






CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division
and
HEALTHY AND SAFE COMMUNITIES DEPARTMENT
Housing Secretariat Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	December 6, 2023
SUBJECT/REPORT NO:	Housing Sustainability and Investment Roadmap Work Program: City Property Review and Property Disposition Strategies (PED23099(a)/HSC23028(a)) (City Wide)
WARD(S) AFFECTED:	City Wide
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SUBMITTED BY: SIGNATURE:	Norm Schleeahn Director, Economic Development Planning and Economic Development Department 
SUBMITTED BY: SIGNATURE:	Raymond Kessler Chief Corporate Real Estate Officer Planning and Economic Development Department 
SUBMITTED BY: SIGNATURE:	Justin Lewis Director, Housing Secretariat Healthy and Safe Communities Department 

RECOMMENDATION

- (a) That staff be directed to proceed with a market offering of the city-owned property at 171 Main Street East, in accordance with the “Procedural By-law for the Sale of Land” being By-law No. 14-204, with the net proceeds of the sale to be used for affordable housing purposes;
- (b) That staff be directed to initiate a Zoning By-law Amendment application for the city-owned property at 9 Clarence Street for the purpose of permitting multiple dwellings (DE-2) of five storeys, and report back to General Issues Committee with a disposition strategy for a nominal value sale to a non-profit affordable housing provider or a direct partnership with a non-profit housing provider, for the purpose of affordable housing;
- (c) That staff be directed to initiate a Zoning By-law Amendment application for the city-owned property at 70 Hope Avenue for the purpose of permitting multiple dwellings (DE-2) of three storeys and report back to General Issues Committee with a disposition strategy for a nominal value sale to a non-profit affordable housing provider or a direct partnership with a non-profit housing provider, for the purpose of affordable housing;
- (d) That the property known as 5 Lake Avenue South, Stoney Creek be declared surplus to the requirements of the City of Hamilton, in accordance with the “Procedural By-law for the Sale of Land” being By-law No. 14-204, for the purposes of achieving the city’s affordable housing objectives, and that staff be directed to use an open process to select a non-profit housing provider and negotiate an agreement for the disposition of 5 Lake Avenue South, Stoney Creek for net nominal value consideration, for the purpose of affordable housing, and report back to General Issue Committee for approval;
- (e) That staff be directed to use an open process to select a non-profit housing provider and negotiate an agreement for the disposition of 13 Lake Avenue South, Stoney Creek for net nominal value consideration, for the purpose of affordable housing, and report back to General Issue Committee for approval;
- (f) That staff be directed to initiate a Zoning By-law Amendment Application for the city-owned property at 1126 Garth Street for the purpose of permitting multiple dwellings (DE-2) of three storeys and report back to General Issues Committee on a disposition strategy for a nominal value sale to a non-profit affordable housing provider or a direct partnership with a non-profit housing provider, for the purpose of affordable housing;

- (g) That a new capital project with funding of up to \$150K from the Housing Accelerator Fund Reserve #112259, be approved to be used for costs associated with the rezoning and disposition of the properties identified in Recommendations (a)-(f) to Report PED23099(a)/HSC23028(a).

EXECUTIVE SUMMARY

One of the year 1 priorities, (action 7), in the Housing Sustainability and Investment Roadmap is to complete a full assessment of city-owned properties to identify the suitability of potential sites for affordable housing development. This Report provides an update on the work plan for that portfolio review. Staff will be reporting back to General Issues Committee with additional sites and outcomes of the review as opportunities are identified. This Report is also seeking Council approval for immediate strategies for six city-owned properties that have been identified through previous analysis and meet the city's affordable housing objectives. The disposition strategies for these six properties would happen concurrently with the broader portfolio review.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: Up to a maximum of \$150K, funded by the Housing Accelerator Fund Reserve #112259, be used towards costs associated with rezoning and disposition of the properties identified in Appendix “B” to Report PED23099(a) HSC23028(a), as approved through Report HSC23017/FCS23062/PED23143.

Staffing: Two full time equivalent staffing resources will be required to complete the work in the Real Estate Workplan. This will be fully funded by the Housing Accelerator Fund and created through the delegated authorities provided by Council through Report HSC23017/FCS23062/PED23143.

Legal: None.

HISTORICAL BACKGROUND

On November 23, 2016, Council approved the Planning Committee Report 16-020, including Report PED16205 entitled “Update and Declaration of Surplus of Downtown City-owned Surface Parking Lots”. Among other things, the Report was seeking approval to declare certain Car Park Lots surplus to the requirements of the city. This current Report builds upon one of the Car Park Lots, 171 Main Street East, that was declared surplus through Report PED16205.

On January 24, 2018, Council approved GIC Report 18-002 including Report PED17219 entitled “Properties and Process for Disposition of Lands for Affordable Housing”. Among other things, the Report was seeking approval to declare certain city-owned properties surplus to the requirements of the city and proposed disposition strategies in support of Affordable Housing. This current Report builds upon five of the properties, the disposition strategies, and the site selection criteria referenced and approved in Report PED17219.

On April 26, 2023, Council approved the Housing Sustainability and Investment Roadmap Report (HSC23028/FCS23055/PED23099). The Report included a Year 1 Program of Work which directs a re-initiation of a portfolio review on city-owned properties to identify the suitability of potential sites for affordable housing development.

On June 7, 2023, Council approved Report HSC23017/FCS23062/PED23143, entitled “Canadian Mortgage and Housing Corporation Housing Accelerator Fund”. One of the initiatives in the Housing Action Plan is regarding the Land and Property Disposition Program for Housing, which will create a dedicated team to identify and implement opportunities for disposition of city-owned lands for the purpose of developing affordable housing.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

In accordance with the City’s Portfolio Management Strategy and City of Hamilton Sale of Land Policy, By-law 14-204, property no longer required for municipal programs is declared surplus by Council and disposed of in accordance with the Policy.

RELEVANT CONSULTATION

- Healthy and Safe Communities: Housing Secretariat;
- Planning and Economic Development: Economic Development; and,
- Corporate Services: Financial Planning Administration, Legal Services.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

City Property Program of Work Updated Review

As identified in the Year 1 Program of Work (action 7) of the Housing Sustainability and Investment Roadmap, a review of all city-owned properties will be completed to identify suitability of sites for affordable housing development, through use of available land or

intensification of existing buildings. The review of city-owned properties will be conducted using a two-part approach.

Part 1:

This first stage includes a review of the portfolio of approximately 1,900 city-owned properties to identify opportunities based on criteria established by the Housing Sustainability and Investment Roadmap Steering Committee. This review evaluates individual properties, with a focus on properties that are underutilized or surplus. Consideration will be given to adjacent property uses and ownership to identify potential land assembly opportunities.

Select properties will move to the due diligence phase which includes an internal city-wide divisional/agency circulation of identified properties to collect relevant information and identify municipal interests. Further analysis of property characteristics, site specific opportunities and constraints, feasibility, planning and/or environmental studies and internal/external consultation will be completed as appropriate. Depending on the complexity of a site, due diligence work generally takes four to six months to work through, per site. Multiple sites are assessed simultaneously. Upon completion of the due diligence step, an applicable disposition strategy will be determined and brought to Council for consideration and approval.

Part 2:

This second stage includes a deeper review of city-owned properties with a lens to identify opportunities based on additional considerations not evaluated in Part 1 above. These additional considerations include but are not limited to:

- Vertical opportunities for intensification over existing municipal facilities;
- Excess/underutilized land on existing/operational municipal properties; and,
- Strategic re-purposing or re-locating of municipal facilities or services, as identified in the underutilized property review.

The city's portfolio plans, master plans, asset management plans, and capital project plans will be taken into consideration. Select properties will move to the due diligence and consultation phase (similar to the due diligence performed in Part 1). Upon completion of the due diligence step, an applicable site strategy will be determined. It is anticipated that this step of the process can take upwards of six months to complete for some sites, while other sites will have their own timeframe to be determined.

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Subsequent to the identification of properties for affordable housing opportunities, a disposition strategy suitable to maximizing the property opportunity will be determined and brought to Council for consideration and approval.

Typical disposition strategy approaches include:

- Market Offering – typically a highest and best use sales. Properties may not be suitable for a focused affordable housing development, but net proceeds from sale could be deposited in the Affordable Housing Reserve and used to provide funding affordable housing initiatives and projects;
- Covenant Sale – properties appropriate for housing development that are identified as best suited for development with a provision of an affordable housing component through the long-term commitment/covenant and offered to the market expecting a lower return;
- Nominal Value Contribution – sale of property at nominal value, to ensure feasibility of affordable housing in high-priority areas; and,
- Direct Partnership – through partnership (usually with existing social and/or affordable housing providers), property and funding being two elements of the city's contribution to ensure the development of affordable housing units.

An illustration of the Program of Work timeline is as follows:

IDEAL PROGRAM OF WORK TIMELINE																								
Stages:	Year One												Year Two											
	Months																							
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
Part 1: Initial Review																								
Part 1: Due Diligence																								
Part 2: Strategic Review																								
Part 2: Due Diligence																								
Disposition of Property																								

Given the current resource challenges in the Corporate Real Estate Office, additional staff resources will be required to complete the property review work program in a timely manner. Funding for these additional resources will be provided by the Housing Accelerator Fund, Housing Action Plan, Initiative 4.

Identified Properties for Strategic Disposition

Over consecutive terms, Council has approved recommendations to surplus a number of city-owned sites to be disposed of for (re)development, many for the purposes of affordable housing. As a result of staff evaluating and assessing the development feasibility of a number of sites, some for the explicit purposes of developing, constructing and operating affordable housing, six sites are being recommended for immediate action. The type of analysis typically undertaken includes:

- i. Identifying key issues (e.g., regulatory, financial, external etc.) required to bring the sites to “development-ready”, meaning to the stage of requiring only Site Plan and/or Building Permit approval;
- ii. Assessing the populations that could be served within the constraints of the sites (e.g., unit sizes, degree of affordability);
- iii. Assessing any incentive programs and/or tools that could be employed to facilitate affordable housing development on the Sites;
- iv. Identification of assumptions for a development financial pro-forma (Business Case) to determine feasibility; and,
- v. Site-by-Site assessment of constructability, including proposed architectural massing and floor plans, as well as identified restrictions to development.

The following is a summary of the six identified Sites (see Appendix “A” to Report PED23099(a) HSC23028(a) for a location map) including existing conditions, options for affordable housing, as well as a site-by-site recommended strategy (see Appendix “B” to Report PED23099(a) HSC23028(a) for a summary).

171 Main Street East (Ward 2 – Downtown Hamilton)

Located at the corner of Main Street East and Ferguson Avenue South, the site is approximately 0.47 acres with direct access to transit and other amenities. The site is an existing municipal surface parking lot with current zoning (D1) Downtown Central Business District. The site is covered by the Downtown Secondary Plan.

Based on the size, location, and an assessment of the potential for increased density for the site, staff have not undertaken an architectural massing or floor planning exercise for the property at this time. The site will accommodate high-density form of development, and therefore any required planning approvals for the site is best to be led by the ultimate developer of the site.

Given both the permitted and the potential for increased density on the site, staff do not believe the greatest opportunity for this site would be suitability solely as an affordable housing development. Local non-profit housing providers have indicated a desire for multiple smaller-scale projects, as opposed to singular larger-scale projects. The substantial upfront development and construction costs, combined with the long-term operational costs, would diminish the feasibility for a solely affordable housing project at this site in the near-term. Lastly, if the site was identified for solely affordable housing, all indications are it would not utilize the potential density of the site.

Strategy: Disposition of this site on highest and best use basis, and the net proceeds of sale transferred to the Affordable Housing Reserve, to be used for the intended purpose of building affordable housing on other sites within the city (Market Offering).

9 Clarence Street (Ward 2 – Downtown Hamilton)

Located on Clarence between Queen Street North and Hess Street North, the site is approximately 0.44 acres with direct access to transit and other amenities. The site is existing vacant land with current zoning JJ/S-450, Restricted Light Industrial District. An architectural massing or floor planning exercise has not been completed for the property.

Staff are aware of access limitations to the site and are exploring potential acquisitions of an adjacent parcel that would facilitate satisfactory access to the site to support future development.

Strategy: A city-initiated re-zoning to permit the residential use and building form, and once permitted zoning is in place, to proceed to disposition for the intended purpose of building affordable housing on the site (Nominal Value Contribution or Direct Partnership).

70 Hope Avenue (Ward 4 – Hamilton East)

Located on Hope Avenue near Kenilworth, the site is approximately 0.7 acres with direct access to transit, and other amenities. The city's ownership pre-dates the 1970's and the land-use allows for mixed-use and/or medium density, within the existing commercial zoning. The assessment of the site indicates it could accommodate a three-storey building with a footprint of approximately 29,600 square feet, yielding 54 self-contained one-bedroom units, a tenant amenity area, 22 covered surface parking spaces, and bike parking, while maintaining the existing municipal two-way rear-laneway.

Strategy: A city-initiated re-zoning to permit the differing residential use and building form, and once permitted zoning is in place, to proceed to disposition for the intended purpose of building affordable housing on the site (Nominal Value Contribution or Direct Partnership).

5 and 13 Lake Avenue South (Ward 5 - Stoney Creek)

Located on Lake Avenue just south of King Street East in the downtown of Stoney Creek, the sites have a lot-area of 0.15 acres (5 Lake Avenue South) and 0.92 acres (13 Lake Avenue South) respectively. Although the sites are not contiguous, the two lots are part of an existing municipal surface parking lot which extends east to Mountain Avenue South. Both sites have been owned by the city since pre-1970's, and have direct access to transit, and other amenities. Both sites have C5-Mixed-use Medium Density zoning in place.

5 Lake Avenue South could accommodate a three-storey building with a footprint of approximately 4,736 square feet, yielding 24 self-contained studio-units, tenant amenity area, and eight parking spaces.

13 Lake Avenue South could accommodate a five-storey building with a footprint of approximately 6,351 square feet, yielding 43 self-contained one-bedroom units, tenant amenity area, common area, and 22 parking spaces.

Strategy: Existing zoning would permit the residential use and building form, although the potential for variances may be required. Therefore, these properties could proceed to disposition for the intended purpose of building affordable housing on the site (Nominal Value Contribution or Direct Partnership). Staff also recommend declaring surplus 5 Lake Avenue South for procedural purposes.

1126 Garth Street (Ward 14 – West Mountain)

Located close to Garth Street and the Lincoln M Alexander Parkway, the site is approximately 0.55 acres with direct access to transit and other amenities. The city acquired the site in 1993, with the land use permitting residential and the current zoning (RT-20 "H") restricting the site to townhouses or maisonette. The assessment of the site indicates it could accommodate a three-storey building with a footprint of approximately 9,149 square feet, yielding 34 self-contained one-bedroom units, tenant amenity space, and 18 parking spaces.

Strategy: A city-initiated re-zoning of the existing zoning to permit the differing building form and then to proceed with disposition for the intended purpose of building affordable housing on the site (Nominal Value Contribution or Direct Partnership).

ALTERNATIVES FOR CONSIDERATION

Not Applicable.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report PED23099(a)/HSC23028(a) – Map of Identified Properties for
Disposition

Appendix "B" to Report PED23099(a)/HSC23028(a) – Summary of Property Strategies