



City of Hamilton Report for Consideration

To: Chair and Members
GIC Committee

Date: February 26, 2025

Report No: HSC25003

Subject/Title: Service Manager Consent for Victoria Park
Community Homes Inc. Redevelopment of 525
Stonechurch Road East

Ward(s) Affected: Ward 7

Recommendations

- (a) That Council acting as Service Manager under the *Housing Services Act* **CONSENT** to Victoria Park Community Home Inc. to demolish 8 existing townhouse units at 525 Stonechurch Road East for the purpose of redeveloping and intensify a portion of the existing social housing site into multi-unit mixed income midrise subject to the following:
- (i) Approval of a tenant relocation plan;
 - (ii) Approval of any and all required Planning Act, Rental Protection By-Law, and Zoning By-Law amendment approvals;
 - (iii) Securing project financing; and,
 - (iv) On the condition that the consent does not fetter Council's discretion regarding its consideration of any Planning Act applications in respect of Victoria Park Community Homes Inc. redevelopment of 525 Stonechurch Road East;
- (b) That Council acting as Service Manager under the *Housing Services Act* **CONSENT** to Victoria Park Community Homes Inc. for the project at 525 Stonechurch Road East to redevelop and intensify a portion of the existing social housing site, turning 8 existing town house units into a 105 multi midrise building

containing a mix of 53 deeply affordable units, and 52 market units, subject to the following:

- (i) Approval of a tenant relocation plan;
 - (ii) Approval of any and all required Planning Act, Rental Protection By-Law, and Zoning By-Law amendment approvals;
 - (iii) Securing project financing; and,
 - (iv) On the condition that the consent does not fetter Council's discretion regarding its consideration of any Planning Act applications in respect of Victoria Parks Community Homes Inc. redevelopment of 525 Stonechurch Road East;
- (c) That 20 Rent-Geared-to-Income subsidies at an approximate cost of \$210,000.00 **BE CONSIDERED** during the 2027 Tax Budget and the City enter into an agreement with Victoria Park Community Homes Inc., in accordance with the term sheet included in Appendix "A" attached to Report HSC25003, and in a form satisfactory to the City Solicitor and the General Manager of Healthy and Safe Communities be authorized and directed to enter into, execute and administer the agreement and any ancillary agreements or documentation; and,
- (d) That the value of the Rent-Geared-to-Income subsidies paid on the 20 Rent-Geared-to-Income units at 525 Stonechurch Road be increased annually by the allowable rent increase guideline set by the Ministry of Municipal Affairs and Housing.

Key Facts

- Under the *Housing Services Act, 2011*, Service Manager consent from Council is required to redevelop housing projects transferred as social housing by the Province to Municipalities.
- Victoria Park Community Homes Inc. will be using equity to redevelop 525 Stonechurch Road East and will require Service Manager approval.
- On September 25th 2024, (GIC Report 24-015, and council minutes 24-017) delegated authority was granted to the General Manager of Healthy and Safe Communities to give Service Manager Consent to Victoria Park Community Homes Inc. allowing them to encumber their properties up to a maximum of 75% of the value of the property at the date of the request.
- To maintain the same number of Rent-Geared-to-Income units on the site, it is recommended that Council approve the 4 Rent-Geared-to-Income subsidies currently existing for 525 Stonechurch Road East to be transferred to the new building from the existing portfolio. The new building also represents an

opportunity to expand the Rent-Geared-to-Income units in Hamilton. It is recommended that a Rent-geared-to-Income subsidy be provided to increase the number of Rent-Geared-to-Income units in the new building to a total of 20 units.

Financial Considerations

To fully fund Rent-Geared-to-Income subsidy for 20 units in the new building, an additional subsidy of \$210,000.00 would be required starting January 1, 2027. This is calculated based on assumptions that the monthly rent charged would be AT 70% of MMR or \$960/month for a single bedroom unit and that each tenant is in receipt of Ontario Works. Further details are provided in Table 1 below. It is recommended that this be referred to the Mayor for consideration to be included in the 2027 Tax budget process.

Table 1: Total subsidy estimate for 20 Rent-Geared-to-Income units

a	b	c=a-b	d=c*12	e	=d*e
Rent Charged	Rent Collected	Subsidy Required	Annual Subsidy Required	Number of RGI units	Total Subsidy
\$ 960.00	\$ 85.00	\$ 875.00	\$ 10,500.00	20	\$210,000.00

Background

At the time of download, the City of Hamilton had 14,561 Social Housing units. As of December 2023, the number of units have been reduced to 11,621. This is due to several Federal providers reaching End of Agreement who no longer have any obligation under the Housing Services Act to provide these units as Social Housing units. As a result, the City of Hamilton is looking for opportunities to create more affordable housing.

Victoria Park Community Homes Inc. was incorporated in 1974. Their portfolio in Hamilton currently consists of 1557 units. 565 of the units are under their Provincial portfolio. Their property at 525 Stone Church Road currently has 8 townhouse blocks totaling 64 units. The current town houses in the development are a low-density form of development. The site at 525 Stonechurch Road East represents an opportunity to increase density and provide additional units of community housing. The proposed plan is to demolish 1 block of townhomes (8 units) and build an 8-storey 105-unit development with a combination of 50% affordable units and 50% market units.

The building will be comprised of 53 affordable units, and 52 market units. The unit mix consists of 81 one-bedroom units, and 24 two-bedroom units. Of these units, 25% will be barrier free to accommodate tenants with disabilities. Once the 105 new units are developed, there will be a net gain to the community of 97 units. Since the new mid-rise apartment building is going to be constructed and a large portion is being funded under the CMHC Affordable Housing Fund, the baseline targets of the building must exceed affordability, accessibility, and energy efficiency expectations. The new building will be

designed to Passive House standards, thereby significantly exceeding building code standards and drastically reducing environmental impact.

Analysis

The *Housing Services Act, 2011* ("Act") requires housing providers to obtain the written consent of the City, as Service Manager, prior to selling, demolishing, or mortgaging social housing units. As part of this consent, the City of Hamilton requests replacing each unit on a 1:1 basis, at a minimum so that service levels are maintained. In addition, the consent must be conditional upon a tenant relocation plan, satisfactory to the Service Manager, and that any of the displaced tenants be offered a unit in the new building to be built on this site.

This \$40M project is being funded through a variety of sources including CMHC Seed Funding, a CMHC Contribution, CMHC Financing, and The City of Hamilton Co-investment fund.

To ensure the project is shovel ready, Victoria Park will unlock equity in their existing portfolio through re-leveraging properties that are free of encumbrance for approximately \$2.8M, with the balance of funding anticipated through the City of Hamilton Housing Secretariat and the CMHC Affordable Housing Fund. Their development pro-forma assumes that City of Hamilton will provide an Affordable Housing development charge exemption.

Victoria Park Community Homes Inc. has presented a sound business case to the City of Hamilton detailing their proposal. The City also conducted its own financial analysis of Victoria Park Community Homes Inc. proposed redevelopment. Our analysis, along with the excellent governance demonstrated by Victoria Park, support the business case presented.

Consultation with tenants currently residing at 525 Stone church road have occurred but Victoria Park Community Homes Inc. has not provided the results of the consultation have to the City of Hamilton.

Alternatives

The alternative would be to not consent. This would result in a lost opportunity for Victoria Park Community Homes to expand their portfolio, and a loss of additional Rent-Geared-to-Income units for the City of Hamilton.

In addition, Council could recommend subsidizing less than the 20 Rent-Geared-to-Income units, but at a minimum, as per the Housing Services Act, 2011, 4 units must be subsidized at an approximate cost of \$42,000.00.

Relationship to Council Strategic Priorities

The recommendation to demolish 8 townhouse units, and to build a 105-unit development will increase the supply of affordable housing, will preserve exiting and expand new affordable housing and will play a role in reducing the number of individuals that are actively homeless.

1. Safe & Thriving Neighbourhoods

- 1.1. Increase the supply of affordable and supportive housing and reduce chronic homelessness.
- 1.2. Streamlined and accelerated approvals of new residential development, with a goal of 30% rental and 10% affordable or supportive housing
- 1.3. Preservation and expansion of affordable rental housing
- 1.4. Reduce the number of individuals that are actively homeless by 30%.

Previous Reports Submitted

- [GIC Report 24-015](#). Service Manager Consent for Victoria Park Community Homes Inc. to Encumber End of Mortgage projects.
- [Council minutes 24-017](#)

Consultation

Michael Kovacevic, Solicitor, Legal Services, Corporate Services Department

David Trevisani, Manager, Finance and Administration, Corporate Services Department

Appendices and Schedules Attached

Appendix A Term Sheet

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