherwise be homeless, inappropriately housed in institutions and/or shelters or inadequately supported in other settings.

The goal is for residents to achieve housing stability with the greatest community participation and quality of life possible.

To qualify for the RCF Subsidy Program an individual must:

- Be 18 years of age or over
- Meet established asset and income criteria
- Be able to maintain personal mobility at the time of admission
- Require assistance with identified activities of daily life

Individuals have unique requirements and remain housed through this program as long as the individual requires the level of service, chooses to live in a subsidized facility because it meets their identified goals, or an individual's needs do not exceed the level of service provided by the program.

In 2021, there were 48 Residential Care Facilities offering 811 beds to individuals with support needs. A waitlist is not kept for these units.

Figure 32: Residential Care Facilities: The City of Hamilton; 2021

	2021
Number of Residential Care Facilities	48 subsidized homes
Number of Beds at Residential Care Facilities	811 beds

Source: City of Hamilton, 2022.

Impacts on an Inclusionary Zoning Policy

Supportive Housing Supply

An inclusionary zoning policy in Hamilton might be a unique opportunity to bring supportive housing providers and for-profit developers together to increase the number of supportive housing units in Hamilton. In recent years, supportive housing providers across Ontario have started to enter into partnership agreements with for-profit developers to operate a number of units with supports in market housing apartment buildings. Through an inclusionary zoning policy, these types of partnerships could become more formalized and coordinated to help meet the increased need for accessible and supportive housing options for households with a disability or mental health issue in Hamilton.

Long-Term Care Housing

A long-term care home is a form of permanent accommodation for people who need 24-hour nursing and personal care with on-site supervision or monitoring to ensure their safety, and who have care needs that cannot be safely met in the community through community-based services and/or in-home supports²⁰. People who need long-term care are currently placed through the Home and Community Care Support Services (formerly LHINs Home and Community Care). Data obtained from the Home and Community Care Support Services – Hamilton Niagara Haldimand Brant indicate there are a total of 8,601 long-term care beds in 70 long-term care homes in Hamilton.

²⁰ Paying for Long-Term Care (2022). Province of Ontario. Accessed from: <https://www.ontario.ca/page/find-long-term-care-home#section-3>.

Figure 33: Long-Term Care Housing: The City of Hamilton; 2022

	Beds
Albright Gardens	231
Alexander Place Long Term Care	128
Anson Place Care Centre	61
Arbour Creek Long Term Care Centre	128
Baywoods Place	128
Billings Court Manor	160
Blackadar Continuing Care Centre	80
Brierwood Gardens	79
Burloak Long Term Care Centre	144
CAMA Woodlands Long-Term Care Home	128
Cedarwood Village	90
Chartwell Brant Centre Long Term Care Residence	175
Chartwell Willowgrove Long Term Care Residence	169
Chippawa Creek at Bella Care Residence	160
Clarion Nursing Home	100
Creek Way Village Long-Term Care Home	144
Crescent Park Lodge	68
D H Rapelje Lodge	120
Deer Park Villa	39
Delhi Long Term Care Centre	60
Dover Cliffs	70
Dundurn Place Care Centre	201
Edgewater Gardens	64
Extendicare - Hamilton	160
Extendicare - St Catharines	153
Fox Ridge Care Community	122
Foyer Richelieu Welland	65
Garden City Manor	200
Gilmore Lodge	80
Grace Villa Long Term Care Home	184
Grandview Lodge	128
Hamilton Continuing Care	64
Hampton Terrace Care Centre for Seniors	101
Hardy Terrace Long-Term Care Home	101
Heidehof Long Term Care Home	106
Henley House (The)	160
Heritage Green Nursing Home	167
Idlewyld Manor	192
Iroquois Lodge Nursing Home	50
John Noble Home	156
Kilean Lodge	50
Linhaven	248
Macassa Lodge	270
Maple Park Lodge	96
Maple Villa Long Term Care Centre	93

	Beds
Meadows Long-Term Care Centre	128
Meadows of Dorchester	121
Millennium Trail Manor	160
Mount Nemo Christian Nursing Home	60
Niagara Health - Welland Site - Extended Care Unit	115
Niagara Ina Grafton Gage Village	40
Niagara Long Term Care Residence	124
Norfolk Hospital Nursing Home	80
Northland Pointe	151
Norview Lodge	179
Oakwood Park Lodge	153
Orchard Terrace Care Centre	45
Park Lane Terrace	132
Gardenview Long Term Care Home	64
Parkview Nursing Centre	126
Pine Villa Nursing Home	41
Pleasant Manor Retirement Village	41
Queen's Garden Long Term Care Residence	128
R H Lawson Eventide Home	101
Caessant Care - Courtland	54
Woodlands of Sunset (The)	121
Westhills Care Centre	160
West Park Health Centre	93
Wentworth Lodge	160
Wellington Park Care Centre	132
Wellington (The)	102
Village of Wentworth Heights (The)	120
Village of Tansley Woods (The)	144
Victoria Gardens Long Term Care	76
Valley Park Lodge	65
Upper Canada Lodge	80
United Mennonite Home	128
Telfer Place	45
Tabor Manor	128
St Peter's Residence at Chedoke	210
St Joseph's Villa Dundas	425
St Joseph's Lifecare Centre	205
Long Term Care	127
Shalom Manor Long Term Care	144
Royal Rose Place	96
Ridgeview Long Term Care Centre	120
Regina Gardens Long Term Care Residence	128
TOTAL	8,601

Source: Home and Community Care Support Services – Hamilton Niagara Haldimand Brant, 2022.

Accommodation rates for long term care range from \$1,938.46 per month for basic accommodation to about \$2,769.14 for private accommodation. The Province provides a subsidy if a person does not have enough income to pay for the basic rate²¹.

Support Services

In addition to the housing with supports which is available to residents of Hamilton, there are also a number of community agencies in Hamilton that provide support services to individuals and families who need assistance. Support services offered by these agencies may include assistance with searching for housing, eviction prevention, legal assistance, referrals to housing and other support services, food banks, clothing and furniture banks, life skills training, employment supports, and counselling.

Analysis of Current Market Rents and Prices

The majority of housing units in a community are private market housing units and include both rental and ownership units. This section of the report addresses the requirements of subsection 2(1)5 of O. Reg 232/18 for an analysis of the current market price and the current average market rent for each housing type, taking into account location in Hamilton.

Private Rental Market

Rental housing fulfills a number of important roles in the housing market in a community. It offers a flexible form of accommodation, provides relief from day-to-day maintenance, and often provides more modest-sized units. In addition, rental housing is generally more affordable compared to ownership housing. In most cases, rented dwellings tend to have lower monthly costs and only require the first and last months' rent as a deposit. The flexibility and affordability of rental housing is ideal for some households, such as seniors wishing to downsize or who are on a fixed income, young adults starting their careers, or people living alone.

²¹ Paying for Long-Term Care (2022). Province of Ontario. Accessed from: <https://www.ontario.ca/page/find-long-term-care-home#section-3>.

Until the mid-1970's, rental housing as a tenure was more prevalent than it is today, particularly in urban areas. It was common to rent even among high-income earners²². However, a reform of the Canadian tax code in 1972 shifted the balance in the housing market to an ownership-based model which provided tax incentives for homeowners while removing tax incentives for the construction of purpose-built rental apartments. Implications of this policy decision can be observed in Hamilton where today, ownership is the predominant housing tenure. The introduction of the National Housing Strategy in 2018, which includes some programs intended to encourage the development of purpose-built rental housing, suggests the federal government is starting to put some measures in place to re-balance the housing market to some extent.

The private rental market in a community is generally made up of the primary or purpose-built rental market and the secondary rental market. The primary rental market includes all self-contained rental units where the primary purpose of the structure is to house tenants. The primary rental market includes purpose-built rental apartments and rowhouses. The secondary rental market represents self-contained units which were not built specifically as rental housing but are currently being rented out. These units include rented single-detached, semi-detached, row/townhouses, duplex apartments (i.e., separate dwelling units located within the structure of another dwelling), rented condominium units, and one or two apartments which are part of a commercial or other type of structure.

There were a total of 76,400 rented dwellings in Hamilton in 2021, making up 34.3% of all dwellings. The number of rented dwellings increased by 11.5% since 2016 compared to an increase in all dwellings of 5.3% from 2016 to 2021.

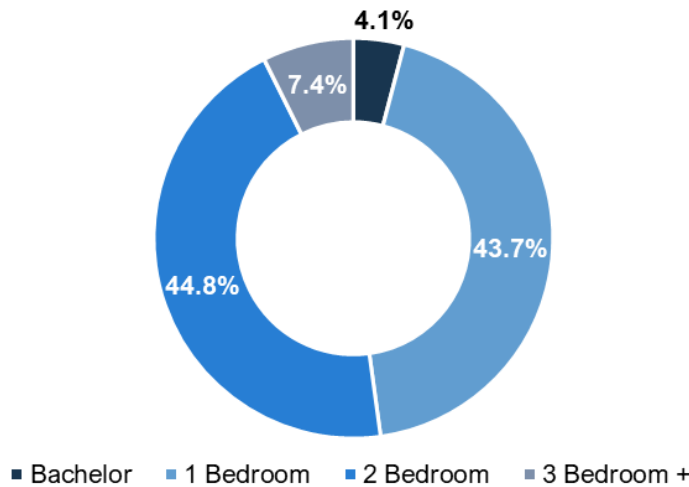
Primary Rental Market

According to CMHC, there were 37,120 purpose-built rental units in Hamilton in 2021. Of these units, 44.8% had two-bedrooms, 43.7% had one-bedroom, and the share that were bachelor units made up 4.1%. These units would all be suitable for smaller household sizes. In comparison with the data on household size in Hamilton, 27.9% of households had only one person and 32.1% of households were two-person households.

Units with three or more bedrooms accounted for only 7.4% of all units in the primary rental market in 2021. Households with three or more persons made up 40.0% of all households (15.9% three person households, and 24.2% four or more person households) in 2021. This indicates that the current composition of the purpose-built rental market does not reflect the current need for larger units based on household sizes in Hamilton and there could be a lack of supply of larger dwellings in the primary rental market.

²² Suttor G. 2015. Rental Paths from Post-war to Present: Canada Compared. Retrieved from: <http://www.urbancentre.utoronto.ca/redirects/rp218.html>

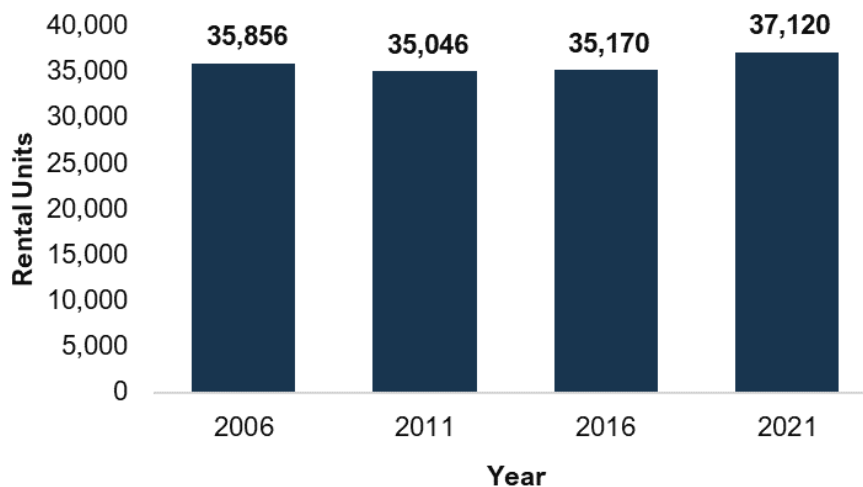
Figure 34: Primary Rental Market Units by Unit Size: The City of Hamilton; 2021



Source: CMHC Information Portal, 2021.

Since 2016, there has been an increase in the number of purpose-built rental units from 35,170 units to 37,120 units in 2021, which represents a 5.5% increase in the number of units. As previously mentioned, the number of households who are renters increased from 2016 to 2021 by a rate of 11.5%. This suggests that although the supply of rental housing in the primary market is increasing, some new renter households are most likely finding housing through the secondary rental market rather than the primary market.

Figure 35: Primary Rental Market Units: The City of Hamilton; 2006, 2011, 2016 & 2021



Source: CMHC Information Portal; 2006, 2011, 2016 & 2021

Vacancy Rates in the Primary Rental Market

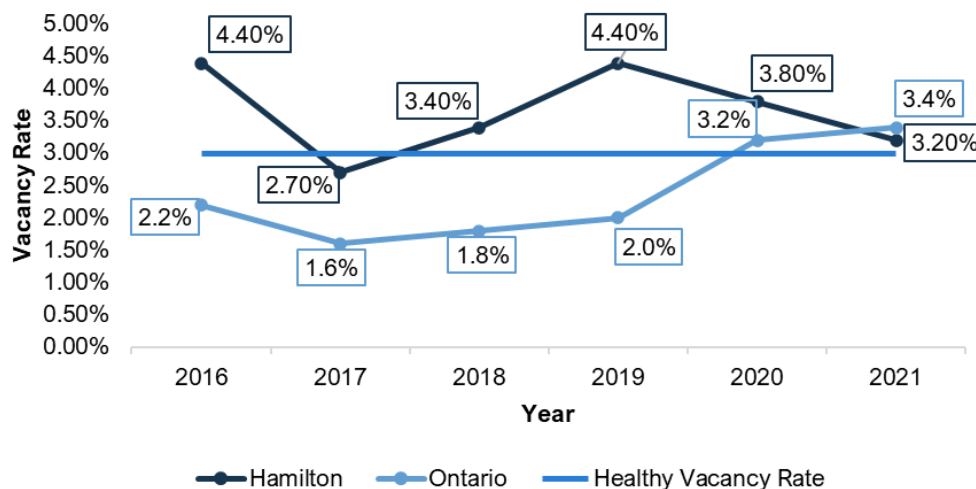
A vacancy rate of 3.0% is generally accepted as a ‘healthy’ vacancy rate, indicating a balance between the supply of rental housing and the need for rental housing. In 2021, the vacancy rate for units in the primary rental market in Hamilton was 3.2%; down from 4.4% in 2016. While the vacancy rate in 2021 is lower than it was in 2016, it is approaching what is generally considered to be the ‘healthy’ vacancy rate (3%). In comparison, the vacancy rate in Ontario was 3.4% in 2021 – which is higher than the vacancy rate in Hamilton (3.2%).

Although the vacancy rate of rental housing in the primary market in Hamilton seems to be at a healthy place, there is strong demand for rental housing in the city. From 2016 to 2021, additional supply was added to the primary rental market in Hamilton, but these trends highlight that even with this additional supply, the vacancy rate declined over that period.

Stronger rental demand likely occurred in Hamilton due to fewer renters transitioning into homeownership. New mortgage regulations which came into effect in January 2018 impacted the housing market by introducing stricter qualifying criteria (also known as a “stress test”) that would determine whether a homebuyer could be able to afford their principal and interest payments should interest rates increase.

In addition, there was an increase in students attending McMaster University in 2021 as courses offered in the fall 2021 semester had the option for in-person learning. Furthermore, many new permanent residents who were newcomers to Canada settled in Hamilton in recent years. For these reasons, demand for rental housing remains high in Hamilton.

Figure 36: Primary Rental Market Vacancy Rates: The City of Hamilton and Ontario; 2016-2021



Source: CMHC Rental Market Survey, 2016-2021

Rents in the Primary Rental Market

The average market rent (AMR) of units in the primary rental market was \$1,190 in 2021; up by 32.1% since 2016 in Hamilton. This increase is much greater than the rate of inflation (10.4%) and of average household income growth (23.8%) during that same time period.

The average market rent for bachelor apartments saw the highest rate of increase; increasing by 39.7% from \$655 in 2016 to \$915 in 2021. Units with one-bedroom had an AMR of \$1,095 in 2021 (an increase of 34.9% from 2016 rents), two-bedrooms had an AMR of \$1,271 in 2021 (an increase of 31.6% from 2016 rents), while the AMR for units with three or more bedrooms was \$1,479 in 2021; having increased by 34.9% since 2016. Although the rents in Hamilton increased significantly from 2016 to 2021, this growth likely was tempered by the 2021 Ontario rent freeze which was applied to up to 85% of all rented units during the COVID-19 pandemic.

Compared with rents in Hamilton, Ontario had a higher average rent (\$1,395) for units in the primary rental market. Although rents in Hamilton are generally lower than they are in other areas of the province, the average rent in Hamilton increased more rapidly from 2016 to 2021 compared to Ontario, which increased by 27.4% (the average rent in Hamilton increased by 32.1%). This signals that there is increased demand for rental housing in Hamilton in recent years and that this supply is becoming more unaffordable. Households from other communities in Ontario could be moving to Hamilton to capitalize on lower average rent prices, increasing competition for rental housing and driving up rents over time.

Figure 37: Primary Rental Market Average Rents by Unit Size: The City of Hamilton; 2006, 2016, 2021

	Bachelor	One-Bedroom	Two-Bedrooms	Three+ Bedrooms	Total
2006	\$482	\$613	\$751	\$897	\$690
2016	\$655	\$812	\$966	\$1,096	\$901
2021	\$915	\$1,095	\$1,271	\$1,479	\$1,190
△ 2016 - 2021	39.7%	34.9%	31.6%	34.9%	32.1%
Inflation (△ 2016-2021)	10.4%				

Source: CMHC Information Portal, 2006, 2016, 2021

The increased demand for rental housing in Hamilton between 2016 and 2021 is likely resulting in higher average market rents for primary units. From 2016 to 2021, the average rents in the primary rental market increased at a faster rate than inflation and average household income. These findings demonstrate there is a strong need for additional purpose-built rental housing in Hamilton.

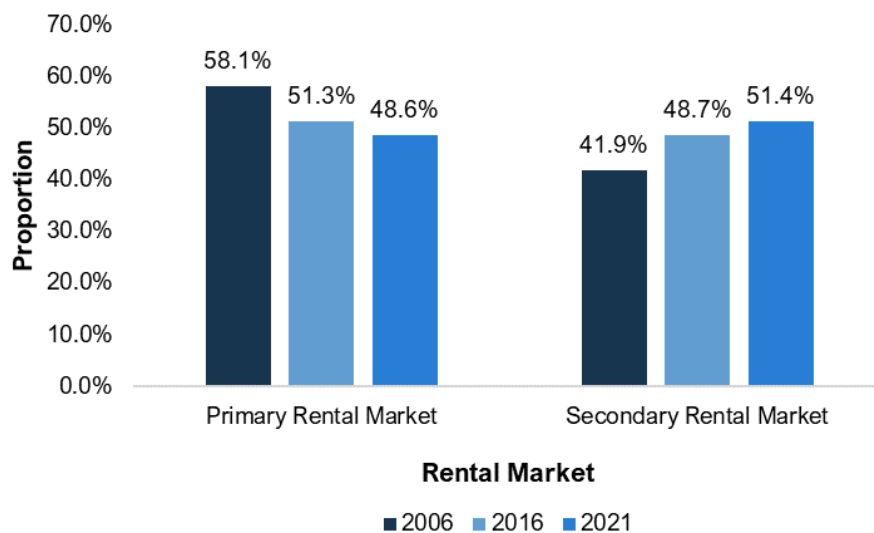
Secondary Rental Market

While the number of households who were renters increased by 11.5% from 2016 to 2021, the previous section revealed that this growth did not occur solely in the primary rental market. From 2016 to 2021, the secondary market increased by 17.7% (5,905 units).

Since 2006, there has been a shift in the proportion of the rental market that is accounted for by the primary rental market versus the secondary rental market. In 2006, 58.1% of units in the rental market in Hamilton were in the primary rental market and only 41.9% of units were in the secondary rental market. However, in 2021, units in the primary rental market only accounted for 48.6% of the rental market and the majority of units were in the secondary rental market (51.4%).

The supply of rental housing in Hamilton has therefore shifted to be disproportionately provided through the secondary rental market.

Figure 38: Rental Market Proportions: The City of Hamilton; 2006, 2016, 2021



Source: CMHC Information Portal, 2006, 2016, 2021

The secondary rental market is a good source of rental units. It generally offers a more diverse supply as these units include single and semi-detached homes as well as secondary suites compared to predominantly apartment and townhouse units in the primary rental market. However, units in the secondary rental market are generally more expensive (with the exception of secondary suites) while offering a tenure that is not as stable as units in the primary rental market. For example, landlords could sell or convert a unit back to ownership or move into the unit.

Rents in the Secondary Rental Market

The current average market rent of rental apartments in the secondary rental market in Hamilton was \$2,215²³ according to MLS. This shows rents in the secondary rental market are significantly higher than those in the primary rental market (\$1,190 in 2021) in Hamilton. The average rent for a one-bedroom unit in the secondary market was \$1,914, two-bedroom units had average rents of \$2,308, while units with three bedrooms or more had average rents of \$2,594 as of October 2022.

Figure 39: Secondary Rental Market Average Rents by Unit Size: The City of Hamilton; 2021

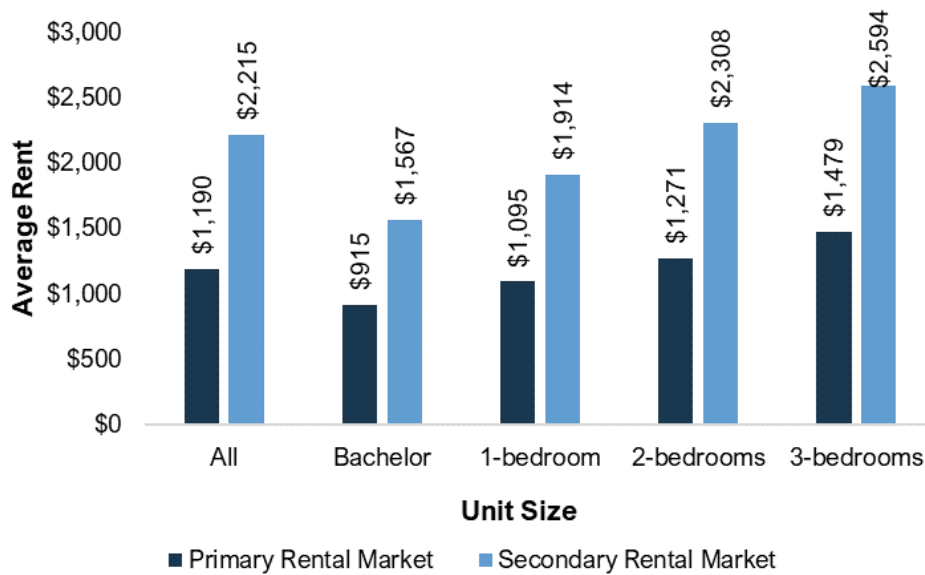
	All	Bachelor	1- bedroom	2- bedrooms	3- bedrooms
Average Rent	\$2,215	\$1,567	\$1,914	\$2,308	\$2,594
Median Rent	\$2,150	\$1,700	\$1,900	\$2,350	\$2,500
Average Rent/SF	\$2.92	\$3.61	\$3.08	\$2.64	\$2.29
Median Rent/SF	\$2.99	\$4.17	\$3.13	\$2.64	\$2.15

Source: MLS, 2022.

The difference between the data reported for the average market rents in the primary and secondary rental markets is below. These data support the analysis that units rented in the secondary rental market are more costly than those in the primary market in Hamilton.

²³ This statistic represents the average market rent from all apartment leases that transacted between October 2021 and October 2022.

Figure 40: Average Rents by Unit Size by Rental Market: The City of Hamilton; 2021/2022



Source: CMHC Information Portal; 2021. MLS; 2022.

While the secondary rental market provides necessary housing supply which is more flexible, diverse, and generally more affordable than homeownership, average market rents in this sector are more expensive than those found in the primary market. This can create barriers to households with lower incomes who have no other choice but to rent in the secondary market. This suggests there is a need for rental housing options in Hamilton that are affordable to households with moderate and low incomes.

Impacts on an Inclusionary Zoning Policy

Current Market Rents

The City of Hamilton should consider implementing an inclusionary zoning policy which requires rents be provided at prices at or below the average market rent as reported by CMHC. This would ensure that renters with moderate incomes could afford the units developed through a potential inclusionary zoning policy in Hamilton.

Ownership Housing

Homeownership is a valuable form of personal investment and is often viewed as the most important way to build personal assets. For many households, homeownership is the ideal form of housing and can offer a form of investment, security of tenure, and quality in accommodation.

In 2021, there were a total of 146,410 owned dwellings in Hamilton. Owned dwellings accounted for 65.7% of all dwellings in Hamilton in 2021. This is consistent with Ontario as a whole, where 68.4% of all dwellings were owner occupied.

Current Homeownership Prices

The average house price in Hamilton in 2022 was \$792,767. Of the different types of dwellings in Hamilton, detached houses were sold for the highest price on average in 2022 at \$876,899, followed by row and townhouses (\$696,873), and then semi-detached houses (\$591,700). These high prices support the argument that demand is highly concentrated in ground-related housing in Hamilton as prices are highest for these types of homes.

Condominium apartments had the least expensive prices on average (\$465,064) of all dwelling types in Hamilton in 2022. Since 2019, the average house price of all homes in Hamilton increased by 44.4%. The average price for condominium apartments increased most significantly over that time period; increasing by 32.0%.

Figure 41: Average House Prices by Dwelling Type: The City of Hamilton; August 2022

		2019	2022	Δ 2019-2022
Single Family Market Activity	Detached	\$592,544	\$876,899	23.9%
	Semi-detached		\$591,700	
Townhouse		\$582,677	\$696,873	19.6%
Apartment-Style		\$352,242	\$465,064	32.0%
All		\$548,848	\$792,767	44.4%

Source: Canadian Real Estate Association, Residential Market Activity Report; August 2022.

Since 2019, the average house price of all homes in Hamilton increased by 44.4%. From 2019 to 2022, the rate of inflation was 12.1% in contrast. This illustrates how significantly house prices in

Hamilton have been increasing over recent years. Homeownership is becoming less affordable for all households in Hamilton.

Figure 42: Rate of Change of Average House Prices & Rate of Inflation: The City of Hamilton; 2019-2022

	Average House Price
2019	\$548,848
2022	\$792,767
△ 2019-2022	44.4%
Rate of Inflation (△ 2019-2022)	12.1%

Source: Canadian Real Estate Association, Residential Market Activity Report; August 2022. Statistics Canada CPI for Ontario for 2019-2022.

Increases to the average house price in Hamilton since 2019 were influenced by several policies introduced by government during that period of time. Prior to January 2022, mortgage interest rates were very low, including the Bank of Canada's benchmark five-year rate used by Canada's largest banks to qualify applicants under the mortgage stress test. This helped to improve homebuyer access to home purchase financing.

Additionally, in October 2019, the Federal Government introduced the First-Time Home Buyer Incentive. The First-Time Home Buyer Incentive program is a shared equity mortgage which allows households to borrow 5% or 10% of the purchase price of a home to put towards a down payment which will later be paid back at the time when the home is sold or within 25 years. This program creates an incentive for households who have never purchased a home before to enter the market. This has resulted in increased competition among buyers and has provided the environment for prices to increase since 2019.

In 2022 however, there have been significant increases in lending rates which have impacted affordability and concern regarding a housing correction has dampened consumer confidence. This has contributed to a decline in sales in Hamilton in 2022. Yet, despite the adjustments, prices still remain well above levels reported prior to the COVID-19 pandemic²⁴.

While previous findings in the supply section indicated the housing stock is diversifying, when combined with the trends described in the housing demand section these data suggest there is insufficient diversity in the housing stock when looking at tenure and structure type.

While single-detached dwellings may be the ideal for larger families with children, they may not be the most appropriate dwelling for other household types, such as young adults purchasing

²⁴ REALTORS® Association of Hamilton-Burlington (RAHB)

their first home, singles, seniors looking to downsize, or people with accessibility challenges such as persons with disabilities. Single-detached dwellings are generally less accessible due to the presence of stairs and it may be harder to adapt them for accessibility compared to an apartment. In addition, they require more maintenance.

Single-detached dwellings in general are also less affordable compared to other dwelling types, such as condominium apartments or row houses. As such, having a housing supply which is predominantly single-detached homes limits the options for certain households.

In addition, the increase in price in the housing market might have caused aspiring homeowners to start renting as they cannot yet afford to purchase a home in Hamilton. Furthermore, households with a maintainer aged 45 to 64 years may be deterred from settling in Hamilton due to the high costs. More homeownership options which are affordable to households, primarily with moderate incomes, are needed in Hamilton.

Impacts on an Inclusionary Zoning Policy

Current Ownership Prices

The strong need for affordable ownership units suggests that an inclusionary zoning policy that includes affordable ownership housing would address community needs.

Key Findings: Housing Supply

There is a Need for Continued Diversification of the Housing Stock

- Single-detached dwellings are the predominant housing type in Hamilton in 2021, but recent trends (e.g., housing starts and housing completions) point to a diversification of the housing stock which is expected to continue into the future. Single-detached dwellings may not be the most appropriate housing type for some households who require housing which is accessible in order to live independently. The increase in these household types (smaller households, senior households, etc.) described in the demand section, indicates there is a need to continue to support the diversification of the housing stock in Hamilton moving forward.

There is a Need for New Purpose-Built Rental Dwellings to Accommodate the Growing Number of Renters

- The majority of housing starts and completions were in the ownership and condominium market, even though the number of renter households increased at a significantly faster rate compared to the number of owner households. To provide adequate supply to the growing number of renters there is a need to increase the rental housing supply in Hamilton.
- The supply of rental housing in Hamilton has shifted away from the primary rental market towards the secondary rental market since 2006 where rents are higher and tenures less secure. This can create barriers to households with moderate and low incomes who are not able to afford ownership to access suitable and affordable housing, further confirming the need for additional purpose-built rental housing units.
- Although purpose-built rental housing is being developed in Hamilton, the larger increase in the number of households who are renters from 2016 to 2021 suggests that the demand exceeds the supply provided through this market. Although vacancy rates for purpose-built rental housing seem to be at healthy levels, if the supply does not keep up with the demand, these rates will continue to drop over time and households seeking rental tenure will likely reside in other municipalities or be accommodated in the secondary rental market.

There is a need for Affordable Ownership Options

- House prices in Hamilton increased at a significantly faster rate compared to inflation in recent years, indicating home ownership is becoming less affordable, in particular to households with moderate incomes. High home ownership costs might be causing aspiring homeowners to start renting as they cannot yet afford to purchase a home in Hamilton. This could explain why households aged 45 to 64 years may be moving to other municipalities or are delaying household formation in Hamilton and suggests there is a strong need for more affordable ownership options to households with moderate incomes.

There is a Need to Ensure There are Sufficient Community and Affordable Rental Options

- There are a number of community housing options in Hamilton, but the large waiting list for these units indicates there is a strong need to attract additional subsidized units.

Housing Affordability

The cost of housing is one of the largest monthly expenditures for many households in Canada. According to Statistics Canada's Survey of Household Spending, a household's spending on shelter, which includes rent or mortgage payments, repairs and maintenance, property taxes, insurance, and utilities, made up, on average, 21.6% of all expenditures in 2019²⁵.

The availability of affordable, adequate and suitable housing is a pressing concern for many individuals and families. While households with low incomes are the most likely to experience housing affordability challenges, increasing house prices and rents throughout Hamilton have also made the cost of shelter an issue for many households with moderate incomes.

This section looks at the proportion of income households in Hamilton are spending on shelter as well as what households can afford and how this compares to trends in house prices and rents.

Defining Affordable Housing in Hamilton

This section presents the recommended thresholds for affordable ownership and affordable rental housing which can be used in an inclusionary zoning policy for the City of Hamilton²⁶. These definitions are in line with the definitions presented in the Provincial Policy Statement²⁷ (PPS).

These definitions are based on household income deciles²⁸ as well as corresponding affordable prices and rents for ownership and renter households. The income²⁹ deciles for all households

²⁵ Statistics Canada (2019). Table 203-0021: Survey of household spending (SHS), household spending, Canada, regions and provinces, annual (dollars), CANSIM.

²⁶ A full analysis of the various definitions of affordable housing that are currently being used in different contexts in Hamilton is presented in Appendix A. These definitions provide the foundation for the recommended definitions for affordable ownership and affordable rental housing which can be used in an inclusionary zoning policy for the City of Hamilton presented here.

²⁷ Province of Ontario, 2020. Provincial Policy Statement. Accessed from: <https://files.ontario.ca/mmah-provincial-policy-statement-2020-accessible-final-en-2020-02-14.pdf>

²⁸ Household income deciles divide the total universe of households into ten equally portioned income groups. This means that there is one tenth (or 10%) of all households in each income decile.

²⁹ Household incomes for 2021 and 2022 were estimated based on the growth rate of Ontario's CPI from 2020 to 2021 and 2022, respectively.

and for renter households in Hamilton which will be used throughout this section, are presented here:

Figure 43: Household Income Deciles for All Households & Renter Households: Hamilton; 2021 & 2022

		All Households		Renter Households	
		2021	2022	2021	2022
Low Income	Decile 1	\$28,018	\$30,150	\$9,582	\$10,311
	Decile 2	\$43,107	\$46,388	\$19,163	\$20,622
	Decile 3	\$57,371	\$61,738	\$27,247	\$29,320
Moderate Income	Decile 4	\$72,213	\$77,710	\$34,537	\$37,166
	Decile 5	\$88,554	\$95,295	\$41,827	\$45,011
	Decile 6	\$107,191	\$115,350	\$51,146	\$55,039
High Income	Decile 7	\$128,737	\$138,536	\$61,993	\$66,712
	Decile 8	\$158,315	\$170,365	\$77,149	\$83,022
	Decile 9	\$206,490	\$222,207	\$101,995	\$109,759

Source: Statistics Canada, Census 2021, CMHC Housing Portal 2016, and SHS estimations

In the case of **ownership housing**, the PPS defines affordability as the least expensive of:

- c) housing for which the purchase price results in annual accommodation costs which do not exceed 30 percent of gross annual household income for low and moderate income households
- d) housing for which the purchase price is at least 10 percent below the average purchase price of a resale unit in the City of Hamilton;

In the case of **rental housing**, affordability is defined as the least expensive of:

- c) a unit for which the rent does not exceed 30 percent of gross annual household income for low and moderate income households
- d) a unit for which the rent is at or below the average market rent of a unit in the City of Hamilton.

For the purposes of this definition, “low and moderate income households” means households with incomes in the lowest 60% of the income distribution for the City of Hamilton.

The definitions from the PPS are also in line with the definitions presented in A Place to Grow: Growth Plan for the Greater Golden Horseshoe³⁰ and the City's Urban Hamilton Official Plan.

Definition of Ownership Housing Affordability

In 2022, based on Hamilton household income deciles, **affordable ownership housing** should be priced through the income-based approach at a maximum of **\$505,455** for the lowest 60% of the income distribution. This is because the income-based approach produces a less expensive affordable house price than the market-based approach (\$505,455 compared with \$831,647, respectively). This is in-line with the methodology prescribed by the PPS as well as A Place to Grow: Growth Plan for the Greater Golden Horseshoe³¹ and the City's Urban Hamilton Official Plan for determining the definition of ownership housing affordability.

To update the definition of affordable ownership housing annually based on this methodology, household incomes would need to be projected from values reported in the most recent year of the Census to future year estimates based on the growth rate of Ontario's CPI.

Figure 44: Affordable House Prices based on Household Income Deciles: Hamilton; 2022

All Households			
Percentile	Income	Affordable Ownership	
100 th			
90 th			
80 th			
70 th	Hamilton	\$115,350	\$505,455
60 th			
50 th			
40 th			
30 th			
20 th	Housing that costs less than 30% of household income for the lowest 60% of household income levels		
10 th			

Source: Statistics Canada Census; 2021. SHS Calculations for Ownership Affordability based on spending 30% of income on housing costs, 5% down payment, 25-year mortgage, and 5.86% interest rate

³⁰ Province of Ontario, 2020. A Place to Grow: Growth plan for the Grater Golden Horseshoe. Accessed from: <https://www.ontario.ca/document/place-grow-growth-plan-greater-golden-horseshoe>

³¹ Province of Ontario, 2020. A Place to Grow: Growth plan for the Grater Golden Horseshoe. Accessed from: <https://www.ontario.ca/document/place-grow-growth-plan-greater-golden-horseshoe>

Definition of Rental Housing Affordability

In 2021, **affordable rental housing** should be priced through the market-based approach at a maximum of **\$1,190** based on average market rents in Hamilton. This is because the market-based approach produces a less expensive affordable rent price than the income-based approach (\$1,190 compared with \$1,279, respectively). This is in-line with the methodology prescribed by the PPS as well as A Place to Grow: Growth Plan for the Greater Golden Horseshoe³² and the City's Urban Hamilton Official Plan for determining the definition of rental housing affordability³³.

To update the definition of affordable rental housing based on this methodology, average market rent prices would need to be retrieved from CMHC annually.

Figure 45: Affordable Rents based on Average Market Rent: Hamilton; 2021

All Households			
Percentile	Income	Affordable Rental	
100 th			
90 th			
80 th			
70 th	Hamilton	\$45,503	100% AMR \$1,190
60 th			
50 th			
40 th			
30 th			
20 th			
10 th			
		Rent that is at or below the average market rent	

Source: Statistics Canada Census; 2021. CMHC Housing Information Portal; 2021.

The market-based approach can also provide definitions for rental housing affordability by unit type which results in greater specificity which is desirable. Based on average market rents in Hamilton, it is recommended that the rental housing affordability threshold be set at the rent of

³² Province of Ontario, 2020. A Place to Grow: Growth plan for the Grater Golden Horseshoe. Accessed from: <https://www.ontario.ca/document/place-grow-growth-plan-greater-golden-horseshoe>

³³ Please note that where affordable housing definitions or calculations from funding programs offered by upper levels of government differ, their applicable definition will prevail for the purposes of funding.

\$1,190 on average for all unit types, **\$915** for bachelor units, **\$1,095** for one-bedroom units, **\$1,271** for two-bedroom units, and **\$1,479** for units with three bedrooms or more in 2021.

Figure 46: Affordable Rents by Unit Size based on Average Market Rent: Hamilton; 2021

	All unit types	Bachelor	One-Bedroom	Two-Bedroom	Three + Bedrooms
Market-Based Approach Affordable Rent (100% AMR)	\$1,190	\$915	\$1,095	\$1,271	\$1,479

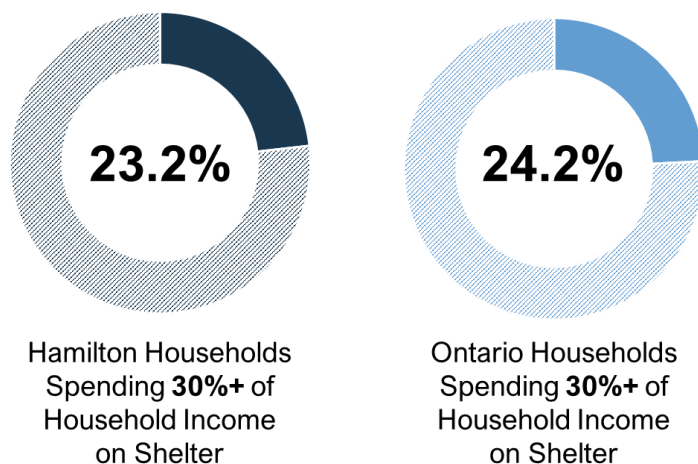
Source: CMHC Housing Information Portal; 2021.

Analysis of Need for Affordable Housing

Household Income Spent on Shelter

In 2020, 23.2% of households (51,305 households) in Hamilton were facing housing affordability challenges as they spent 30% or more of their gross household income on shelter. In Ontario, the proportion of households facing affordability issues was 24.2%, which is quite similar to the proportion in Hamilton in 2020.

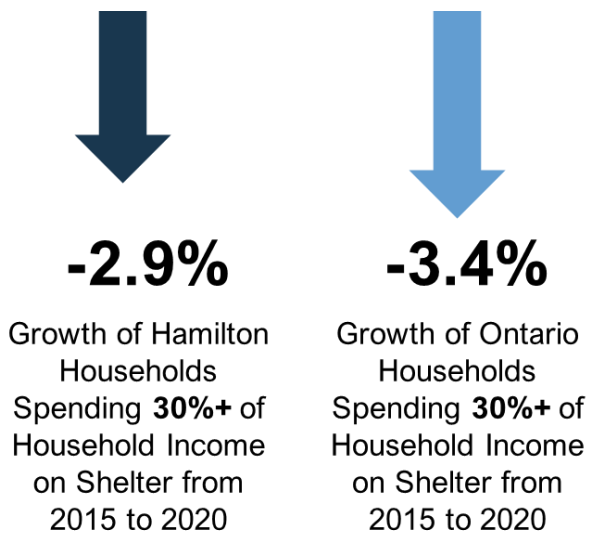
Figure 47: Proportion of Households Facing Housing Affordability Issues: The City of Hamilton; 2020



Source: Statistics Canada Community Profiles; 2021

The proportion of households facing housing affordability issues decreased by 2.9% from 2015; from 26.1% of households (55,055 households) in 2015 to 23.2% of households (51,305 households) in 2020. Over the same period, household growth as a whole in Hamilton was 5.3% so this indicates that there was a decrease in the number of households facing affordability issues in Hamilton over that period. A similar trend was observed across Ontario where the proportion of households facing housing affordability issues decreased by 3.4% from 2015 to 2020.

Figure 48: Growth of Households Facing Housing Affordability Issues: The City of Hamilton and Ontario; 2015 - 2020



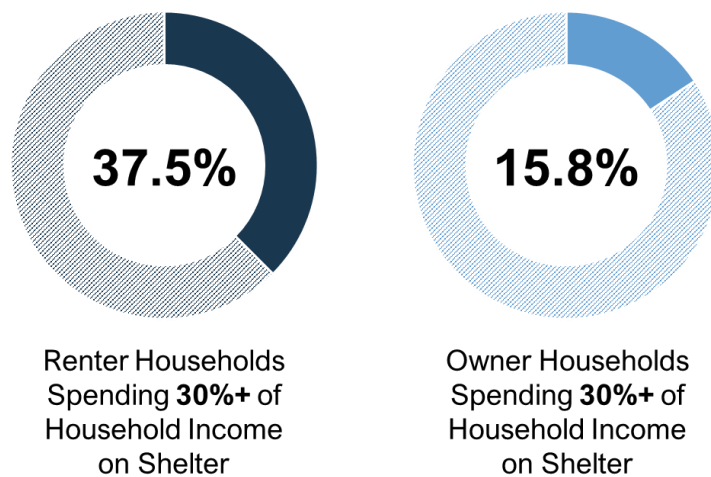
Source: Statistics Canada Community Profiles; 2021

Household Income Spent on Shelter by Household Tenure

Renter households in Hamilton were significantly more likely to face housing affordability issues compared to owner households. In 2020, 37.5% of all renter households in Hamilton spent 30% or more of their household income on shelter. In comparison, among owners only 15.8% were facing affordability issues and spending 30% or more of their household income on shelter in 2020.

This indicates the need for affordable housing in Hamilton is stronger among renters. The large share of renter households facing affordability issues suggests there is a need for more purpose-built rental housing units that are affordable to renter households in Hamilton.

Figure 49: Growth of Households Facing Housing Affordability Issues by Tenure: The City of Hamilton; 2015 - 2020



Source: Statistics Canada Community Profiles; 2021

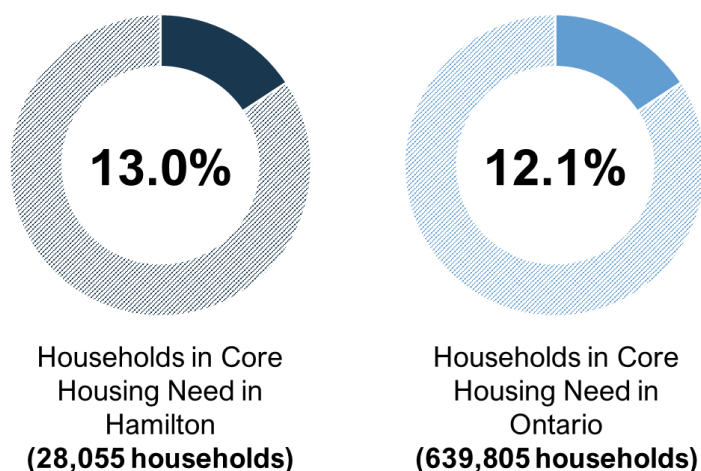
Households in Core Housing Need

Another indicator of the need for affordable housing is CMHC's core housing need statistic. A household is considered to be in core housing need if the dwelling they occupy falls below the adequacy, suitability, or affordability standard³⁴ and if the household would be required to spend more than 30% of its before-tax household income to pay the median rent for alternative housing which meets all three standards in the area.

In 2020, 13.0% of households (28,055 households) in Hamilton were in core housing need. In comparison with Ontario, the proportion of households in core need in Hamilton is slightly higher (12.1% versus 13.0%, respectively.) This suggests that households in Hamilton are somewhat more likely to be in housing situations that do not meet their needs, compared with households in the province more broadly.

³⁴ According to CMHC, **adequate housing** is housing that does not require any major repairs. **Suitable housing** is housing with enough bedrooms for the size and make-up of the household. **Affordable housing** is housing which costs no more than 30% of a household's income.

Figure 50: Households in Core Need: The City of Hamilton and Ontario; 2020



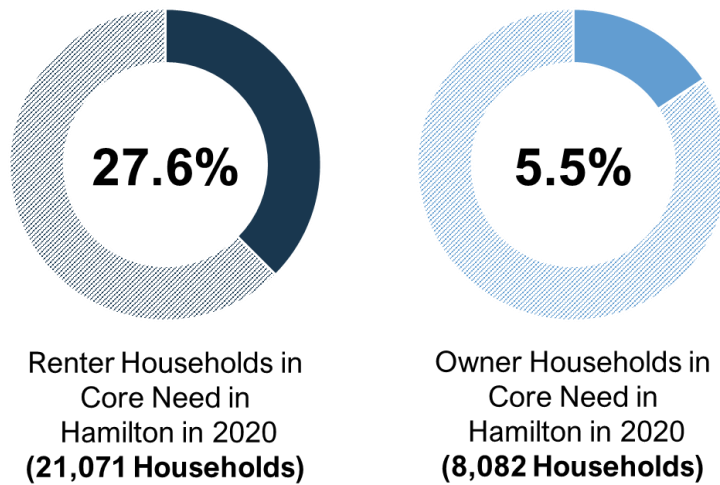
Source: Statistics Canada Community Profiles; 2021

Core Housing Need by Household Tenure

Renters were significantly more likely to experience core housing need in Hamilton compared to owners in 2020 (27.6% compared to 5.5%, respectively). In Ontario as a whole, 24.9% of renters and 6.4% of owners were in core need.

Renters are typically households with low or moderate incomes. These households likely have less housing options available to them which meet their budgetary needs. There is therefore a need for more rental housing in Hamilton which is affordable to households with low and moderate incomes.

Figure 51: Households in Core Housing Need by Tenure: Hamilton and Ontario; 2021



Source: Statistics Canada Community Profiles; 2021

Rental Housing Affordability

The tables in this section demonstrate the maximum monthly rent that is affordable for each renter income decile. The affordable rents are then compared to average market rents as reported by CMHC and for condominium apartments in the secondary market in Hamilton.

Primary Rental Market Affordability

As the following table shows, the total average market rent is not affordable to renter households with incomes from the 1st to the 5th renter income deciles. Only renters with incomes falling within the 6th household income decile or higher can afford the average market rent without spending 30% or more of their income on housing costs.

While renter households with incomes in the 5th income decile can afford the average rent for a bachelor unit, renter households would have to have high incomes to afford a three-bedroom unit. This demonstrates that all renter households with low incomes and some renters with moderate incomes would require assistance to avoid spending too much of their income on housing, especially if they needed a unit with one bedroom or more.

Figure 52: Average Market Rents in the Primary Rental Market Compared to Affordable Rents based on Renter Household Income Deciles: The City of Hamilton; 2021

Rental Affordability		Hamilton Primary Rental Market (2021) - Average Market Rent				
	Max Affordable Rent	Bachelor	One-Bedroom	Two-Bedroom	Three or More Bedrooms	All
		\$915	\$1,095	\$1,271	\$1,479	\$1,190
Low Income Deciles 1-3 (Less than \$27,247)	\$200	NO	NO	NO	NO	NO
	\$479	NO	NO	NO	NO	NO
	\$681	NO	NO	NO	NO	NO
Moderate Income Deciles 4-6 (From \$27,248 to \$51,145)	\$863	NO	NO	NO	NO	NO
	\$1,046	YES	NO	NO	NO	NO
	\$1,279	YES	YES	YES	NO	YES
High Income Deciles 7-9 (Greater than \$51,146)	\$1,550	YES	YES	YES	YES	YES
	\$1,929	YES	YES	YES	YES	YES
	\$2,550	YES	YES	YES	YES	YES

Source: Statistics Canada Community Profiles; 2021, CMHC Housing Information Portal; and SHS Calculations based on spending 30% or more of household income on housing costs

Secondary Rental Market Affordability

When looking at the average market rents for rented condominium apartments in Hamilton, the data show a more dire picture pertaining to rental housing affordability. The data show that units in the secondary rental market, which comprise 51.4% of all market rental units in Hamilton, are significantly less affordable to renter households with low, moderate and even high incomes.

As the following table demonstrates, renter households would have to earn high incomes (i.e., in the 9th renter household income decile) to be able to afford the average market rent in this market segment. Furthermore, renters would have to earn high incomes in the 7th income decile or above to afford a bachelor unit or a high income in the 8th income decile or above to afford a one-bedroom apartment.

Renters who require a three-bedroom unit would need an income within the 9th renter household income decile if they were to spend no more than 30% or more of their income on housing costs.

The lack of affordable rental units for renters with moderate and low incomes can explain why renters in Hamilton are significantly more likely to face housing affordability issues compared to owners.

Furthermore, the primary rental market, where rents are more affordable and tenures more secure, comprises less than half (48.7%) of all rental units in Hamilton. This suggests there is a strong need for additional purpose-built rental units for renter households with low and moderate incomes and these units should include family-sized units.

Figure 53: Average Market Rents in the Secondary Rental Market Compared to Affordable Rents based on Renter Household Income Deciles: The City of Hamilton 2022

Rental Affordability		Hamilton Secondary Rental Market (2022) - Average Market Rent				
	Max Affordable Rent	Bachelor	One-Bedroom	Two-Bedroom	Three or More Bedrooms	All
		\$1,567	\$1,914	\$2,308	\$2,594	\$2,215
Low Income Deciles 1-3 (Less than \$29,321)	\$215	NO	NO	NO	NO	NO
	\$516	NO	NO	NO	NO	NO
	\$733	NO	NO	NO	NO	NO
Moderate Income Deciles 4-6 (From \$29,322 to \$55,038)	\$929	NO	NO	NO	NO	NO
	\$1,125	NO	NO	NO	NO	NO
	\$1,376	NO	NO	NO	NO	NO
High Income Deciles 7-9 (Greater than \$55,039)	\$1,668	YES	NO	NO	NO	NO
	\$2,076	YES	YES	NO	NO	NO
	\$2,744	YES	YES	YES	YES	YES

Source: Statistics Canada Community Profiles, 2021; MLS, 2022; and SHS Calculations based on spending 30% or more of household income on housing costs.

Ownership Affordability

The following table shows the top range of each income decile (based on all households) estimated for 2022 as well as the maximum affordable house price that each decile can afford, assuming they only spend 30% of their income on housing costs and have a 5% down payment.

The results in the table demonstrate that only a proportion of households with incomes in the 9th income decile can afford the total average house price in Hamilton for homes as well as the average price for a single detached dwelling.

Semi-detached dwellings are affordable to households in the 7th income decile and above. In contrast, row and townhouses are affordable to households in the 8th income decile and above. The average price of condominium apartments is affordable to households in the 6th income decile and higher but not to other households with moderate incomes unless they have a down payment which is greater than 5% of the purchase price.

On average homes are not affordable to households with moderate incomes or below in Hamilton.

Figure 54: Average House Prices in Hamilton Compared to Affordable House Prices based on Household Income Deciles: The City of Hamilton; 2022

Ownership Affordability		Hamilton Ownership Market (2022)				
	Max Affordable Price	Single-Detached	Semi-Detached	Row House / Townhouse	Apartments	Total Average Price
		\$876,899	\$591,700	\$696,873	\$465,064	\$792,767
Low Income Deciles 1-3 (Less than \$61,739)	\$132,048	NO	NO	NO	NO	NO
	\$203,164	NO	NO	NO	NO	NO
	\$270,394	NO	NO	NO	NO	NO
Moderate Income Deciles 4-6 (From \$61,740 to \$115,350)	\$340,345	NO	NO	NO	NO	NO
	\$417,361	NO	NO	NO	NO	NO
	\$505,455	NO	NO	NO	YES	NO
High Income Deciles 7-9 (Greater than \$115,351)	\$612,524	NO	YES	NO	YES	NO
	\$759,470	NO	YES	YES	YES	NO
	\$998,819	YES	YES	YES	YES	YES

Sources: Statistics Canada Community Profiles, 2021; Canadian Real Estate Association, Residential Market Activity Report; August 2022; and SHS calculations based on spending 30% of income on housing costs, 5% down payment, 25-year mortgage, and 5.86% interest rate.

Figure 55: Affordable Rents based on Renter Household Income Deciles Compared to Affordable House Prices based on Household Income Deciles: The City of Hamilton; 2022

Rental Affordability		Ownership Affordability	
Renter Household Income Deciles	Max Affordable Rent	Household Income Deciles	Max Affordable Price
Low Income Deciles 1-3 (Less than \$29,321)	\$215	Low Income Deciles 1-3 (Less than \$61,739)	\$132,048
	\$516		\$203,164
	\$733		\$270,394
Moderate Income Deciles 4-6 (From \$29,322 to \$55,038)	\$929	Moderate Income Deciles 4-6 (From \$61,740 to \$115,350)	\$340,345
	\$1,125		\$417,361
	\$1,376		\$505,455
High Income Deciles 7-9 (Greater than \$55,039)	\$1,668	High Income Deciles 7-9 (Greater than \$115,351)	\$612,524
	\$2,076		\$759,470
	\$2,744		\$998,819

Source: Statistics Canada Community Profile, 2021; SHS Calculations based on spending 30% or more of household income on housing costs; and SHS calculations based on spending 30% of income on housing costs, 5% down payment, 25-year mortgage, and 5.86% interest rate.

Key Findings: Housing Affordability

There is a Need to Increase the Number of Affordable Options in Hamilton

- Approximately a quarter (23.2%) of households in Hamilton were spending 30% or more of their household income on housing in 2020. These households have a significant and increasing need for affordable housing options in Hamilton.
- In addition, 12.6% of households were in core housing need meaning the dwelling they occupied fell below the adequacy, suitability, or affordability standard³⁵ and the household would be required to spend more than 30% of its before-tax household income to pay the median rent for alternative housing which meets all three standards in the area. The proportion of households in core need is higher in Hamilton (12.6%) than it is in Ontario as a whole (11.7%) which demonstrates that households require more affordable options.

There is a Need for Purpose-Built and Affordable Ownership Options for Households with Moderate Incomes

- In Hamilton in 2020, renters were more likely than owners to face housing affordability issues as well as be in core housing need. This indicates a need for additional purpose-built rental and affordable ownership units.
- Average market rents in the primary rental market are only affordable to renter households in the sixth income decile and above while average market rents in the secondary market are only affordable to renter households in the ninth income decile and above, confirming the identified need for purpose-built rental housing units in Hamilton.
- The average house price in Hamilton is only affordable to a proportion of households in the ninth income decile and households need to have incomes in the sixth income decile or above to afford the average price for a condominium, indicating the strong need for affordable ownership units.

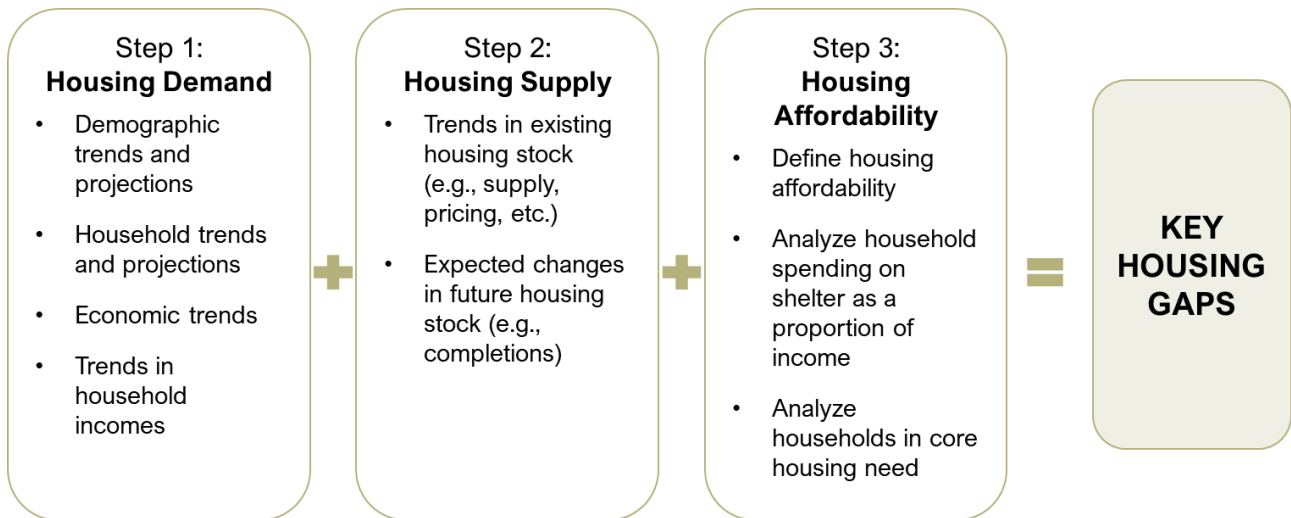
³⁵ According to CMHC, **adequate housing** is housing that does not require any major repairs. **Suitable housing** is housing with enough bedrooms for the size and make-up of the household. **Affordable housing** is housing which costs no more than 30% of a household's income.

Housing Gaps in Hamilton

This section summarizes the key housing gaps identified in the previous sections of this report. The key housing gaps were determined by comparing trends and forecasts of demographics, household characteristics and household incomes in Hamilton with the existing and planned housing supply, as well as trends in housing affordability.

This analysis led to three key housing gaps that summarize the current and emerging need for housing that is adequate, suitable and affordable in Hamilton.

Figure 56: Methodology to Determine Key Housing Gaps



Key Housing Gaps

The key housing gaps in Hamilton are as follows.

Key Housing Gap 1

There is a need to continue to diversify the housing stock, particularly to include more smaller dwelling types, as well as family sized dwellings, to allow seniors (aged 65+ years) to age in appropriate homes and alternatively to encourage couples with children to settle in Hamilton.

The majority of dwellings in Hamilton were single-detached dwellings in 2021 (56.2%). However, the demographics of households in Hamilton are changing and their needs might not be met by single-detached dwellings in the future.

Smaller households with one or two persons are the predominant household size (59.9%) in Hamilton in 2021. In addition, the population is aging. From 2016 to 2021, households with primary maintainers aged 45 to 64 years in Hamilton decreased (-1.9%), indicating these households are likely having challenges to find affordable and suitable housing in Hamilton and are moving to different municipalities in Ontario. In contrast, the number of households led by seniors (aged 65+ years) was the fastest growing age group over that same time period (11.1%). Single-detached dwellings are not always the most suitable dwelling type for seniors and older adults to age in place. In addition, these dwelling types are also the most expensive dwellings and are only affordable to households in the 9th income decile or higher.

When looking at housing starts and completions, the data show the housing stock is changing and more diverse dwelling types are being built or proposed. It would be important to continue to support these trends through policy incentives such as inclusionary zoning and ensure the housing stock will also meet the needs of residents in Hamilton in the future. Although the structural types seem to be diversifying in Hamilton, the majority of the new dwellings being completed, and the proposed dwellings remain in the homeownership market. There is therefore a need to continue to diversify the housing stock with dwellings that include smaller sized rental and affordable ownership options in Hamilton.

Key Housing Gap 2

There is a need to increase the stock of purpose-built rental housing in the primary rental market in Hamilton.

Average household incomes in Hamilton were lower compared to Ontario as a whole. From 2020 to 2022, the average household income in Hamilton grew by approximately 11.3%. In contrast, the average price of a home grew by 19.7% over that time period indicating homeownership has become rapidly unaffordable to households.

The previous gap showed that in 2021 the majority of newly completed dwellings were ownership dwellings (69.9%) and very few were rental housing in the primary market (30.1%). This could explain the higher proportions of renter households who are facing housing affordability issues or who are in core housing need in Hamilton and demonstrate a strong need for more rental housing options that are affordable to households with low and moderate incomes. This is also supported by the large number of households on the centralized wait list for community housing, which indicates the existing stock of affordable and subsidized rental housing in Hamilton is not sufficient to meet the need in the community.

From 2016 to 2021, the supply of units in the primary rental market increased by 5.5% while the number of renters increased at a significantly faster pace (11.7%). The number of renters also increased at a faster pace than households overall (11.7% versus 5.3%). These data demonstrate a need for increasing the supply of purpose-built rental units. While home ownership may be ideal for some households, rental housing provides more flexibility, requires less maintenance, and is generally more affordable for households with low and moderate incomes. This could explain why renter households were more likely to be in core housing need compared to owner households. Rental housing may be the better option for young adults just starting their careers, people living alone or with roommates, and seniors who wish to downsize. It is particularly important to encourage the development of primary rental units as these are much more stable and generally more affordable compared to rental units in the secondary rental market through policies such as inclusionary zoning. Furthermore, adding to the supply in the primary rental market through an inclusionary zoning policy may encourage some households to move to newer rental units which would then free up some of the more affordable units that currently exist.

Key Housing Gap 3

There is a need to develop ownership options that are affordable to households with moderate incomes and that are appropriate for larger households.

In Hamilton in 2022, even the average condominium price would not be affordable to the majority of households with moderate incomes. While smaller condominium dwellings might be appropriate for some households, couples with children might require larger dwellings. From 2016 to 2021, however, their share decreased over that period. These households could be migrating to other municipalities for reasons such as a lack of housing options, to seek employment, or to attain a different lifestyle than what is offered in Hamilton. There is potentially a lack of housing that meets the desires and needs of this group of households in Hamilton currently.

As such, it would be important to work with the development industry and other partners through an inclusionary zoning policy to focus efforts on encouraging the development of ownership options that are affordable to larger households, including families with children or families planning to have children. While the data suggest smaller households are still the dominant household type, larger households are growing at a fast rate in Hamilton.

Housing Policy Context

This section provides an overview of the policies and strategic documents that impact the development of an inclusionary zoning policy in Hamilton as well as policies which support and encourage the development of a broad range of housing options.

Federal Policies and Initiatives

National Housing Strategy

The National Housing Strategy³⁶ is a 10-year federal strategy introduced in 2017. It sets out a vision for housing in Canada which is “Canadians have housing that meets their needs, and they can afford. Affordable housing is a cornerstone of sustainable, inclusive communities and a Canadian economy where we can prosper and thrive.”

The National Housing Strategy identified the following targets.

1. 530,000 households removed from housing need
2. 385,000 community housing units protected and another 50,000 created through an expansion of community housing
3. 300,000 existing housing units repaired and renewed
4. 50% reduction in estimated number of chronically homeless shelter users
5. 100,000 new housing units created
6. 300,000 households provided with affordability through the Canada Housing Benefit

These targets are intended to be met through a \$70+ billion joint investment between the federal and provincial governments in partnership with the private sector provided through the following programs and initiatives.

1. Federal Community Housing Initiative

³⁶ The Government of Canada 2017. National Housing Strategy – A Place to Call Home. Accessed from: <https://www.placetocalhome.ca/>

2. Canada Community Housing Initiative
3. Homelessness programming
4. Improving homeownership options for Canadians
5. National Housing Co-Investment Fund
6. Federal lands for affordable housing
7. Rental Construction Financing
8. The Rapid Housing Initiative
9. Federal-Provincial/Territorial Housing Partnership
10. Distinctions-based Indigenous Strategies
11. Canada Housing Benefit
12. Evidence-based housing: research, data and demonstrations

This funding is administered by CMHC and provided through several initiatives such as:

13. the National Housing Co-Investment Fund, which provides low-cost loans and/or financial contributions to support and develop new mixed-income, mixed-tenure, mixed-use affordable housing
14. the Rental Housing Construction Financing Program, which provides low cost loans to encourage the development of new purpose-built rental housing
15. the Affordable Housing Innovation Fund, which provides funding for unique and innovative building techniques that revolutionize the affordable housing sector
16. the Rapid Housing Initiative, which is a \$1 billion program designed to help address urgent housing needs for vulnerable Canadians and will aim to develop 3,000 new units by March 31st 2021, and
17. the Federal Lands Initiative, which provides surplus federal lands and buildings for the creation of affordable housing

In addition, CMHC has increased the maximum amount available through the Seed Funding Program, which provides interest-free loans and grants to help with the costs related to pre-development activities for new affordable and rental housing construction projects.

The National Housing Strategy takes a human rights-based approach to housing as part of Canada's commitment to realize the right to adequate housing as part of an adequate standard of living for all its citizens. As part of this approach, the Strategy prioritizes those in need while covering the whole spectrum of housing needs.

Federal Underused Housing Tax (UHT)

As part of Budget 2021, the federal government announced its intention to implement a national, annual 1% tax on the value of non-resident, non-Canadian owned residential real estate that is considered to be vacant or underused. The UHT received Royal Assent on June 9, 2022.

This tax would apply to residential property which is defined as detached homes, duplexes, triplexes, semi-detached homes, row houses, residential condominium units, and any other similar premises that is, or is intended to be, a separate parcel or other division of real property owned³⁷. To be exempted, the property has to be occupied continuously for at least 180 days in a calendar year by a tenant, the owner's spouse or common law partner who is in Canada under a work permit, a spouse, common law partner, parent, or child who is a citizen or permanent resident, or a prescribed individual³⁸.

Fall Economic Statement 2022

The 2022 Fall Economic Statement³⁹ outlines the government of Canada's plan to continue to help Canadians with the cost of living and build a Canada where nobody gets left behind. As part of this Statement, the government set forward a package of measures with the goal to build more homes and make housing more affordable across the country.

In September 2022, the government introduced a top-up to the Canada Housing Benefit, which upon Parliamentary approval, will deliver a tax-free payment of \$500 directly to 1.8 million low-income renters who are struggling with the cost of housing.

The federal benefit will be available to applicants with an adjusted net income below \$35,000 for families, or below \$20,000 for single Canadians, who pay at least 30 per cent of their income towards rent.

In addition, the package of measures offered in the 2022 Fall Economic Statement includes help for young Canadians to afford a down payment faster with a new Tax-Free First Home Savings Account, which will allow prospective first-time home buyers to save up to \$40,000 tax-free toward their first home. Like an RRSP, contributions would be tax-deductible, and withdrawals to purchase a first home—including investment income—would be non-taxable, like a TFSA. Tax-

³⁷ Government of Canada (2021). Consultation on the Underused Housing Tax. Accessed from: <https://www.canada.ca/en/departement-finance/programs/consultations/2021/tax-unproductive-use-housing-non-resident-non-canadian-owners/underused-housing-tax.html>

³⁸ Parliament of Canada (2022). Bill C-8. Accessed from: <https://www.parl.ca/DocumentViewer/en/44-1/bill/C-8/royal-assent>

³⁹ The Government of Canada, 2022. 2022 Fall Economic Statement. Accessed from: <https://www.canada.ca/en/departement-finance/news/2022/11/making-housing-more-affordable.html>

free in; tax-free out. The government expects that Canadians will be able to open and begin contributing to an account in mid-2023.

Provincial Policies and Initiatives

Provincial Policy Statement⁴⁰

The Provincial Policy Statement (PPS) (2020) outlines the Province's policies on land use planning and is issued under Section 3 of the Planning Act. It provides policy direction on land use planning to promote strong, healthy communities and all local decisions affecting land use planning matters "shall be consistent with" the PPS.

The Provincial Policy Statement, 2020 (PPS, 2020) came into effect on May 1, 2020, replacing the previous PPS, 2014. The PPS provides direction on key Provincial interests related to land use planning and development in Ontario. The Municipality's Official Plan and subsequent land use planning decisions are required to be "consistent with" the PPS. The PPS, 2020 retains the structure of the PPS, 2014 and provides policy direction related to three key themes:

Building Strong Healthy Communities (Section 1.0), to promote efficient land use and development patterns; promote strong, liveable, healthy, and resilient communities; and ensure appropriate opportunities for employment and residential development.

The Wise Use and Management of Resources (Section 2.0), to protect natural heritage, water, agricultural, mineral and cultural heritage and archaeological resources for their economic, environmental and social benefits.

Protecting Public Health and Safety (Section 3.0), to reduce the potential for public cost or risk to Ontario's residents from natural or human-made hazards.

Many of the key changes introduced in the updated PPS 2020 fall under the auspices of the government's broader "More Homes, More Choice: Ontario's Housing Supply Action Plan", the Province's overarching framework for a series of legislative and policy changes aimed at streamlining the land use planning process and cutting red tape to make housing more affordable.

Section 1.4 of the PPS includes housing-related policies. Some important changes from the 2014 PPS include the following.

⁴⁰ The Province of Ontario, Provincial Policy Statement. Accessed from: <https://www.ontario.ca/page/provincial-policy-statement-2020>

The PPS 2020 increases the requirement for municipalities to maintain the ability to accommodate residential growth for a minimum of 15 years (from 10 years) through residential intensification and redevelopment (1.4.1.a). The new PPS also provides upper-tier and single-tier municipalities the choice of maintaining land with servicing capacity to provide at least a five-year supply of residential units (1.4.1.b).

The PPS 2020 also clarified the requirement for planning authorities to provide an appropriate range and mix of housing options and densities to meet projected market-based and affordable housing needs of current and future residents of the regional market area by (1.4.3): (a) establishing and implementing minimum affordable housing targets which align with applicable housing and homelessness plans; and (b) permitting and facilitating all housing options required to meet the social, health, economic and wellbeing requirements and needs arising from demographic changes and employment opportunities and all types of residential intensification, including additional residential units. Revised language throughout creates greater flexibility, for example, by stating that municipalities “should” rather than “shall,” require new development to have a compact form, mix of uses and densities and establish and implement phasing policies.

The definition of affordable housing remains the same in the PPS 2020. However, the PPS 2020 added a new definition for “Housing Options”, clarifying the range of housing forms and tenures to be accounted for:

A range of housing types such as, but not limited to single-detached, semi-detached, rowhouses, townhouses, stacked townhouses, multiplexes, additional residential units, tiny homes, multi- residential buildings and uses such as, but not limited to life lease housing, co-ownership housing, co-operative housing, community land trusts, affordable housing, housing for people with special needs, and housing related to employment, institutional or educational uses.

Municipal Act, 2001

The Municipal Act, 2001 sets out the rules for all municipalities in Ontario (except for the City of Toronto) and gives municipalities broad powers to pass by-laws on matters such as health, safety and wellbeing, and to protect persons and property within their jurisdiction. The Act provides direction for land use planning purposes, but it does not directly legislate Official Plans or Zoning By-laws as these are legislated through the Ontario Planning Act.

Section 163 of the Act sets out the definition and requirements for group homes within municipalities in Ontario. The Act defines group homes as:

A group home is a residence licensed or funded under a federal or provincial statute for the accommodation of three to ten persons, exclusive of staff, living under supervision in a single housekeeping unit and who, by reason of their emotional, mental, social or physical condition or legal status, require a group living arrangement for their wellbeing.

The Act allows municipalities to enact a business licensing by-law for group homes only if the municipality permits the establishment and use of group homes under section 34 of the Planning Act. A business licensing by-law for group homes can restrict the establishment of group homes to only those with a license and may be required to pay license fees.

Planning Act

The Planning Act, R.S.O. 1990, as amended, is the primary legislation that establishes how municipalities in Ontario may plan, manage, and regulate land use. It also outlines matters of provincial interest and enables the Province to issue Policy Statements to provide direction to municipalities on these matters.

The Planning Act enables municipal Councils to pass a variety of tools to plan and regulate the use of land and the placement of buildings and structures on a lot. Under Section 16 of the Act, most municipalities, are required to prepare and adopt Official Plans in accordance with the requirements of the Act. Official Plans contain a vision, objectives and policies to guide decision making on land use planning matters. Municipal decisions, by-laws and public works are required to conform to the policies of the Official Plan (Section 24(1)).

Section 34 of the Planning Act enables Councils to pass Zoning By-laws to regulate the use of land and the location, height, bulk, size, floor area, spacing, character and use of buildings and structures, as well as parking and loading requirements, and lot requirements.

In accordance with Section 24(1), Zoning By-laws must conform to the Official Plan and be consistent with the Provincial Policy Statement. Zoning By-laws are viewed as one of the primary tools to implement the policies of the Official Plan

Changes to the Planning Act

The changes to the Planning Act include shorter timelines for making planning decisions; requiring inclusionary zoning (IZ) to be focused on areas known as Protected Major Transit Station Areas (PMTSA) that are generally high-growth and are near higher order transit; allowing a total of three residential units on one property (which would include a primary dwelling and two additional residential units); introducing the community benefits charge which replaces the density bonusing provision (Section 37), development charges for soft costs, and parkland dedication requirements; limiting third party appeals of plans of subdivisions; and allowing the Minister to require that a municipality to implement a community planning permit system in a specified area.

Changes to the Development Charges Act

Currently, development charges – the fees collected by municipalities on new developments – are used to fund “hard services” such as roads and servicing infrastructure, as well as “soft services” such as parks, community centres, libraries, and other community facilities. Under Bill

108, soft services were removed from development charges and financed through a new “community benefits charge” (CBC) based on land value. Further, municipalities are now required to prepare a community benefits charge strategy, including consultation requirements, prior to adopting a new Community Benefits Charge By-law. The new CBC replaced the existing density bonusing provisions under Section 37 of the Planning Act, as well as existing requirements and municipal by-laws for parkland dedication. The Province explained this provides greater certainty regarding upfront costs rather than making these matters subject to negotiation on an ad hoc basis.

Further amendments to the Development Charges Act include a change to when development charges are paid for five types of developments: rental housing, institutional developments, industrial developments, and commercial developments. Instead of paying the development charge upon the issuance of a building permit, these developments will be allowed to pay the development charges over six installments, beginning at the issuance of an occupancy permit or when the building is first occupied (whichever is earlier) and every year for the next five years. In addition, non-profit housing developments will be allowed to pay development charges over 21 installments, beginning at the issuance of an occupancy permit or when the building is first occupied and every year for the next 20 years.

Furthermore, development charges will now be determined on the day an application for an approval of development in a site plan control area was made or the day an application for an amendment to a by-law was made.

The More Homes, More Choice Act also exempts second dwelling units in new or existing dwellings or structures from development charges.

Local Planning Decisions and Timelines

Bill 108 introduced an amendment to the Planning Act to expedite local planning decisions by establishing:

- A 120-day timeline for decisions on Official Plan Amendments (instead of 180 days);
- 90 days for Zoning By-law Amendments (instead of 150 days); and
- 120 days for Plans of Subdivisions (instead of 210 days).

Bill 197 - The COVID-19 Economic Recovery Act

On July 21, 2020, the Government passed Bill 197, an omnibus bill that introduced more key changes to the Planning Act. One such change was finalizing the community benefits charges-related provisions of the Act, including a reversal of a Bill 108 change that would have also included parkland dedication within the charges.

The most significant change was the expansion and enhancement of the power of the Minister of Municipal Affairs and Housing to undertake Minister’s Zoning Orders (MZOs) under Section 47 of the Planning Act. Though rarely used by previous governments, the MZO allows the Minister to establish zoning permissions for any land (outside the Greenbelt) irrespective of

locally adopted zoning by-laws or official plan policies. Under Bill 197, the Minister may now also make an order with regards to site plan control and inclusionary zoning, including the power to require the provision of affordable housing units in a development. An MZO does not require any prior public notice or consultation and is not subject to appeal to the LPAT.

The government has made the use of MZOs a key part of its housing and economic development efforts. A total of 33 new MZOs have been issued and in 2020 alone, 14 were issued for residential/ mixed commercial residential projects. Though these represent a range of developments, affordable and seniors housing projects account for a significant percentage, and the Province has indicated a clear interest in expediting such projects through use of the MZO, particularly where municipal councils have indicated their support.

Bill 23: More Homes, Built Faster Act

On October 25th, 2022, the Ontario Government introduced More Homes, Built Faster: Ontario's Housing Supply Action Plan 2022 – 2023⁴¹ which has now received Royal Assent. This Plan sets out several initiatives and commitments the government intends to take to support the creation of 1.5 million homes over the next 10 years. This will be achieved through several changes to nine (9) pieces of legislation, including but not limited to the Planning Act, the City of Toronto Act, and the Conservation Authorities Act.

Bill 23 will be subject to committee review and further readings by the legislature and may be amended through that process. However, many of these proposed legislative changes are highly consequential, and will be of great interest to the development community, municipalities and landowners.

Some of the key changes from Bill 23 for the City of Hamilton are discussed below:

Issue	Proposed Amendment/Change
Parkland	<ul style="list-style-type: none"> Maximum dedication rate changed from 1 hectare/300 units to 1/600 units Applies only to net residential units <ul style="list-style-type: none"> Excluding affordable and attainable units Excluding non-profit housing development Excluding additional dwelling units 60% of monies collected by municipality must be spent in one year
Additional Dwelling Units	<ul style="list-style-type: none"> As of right for three units per lot No minimum unit sizes Exempt from Development Charges, parkland dedication and Community Benefits Charges. No more than one additional parking spot required Cannot be appealed
Development Charges	<ul style="list-style-type: none"> Exemptions introduced for:

⁴¹ The Province of Ontario, 2022. More Homes, Built Faster Act, 2022. Accessed from: <https://news.ontario.ca/en/backgrounder/1002422/more-homes-built-faster-act-2022>

	<ul style="list-style-type: none"> ○ Second and third units in existing or new detached houses, semi-detached houses or rowhouses ○ Affordable housing (rental and sold) ○ Attainable housing ○ Non-profit housing ○ Inclusionary zoning units ● Reductions introduced for residential rental development as follows: <ul style="list-style-type: none"> ○ Reduction of 25% for a rented residential premises with 3 or more bedrooms ○ Reduction of 20% for a rented residential premises with 2 or more bedrooms ○ Reduction of 15% for other rented residential premises ● Cap on municipal interest rates (prime + 1%) ● Municipalities would be required to spend 60% of their reserve fund each year ● Development charge by-laws would need to be reviewed every 10 years (currently set at 5 years)
Community Benefits Charges	<ul style="list-style-type: none"> ● Only applicable to new development ● Discounted by ratio of existing building by total building of proposed development ● Discounted for affordable units
Appeals	<ul style="list-style-type: none"> ● No one other than the applicant, the municipality, certain public bodies, and the Minister will be allowed to appeal municipal decisions to the Tribunal.
Heritage Designation	<ul style="list-style-type: none"> ● Heritage registers to be reviewed and a decision made whether listed properties are to be designated, and if not, removed from the register
Ontario Land Tribunal powers	<ul style="list-style-type: none"> ● Additional grounds for the Tribunal to dismiss a proceeding: <ul style="list-style-type: none"> ○ If the Tribunal is of the opinion that the party who brought the proceeding had contributed to undue delay ○ If the Tribunal is of the opinion that a party failed to comply with an order of the Tribunal in the proceeding ● The Tribunal has the power to order an unsuccessful party to pay a successful party's costs.
Site Plan Control	<ul style="list-style-type: none"> ● Developments of up to 10 residential units will be exempted from site plan control (unless it's a land lease community home) ● Architectural details and landscape design will be removed (other than safety, accessibility, etc). ● Matters related to exterior access to a building that contains affordable housing units can still be reviewed
Rental Replacement	<ul style="list-style-type: none"> ● Minister would be given authority to make regulations imposing limits and controls on the powers of municipalities to prohibit and regulate demolition and conversion of existing

	residential rental properties (see below – government has committed to consulting on potential standardization of municipal by-laws)
Conservation Authorities	<ul style="list-style-type: none"> Proposed amendments would remove pollution and land conservation from and add control of unstable soil or bedrock to the list of factors that must be considered by CAs when making decisions related to a development project Proposed amendment would shorten the window to appeal a non-decision of the CA to the OLT from 120 to 90 days after the application for permit is made

A Place to Grow: Growth Plan for the Greater Golden Horseshoe⁴²

Effective May 16, 2019, A Place to Grow: Growth Plan for the Greater Golden Horseshoe, 2019 (the “Growth Plan”) replaced the 2017 Growth Plan for the Greater Golden Horseshoe. In August 2020, Amendment 1 to the 2019 Growth Plan came into effect and a revised land needs assessment methodology was released.

The Growth Plan is a long-term plan for the Greater Golden Horseshoe (GGH) designed to promote economic prosperity, environmental protection, and a high quality of life for people of all ages. The Growth Plan seeks to foster complete communities by directing growth to designated settlement areas and urban growth centres. The Growth Plan also establishes intensification and density targets, directing municipalities to prioritize intensification and higher densities in identified strategic growth and settlement areas to make efficient use of land and infrastructure. Strategic growth areas are inclusive of urban growth centres, MTSAs and other major opportunities including areas with existing or planned frequent transit service/higher order transit corridors.

Key themes and changes introduced through the 2019 Growth Plan and Amendment 1 include but are not limited to:

- Schedule 3 is updated to reflect a newly developed reference growth forecast and requiring municipalities to plan to the year 2051;
- Updated agricultural land base mapping and associated implementation procedures within the GGH;

⁴² The Province of Ontario, A Place to Grow: Growth Plan for the Greater Golden Horseshoe. Accessed from: <https://www.ontario.ca/document/place-grow-growth-plan-greater-golden-horseshoe>

- Revised minimum intensification requirements that are calibrated based on the degree of urbanization of a municipality;
- A series of new and revised definitions; and
- The introduction of greater flexibility for development in MTSAs within Provincially Significant Employment Zones.

In addition to the above, the Province also undertook an exercise that culminated in 2017 to ensure consistency between the various Provincial land use plans, including the Growth Plan and the Greenbelt Plan. This updated Provincial land use planning policy framework will need to be evaluated against the City's current Official Plan through the policy assessment process to ensure conformity.

Community Housing Renewal Strategy

The Provincial government recently announced a new Community Housing Renewal Strategy⁴³ with \$1 billion in 2019 – 2020 to help sustain, repair and build community housing and end homelessness. The Community Housing Renewal Strategy is focused on affordable housing for low-income households and the non-profit, co-operative and municipal housing sector.

The solutions set out in the Community Housing Renewal Strategy, which are on the Province's website, focus on:

- repairing and increasing the supply and mix of well-maintained housing that meets people's needs
- providing opportunity for people to live in housing that meets their needs and supporting them to participate in the economy and their community
- increasing efficiency in the system by removing red-tape, improving coordination and helping providers offer sustainable housing

Regulations⁴⁴ introduced in the Community Housing Renewal Strategy to make the community housing system work better for tenants and housing providers include:

- Removing existing penalties for tenants who work more hours or who are going to college or university
- Simplifying rent calculations

⁴³ The Government of Ontario 2019. Community Housing Renewal Strategy. Accessed from: <https://www.ontario.ca/page/community-housing-renewal-strategy>

⁴⁴ The Government of Ontario 2019. Community Housing Renewal Strategy. Accessed from: <https://news.ontario.ca/en/backgrounder/53853/ontarios-community-housing-renewal-strategy-putting-people-first>

- Freeing up the waitlist by having tenants prioritize their first choice and accept the first unit they are offered
- Ensuring rent calculations do not include child support payments
- Requiring an asset test
- Making housing safer by empowering housing providers to turn away tenants who have been evicted for criminal activity

The Province also launched two new programs in 2019 – 2020. These are:

Canada-Ontario Community Housing Initiative (COCHI) – provides funding to Service Managers to replace the federal Social Housing Agreement funding which expires each year beginning in April 2019.

Ontario Priorities Housing Initiative (OPHI) – provides flexible funding to all Service Managers and the two Indigenous Program Administrators to address local priorities in the areas of housing supply and affordability, including new affordable rental construction, community housing repair, rental assistance, tenant supports, and affordable ownership. Housing providers can dedicate a percentage of spending for supports that will keep people housed and prevent homelessness.

In addition, the Province has completed negotiations with CMHC to finalize the program design and amend the bilateral agreement for the Canada-Ontario Housing Benefit and Housing Benefits which have started flowing to Ontario households since April 2020.

Non-Resident Speculation Tax

On April 21, 2017 the Non Resident-Speculation Tax⁴⁵ (NRST), a 15% tax on the purchase or acquisition of an interest in residential property located in the Greater Golden Horseshoe Region by individuals who are not citizens or permanent residents of Canada or by foreign corporations (foreign entities) and taxable trustees, took effect.

The NRST applies to the transfer of land which contains at least one and not more than six single family residences. Examples of land containing one single family residence include land containing a detached house, a semi-detached house, a townhouse or a condominium unit. In a situation involving the purchase of multiple condominium units, each unit would be considered land containing one single family residence.

The NRST applies on the whole value of the consideration for the residential property if any one of the transferees is a foreign entity or taxable trustee. If the land transferred includes both

⁴⁵ The Government of Ontario 2020. Non-Resident Speculation Tax. Accessed from: <https://www.fin.gov.on.ca/en/bulletins/nrst/#covid>

residential property and another type of property, the NRST applies on the portion of the value of the consideration attributable to the residential property.

The NRST was imposed by the government of Ontario as a response to concerns about the housing market and the rapidly rising house prices in the Greater Golden Horseshoe Region. The purpose of the NRST is to deter speculation by foreign buyers in the housing market in the Region.

In 2022⁴⁶, the government Canada also introduced several measures to reduce non-resident speculation, including:

- A two-year ban on foreign purchases of Canadian houses, effective January 1, 2023, to ensure that houses are used as homes for Canadians to live in—and not used as financial assets for foreign investors. The government recently consulted on regulations that will be brought forward prior to January 1, 2023, to implement the final details of the ban.
- A 1 per cent annual vacant home tax on foreign-owned underused housing, to help free up homes for Canadians to live in, make the housing market more affordable for Canadians, and to ensure that foreign, non-resident owners of Canadian housing pay their fair share of Canadian tax.
- A crack down on speculation that contributes to higher home prices by applying the Goods and Services Tax/Harmonized Sales Tax (GST/HST) to all assignment sales of newly constructed or substantially renovated residential housing, effective May 7, 2022. An assignment sale is when a house is resold before it has even been constructed or lived in.

Bill 184: Protecting Tenants and Strengthening Community Housing Act

On March 12, 2020, the Ontario Government introduced Bill 184: Protecting Tenants and Strengthening Community Housing Act, 2020⁴⁷. The Bill aims to modernize the community housing sector, in addition to creating more accountability for tenants and landlords in the rental housing sector.

On July 21, 2020, Bill 184 officially passed and received royal assent in the Ontario Legislature. The new legislation amends the Residential Tenancies Act, 2006, the Housing Services Act,

⁴⁶ The Government of Canada, 2022. 2022 Fall Economic Statement. Accessed from:

<https://www.canada.ca/en/departement-finance/news/2022/11/making-housing-more-affordable.html>

⁴⁷The Government of Ontario 2020. Bill 184: Protecting Tenants and Strengthening Community Housing Act.

Accessed from: <https://news.ontario.ca/en/release/57701/ontario-strengthens-protections-for-tenants>

2011, the Building Code Act, 1992 and repeals the Ontario Mortgage and Housing Corporation Act. The intent of the legislation is generally to:

- Encourage repayment agreements for COVID-19
- Prevent unlawful evictions
- Compensate tenants for “no fault” evictions
- Increase maximum fines
- Increase tenant compensation for “bad faith” evictions
- Streamline Landlord and Tenant Board processes
- Reduce unnecessary and duplicative information
- Allow more tools for better enforcement of Residential Tenancy Act offences
- Allow landlords to recover costs without resorting to eviction
- Update land lease and mobile home rules
- Allow greater flexibility for employers to provide employee housing
- Create a sustainable community housing system

Bill 184 bolsters accountability by providing a number of new avenues for landlords to both evict and collect unpaid rent from current and past tenants. The amendments would also apply retroactively to when the Province first declared a state of emergency over the COVID-19 pandemic.

O. Reg 232/18: Inclusionary Zoning

On October 25th, 2022, the government introduced a proposed amendment to O. Reg 232/18: Inclusionary Zoning which will be open for public comment from October 25th, 2022 to December 9th, 2022.

The stated intent of the amendment is to “provide more certainty/clarity and make inclusionary zoning rules more consistent across the province.”

The proposed amendments include:

Issue	Proposed Amendment/Change
Number of units	<ul style="list-style-type: none"> • Proposed changes would establish an upper limit on the number of units that would be required to be set aside as affordable (5% of total number of units, or 5% of total gross floor area of total residential units)
Affordability period	<ul style="list-style-type: none"> • Proposed changes would set maximum affordability period of 25 years

Standardizing approach to determining price/rent of affordable units	<ul style="list-style-type: none">Proposed changes would prescribe the approach to determining the lowest price/rent that could be required set at 80% of the average resale purchase price of owned units and 80% AMR for rental units.
----------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

City Policies and Initiatives

Rural Hamilton Official Plan

The City of Hamilton's current Rural Hamilton Official Plan (RHOP) was adopted by City Council in July 2009 and was approved by the Ontario Municipal Board and came into effect on March 7, 2012.

The RHOP applies to the lands in the rural area of the City. Communities in the rural area of the City of Hamilton can be defined in multiple ways. Land use definitions of communities include:

- The urban boundary which delineates the urban area from the rural area. Policies pertaining to the urban boundary are not included in this Plan; and
- Rural settlement area boundaries which set the limits for residential, non-farm, and non-resource-based growth. Rural settlement area boundaries shall not be expanded.

Section 3.2 of the RHOP contains housing policies. The RHOP states that housing is fundamental to the economic, social and physical well-being of Hamilton's residents and communities. Housing is a basic human need and is the central place from which people build their lives, nurture their families and themselves, and engage in their communities.

The RHOP also states that while the housing needs of the farm community and rural residents are important, rural land is primarily a working landscape for agriculture and nonrenewable resources, with strong protections for our vital natural resources. Rural settlement areas are the focus of rural non-agricultural and non-resource uses to protect the rural land base for its primary resource purposes.

The RHOP includes policies related to **affordable housing** in Section 3.2.1. The RHOP acknowledges that many households in Hamilton cannot obtain housing that is affordable or appropriate to their needs. Households and individuals may be at risk of homelessness because of economic or personal circumstances where a level of support is required to live independently. The City recognizes the importance of affordable housing and housing with supports in meeting the housing needs of those without the resources to participate in the private housing market.

There are also unique housing needs in the rural area, with special challenges in meeting those housing needs. The overlying planning principles are the protection and availability of the agricultural land base and natural resources, and protection of natural heritage resources. Protection of the land base and the ability to farm that land or extract natural resources necessitates restricting future residential development to existing permissions and Rural Settlement Areas.

Further, water and sewage servicing constraints, the need for a certain land area to accommodate safe water supply and sewage disposal limits housing forms. For these reasons the potential for additional housing in the rural area is limited.

The policies related to **affordable housing** in the RHOP are as follows:

- The RHOP states that the City shall endeavour to provide a facilitative land use planning process for development applications for affordable housing and housing with supports. (3.2.1.1)
- Where appropriate, assistance shall be provided, either by the City and/or by senior governments, to encourage the development of affordable housing, with priority given to projects in areas of the City that are lacking in affordable housing. City assistance may include selling or leasing of surplus City land or financial assistance. (3.2.1.2)
- In accordance with the City's 'Housing First' policy, all City-owned land that is surplus to the City's needs and appropriate for residential development shall be given priority for sale or lease for the development of affordable housing by CityHousing Hamilton Corporation, or coordinated by CityHousing Hamilton Corporation or the City of Hamilton Housing Services for development by other housing stakeholders. (3.2.1.3)
- The City shall identify, promote and, where appropriate, participate in affordable housing opportunities funded by senior levels of government. (3.2.1.4)
- The City shall encourage senior levels of government to adopt a 'Housing First' policy whereby affordable housing uses are, where appropriate, given priority in the disposition of surplus government owned land. (3.2.1.5)
- Investment in new affordable housing shall be encouraged by a coordinated effort from all levels of government through implementation of a range of strategies, including effective taxation, regulatory and administrative policies and incentives. (3.2.1.6)

In Section 3.2.2. of the RHOP, the **general policies for rural housing** are included. These policies are as follows:

- Small scale housing with supports, including residential care facilities, shall be permitted as a stand alone use in the form of a single detached dwelling in accordance with Policies C.3.1.2 c), C.5.1, and Volume 2, A.1.3.1. (3.2.2.1)
- The existing stock of housing in the rural areas shall be retained wherever possible and kept in a safe and adequate condition through use of the City's Property Standards by-law and incentive programs financed by the City or by senior levels of government. (OPA 26) (3.2.2.2)

- Where dwellings are demolished without being replaced on the same site or are demolished and moved to another part of an agricultural parcel, the proponent shall be required to rehabilitate the land to the same average soil quality as any adjacent agricultural lands. (3.2.2.3)

Urban Hamilton Official Plan

The City of Hamilton's current Urban Hamilton Official Plan (UHOP) was adopted by City Council in September 2006 and was approved by the Ontario Municipal Board and came into effect on August 16, 2013.

The Urban Hamilton Official Plan (UHOP) applies to the lands in the urban area of the City.

The urban boundary defines the area where all urban development occurs. Lands within the urban boundary are already serviced or planned to be serviced with major roads, transit and full municipal services. The land within the urban boundary includes both the area within the built-up area and greenfield area. Lands within the urban boundary represent a 20-year supply of designated urban land and are intended to accommodate the majority of the City's protected growth.

Section 3.2 of the UHOP contains housing policies. The RHOP states that housing is fundamental to the economic, social and physical well-being of Hamilton's residents and communities. Housing is a basic human need and is the central place from which people build their lives, nurture their families and themselves, and engage in their communities. Housing needs to change and evolve as social, demographic, and economic conditions change. The long-term sustainability of communities is based on building a diverse, flexible housing stock today to meet changing needs at both household and community levels. To ensure that housing is available for all residents with a wide variety of needs, there must be a sufficient supply of housing with a range of housing types, forms, tenures, densities, affordability levels, and housing with support services.

The following Urban Housing Goals are identified in the UHOP and shall apply in the urban area:

- Provide for a range of housing types, forms, and densities to meet the social, health and well-being requirements of all current and future residents. (3.2.1.1)
- Provide housing within complete communities. (3.2.1.2)
- Increase Hamilton's stock of affordable housing of all types, particularly in areas of the City with low levels of affordable housing. (3.2.1.3)
- Increase Hamilton's stock of housing for those whose needs are inadequately met by existing housing forms or tenure, affordability or support options. (3.2.1.4)
- Maintain a balance of primary rental and ownership housing stock as outlined in the Affordable Housing Strategy. (3.2.1.5)

- Increase the mix and range of housing types, forms, tenures, densities, affordability levels, and housing with supports throughout the urban area of the City. (3.2.1.6)

Housing targets are presented in section 3.2.2 of the UHOP.

The UHOP acknowledges that many households in Hamilton cannot obtain housing that is affordable or appropriate to their needs. Households and individuals may be at risk of homelessness because of economic and/or personal circumstances where a level of support is required to live independently. Hamilton's aging and diversifying population has new and unique housing needs that cannot solely be met through current housing options. The City recognizes the importance of affordable housing and housing with supports in meeting the housing needs of those without the resources to participate in the private housing market.

The policies related to **affordable housing** in the UHOP are as follows:

- The City shall endeavour to provide a facilitative land use planning process for development applications for affordable housing and housing with supports. (3.2.3.1)
- Where appropriate, assistance shall be provided, either by the City and/or by senior governments, to encourage the development of affordable housing, with priority given to projects in areas of the City that are lacking in affordable housing. City assistance may include selling or leasing of surplus City land or financial assistance. (3.2.3.2)
- In accordance with the City's 'Housing First' policy, all City-owned land that is surplus to the City's needs and appropriate for residential development shall be given priority for sale or lease for the development of affordable housing by CityHousing Hamilton Corporation, or coordinated by CityHousing Hamilton Corporation or the City of Hamilton Housing Division for development by other housing stakeholders. (3.2.3.3)
- The City shall identify, promote and, where appropriate, participate in affordable housing opportunities funded by senior levels of government. (3.2.3.4)
- The City shall encourage senior levels of government to adopt a 'Housing First' policy whereby affordable housing uses are given priority in the disposition of surplus government owned land. (3.2.3.5)
- Investment in new affordable housing shall be encouraged by a coordinated effort from all levels of government through implementation of a range of strategies, including effective taxation, regulatory and administrative policies and incentives. (3.2.3.6)

In Section 3.2.4. of the UHOP, the **general policies for urban housing** are included. These policies are as follows:

- The development of a full range of housing forms, types, and densities shall be provided for and promoted throughout the City of Hamilton through residential intensification and new development. A full range of housing forms, types, and densities means the full spectrum of physical housing types including single detached dwellings, semi-detached dwellings, duplexes, townhouses of various types (street, block, stacked), apartments and other forms of multiple dwellings, and lodging houses, built at a range of densities. (3.2.4.1)

- The development of housing with a full range of tenure, affordability, and support services shall be provided for and promoted throughout the City. Where there are documented unmet needs for housing tenure, affordability levels or support services, priority shall be given to development applications that help meet those needs. Housing with a full range of tenure, affordability and support services in a full range of built housing forms means both ownership and primary rental housing with a full range of affordability, social housing, rent-geared-to- income housing, lodging houses, shared and/or congregate-living housing arrangements, housing with supports, emergency and transitional housing, and housing that meets all needs. (3.2.4.2)
- Housing with supports, including residential care facilities, shall be permitted in the Institutional, Neighbourhoods, Commercial and Mixed Use designations, as shown on Schedule E-1 – Urban Land Use Designations, and shall be subject to zoning regulations where applicable. (3.2.4.3)
- A secondary dwelling unit shall be permitted on a single, semi-detached or townhouse lot in all Institutional, Neighbourhoods, Commercial and Mixed Use designations, as shown on Schedule E-1 – Urban Land Use Designations, provided it complies with all applicable policies and Zoning By-law regulations. (OPA 142) (3.2.4.4)
- The existing stock of housing shall be retained wherever possible and kept in a safe and adequate condition through use of the City's Demolition Control bylaw, Property Standards by-law, and incentive programs financed by the City or by senior levels of government. (OPA 142) (3.2.4.5)

The UHOP also includes policies related to **Rental Housing Protection** in Section 3.2.5. The UHOP states that it is important to maintain a balance of primary rental and ownership housing stock. Primary rental housing stock lost to condominium conversion or demolition is not being replaced through the building of new units, but condominium conversion and redevelopment can meet other City goals such as affordable home ownership, neighbourhood revitalization, replacement of aging housing stock and residential intensification. The intent of the policies in Section 3.2.5 is to minimize the loss of primary rental housing, particularly affordable rental housing, while permitting opportunities for neighbourhood revitalization, residential intensification, and affordable home ownership when the rental housing market is strong.

The City has recently undertaken a review of its rental housing protection policies in the UHOP and is proposing changes to its policy and planning process framework surrounding conversions of primary rental housing to condominium tenure and demolitions of primary rental housing. Policy changes proposed are intended to establish appropriate limitations to manage change and ensure protection for existing affordable rental housing units.

The City is also proposing to establish a permit process for conversions and demolitions by passing a by-law under the Municipal Act. This is intended to be used as a tool to implement the Official Plan directions. The permit process has been identified as a key part of the City's strategy that could strengthen protections for rental housing and provide a consistent process for applications to convert or demolish rental housing. It would also permit the City to attach conditions to a permit, such as requiring legal agreements for replacement units in a new development, providing tenant assistance, and other conditions.

City of Hamilton Housing and Homelessness Action Plan (2019)

The City of Hamilton Housing and Homelessness Action Plan (HHAP) was originally created in 2013 to provide a road map to create more affordable housing, housing with supports, and to fulfill the City Vision of being the best place in Canada to raise a child and age successfully. It also guides the work of the Housing Services Division and our community partners as they work to end chronic homelessness in Hamilton and increase the supply of safe, suitable, and affordable housing for all Hamiltonians.

Implementing the HHAP strategies to fulfill this vision required a review of the progress of implementation of the plan and review of the strategies and targets that are the milestones of success. The outcome of this work is the 2020 HHAP. Revision of the HHAP placed increased emphasis on addressing homelessness, the needs of Indigenous peoples, and other areas as directed by the Province. The revised HHAP excludes strategies regarding advocacy; is limited in scope to housing and homelessness; and emphasizes City of Hamilton actions to ensure the City is setting direction and is accountable for implementation of the HHAP.

Being a living document that can grow and adapt as the needs and solutions evolve helps to ensure programs and funding continue to align with the strategic directions, and ensure one off approaches won't be needed to address changing challenges.

The HHAP is built upon the following shared core values:

1. Rights-based and anti-discrimination
2. Person-centered supports
3. Risk and protective factors
4. Evidence based, measurable and impact-driven
5. Efficient and effective use of community resources
6. Integrated and comprehensive community planning
7. Place and neighbourhoods

The HHAP also includes five (5) desired Outcomes as well as several Strategies for achieving each. These five Outcomes and respective Strategies are:

Outcomes	Strategies
1. There is more affordable rental and ownership housing in Hamilton to meet the need and demand	<ul style="list-style-type: none"> • Retain the existing stock of community housing; affordable housing; and land dedicated to affordable housing. • Use innovative approaches to create more affordable and market rental housing. • Increase the capacity for development within the affordable housing sector. • Develop a strategy and implementation plan to increase the supply of secondary rental units. • Develop and implement a sustainable municipal funding source for social housing renewal. • Develop and implement innovative approaches to create more affordable ownership units.
2. People have more housing affordability and choice	<ul style="list-style-type: none"> • Increase the integration of housing programs and service delivery within and between the Housing Services Division, the City of Hamilton, and the community to increase client choice for accessing services. • Increase the diversity of housing forms, types, tenures, and affordability in all urban areas of the city. • Increase the number and effectiveness of housing allowances and rent supplements. • Increase the use of innovative and non-traditional housing models such as home sharing, rent-to-own, co-housing, co-operative housing, etc.
3. People have the individualised supports they need to obtain and maintain housing	<ul style="list-style-type: none"> • Improve coordination of access between homelessness programs and housing support services. • Increase housing supports that help tenants remain housed. • Increase the integration and coordination of support, social service, and health care programs and services to increase client

	<p>access to program and services and better serve all people in need.</p> <ul style="list-style-type: none"> • Develop new person-centred and innovative supportive housing models based on the identified needs of people with living experience.
4. People live in housing that is good quality and safe	<ul style="list-style-type: none"> • Ensure pest control in subsidized, non-profit and private sector rental housing is improved by increasing the number of housing providers adhering to a current integrated pest management strategy. • Ensure outstanding and scheduled life cycle repairs and improvements to community housing stock are completed. • Ensure safety within and around community housing buildings and complexes is improved. • Encourage and enable community housing providers to improve the environmental sustainability and climate adaptability of their portfolios. • Ensure that innovative initiatives to improve the quality of private sector rental housing are implemented in both purpose-built multi-residential buildings and secondary units.
5. All people experience equity in housing and housing-related services	<ul style="list-style-type: none"> • Implement an equity, diversity, and inclusion framework for decision making within and delivery of services by the Housing Services Division, building on the City-wide Equity, Diversity, and Inclusion Framework under development. • Ensure Indigenous peoples engaging with housing and homelessness services are served in a culturally appropriate manner. • Dedicate, in a manner that respects Indigenous autonomy and self-determination, a certain portion of housing and homelessness funding envelopes to Indigenous organizations delivering housing and homelessness services primarily to the Indigenous community.

	<ul style="list-style-type: none">• Ensure that clients, participants, and tenants are meaningfully engaged in planning and decision making in the areas that impact their lives.• Improve information and knowledge sharing within the housing sector.
--	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Recommendations for an Inclusionary Zoning Policy

Based on the analysis in this Housing Needs Assessment report, an inclusionary zoning policy in Hamilton should be developed with the following considerations in mind:

- Exploring opportunities to generate affordable rental and ownership options to meet the needs of households with moderate incomes that grow as the city grows.
- Facilitating a steady flow of purpose-built rental housing units to accommodate the growing number of renter households in Hamilton.
- Focusing on smaller households while also creating some opportunities for larger affordable units suitable to families with children.
- There is an opportunity for inclusionary zoning to provide rental units affordable to households with low incomes if combined with financial incentives or rent supplements. A list of other affordable housing funding programs and grants is presented in Appendix B.
- Ensuring a portion of the affordable rental units created through an inclusionary zoning policy are suitable to individuals with support needs. These units could be created through partnerships with the not-for-profit, cooperative housing, and supportive housing sectors who could own or operate some of these units on a developer's behalf.

While inclusionary zoning is one tool available to the City of Hamilton to provide a range of new housing opportunities, especially as it relates to housing affordability for low- and moderate-income households, the City should consider developing a more robust housing strategy to meet the diverse needs of households into the future.

Appendices

Appendix A: Defining Affordable Housing in Hamilton

This Appendix section presents an analysis of the various definitions of affordable housing that are currently being used in different contexts in Hamilton⁴⁸. These definitions provide the foundation for the recommended definitions for affordable ownership and affordable rental housing which can be used in an inclusionary zoning policy for the City of Hamilton.

The definitions of affordable housing that are analyzed in this report include:

1. Land use planning definitions
2. Hamilton's 10-Year Housing and Homelessness Action Plan definitions
3. Federal and Provincial funding program definitions

Many of the affordable housing definitions below take into consideration household income deciles⁴⁹ as well as corresponding affordable prices and rents for ownership and renter households. The income⁵⁰ deciles for all households and for renter households in Hamilton which will be used throughout this section, are presented here:

Figure 57: Household Income Deciles for All Households & Renter Households: Hamilton; 2021 & 2022

		All Households		Renter Households	
		2021	2022	2021	2022
Low Income	Decile 1	\$28,018	\$30,150	\$9,582	\$10,311
	Decile 2	\$43,107	\$46,388	\$19,163	\$20,622
	Decile 3	\$57,371	\$61,738	\$27,247	\$29,320

⁴⁸ Throughout this report, "Hamilton" refers to the census subdivision (CSD) of Hamilton.

⁴⁹ Household income deciles divide the total universe of households into ten equally portioned income groups. This means that there is one tenth (or 10%) of all households in each income decile.

⁵⁰ Household incomes for 2021 and 2022 were estimated based on the growth rate of Ontario's CPI from 2020 to 2021 and 2022, respectively.

		All Households		Renter Households	
		2021	2022	2021	2022
Moderate Income	Decile 4	\$72,213	\$77,710	\$34,537	\$37,166
	Decile 5	\$88,554	\$95,295	\$41,827	\$45,011
	Decile 6	\$107,191	\$115,350	\$51,146	\$55,039
High Income	Decile 7	\$128,737	\$138,536	\$61,993	\$66,712
	Decile 8	\$158,315	\$170,365	\$77,149	\$83,022
	Decile 9	\$206,490	\$222,207	\$101,995	\$109,759

Source: Statistics Canada, Census 2021, CMHC Housing Portal 2016, and SHS estimations

Land Use Planning Definitions

Province of Ontario and City of Hamilton land use planning documents contain definitions for affordable housing. The definitions for affordable housing presented in the Provincial Policy Statement⁵¹ (PPS) are outlined below:

In the case of **ownership housing**, the PPS defines affordability as the least expensive of:

- e) housing for which the purchase price results in annual accommodation costs which do not exceed 30 percent of gross annual household income for low and moderate income households
- f) housing for which the purchase price is at least 10 percent below the average purchase price of a resale unit in the City of Hamilton;

In the case of **rental housing**, affordability is defined as the least expensive of:

- e) a unit for which the rent does not exceed 30 percent of gross annual household income for low and moderate income households
- f) a unit for which the rent is at or below the average market rent of a unit in the City of Hamilton.

For the purposes of this definition, “low and moderate income households” means households with incomes in the lowest 60% of the income distribution for the City of Hamilton.

⁵¹ Province of Ontario, 2020. Provincial Policy Statement. Accessed from: <https://files.ontario.ca/mmah-provincial-policy-statement-2020-accessible-final-en-2020-02-14.pdf>

The definitions from the PPS are also in line with the definitions presented in A Place to Grow: Growth Plan for the Greater Golden Horseshoe⁵² and the City's Urban Hamilton Official Plan.

Land Use Planning Definition of Ownership Housing Affordability

Income-Based Approach

For ownership housing, the **income-based approach** defines affordable housing as housing for which the purchase price results in annual accommodation costs which do not exceed 30 percent of gross annual household income for low and moderate income households, as mentioned above.

In 2022, based on Hamilton income deciles, affordable ownership housing should be priced at a maximum of **\$505,455** for the lowest 60% of the income distribution.

Figure 58: Affordable House Prices based on Household Income Deciles: Hamilton; 2022

All Households			
Percentile	Income	Affordable Ownership	
100 th			
90 th			
80 th			
70 th	Hamilton	\$115,350	\$505,455
60 th			
50 th			
40 th			
30 th			
20 th	Housing that costs less than 30% of household income for the lowest 60% of household income levels		
10 th			

Source: SHS Calculations for Ownership Affordability based on spending 30% of income on housing costs, 5% down payment, 25-year mortgage, and 5.86% interest rate

⁵² Province of Ontario, 2020. A Place to Grow: Growth plan for the Grater Golden Horseshoe. Accessed from: <https://www.ontario.ca/document/place-grow-growth-plan-greater-golden-horseshoe>

Market-Based Approach

For ownership housing, the **market-based approach** defines affordable housing as housing for which the purchase price is at least 10 percent below the average purchase price of a resale unit in the regional market area (i.e., Hamilton), as mentioned above.

In 2022⁵³, based on average purchase prices of resale units in Hamilton, affordable ownership housing should be priced at a maximum of **\$831,647** which is 10 per cent below the average purchase price of a resale unit in Hamilton in 2022 (i.e., 10 percent below \$924,052.)

Figure 59: Affordable House Prices based on Average Resale House Prices: Hamilton; 2022

All Households		
Percentile	Income	Affordable Ownership
100 th		
90 th		
80 th		
70 th	Hamilton	\$115,350
60 th		
50 th		
40 th		
30 th		
20 th	Housing that costs at least 10% below the average purchase price of a resale unit	
10 th		

Source: Statistics Canada, Census 2021 and Canadian Real Estate Association, Residential Market Activity Report (August 2022)

Therefore, in 2022, based on Hamilton household income deciles, **affordable ownership housing** should be priced through the income-based approach at a maximum of **\$505,455** for the lowest 60% of the income distribution. This is because the income-based approach produces a less expensive affordable house price than the market-based approach (\$505,455 compared with \$831,647, respectively). This is consistent with the methodology prescribed by the PPS for determining the definition of ownership housing affordability.

To update the definition of affordable ownership housing annually based on this methodology, household incomes would need to be projected from values reported in the most recent year of the Census to future year estimates based on the growth rate of Ontario's CPI.

⁵³ Canadian Real Estate Association, Residential Market Activity Report (August 2022).

Land Use Planning Definition of Rental Housing Affordability

Income-Based Approach

For rental housing, the **income-based approach** defines affordable housing as a unit for which the rent does not exceed 30 percent of gross annual household income for low and moderate income households, as mentioned above.

In 2021, based on Hamilton renter household income deciles, affordable rental housing should be priced at a maximum of **\$1,279** for the lowest 60% of the income distribution.

Figure 60: Affordable Rents based on Renter Household Income Deciles: Hamilton; 2021

All Households			
100 th			
90 th	Percentile	Income	Affordable Rental
80 th			
70 th	Hamilton	\$45,503	\$1,279
60 th	Rent that does not exceed 30% of gross annual household income for the lowest 60% of household income levels		
50 th			
40 th			
30 th			
20 th			
10 th			

Source: Statistics Canada Census 2021, CMHC Housing Portal 2016, and SHS Calculations for Rental Affordability

Market-Based Approach

For rental housing, the **market-based approach** defines affordable housing as a unit for which the rent is at or below the average market rent of a unit in the regional market area (i.e., Hamilton), as mentioned above.

In 2021, based on the average market rent for units in Hamilton, affordable rental housing should be priced at a maximum of **\$1,190**.

Figure 61: Affordable Rents based on Average Market Rent: Hamilton; 2021

All Households			
Percentile	Income	Affordable Rental	
100 th			
90 th			
80 th			
70 th	Hamilton	\$45,503	100% AMR \$1,190
60 th			
50 th			
40 th			
30 th			
20 th			
10 th			

Rent that is at or below the average market rent

Source: Statistics Canada Census 2021, CMHC Housing Information Portal 2021

Therefore, in 2021, **affordable rental housing** should be priced through the market-based approach at a maximum of **\$1,190** based on average market rents in Hamilton. This is because the market-based approach produces a less expensive affordable rent price than the income-based approach (\$1,190 compared with \$1,279, respectively). This is consistent with the methodology prescribed by the PPS for determining the definition of rental housing affordability.

To update the definition of affordable rental housing based on this methodology, average market rent prices would need to be retrieved from CMHC annually.

City of Hamilton 10-Year Housing and Homelessness Action Plan Definitions

The City of Hamilton's 10-Year Housing and Homelessness Action Plan⁵⁴ (HHAP) also includes definitions for affordable housing. The HHAP states that the affordability of rental housing can be defined based on a proportion of a person or household's income or based on a percentage of the average or median market rent, for a defined area. Often, the definition includes a threshold in the position of households on the income spectrum, the most universal with low and moderate income households being at or below the 60th income percentile for renters living in a defined area. Different documents define affordable housing slightly differently.

⁵⁴ City of Hamilton, 2020. Housing and Homelessness Action Plan. Accessed from: <https://pub-hamilton.escribemeetings.com/filestream.ashx?DocumentId=232005>

For the purposes of the HHAP “affordable housing” means:

1. Housing that costs 30% or less of gross household income for households with a low to moderate income. Low to moderate income for renters is defined as income at or below the 60th income percentile for renters in the City of Hamilton, and for owners the 60th income percentile for all Hamiltonians; and/or,
2. Housing that is less than 125% of the CMHC average market rent for the same unit type and size, in the local housing market zone, or city-wide.

HHAP Definition of Ownership Housing Affordability

The HHAP defines affordable ownership housing as housing that costs 30% or less of gross household income for all households with a low to moderate income in Hamilton. This definition is consistent with the land use planning definition for ownership housing affordability using the income-based approach.

Therefore, in 2022, based on Hamilton income deciles, affordable ownership housing should be priced at a maximum of **\$505,455** for the lowest 60% of the income distribution.

To update the definition of affordable ownership housing annually based on this methodology, household incomes would need to be projected based on the growth rate of Ontario’s CPI.

HHAP Definition of Rental Housing Affordability

Income-Based Approach

For rental housing, the **income-based approach** in the HHAP defines affordable housing as a unit for which the rent costs 30% or less of gross household income for renter households with a low to moderate income in Hamilton. This definition is consistent with the land use planning definition for rental housing affordability using the income-based approach.

Therefore, in 2021, based on Hamilton renter household income deciles, affordable rental housing should be priced at a maximum of **\$1,279** for the lowest 60% of the income distribution.

Market-Based Approach

For rental housing, the **market-based approach** defines affordable housing as a unit for which the rent is less than 125% of the CMHC average market rent for the same unit type and size, in the local housing market zone, or city-wide.

In 2021, based on the average market rent for units in Hamilton, affordable rental housing should be priced at a maximum of **\$1,488** on average for all unit types, **\$1,144** for bachelor units, **\$1,369** for one-bedroom units, **\$1,589** for two-bedroom units, and **\$1,849** for units with three bedrooms or more.

Figure 62: Affordable Rents based on 125% of Average Market Rent by Unit Type: Hamilton; 2021

	Bachelor	One-Bedroom	Two-Bedroom	Three + Bedrooms	All
100% of AMR	\$915	\$1,095	\$1,271	\$1,479	\$1,190
125% of AMR	\$1,144	\$1,369	\$1,589	\$1,849	\$1,488

Source: CMHC Housing Information Portal 2021

Therefore, in 2021, the income-based approach to defining affordable rental housing produces a less expensive affordable rent price than the market-based approach on average (\$1,279 compared with \$1,488, respectively).

However, the market-based approach provides definitions for rental housing affordability by unit type which result in greater specificity than the income-based approach. For this reason, the City of Hamilton might consider utilizing the market-based approach definitions rather than the income-based approach definition.

Furthermore, the average market rent is based on CMHC's annual survey, which includes all purpose-built rental with three units or more. This purpose-built rental housing supply is predominantly comprised of older rental units that have been under rent control according to the Ontario Residential Rent Guideline. These older rental units have rents that are substantially lower than rents for new residential rental units with newer construction and better amenities. Hence, it might be more appropriate to raise the rental affordability threshold to 125% of the average market rent.

These thresholds are higher than the prices established through other methodologies in this report and therefore might not be appropriate for use in an inclusionary zoning policy in Hamilton. For funding reasons however, using this methodology may be more appropriate in certain circumstances.

To update the definition of affordable rental housing based on the market-based approach, average market rent prices would need to be retrieved from CMHC annually.

Federal and Provincial Funding Program Definitions

Within the various Federal and Province of Ontario funding programs that currently exist, there are project criteria established which focus funding towards meeting the needs of specific targeted populations and income levels. In the context of program funding, the new development of affordable housing is generally defined in the form of "eligibility criteria" by which an applicant can receive funding for a project. In CMHC administered funding programs,

definitions for “affordable housing” which are relevant to the Hamilton context described in this report include the following:

- Housing which costs no more than 30% of a household’s net income
- “Low-end of market rental” provides housing affordable to households with incomes at the 60th income percentile or lower with rents at 80% of the Median Market Rent (MMR) according to CMHC

Funding Program Definition of Ownership Housing Affordability

CMHC defines affordable ownership housing in its funding programs as housing that costs no more than 30% of a household’s net income in Hamilton. This definition is consistent with the land use planning definition and the HHAP definition for ownership housing affordability using the income-based approach.

Therefore, in 2022, based on Hamilton income deciles, affordable ownership housing should be priced at a maximum of **\$505,455** for the lowest 60% of the income distribution.

To update the definition of affordable ownership housing annually based on this methodology, household incomes would need to be projected based on the growth rate of Ontario’s CPI.

Funding Program Definition of Rental Housing Affordability

Income-Based Approach

For rental housing, the **income-based approach** for defining affordable rental housing outlined by the eligibility criteria of CMHC’s funding programs states that affordable housing is a unit for which the rent costs no more than 30% of a household’s income for renter households in Hamilton. This definition is consistent with the land use planning definition and the HHAP definition for rental housing affordability using the income-based approach.

Therefore, in 2021, based on Hamilton renter household income deciles, affordable rental housing should be priced at a maximum of **\$1,279** for the lowest 60% of the income distribution.

Market-Based Approach

For rental housing, the **market-based approach** defines affordable housing as a unit for which the rent is 80% of the CMHC median market rent for the same unit type and size in Hamilton.

In 2021, based on the median market rent for units in Hamilton, affordable rental housing should be priced at a maximum of **\$928** on average for all unit types, **\$772** for bachelor units, **\$870** for one-bedroom units, **\$987** for two-bedroom units, and **\$1,166** for units with three bedrooms or more.

Figure 63: Affordable Rents based on 80% of Median Market Rent by Unit Type: Hamilton; 2021

	Bachelor	One-Bedroom	Two-Bedroom	Three + Bedrooms	All
100% of MMR	\$965	\$1,088	\$1,234	\$1,458	\$1,160
80% of MMR	\$772	\$870	\$987	\$1,166	\$928

Source: CMHC Housing Information Portal 2021

Therefore, in 2021, the market-based approach to defining affordable rental housing produces a less expensive affordable rent price than the income-based approach on average (\$928 compared with \$1,279, respectively). Additionally, the market-based approach provides definitions for rental housing affordability by unit type which result in greater specificity than the income-based approach. For this reason, the City of Hamilton should consider utilizing the market-based approach definitions rather than the income-based approach definition.

To update the definition of affordable rental housing based on the market-based approach, average market rent prices would need to be retrieved from CMHC annually.

Recommended Definition for Affordable Housing for an Inclusionary Zoning Policy for Hamilton

Recommended Definition of Ownership Housing Affordability for Hamilton

Based on the analysis in the previous sections, it is recommended that the ownership housing affordability threshold be set at the price of **\$505,455** in 2022. This is consistent with the land use planning income-based approach definition for affordable ownership housing, the definition of affordable ownership housing in the HHAP, and the definition of affordable ownership housing outlined by the Federal and Provincial funding program eligibility criteria.

The other option assessed (i.e., land use planning market-based approach) relies on resale prices for homes in Hamilton which are much higher and would be unaffordable to households with moderate and low incomes in Hamilton.

To update the definition of affordable ownership housing annually based on this methodology, household incomes would need to be projected based on the growth rate of Ontario's CPI.

Figure 64: Ownership Housing Affordability Definition Summary Table; 2022

	All unit types
Land Use Planning Definition Income-Based Approach	\$505,455
Land Use Planning Definition Market-Based Approach	\$831,647
HHAP Definition	\$505,455
Federal and Provincial Funding Program Definition	\$505,455

Recommended Definition of Rental Housing Affordability for Hamilton

Based on the analysis in the previous sections, it is recommended that the rental housing affordability threshold be set at the rent of **\$1,190** on average for all unit types, **\$915** for bachelor units, **\$1,095** for one-bedroom units, **\$1,271** for two-bedroom units, and **\$1,479** for units with three bedrooms or more in 2021. This is consistent with the definition of affordable rental housing through the market-based approach in the land use planning documents such as the PPS and A Place to Grow: Growth Plan for the Greater Golden Horseshoe⁵⁵ and the City's Urban Hamilton Official Plan⁵⁶.

The market-based approach in the land use planning documents provides definitions for rental housing affordability by unit type which result in greater specificity than other approaches which is desirable.

To update the definition of affordable rental housing based on the market-based approach, average market rent prices would need to be retrieved from CMHC annually.

Figure 65: Rental Housing Affordability Definition Summary Table; 2021

	All unit types	Bachelor	One-Bedroom	Two-Bedroom	Three + Bedrooms
Land Use Planning Definition Income-Based Approach	\$1,279				
Land Use Planning Definition Market-Based Approach (100% AMR)	\$1,190	\$915	\$1,095	\$1,271	\$1,479
HHAP Definition Income-Based Approach	\$1,279				

⁵⁵ Province of Ontario, 2020. A Place to Grow: Growth plan for the Grater Golden Horseshoe. Accessed from: <https://www.ontario.ca/document/place-grow-growth-plan-greater-golden-horseshoe>

⁵⁶ Please note that where affordable housing definitions or calculations from funding programs offered by upper levels of government differ, their applicable definition will prevail for the purposes of funding.

HHAP Definition Market-Based Approach (125% AMR)	\$1,488	\$1,144	\$1,369	\$1,589	\$1,849
Federal and Provincial Funding Program Definition Income-Based Approach	\$1,279				
Federal and Provincial Funding Program Definition Market-Based Approach (80% MMR)	\$928	\$772	\$870	\$987	\$1,166

Appendix B: Other Affordable Housing Funding Programs and Grants

There has been a lot of interest in creating affordable housing by all orders of government in recent years. As a result, several funding programs have been introduced to aid the development of affordable housing across Canada and increase supply for households in need.

In the table below, the widely available funding programs that developers interested in building affordable housing could access funding through to improve viability of their project and increase affordability of new housing supply are presented. Information regarding the type of funding, the funding envelope, as well as the criteria for eligibility to access funding through these programs are provided.

Funding programs offered by all levels of government are available to be used in conjunction with one another, so long as the project meets the eligibility criteria of the programs. The federal programs are provided through the National Housing Strategy, which will run to 2028. It should be noted that the Rental Construction Financing Initiative cannot be accessed if the project is receiving funding through the National Housing Co-Investment Fund (New Construction) program.

Program Name	Type of Funding	Project Tenure	Funding Envelope	Eligibility Criteria	Program Objectives	Program Administered By
Pre-Design Phase						
Seed Funding	Grant & Interest Free Loans	Primarily Rental	Grant: Up to \$150,000 Loan: Up to \$350,000	<ol style="list-style-type: none"> 1. Project types: Indigenous, community and affordable housing, mixed-use market/affordable rental, shelters, transitional, and supportive, conversion of non-residential buildings to affordable multi-resident, renovation of existing affordable units at risk of abandonment or demolition 2. Must be primarily residential 3. Must have a minimum of 5 affordable units/beds 4. Must be considered affordable as determined by the Municipality, province or Territory, or as accepted under other CMHC programs. 	To support costs for completing pre-development activities related to the construction of new affordable housing supply or renovation of existing affordable housing supply.	CMHC

Program Name	Type of Funding	Project Tenure	Funding Envelope	Eligibility Criteria	Program Objectives	Program Administered By
Federal Lands Initiative	Low or No Cost Land or Building	Any	<p>Currently, there are no properties available.</p> <ul style="list-style-type: none"> The funding envelope is equivalent to the land value. 	<ol style="list-style-type: none"> At least 30% of units must be less than 80% of local Median Market Rent, for a minimum of 25 years. At least 20% of units must meet accessibility standards and projects must be barrier-free or demonstrate full universal design. Achieve 25% decrease in energy consumption and GHG. OR 15% decrease relative to the 2017 National Energy Code for Building Evidence of community needs. Meet the minimum debt coverage ratio= of 1.10. 	Utilize surplus Federal lands to be made available for use as affordable, sustainable, accessible and socially inclusive housing	CMHC
Shared Equity Mortgage⁵⁷ Providers Fund	Loan	Ownership	Up to \$4 million for the overall development.	<p>Project viability assessment by CMHC:</p> <ol style="list-style-type: none"> Capacity to fulfil the loan repayment obligation Financially sound with the requisite authority, experience, capability and resources to administer a shared equity mortgage program. 	Assist developers with the cost of eligible preconstruction activities, for units that will all participate in Shared Equity Mortgages.	CMHC

⁵⁷ Shared Equity Mortgage: Now branded as First-Time Home Buyer Incentive. This program is a shared equity mortgage. This means that the government shares in the upside and downside of the property value. It allows you to borrow 5 or 10% of the purchase price of a home. You pay back the same percentage of the value of your home when you sell it or within a 25-year window.

Program Name	Type of Funding	Project Tenure	Funding Envelope	Eligibility Criteria	Program Objectives	Program Administered By
Pre-Construction Phase						
Home Depot: Community Impact Grant	Grant	Rental	\$10,000 maximum	Registered Charity	Homelessness Prevention Funding for renovations, and improvements to buildings and landscaping	Home Depot
Green Municipal Fund: Planning	Grant	Rental	Up to \$25,000 or 80% of eligible costs for the overall project	<ol style="list-style-type: none"> 1. Municipality, Non-Profit, or in a partnership with one 2. Must meet net-zero or net-zero ready standards 3. 30% of the units be less than 80% of the local median market rent. 4. Retrofits must achieve a 25% reduction in energy consumption Stackable with National Housing Strategy programs.	Provide planning grants to assist housing providers in early stages of sustainable affordable housing development. Encourage pursuing ambitious reductions in energy consumption	Federation of Canadian Municipalities (FCM)
Green Municipal Fund: Retrofit of sustainable affordable housing	Grants and Loans	Rental	Grants of 25%-50% of costs (proportional to energy use reduction). Grants up to \$500,000 to cover up to 80% of eligible costs.	Same as Green Municipal Fund: Planning	Same as Green Municipal Fund: Planning	Federation of Canadian Municipalities (FCM)
Green Municipal Fund: New Construction	Grants and Loans	Rental	Up to 20% of costs, or \$10 million, and 50% Grant, 50% Loan	Same as Green Municipal Fund: Planning	Same as Green Municipal Fund: Planning	Federation of Canadian Municipalities (FCM)
Construction Phase						
National Housing Co-Investment Fund (New Construction)	Repayable Loan & Forgivable Loan	Primarily Rental	Repayable Loan: Non-Profits and Indigenous organizations up to 95% of project costs; Private Sector up to 75%	<ol style="list-style-type: none"> 1. A minimum of 5 units/beds 2. Primary use as residential 3. Meet minimum requirements for financial viability, affordability, energy efficiency and accessibility 	Develop energy efficient, accessible and socially inclusive housing for mixed-income, mixed-tenure and	CMHC under the National Housing Strategy

Program Name	Type of Funding	Project Tenure	Funding Envelope	Eligibility Criteria	Program Objectives	Program Administered By
			Forgivable Loan: Non-profits and Indigenous organizations up to 30%; Private Sector up to 10%	4. Partnership requirements	mixed-use affordable housing uses	
National Housing Co-Investment Fund (Revitalization)	Repayable Loan & Forgivable Loan	Primarily Rental	Repayable Loan: Non-Profits and Indigenous: up to 95% of project costs; Private Sector up to 75%. Forgivable Loan: Non-profits and Indigenous: up to 30%; Private Sector up to 10%	<ol style="list-style-type: none"> 1. A minimum of 5 units/beds 2. Existing building with residential use 3. Meet minimum requirements for financial viability, affordability, energy efficiency and accessibility 4. Partnership requirements 5. 25% reduction in energy use and Greenhouse Gas (GHG) emissions 	Renovate or renew existing buildings to develop energy efficient, accessible and socially inclusive housing for mixed-income, mixed-tenure and mixed-use affordable housing uses	CMHC under the National Housing Strategy
Rental Construction Financing Initiative	Low-Cost Construction Financing	Rental	Up to 100% loan to cost	<ol style="list-style-type: none"> 1. A minimum of 5 rental units 2. Minimum loan of \$1 million 3. Have zoning in place, a site plan in process with municipality and a building permit available 4. Minimum of 20% of units must have rents below 30% of the median total income, and total residential income must be at least 10% below potential market income 5. Energy and accessibility requirements 	Create new purpose built rental for middle income Canadians	CMHC under the National Housing Strategy
Downtown & Barton/Kenilworth Housing Opportunities (DBKHO) Program	Low-Interest Loan	Rental	Maximum Loan lesser of \$4M or 25% of the Cost to Construct Budget.	<ol style="list-style-type: none"> 1. The creation of at least 10 new dwelling units through the development of multiple dwellings on vacant land, surface parking areas, or redevelopment of existing buildings 2. Building addition containing at least 10 new dwelling units and/or 3. The conversion of existing non-residential space into housing consisting of at least 10 new dwelling units. 	Promote the development of multiple dwelling units that will create new housing opportunities and support robust local commercial district populations that add vibrancy and support demand for local commercial businesses/services	Invest in Hamilton: City of Hamilton

Program Name	Type of Funding	Project Tenure	Funding Envelope	Eligibility Criteria	Program Objectives	Program Administered By
				<p>4. Must meet the goals of the Revitalization Hamilton's Commercial Districts Community Improvement Plan (RHCD CIP)</p> <p>This program will apply within the Barton Village and Downtown Hamilton Commercial District CIPAs, the Barton East Strategic Commercial Corridor CIPA, and the Kenilworth Avenue North Strategic Commercial Corridor CIPA.</p>		
Commercial District Housing Opportunities (CDHO) Program	Low-Interest Loan & Grant	Rental	<p>Maximum Loan amount of \$20,000 per dwelling unit to a maximum of \$600,000 per property</p> <p>This Program has a Grant portion of \$5,000 per application allocated to professional fees and City of Hamilton Fees only.</p>	<ol style="list-style-type: none"> 1. Converting existing non-residential spaces into dwelling units where permitted under applicable City zoning by-law 2. Undertaking renovations to existing dwelling units' 3. Creation of new dwelling units, including accessory dwelling units, via building additions or new detached accessory buildings, including laneway housing; and/or 4. Creation of new dwelling units through development of vacant land, surface parking lots or redevelopment of existing buildings 5. This program will apply within the Ancaster, Barton Village, Binbrook, Concession Street, Downtown Hamilton, Dundas, Locke Street, Ottawa Street, Stoney Creek, Waterdown and Westdale Commercial District CIPAs, the Strategic Commercial Corridor CIPAs and those properties within the municipal boundary designated under Part IV or Part V of the <i>Ontario Heritage Act</i>. 	To promote the improvement or development of dwelling units that will create new/improved housing opportunities, support robust local commercial district populations that add vibrancy and support demand for local commercial businesses/services	Invest in Hamilton: City of Hamilton

Program Name	Type of Funding	Project Tenure	Funding Envelope	Eligibility Criteria	Program Objectives	Program Administered By
Canada-Ontario Community Housing Initiative (COCHI)		Rental	Very limited funding available. Project dependent, at the discretion of the Service Manager	1. Be a community Housing Provider or in partnership with one. <i>Contact Hamilton's Housing Services Department for more information.</i>	Repair, regenerate and expand community housing, and protect affordability support for tenants	City of Hamilton: <i>Housing Services Department</i> (905) 523 8496
Ontario Priorities Housing Initiative (OPHI)		Rental	All current funds have been allocated to end of 2022. Up to 75% of capital costs of the affordable rental units.	1. Must be a non-profit, municipal, or co-operative development 2. Rents, on average, at or below 80% of AMR, for at least 20 years 3. Start construction within 120 days of signing the agreement 4. Exceed the current National Energy Code and Ontario Building Code 5. Income verification requirements 6. Minimum and average unit sizes ⁵⁸	Address local priorities in the areas of housing supply and affordability including affordable rental construction, community housing repair, rental assistance, tenant supports, and affordable homeownership	City of Hamilton: <i>Housing Services Department</i> (905) 523 8496
Research and Development						
Affordable Housing Innovation Fund	Grant	Any	Currently on hold due to oversubscription. Amount and type of funding will vary based on proposals received and may require security	Will prioritize projects that: <ul style="list-style-type: none"> exceed minimum requirements bring more partners and additional investment to the table Minimum Criteria <ol style="list-style-type: none"> At least 5 new units 	Encourage innovative approaches to creating new, renewing or renovating affordable housing	CMHC under the National Housing Strategy

⁵⁸ Minimum and average unit sizes for OPHI Programs:

(m ²)	Studio	1 Bed	2 Bed	3 Bed	4 Bed
Minimum	40.0	48.7	60.4	83.6	102.2
Average	41.8	55.0	67.4	92.9	109.2

Program Name	Type of Funding	Project Tenure	Funding Envelope	Eligibility Criteria	Program Objectives	Program Administered By
			<p>depending on the proposal.</p> <p>Innovative funding arrangements will be considered.</p>	<ol style="list-style-type: none"> 2. Must use innovative solutions for affordable housing, may include novel financing models 3. Unit affordability at least 10 years 4. A minimum 10% decrease in energy intensity and greenhouse gas (GHG) emissions 5. At least 10% accessible 6. Plans for viability and sustainability without long-term government subsidies: <ol style="list-style-type: none"> 1. Other factors: Projects with replicable designs, easy access to transit or have a focus on social inclusion 		

Please Note: Information in this table is as of September 2022 and are subject to update. Please review the program websites for the most up-to-date information.