



**Date:** September 26, 2017

**Report to:** Board of Directors  
CityHousing Hamilton Corporation

**Submitted by:** Tom Hunter, Chief Executive Officer/Secretary

**Prepared by:** Sean Botham, Senior Development Project Manager

**Subject:** 55 Queenston Rd Development Opportunity (Report #17022)

**RECOMMENDATION:**

That the Board of Directors approve the following resolution:

WHEREAS CITYHOUSING HAMILTON CORPORATION is in the process of selling 100 single and semi-detached units of social housing;

AND WHEREAS a requirement of this disposition is the replacement of each housing unit;

AND WHEREAS there is well positioned land in the East End in proximity to the units being sold;

THEREFORE BE IT RESOLVED THAT:

- (i) The Board of Directors approve CityHousing Hamilton Corporation staff to enter into negotiations with the City of Hamilton for the purchase of 55 Queenston Rd that reflects the conditions described in this Report.
- (ii) A motion be submitted at Council to formally request City of Hamilton staff to transact with CityHousing Hamilton Corporation staff on the purchase of this property.

A handwritten signature in blue ink that reads "Tom Hunter".

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Tom Hunter  
Chief Executive Officer/Secretary

## **EXECUTIVE SUMMARY:**

CityHousing Hamilton Corporation (CHH) is continuing portfolio revitalization through the sale of single and semi-detached units and the reinvestment into better quality and more financially sustainable housing.

The former City Motor Hotel site at 55 Queenston Rd has become available to purchase. CHH is encouraged by this site for the reasons noted below:

- Planning – Key elements of the planning process have already been undertaken to permit an eight-storey residential building and a six-storey mixed use building on this property.
- Community Context – Extensive community consultation has taken place regarding the redevelopment opportunity at 55 Queenston Rd. The proposed development concept is in keeping with the surrounding area and it is situated on the future LRT corridor.
- Land Costs – A fair market value for the site has been approximated and initial preparations for development completed by the City of Hamilton, including rezoning and design concepts.
- CHH Development Strategy – Development that provides replacement of 41 units in the first of two phases is achievable with the revenue from the sale of single and semi-detached units.

The development would be financially viable because the acquisition cost for this site is reasonable and CHH can feasibly create the required housing there, as well as have room for future development.

## **BACKGROUND:**

A key focus in the Strategic Plan for CHH is the revitalization of the housing portfolio. As part of the revitalization strategy, 100 single and semi-detached units of social housing are being sold, which Council approved (Report CES16053) in November 2016. The sale will be followed by the replacement of these units, providing suitable and sustainable social housing units in a strategic realignment of the portfolio.

As detailed in Report #17021(a) from July, 2017, CHH has recently been approached about purchasing the former City Motor Hotel site at 55 Queenston Rd for development as affordable housing. At the meeting of the Board on July 18, 2017, staff was directed to further study the feasibility of this opportunity and

to make a recommendation on the purchase of this site at the next Board meeting.

On August 2<sup>nd</sup> Real Estate was formally apprised of the option given to CHH to purchase 55 Queenston Rd (see Appendix A). CHH has subsequently been in dialogue with Real Estate and Planning staff at the City of Hamilton regarding this possible transaction.

## **DISCUSSION:**

### **Planning**

Considerable planning work has been completed by the City of Hamilton for 55 Queenston Rd, including:

- Rezoning to Downtown Mixed Use (D3) Zone (Zoning By-law 05-200)
- Architectural Services for site plan concepts
- Design Review Panel
- Public Consultation
- Traffic Impact Study
- Functional Servicing Report
- Public Meeting

Details of the planning process completed to date and processes yet to be completed are included in Appendix B.

The site has already received planning approval for up to an eight-storey residential building with a three-storey townhouse podium, as well as a six-storey mixed use building with ground floor commercial uses and residential above on the approximately 0.8 ha (2 ac) site. The report PED14186 regarding the application for amendment to zoning, along with design concepts, are attached in Appendix C (select excerpts; full report available on [SIRE Public Access](#)).

In the preferred design concept (Concept 3 in Appendix C) prepared for the City of Hamilton by Toms & McNally Design, and developed in consultation with the public and internal departments, the 55 Queenston Rd development includes plans for 93 units. These are divided between two structures on the site, a tower with podium along Queenston Rd and a tower with townhouses along Main St. In its current configuration the concept design may be able to be developed in two stages. This phasing would allow for the current requirement of 41 RGI units to be built out in the short term, while leaving room for future development as funds are acquired for this work. This development concept is a preliminary design that works within the applicable planning framework, but can be further developed to suit CHH's unique needs and strategic approach, including form factor, total number of units, and their allocation between buildings on the site.

## Community Context

The former City Motor Hotel site at 55 Queenston Rd is an ideal location for CHH to rebuild sold units. Rebuilding in the East End will ensure the continuation of social housing in the community. The site will have excellent transit connectivity, being directly on the future LRT line. It also has had initial planning work completed. In addition, the site is in a prominent location where development would be a catalyst for revitalization in the neighbourhood.

The neighbourhood was engaged regarding the redevelopment opportunity at 55 Queenston through the following community meetings:

- May 29, 2014 - East Hamilton Community Meeting presentation from staff
- June 26, 2014 – Design Charrette and Public Information Centre
- September 11, 2014 – East Hamilton Community Meeting presentation from staff

These meetings provided opportunities for the community to become informed about the planning process and for community consultation to occur, which informed the concept design.

The proposed development concept for the site, as detailed in Appendix C, is for multi-residential and commercial uses, and is in alignment with the following planning policies, plans and guidelines:

- Provincial Policy Statement (PPS)
- Growth Plan for the Greater Golden Horseshow (Places to Grow)
- Urban Hamilton Official Plan (UHOP)
- City-Wide Corridor Planning Guidelines (2012)
- Transit Oriented Development Guidelines (TOD)

Additionally, the 55 Queenston Rd site is situated at a major transportation node, where Main and Queenston intersect, through which the future LRT corridor will run.

## Land Costs

To date, the costs specifically for the acquisition of land, asbestos removal, demolition, and property cleanup/maintenance total \$2,057,343. Other costs such as those related to expropriation, taxes and general upkeep are not reflected in this figure.

The planning work completed on this site to date provides significant value in the form of time and cost savings, as well as risk mitigation of unknown delays and costs that could have been encountered to this point in the process.

Preliminary investigations have indicated that the fair market value of the site is currently in the range of \$2.2 to \$2.4M.

## CHH Development Strategy

CHH is undergoing transformational change with the strategic realignment of social housing units by selling select underperforming assets and reinvesting in housing that better meets the needs of residents and improves the financial sustainability of the organization. As part of this strategy, CHH has an obligation to replace the 100 sold single and semi-detached homes. With current development projections for infill at Macassa as well as a potential development site near Wellington and King William, CHH has 41 RGI units remaining to be allocated to a new development site.

The cost for development of the 41 unit target in Phase 1 on this site is estimated to be approximately \$8,800,000. This would be for a building comprised of 15 3-bed and 26 1-bed units. These costs are in line with market costing shared by other affordable housing providers in Hamilton and Southern Ontario who have been, or are now developing, new affordable housing. Critical variables to highlight are that environmental and other planning challenges may significantly affect this price (and a development timeline), but this should be considered a reasonable estimated cost for development at this point, with land acquisition costs additional.

In financial modelling for the replacement of single and semi-detached units, CHH conservatively used a debt to equity ratio of 30/70. As an example, if the site was to be acquired for \$2.2M, and with an estimated development cost of \$8.8M for Phase 1, for a total development cost of \$11M, the equity contribution for CHH with this ratio would be \$7.7M.

Based on the current cash flow projections detailed in Report #17021(a) addressing development strategy, for the \$7.7M equity contribution for 55 Queenston Rd, CHH would be in a position to cover a purchase price of \$2.2M, as well as the remaining equity amount of \$5.5M through the sales of single and semi-detached units. It should be noted that if required, either for reasons due to timing of cash flow, or to simply develop more units, or for any other reason, the debt to equity ratio can be adjusted to allow for a reduced equity position to further leverage funds.

### **CONCLUSION:**

The acquisition of 55 Queenston would provide a suitable location for CHH to use the funds from the sale of the single and semi-detached homes to build replacement units for approximately half of these sold units in a more sustainable form factor, and in addition have room for future development.

The location in the East End is ideal because it would preserve affordable housing in the area, while providing connectivity for residents with the future LRT

line. Also, a development of this scale at this location would allow CHH to significantly contribute to neighbourhood revitalization.

Given the information gathered to date, with a fair price and the added benefit of zoning and design concepts already prepared, 55 Queenston Rd would be a financially viable development opportunity for CHH.

#### **ALIGNMENT TO THE 2017-2021 STRATEGIC PLAN:**

This report implements:

##### **Community Engagement & Participation**

CityHousing Hamilton has an open, transparent and accessible approach in working with its residents to make a positive impact on the community.

##### **Economic Prosperity and Growth**

CityHousing Hamilton believes that residents reach their full potential when they have access to employment, entrepreneurship or education opportunities that will contribute to the growth and prosperity of the City of Hamilton.

##### **Healthy and Strong Communities**

CityHousing Hamilton believes that housing is a key influential determinant of health and is strongly tied to the quality of life as it impacts the physical, social, emotional and mental health of all persons.

##### **Clean and Green**

CityHousing Hamilton strives to be an environmental steward by minimizing our environmental footprint through implementing sustainable water and energy efficiencies in our housing stock.

##### **Built Environment and Social Infrastructure**

CityHousing Hamilton is committed to finding new ways to be innovative that will contribute a dynamic City characterized by unique infrastructure, buildings, and public spaces. The maintenance, renewal and new development of our housing stock will ensure that the quality of life, well-being and enjoyment of our residents', influences the design and planning of our homes.

##### **Our People Our Performance**

CityHousing Hamilton aims at delivering consistent and excellent service for all its residents, while searching for ways to increase efficiencies and effectiveness in how we operate. To provide the highest quality of service to our residents within current resources, we work to empower staff to deliver on our service commitments by strengthening staff competencies, standardizing operating

processes, streamlining services and technology and holding staff accountable to better respond to the needs of residents.

<TH/sb>

Mission: We provide affordable housing that is safe, well maintained and cost effective and that supports the diverse needs of our many communities.