



**Date:** June 10, 2019

**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:** **Roxborough Park Development Opportunity (Report #17029(d) - Public Version)**

**RECOMMENDATION:**

That the Board of Directors approve the following resolution:

WHEREAS CityHousing Hamilton Corporation (CHH) and Roxborough Park Inc. (RPI) have a signed Letter of Intent (LOI) towards the redevelopment of the CHH Lang-Hayes-Reid site and the adjacent former school for a mixed income community that would be a catalyst for revitalization in the neighbourhood;

WHEREAS RPI's proposed project would combine the former Roxborough Park School with the area of CHH's 91 unit townhouse site on Lang and Hayes, which would be sold to RPI to be redeveloped into approximately 250 private market residential rental and 300 ownership units, and would redevelop the 16 unit low-rise site at 41 Reid Ave S with a new CHH 103 unit mid-rise building, consisting of 73 social housing units and 30 moderately affordable and affordable market rent units;

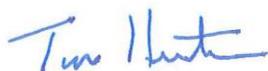
WHEREAS significant annual tax revenues in the range of \$2.2M may be added by the City of Hamilton (City) as a result of the proposed development of approximately 550 private market residential rental and ownership units on the combined Roxborough Park School and CHH Lang and Hayes site;

WHEREAS City Staff would bring a report with respect to Service Manager consents, establishing a means for the City to cover the annual operating impact of the Roxborough redevelopment, and the establishment of a Community Improvement Plan Area (CIPA);

WHEREAS a draft Master Development Agreement between RPI and CHH is in the final stages of negotiation;

THEREFORE BE IT RESOLVED THAT:

- (a) Report 17029(d) respecting the proposed Roxborough redevelopment project be received;
- (b) The Board of Directors approve CHH staff to proceed with the Roxborough redevelopment plans as outlined in Report 17029(d).
- (c) That Report 17029(d) be forwarded to the City of Hamilton in its capacity as Service Manager for approval of all necessary consents, including:
  - i) The transfer of 18 (eighteen) existing Rent Gear to Income subsidies to a separate Housing Provider selected by the Housing Services Division to offer new units to households on the centralized waitlist;
  - ii) The sale of an approximate 7-acre portion of the Lang-Hayes-Reid lands;
  - iii) The relocation and transition plan to accommodate the residents during the redevelopment of the Lang-Hayes-Reid lands;
- (d) That Report 17029(d) be forwarded to the City of Hamilton for approval of financial matters including:
  - i) The establishment of a mechanism by which the City of Hamilton covers the annual operating shortfall of the Roxborough redevelopment, estimated to be \$485,000 annually for 35 years;
- (e) That Report 17021(b) be presented to the next Shareholder's meeting for approval of the redevelopment project and approval of debt in accordance with the Shareholder Direction.
- (f) The draft Master Development Agreement between CHH and RPI is approved, subject to such further revisions as CHH management, upon advice from CHH legal counsel, may approve.



Tom Hunter  
Chief Executive Officer/Secretary

### **EXECUTIVE SUMMARY:**

The Roxborough development is a mixed income and mixed tenure development on the CHH community of Lang, Hayes and Reid, as well as the adjacent lands which contained the former Roxborough Park School, now owned by RPI. The development is intended to satisfy a number of social policy and planning objectives, including the renewal of the CHH portfolio and the revitalization of the neighbourhood.

The project is the result of a comprehensive and co-ordinated effort to deliver community revitalization in a meaningful and equitable manner, one that seeks to ensure the redeveloped community is not only desirable to live within but available to all future residents regardless of income and household size.

The focus of collaboration and negotiation has been on determining the number of social and affordable housing units that can be accommodated in the development while maintaining a viable operating budget for CHH.

To facilitate this development and future neighbourhood revitalization, a Community Improvement Plan Area (CIPA) has been created so that the redevelopment of the Roxborough lands can occur in a manner which secures a number of important housing outcomes; achieving a comprehensive residential environment that contains a variety of built form, tenure and affordability options.

The increased intensification of the site will result in significant tax assessment uplift, particularly given that the CHH lands are currently tax exempt. A key feature of this project is the reciprocal establishment of financial support to assist with the operational payments required for the new CHH building.

### **BACKGROUND:**

The former Roxborough Park School, which has been closed since June 2015 and which was demolished in 2017, was purchased by RPI, with the intent of developing a residential development. Consideration by CHH for the inclusion of the CHH owned lands of Lang, Hayes and Reid followed a CHH Portfolio Management Committee meeting on September 16, 2016 when RPI proposed a development collaboration. At that meeting the following motion was made and unanimously approved: "That staff

continue discussions with Roxborough Park Inc. representatives and report back to a future committee with the result of those conversations.”

Discussions with RPI continued and a proposed demonstration project was envisioned that included mixed income, mixed tenure units, and redevelopment of existing housing stock that is at the end of its intended lifecycle and requiring significant Capital expenditure to repair.

At the CHH Board of Directors meeting on October 24, 2017 the development of the CHH Lang-Hayes-Reid property in conjunction with the former Roxborough Park School lands was discussed in detail. A recommendation was subsequently approved which clearly established a number of required conditions to be satisfied in order to proceed with the sale of the CHH lands to RPI and for the purchase of a multi-unit dwelling.

The Recommendation from 2017 was as follows:

- (i) The Board of Directors approve in principle the sale and purchase of the Lang-Hayes-Reid site to RPI, contingent on continued negotiations with RPI towards finalizing the proposed development opportunity as described in this Report, provided it is confirmed to be in alignment with the goals and mission of the organization and accompanied with detailed legal and financial commitments including but not limited to the following:
  - a. Companion agreements securing housing affordability is achieved throughout the balance of the site to the satisfaction of the CHH Board of Directors and the City of Hamilton;
  - b. That an independent appraisal, sourced and selected by the City of Hamilton, and paid for by RPI, is provided for the lands to be sold to ensure fair market value is received;
  - c. That a purchase and sale agreement be prepared, including, but not limited to construction costs and construction details regarding the 95-unit CHH building to be developed, all to the satisfaction of the CHH Board of Directors;
  - d. That a Transition Plan and Communication Plan be submitted and approved to ensure that all residents are appropriately engaged and provided with current information, to the satisfaction of CHH Board of Directors and the City of Hamilton; and,
  - e. That innovative design and construction measures are incorporated within the proposed 95-unit CHH building to ensure the ongoing commitment of CHH to secure economic and social sustainability;
- (ii) The Board of Directors approve CHH staff to request of Housing Services, that for any operational shortfall from negative cash flow of the proposed

development over the 35 year financing term, additional annual subsidy be provided from the City of Hamilton to mitigate the financial impact to CHH;

- (iii) The Board of Directors approve CHH staff to request of Housing Services, permission for 27 of the existing 91 RGI units to be transferred to a market rate building or buildings within the CHH portfolio, and for 31 market rentals at 125% AMR to be created in their place, and for the 16 market rentals at 80% AMR to be eliminated;
- (iv) The Board of Directors approve CHH staff to request of Housing Services and the City of Hamilton as Shareholder, provide consent to the sale of the Lang-Hayes-Reid site, the repurchase of 41 Reid Ave S, the taking on of debt to finance the construction of a new building at 41 Reid Ave S, the guarantee of such debt, and a 35 year amortization on the financing;
- (v) That the Board of Directors approve RPI to submit the requisite *Planning Act* applications concerning the zoning and subdivision of the CHH Lang-Hayes-Reid site;
- (vi) That Report #17029 - Roxborough Park Development Opportunity and its appendices remain confidential and not be released as a public document until final completion of the real estate transaction.

Following approval of this recommendation, CHH staff worked with City staff and RPI to address the matters identified above. Subsequent report 17029(b) provided an assessment of proposed development costs by Altus Group and an appraisal of the lands by Pocrnic Realty Advisors Inc (PRA). Report 17029(c) then provided an update on a negotiated land value, the proposed CIP, design features to secure National Housing Strategy (NHS) funding, and greater detail on deal structure.

One key determinant to the success of the development was the availability of financial assistance from the City to ensure a meaningful spectrum of affordable housing is created and secured. Therefore, in parallel, reports were presented to the General Issues Committee (GIC) in December 2016 and June 2018, highlighting the options available for consideration to facilitate a demonstration project on the CHH and RPI lands, and then confirming a CIPA approach. In September 2018 an amendment was then made to the Downtown and Community Renewal Community Improvement Plan (2016) to include the subject lands. The CIPA approach provides a catalyst to spur investment and redevelopment with incentives intentionally designed to foster mixed income and mixed tenure to reduce pressure on displacement of existing residents and further, to avoid significant income disparities with respect to the wealth distribution of future and existing residents.

For RPI, a key determinant of success of the project was the timing of the development process. Therefore in collaboration with CHH, RPI submitted and received approval of the requisite formal *Planning Act* applications to re-zone and re-designate the subject lands. In addition, applications for severance of the lands were made to facilitate sequencing of the development while under CHH ownership. These applications were approved and are in full force and effect.

The draft Master Development Agreement between CHH and RPI has been in progress since May 2019 and is now in the final stages of negotiation (see Appendix “B”).

## **DISCUSSION:**

The proposed development would consolidate 107 grade related units into one 103-unit mid-rise building (see Appendix “C”). The Lang and Hayes portions of the site and the former Roxborough Park School lands would be built out for approximately 250 private market residential rental and 300 ownership options.

### **Maintain Current Service Level Standards**

CHH staff recommends that Service Manager Consent for the transfer of some RGI units be pursued to better align the spectrum of affordability in the new CHH building with a 70/30 split of RGI to market units for better social sustainability. In the proposed development, 103 of the existing 107 units on site would be physically replaced. Of those 103 units, 70% (73 units) would be RGI units and the remainder 30% (30 units) would be affordable at 79-125% Median Market Rent (MMR). To ensure current service levels are maintained, it is proposed that 18 RGI units be transferred to a new housing provider.

### **Land Sale**

In the proposed development, CHH would sell 2.7 ha (6.7 ac) of the Lang-Hayes-Reid site to RPI retaining the 0.6 ha (1.4 ac) 41 Reid Ave S portion with a completed social and affordable housing building in a turn-key process. Service Manager consent would be sought for this land disposition.

### **Relocation and Transition Plan**

The relocation and transition plan to accommodate the residents during the redevelopment of the Lang-Hayes-Reid lands requires Service Manager consent and includes three phases. The first of which has begun, with placing holds on the units at 41 Reid Ave S so as not to relocate any new residents there and assessing the needs of residents through interviews. Locations in the desired areas of the city are actively

being placed on hold for these residents to relocate to. The same process will follow sequentially for the next two phases of residents according to the need to access the land their units sit on. The phasing is estimated to begin as follows:

- Phase 1 – 41 Reid (16 units)– between December 2019 and March 2020
- Phase 2 – approximately 25 units – between January 2020 and April 2020
- Phase 3 – approximately 66 – between January 2021 and April 2021

The sequencing of the first two phases requires residents to relocate temporarily if they wish to return to the site, as these lands will be required for the CHH development and related site works. For Phase 3, as many residents as possible will be kept on site in their existing homes. After the CHH building is complete, residents from Phase 3 who choose, can move directly into the new CHH building.

### **Annual Operating Shortfall**

Although the entire redevelopment will result in significant tax uplift through increased density on newly taxable lands, the Roxborough development will rely on funding from the City to be viable. The establishment of a mechanism by which the City of Hamilton covers the annual operating shortfall of the Roxborough redevelopment, estimated to be \$485,000 annually for 35 years, is required. An approval of this report will lead to a report to Healthy and Safe Communities which will formalize this request.

### **Draft Master Development Agreement**

The draft Master Development Agreement between CHH and RPI delivers assurance that the real estate transaction is conditional on key criteria therein being fulfilled, including, but not limited to:

- The establishment of the Roxborough Community Improvement Plan Area (CIPA) to provide additional affordability throughout the site;
- CHH obtaining the necessary funding to fund the full construction cost of the CHH Building; and
- CHH and RPI entering into a mutually agreeable form of CCDC Contract for the design and construction by RPI of the CHH Building;
- CHH and RPI agreeing to mutually satisfactory terms upon which RPI shall provide compensation to CHH in respect of lost tenant income from CHH tenants vacating units to be demolished;

- RPI commissioning and obtaining certain Environmental Site Assessment Reports (ESAs) in respect of the CHH Building Lands with results satisfactory to CHH.

The draft Master Development Agreement is in the final stages of negotiation and its finalization is subject to such further revisions as CHH management, upon advice from CHH legal counsel, may approve.

## Building

As part of the arrangement with RPI, the CHH building would provide the design and features as specified by CHH. The CHH building is specifically designed with financial and social sustainability in mind, including:

- A unit composition that provides a majority of family units alongside 1-bedrooms:
  - 4-bed 19
  - 3-bed 28
  - 2-bed 9
  - 1-bed 47
- High performance, exceeding Building Code by approximately 50% to ensure lower utilities and greater resilience to extreme weather events;
- Designed and constructed to have lower maintenance and capital repair costs;
- Designed to incorporate the accessibility and energy requirements to score well on the National Housing Strategy (NHS) criteria for federal funding opportunities.

## Approval Process

The process for the approvals would be as follows:

CHH – 17029(d)		City – HSC19034	
CHH Board	June 10, 2019		
AFA	June 20, 2019	ECS	June 20, 2019
Shareholder	June 26, 2019	Council	June 26, 2019

and Council			
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## CONCLUSION:

The comprehensive redevelopment of Roxborough would likely provide a catalyst for neighbourhood revitalization through further investment within the area, increase the existing tax assessment base and replace subsidized units in need of significant capital repairs, contributing to the renewal of the CHH portfolio.

The Roxborough redevelopment will also act as a demonstration for incentivizing both social housing and neighbourhood redevelopment and can inform strategic approaches to areas in need of similar revitalization.

The proposed development is intended to balance a number of competing, as well as, complimentary planning and housing policy and strategic goals. In particular, the development provides the potential to secure a comprehensive approach to residential intensification, achieving a mixed income, mixed tenure community, one that represents a significant section of the affordable and market housing spectrum, and which is ideally suited to take advantage of existing and future physical and social infrastructure.

## ALIGNMENT TO THE 2017-2021 STRATEGIC PLAN:

This report implements:

### 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.

### 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.

**Appendix "B"**  
**Appendix "C"**

Schedule A to Draft Master Development Agreement  
Concept Plan and Building Perspective

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.

PUBLIC VERSION