



**Date:** October 27, 2020

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

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

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

**Subject:** Jamesville Redevelopment Report #17007(d)

**RECOMMENDATION:**

**NOTE:** Report #17007(d) is a public document, with the exception of Appendix "A" and "B" to that report.

**Discussion of Appendix "A" and "B" to this Report #17007(d), in closed session is subject to the following requirement(s) of the City of Hamilton's Procedural By-Law and the Ontario Municipal Act, 2001;**

- **A proposed or pending acquisition or disposition of land by CityHousing Hamilton.**

That the Board of Directors approve the following resolution:

WHEREAS CityHousing Hamilton Corporation (CHH) confirmed its intention to redevelop and intensify the site bounded by James St. N., Ferrie St. W., MacNab St. N. and Strachan St. W. (known as 'Jamesville'), in a Resolution in Report #16034;

WHEREAS a Council motion was made on March 21, 2017 for the land at 38 Strachan St W / 344 Bay St N to be transferred to CHH for use as part of the Jamesville redevelopment, and now also is considered included in reference to 'Jamesville';

WHEREAS the redevelopment of Jamesville would transform the 91-townhouse site into a mixed-income community that includes a 46 unit CHH building and up to 120 supportive housing units owned by Indwell Community Homes (“Indwell”), integrated within a mixed-use development that includes private market rental and/or ownership residential units built and marketed across the spectrum of affordability;

WHEREAS the 45 of 91 currently existing units that will not be replaced at the Jamesville site will be replaced elsewhere within the CHH portfolio;

WHEREAS the Preferred Proponent for the Jamesville redevelopment was secured through a competitive process and has been vetted through the Due Diligence process, which is now complete;

WHEREAS a Qualified Preferred Proponent, as defined in City of Hamilton RFP C18-07-19, was approved in a Resolution in Report #17007(c) (hereinafter referred to as the “Developer”);

WHEREAS the Negotiation stage with the Developer is nearing completion, with Terms of Reference having been agreed upon.

THEREFORE be it resolved that:

- (i) That the Board of Directors approve the redevelopment plan as outlined in this report and detailed in the Terms of Reference provided in the confidential Appendix “A” of Report #17007(d), to:
  - a) Redevelop the Jamesville site, including the Bay-Strachan parcel, into 46 CityHousing Hamilton owned family RGI units, up to 120 supportive housing units owned by Indwell, and approximately 360 private market ownership units;
  - b) Incorporate social benefits including human-centred and sustainable design that provides a walkable and permeable site, reconnecting Simcoe St W, which is pedestrian focused, and includes sustainable design and high-performance construction for the two non-profit owned buildings;
  - c) Have the Developer deliver the affordable units and the social benefits through design while also taking responsibility for demolition, environmental remediation of the site, and planning approvals, in exchange for the sale of land for private market development according to the terms established, and further, to have Indwell deliver the supportive housing units.

- d) Apply for any funding applications deemed necessary to contribute towards the development costs associated with the project.
- ii) That the Board of Directors authorize the execution of the Terms of Reference, attached as Appendix "A" to this Report;
- iii) That the Board of Directors authorize the execution of a Master Development Agreement on the basis of the Terms of Reference, with reporting back to the Board required only in the event of any material variation(s) from the Terms of Reference.
- iv) That Report 17007(d) be forwarded to the City of Hamilton in its capacity as Service Manager for approval of all necessary consents, including:
  - a) The sale of the Jamesville lands;
  - b) The transfer of 45 (forty five) existing Rent Geared to Income subsidies to the CHH development site at 106 Bay St N; and
  - c) The redevelopment of the Jamesville lands.
- v) That Report 17007(d) be presented at the next Shareholders' meeting for approval of the redevelopment project in accordance with the Shareholder Direction.

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

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Tom Hunter

Chief Executive Officer/Secretary

## **EXECUTIVE SUMMARY:**

CityHousing Hamilton (CHH) seeks the authorization of the Board to enter into a Master Development Agreement with Jamesville Redevelopment Limited Partnership (the “Developer”) based on the recommended Terms of Reference for the Jamesville redevelopment. The Terms of Reference, provided in Appendix “A,” outlines the demolition of the Jamesville site, the acquisition and sale price of the land to the Developer, the servicing of the property as well as the severance of the lands to be retained by CHH.

Through the proposed agreement, CHH will receive a 46 unit building together with a financial contribution (detailed in confidential Appendix “B,” Financial Terms Supplement) from the Developer for the Jamesville lands upon which the Developer will also construct 13 stacked townhouse buildings, providing approximately 360 units, and upon which up to 120 supportive housing units will be built and owned by Indwell Community Homes (“Indwell”).

The CHH building will be given construction priority, however, provisions have been made for the coordination of site works and sequencing of developments so that the Developer may commence construction of the underground garage beneath the Jamesville Lands, the private market units, and the Indwell housing units simultaneously.

The Developer will be responsible for the demolition of the existing buildings and the remediation of the site, for which applications have been made to the ERASE programs.

The Terms of Reference formulate the agreed upon specific outcomes from the year long negotiations, and if approved by the Board, the precise terms and conditions of the Redevelopment Project will be contained in a formal agreement between the Developer, CHH and the City (as landowner of the Bay-Strachan site) in the form of a Master Development Agreement.

## **BACKGROUND:**

CHH owns and operates Jamesville, a community of 91 rent-g geared-to-income (‘RGI’) townhouse units situated on 5.4-acres in the city’s North End. Currently this development has no debentures. However, due to the age of this development,

with related maintenance costs, and the development potential to renew assets and increase affordability at the site, a redevelopment was proposed.

The redevelopment offering was comprised of three key components: (1) the sale of the Site to the Successful Proponent for private market development; (2) the effective use of those sale proceeds as equity towards the acquisition of 46, newly-constructed apartment units for CHH's exclusive ownership and use as RGI rental units, to be built by the Successful Proponent; and (3) for additional affordability to be developed into the site.

This redevelopment aligns with the City of Hamilton's long term policy plan to further intensify land uses on the site given its location adjacent to the West Harbour GO station as articulated in the City's West Harbour Secondary Plan, June 2012 and the James Street North Mobility Hub Study, September 2014.

A summary of the timeline of direction, approvals and milestones for the Jamesville redevelopment follows:

- On September 20, 2016 Report #16034 was approved by the Board of Directors authorizing the redevelopment of the West Harbour properties of 500 MacNab, Jamesville and 10 Brock.
- A Council motion was made on March 21, 2017 for the land at 38 Strachan St W / 344 Bay St N to be transferred to CHH for use as part of the Jamesville development.
- At the CHH Board of Directors meeting on April 1, 2017 (Report #17007) an RFEOI (Appendix "A" of Report #17007) was presented, and on July 28, 2017 responses were received which would be used to inform a future RFP.
- On July 18, 2017 Report #17021(a) was approved by the Board of Directors outlining the replacement impacts and financial modelling of the five new CHH developments. It was determined that the deeply affordable housing should be divided at Jamesville, with the remain 45 of the 91 units being developed at the newly acquired Bay-Cannon site. In January 2018, CHH engaged the West Harbour team to assist in developing a custom offering strategy for Jamesville
- On September 22, 2018, CHH's Board of Directors approved Report #17007(a) highlighting the redevelopment feasibility analysis conducted by N. Barry Lyon Consultants Limited (NBLC) including the evaluation of the intrinsic value of the Site and the offset of procuring new CHH replacement

- units as part of a broader mixed income neighbourhood revitalization program.
- On December 20, 2018, Report #17007(b) was presented and approved by the Board of Directors authorizing staff to commence the public offering in accordance with the Evaluation Criteria and Scoring Framework for the RFP.
  - With the City's Procurement Section advising and administering the RFP process, the RFP was issued on April 8, 2019 and closed on June 6, 2019 with four Proposals received of which one was disqualified for non-compliance and the remaining three proposals proceeded to be evaluated. Proposal evaluations were conducted between June 7, 2019 and concluded on July 18, 2019 with the project steering committee endorsement of the Preferred Proponent, known as: Indwell and Jamesville Redevelopment Limited Partnership, which include: Fram + Slokker, Melrose Investments Inc., Marz Developments Inc., and Homes by Desantis.
  - Following due diligence, on September 24, 2019 Report 17007(c) was approved recommending that the Preferred Proponent become the Qualified Preferred Proponent and authorized staff to negotiate the Contract Documents.

Over the last year, CHH has negotiated with the Developer to create a Terms of Reference which addresses the provisions of the CHH affordable housing building and financial contribution, the non-profit owned affordable housing building, the site plan and retained land, and the demolition and remediation of the site which will form the basis of a Master Development Agreement. Due to the complexity of the deal and the required responses to COVID-19, negotiations stretched longer than anticipated, but are resulting in an exemplary mixed-income community that achieves a variety of tenure, affordability, and unit composition that benefit the community and housing system, while also renewing CHH assets and providing additional financial benefit to the organization.

#### **DISCUSSION:**

CHH has requested Board approval and authorization to proceed to finalize a Master Development Agreement of the Jamesville redevelopment which reflect the Terms of Reference provided in Appendix "A." The Financial Terms Supplement in Appendix "B" provides a summary of the key items related to the proceeds of the real estate transaction. Both of these appendices remain confidential due to the real estate transaction continuing in process until the signing of the Master



Development Agreement. The conditions outlined in the Terms of Reference regarding the deal structure and required regulatory approvals will be incorporated in the Master Development Agreement and will remain in place until each are fulfilled.

### Development Plan

The Developer will construct and deliver a 46 unit CHH Building, with appropriate outdoor amenity space and surface parking, per the obligations outlined in the Request for Proposal and in coordination with CHH and CHH designate project management staff.

A portion of the land will be severed and transferred to Indwell, upon which Indwell will construct one or two residential rental buildings containing up to 120 affordable rental units. This rental affordability will help to provide a mixed income, mixed tenure community.

The Developer will construct 13 stacked townhouse buildings across the site, providing approximately 360 private market ownership units. The Developer will also construct an underground parking garage for the use by the private market units and Indwell supportive housing units.

As part of the severance of the land, the 5.4-acres will no longer be fully exempt from property taxes. The CHH building will remain exempt as a city owned entity and the portion of land transferred to Indwell will also be exempted based on their filing under Section 3 of the Assessment Act as a Charitable Institution and "house of refuge." However, the remaining portion of land acquired by the Developer will be charged the required property taxes.

### Remediation and Development Charges

The Developer will be responsible for the demolition of the existing 91 units on the site and for completing all the necessary environmental remediation of the site. To help facilitate the costs of the demolition and remediation, applications have been made to the ERASE grant programs.

If the terms highlighted in Appendix "A" are approved, staff will work with CHH legal counsel to create the Master Development Agreement based on these terms, and subsequently execute the agreement.

### Financial Implications

Report 17007(d) Appendix “A” highlights the proposed purchase price for the Jamesville and Bay-Strachan land. However, a portion of the Bay-Strachan land may potentially be retained by the City as parkland, causing a reduction in the size of the land transfer from the original proposal, C18-07-19, and accordingly, a reduction in the price of the land.

The precise terms and conditions of the Redevelopment Project will be contained in the form of a Master Development Agreement between the developer, CHH and the City of Hamilton.

The real estate transaction provides the delivery of the CHH building and a financial contribution to CHH, while the precise funding of the new Jamesville building will be determined through a coordinated effort with upper level governments. Funding applications have already begun towards securing these investments.

As the development uses a design-build model, the requirements for project management time from contracted Facilities project management team are lessened. An ‘Owner’s Representative’ will be used to ensure CHH interests and requirements are met through the completion of building design and project build out, and this provision already exists in the service level agreement with Public Works.

### **CONCLUSION:**

The redevelopment of Jamesville addresses several planning and housing policies and strategic goals through providing residential intensification that achieves a mixed income, mixed tenure community, and one which enhances affordability system-wide in a financially sustainable way.

The Terms of Reference in Appendix “A”, if approved, will form the foundation of a Master Development Agreement between the Developer, CHH and the City of Hamilton and CHH staff will work with CHH legal counsel to draft this Master Development Agreement containing the precise terms and conditions of the Redevelopment Project. Once the Master Development Agreement is executed, it will set into action the redevelopment of Jamesville.

Staff are seeking the authority of the Board of Directors to approve and proceed with the redevelopment plan as outlined in this report and detailed in the Terms of Reference provided in Appendix “A,” with financial highlights provided in the





Financial Terms Supplement in Appendix “B” of Report #17007(d). This authorization includes the authority to execute a Master Development Agreement on the basis of the Terms of Reference, with a requirement to report back to the Board only in the event of any material variation(s) from the Terms of Reference.

**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 to 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.

**APPENDICES:**

**Appendix “A” (CONFIDENTIAL) - Terms of Reference**

**Appendix “B” (CONFIDENTIAL) - Financial Terms Supplement**

TH/sb/sb

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