



Date: Tuesday September 20, 2016

Report to: Board of Directors
CityHousing Hamilton Corporation

Submitted by: Tom Hunter
Chief Executive
Officer/Secretary

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Subject: **CityHousing Hamilton, West Harbour Properties (Report #16034)**

RECOMMENDATION:

That the following Resolution be approved:

- i. 500 MacNab Street North, Hamilton
 - That City Housing Hamilton confirm its intention to retain, renovate and repair 500 MacNab Street North at an estimated cost of \$6.5M.
 - That staff be directed to meet with the local Service Manager to discuss funding applications and opportunities for Municipal, Provincial and Federal housing resources; and
 - That staff be directed to prepare a transition plan for the remaining tenants at 500 MacNab to facilitate the necessary repairs at this location, and
 - That a summary of the information and subsequent CHH board decisions be communicated to the tenants of 500 MacNab.

- ii. Jamesville
 - That City Housing Hamilton confirm its intention to redevelop and intensify the site bounded by James St. N., Picton St. W., Ferrie St. W., MacNab St. N. and Strachan St. W. (known as 'Jamesville'), and
 - That staff be directed to prepare the criteria for an Expression of Interest (EOI) for the Jamesville property that includes, but is not limited to a medium density, mixed use, mixed income development, and
 - That the EOI be presented to the CHH Portfolio Sub-Committee for consideration, and

That a summary of the information and subsequent CHH board decisions be communicated to Jamesville tenants in addition to the broader North End neighbourhood through the North End Breezes and Councillors Neighbourhood Association contacts and all future West Harbour Public Engagement.

iii. 10 Brock Street

That the information contained in the Building Condition Assessment (BCA) report be received, and referred to staff for consideration as part of CHH's 10 year capital budget plan, and

That a summary of the information and subsequent CHH board decisions be communicated to Brock Street residents.



Tom Hunter
Chief Executive Officer/Secretary

EXECUTIVE SUMMARY:

CityHousing Hamilton (CHH) has been considering the future options for the properties that it owns and operates in the West Harbour area.

This includes the four properties identified below:

- 500 MacNab St. N.
- Jamesville
- James/Picton
- 10 Brock

Over the last several months, two key studies were undertaken to determine the best development options for these properties. In the fall of 2015, the City of Hamilton along with CHH commissioned Deloitte to undertake a market and financial analysis to support CHH and the City of Hamilton in their decision making for affordable housing within the West Harbour Community. The second study involved extensive Building Condition Assessments (BCAs) for each of the above listed properties to identify capital expenditures at both five and thirty year intervals.

Based on the outcomes of these studies, CHH was able to confirm the future options for these properties. 500 MacNab St. North will be retained by CHH and renovated at an estimated cost of \$6.5M. Jamesville will be redeveloped with a focus to intensify this site to a medium density with a mixed use and a mixed income. The ownership of Jamesville will be a consideration as part of the redevelopment of this location. For both the James/Picton Streets and 10 Brock Street properties, they will be retained by CHH and the BCAs will be utilized to inform the 10 year capital plan.

The next steps in planning for the work to be completed on these properties will include such actions as communication plans, relocation plans for tenants and building renovation and redevelopment documents (e.g. Expression of Interests and Request for Proposals).

BACKGROUND:

For many years, CHH has been working on the redevelopment of its properties in the West Harbour. The focus of the buildings in this area is due to not only the age of the infrastructure and the requirement for capital repair dollars, but the opportunities that exist with the revitalization of the waterfront and the entire West Harbour area.

In considering, the strategic options for these buildings, CHH assessed the following options:

- Replacement and/or renovation of the existing units on the existing site.
- Replacement of the existing units on alternative sites. This would include the infill capacity of City-owned assets in the West harbour.
- Replacement of the existing units on a combination of existing and alternative sites.

It was important to CHH to adhere to the below principles:

- Maintain service levels
- Intensification of the lands
- Increased income mix
- Optimize tenure mix (ownership and rentals)
- Quality design (accessibility and energy efficient)
- Appropriate mix of unit sizes
- Maintain affordability

DISCUSSION:

There was key financial information that was presented in the Deloitte Report that apprised CHH of the opportunities and risks associated with the strategic development options.

Sale of Jamesville	\$4.5M to \$6.5M
Sale of 500 MacNab	\$1M to \$2.5M
Jamesville Project Construction Costs	\$22M
500 MacNab Project Construction Costs	\$36M

It was noted that the sale of the 500 MacNab would result in limited cash and that the cost to rebuild the 146 affordable units in other location would be \$36M. This excessive spread in resources would require a large infusion of capital in order to prevent a future operating subsidy. The scenario for Jamesville was not nearly as severe with a less extreme spread between potential sale revenues and project construction costs. As well, the location of Jamesville next to the GO Station and the downtown core, makes it more attractive to investors.

A financial summary from the Building Condition Assessments is presented below:

Five Year Capital Requirements	Jamesville	\$3.9M
	500 MacNab	\$5.3M
	James/Picton	\$.75M
	10 Brock	\$.25M
Thirty Year Capital Requirements	Jamesville	\$10.6M
	500 MacNab	\$8.2M
	James/Picton	\$2.1M
	10 Brock	\$1.2M

CONCLUSION:

The City of Hamilton is undertaking the revitalization of the West Harbour. As part of this effort, CHH has committed to the development of key properties in this area. The 146 affordable apartment units at 500 MacNab will be retained by CHH and work will be carried out to renovate this building. The future of the 91 affordable townhouse units at the Jamesville location will be considered within the context of a comprehensive redevelopment plan. It is imperative that the replacement of these affordable units will meet the current and future housing needs of this community. CHH will continue to play its part in contributing to vibrant communities in providing renewed housing options for the West Harbour.

OPERATIONAL PLAN:

This report implements:

Goal 1. Create Financial Sustainability – *Ensure that CityHousing Hamilton has sufficient capital to invest in buildings to minimize the impact on City of Hamilton taxpayers.*

Goal 2. Maintain and Improve Building Conditions - *Ensure that the CityHousing Hamilton portfolio is managed effectively and sensitively and is in a good state of repair to meet the affordable housing requirements of Hamilton residents now and in the future.*

Goal 3. Create Healthy, Secure Communities - *Ensure that Hamilton residents have access to affordable housing opportunities and support initiatives that will enhance quality-of-life, increase client empowerment and decrease dependency.*

Goal 4. Reinvest in communities and increase affordable housing - *Expand the supply of affordable housing in Hamilton through new development, redevelopment and partnerships with the private sector and community housing stakeholders that will lever additional funding and resources.*

Goal 5. Leadership: Influence and adapt Social Housing Reform - *Advocate to the community, City Council, the Provincial Government and the Federal Government on policy, program and legislative solutions to affordable housing issues in Hamilton and issues affecting CityHousing Hamilton and other social housing providers in Hamilton.*

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