

City of Hamilton | Housing Needs Assessment

ADDENDUM TO THE DRAFT REPORT



February 2023

Introduction

The ***Housing Needs Assessment Draft Report*** 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. It 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 Draft Report* 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.

The purpose of this ***Addendum to the Draft Report*** is to address the proposed amendments to O. Reg 232/18: Inclusionary Zoning¹ by the government of Ontario on October 25th, 2022, specifically as they relate to the definition of affordability which can be used in an inclusionary zoning policy.

O. Reg 232/18: Inclusionary Zoning

On October 25th, 2022, the government of Ontario proposed an 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."

There are several changes proposed by this amendment. One of the changes proposed relates to the definition of affordability for an inclusionary zoning policy. The method to define affordability proposed here is described below:

- In the case of **ownership housing**, it defines affordability as housing for which the purchase price is 80 per cent of the average resale purchase price of owned units, or lower.
- In the case of **rental housing**, it defines affordability as a unit for which the rent is at or below 80 per cent of the average market rent of a unit.

As such, an inclusionary zoning policy for the City of Hamilton likely will be required to use this definition of affordability in the future.

¹ For more information on Bill 23, More Homes, Built Faster: Ontario's Housing Supply Action Plan 2022 – 2023 which introduced a proposed amendment to O. Reg 232/18: Inclusionary Zoning, please see the Policy Context section of the ***Housing Needs Assessment Draft Report***.

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

The *Housing Needs Assessment Draft Report* presented an analysis of the various definitions of affordable housing that are currently being used in different contexts in Hamilton. These definitions provided the foundation for a recommended definition 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 were analyzed in that Report included:

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

However, the recommended thresholds for affordable ownership and affordable rental housing which can be used in an inclusionary zoning policy for the City of Hamilton² should be in line with the definitions presented in the proposed amendment to O. Reg 232/18: Inclusionary Zoning.

An analysis of the thresholds for affordable ownership and affordable rental housing according to the definition proposed by the amendment to O. Reg 232/18 is presented in the sections below.

O. Reg 232/18 Definition of Ownership Housing Affordability

As mentioned previously, the proposed amendments to O. Reg 232/18: Inclusionary Zoning suggest that in the case of **ownership housing**, affordability is defined as housing for which the purchase price is 80 per cent of the average resale purchase price of owned units or less.

² 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 of the *Housing Needs Assessment Draft Report*. 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.

In 2022³, based on average purchase prices of resale units in Hamilton, affordable ownership housing should be priced at a maximum of **\$739,242** which is 80 per cent of the average purchase price of a resale unit in Hamilton in 2022 (i.e., 80 per cent of \$924,052) according to the definition proposed by O. Reg 232/18.

Figure 1: Affordable Ownership based on 80% of Average Purchase Price of a Resale Unit: Hamilton; 2022

	All
100% of Average Purchase Price of a Resale Unit	\$924,052
80% of Average Purchase Price of a Resale Unit	\$739,242

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

This definition of affordable ownership housing is slightly higher than 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 (\$729,242 versus \$505,455.)

However, it is lower than the definition of affordable ownership housing based on the land use planning market-based approach which also relies on resale prices for homes in Hamilton (\$729,242 versus \$831,647.)

Figure 2: 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
O. Reg 232/18: Inclusionary Zoning Definition	\$739,242

³ Canadian Real Estate Association, Residential Market Activity Report (August 2022).

O. Reg 232/18 Definition of Rental Housing Affordability

As mentioned previously, the proposed amendments to O. Reg 232/18: Inclusionary Zoning suggest that in the case of **rental housing**, affordability is defined as a unit for which the rent is at or below 80 per cent of the average market rent of a unit.

In 2022, based on the average market rent for units in Hamilton, affordable rental housing should be priced at a maximum of **\$994** on average for all unit types, **\$736** for bachelor units, **\$914** for one-bedroom units, **\$1,068** for two-bedroom units, and **\$1,160** for units with three bedrooms or more according to the definition proposed by O. Reg 232/18.

Figure 3: Affordable Rents based on 80% of Average Market Rent by Unit Type: Hamilton; 2022

	Bachelor	One-Bedroom	Two-Bedroom	Three + Bedrooms	All
100% of AMR	\$920	\$1,142	\$1,335	\$1,450	\$1,242
80% of AMR	\$736	\$914	\$1,068	\$1,160	\$994

Source: CMHC Housing Information Portal, 2022

This definition of affordable rental housing is comparable 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 Horseshoe⁴ and the City's Urban Hamilton Official Plan⁵, the definition of affordable rental housing in the HHAP, and the definition of affordable rental housing outlined by the Federal and Provincial funding program eligibility criteria.

The approach proposed by O. Reg 232/18 provides definitions for rental housing affordability by unit type which result in greater specificity than other some of the other approaches which is desirable.

Figure 4: Rental Housing Affordability Definition Summary Table; 2022

	All unit types	Bachelor	One-Bedroom	Two-Bedroom	Three + Bedrooms
Land Use Planning Definition	\$1,376				

⁴ 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>

⁵ 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.

Income-Based Approach					
Land Use Planning Definition	\$1,242	\$920	\$1,142	\$1,335	\$1,450
Market-Based Approach (100% AMR)					
HHAP Definition	\$1,376				
Income-Based Approach					
HHAP Definition	\$1,553	\$1,150	\$1,428	\$1,669	\$1,813
Market-Based Approach (125% AMR)					
Federal and Provincial Funding Program Definition	\$1,376				
Income-Based Approach					
Federal and Provincial Funding Program Definition	\$951	\$808	\$887	\$980	\$1,106
Market-Based Approach (80% MMR)					
O. Reg 232/18: Inclusionary Zoning Definition (80% AMR)	\$994	\$736	\$914	\$1,068	\$1,160

Conclusion

Based on the analysis above, the recommended thresholds for affordable ownership and affordable rental housing which can be used in an inclusionary zoning policy for the City of Hamilton should be in line with the definitions presented in the proposed amendment to O. Reg 232/18: Inclusionary Zoning.

In 2022, based on average purchase prices of resale units in Hamilton, affordable ownership housing should be priced at a maximum of **\$739,242** which is 80 per cent of the average purchase price of a resale unit in Hamilton in 2022 (i.e., 80 per cent of \$924,052) according to the definition proposed by O. Reg 232/18.

In 2022, based on the average market rent for units in Hamilton, affordable rental housing should be priced at a maximum of **\$994** on average for all unit types, **\$736** for bachelor units, **\$914** for one-bedroom units, **\$1,068** for two-bedroom units, and **\$1,160** for units with three bedrooms or more according to the definition proposed by O. Reg 232/18.