RECOMMENDATIONS:

(a) That the Residential Intensification Study (two volumes), prepared by Metropolitan Knowledge International Inc., dated May 2005 and May 2006, be received and that the Report be released to agencies, stakeholders and the general public for consultation and comment.

(b) That following the public consultation process, a summary of the input received and implementation options be brought forward for consideration by Committee and Council.

LEE ANN COVEYDUCK
General Manager
Planning and Development Department

EXECUTIVE SUMMARY:

The Residential Intensification (RI) Study has been a major background study for the GRIDS process and the new Official Plan. It provides an understanding of the drivers and barriers to intensification in general and within the City, as well as, illustrating the potential number and general location of intensification units that could be accommodated across Hamilton.
The Study includes:

1. The background research analyses:
   
   i) The main factors that drive the demand for intensification and housing. They are:
      
      - demographic trends to smaller households;
      - potential employment growth in Hamilton;
      - commuting patterns within Hamilton and from Hamilton to other parts of the GTA; and,
      - demand for ground-oriented housing (e.g. townhouses) in areas with high urban amenity and strong sense of community.
   
   ii) The main barriers to increasing the supply of intensification units. These include:
      
      - neighbourhood opposition;
      - project economics;
      - lack of knowledge of building intensification developments; and,
      - restrictive planning policy.

2. Local consultation with Hamilton’s development community confirmed many of these opportunities and barriers. Generally, optimism was expressed for an increased pace of intensification development in Hamilton but that increase is dependant on the City’s performance on employment growth.

3. The generation of an estimate of the potential supply of residential units based on a high-level survey of areas across the City. It was estimated that approximately 44,000 units could be accommodated across the City through redevelopments and infill opportunities in existing downtowns, mixed use corridors, and underutilized commercial areas.

4. A review of the housing forecast that was assigned for Hamilton by the Province to produce an appropriate target for intensification units. The target recommended by the study meets the requirements of the Province’s Places to Grow Plan. An intensification target of between 27,000 and 32,000 units was defined. While the theoretical supply for intensification units would indicate that the target could be accommodated, a substantial increase in the market demand for intensification units is necessary.

5. A series of recommendations for an Intensification Strategy that works towards reducing the barriers that affect the supply of intensification units and takes advantage of the trends to stimulate demand in Hamilton. The Study recommends a two-track approach of short and long term actions.
i) Short Term actions include:
- demonstration of successful intensification projects in high profile locations;
- updating planning documents, regulations, processes; and,
- reviewing and expanding incentive programs.

ii) Long Term actions include:
- strong advancement of neighbourhood/district planning initiatives to identify intensification opportunities and ensure appropriate hard and soft infrastructure in place;
- focus on creating and supporting vibrant neighbourhoods;
- active participation by the City in areas where market perception is difficult; and,
- City participation in land assembly, pilot projects, financial incentives.

BACKGROUND:

• Vision 2020 - Building a Strong Foundation Process

In 2003, the Building a Strong Foundation process was developed to link the implementation of VISION 2020 through the implementation of GRIDS, the Social Development Strategy and the Official Plan. The public consultation on the Strong Foundation process and Vision 2020 Renewal led to the development of the Nine Directions to Guide Development, Directions which were used in the evaluation of the GRIDS growth options and continue to guide the development of the new Official Plan. It was clear from the consultation that residential intensification was a basic planning objective needed to implement the goals of Vision 2020 and that intensification was necessary to achieve development consistent with the Nine Directions (see Appendix “A” to Report PED07053).

Intensification in appropriate forms and the population it brings to a community can create interesting, diverse and vibrant physical environments. Focusing intensification in appropriate areas can protect existing neighbourhood character.

• Residential Intensification (RI) Study

In the Fall of 2004, the RI Study was initiated to inform the City’s ongoing efforts to address intensification as one of the main planning objectives essential for the implementation of Vision 2020 and GRIDS and proposed new Provincial directions. The purpose of the Study was:

1. to provide background research on trends that affect the supply and demand for intensification units throughout the Province and through local consultation with the homebuilding industry to understand the barriers and opportunities within the Hamilton context;
2. to estimate the supply of potential residential intensification housing units throughout Hamilton and estimate an appropriate target for residential intensification the City should use in generating options for future growth scenarios. These supply and demand scenarios were used in the generation of the growth options in the GRIDS process and ultimately in the generation of the preferred growth option, adopted by City Council in May 2006; and,

3. to present recommendations for the development of an intensification strategy to move the City to the achievement of the Provincial target of 40% intensification.

- **Provincial Initiatives and GRIDS**

After the initiation of the RI Study, the Province of Ontario released its draft Growth Plan for the Greater Golden Horseshoe, proposing a Provincial policy regime focusing on firm urban boundaries, the linkage of infrastructure provision with growth and residential intensification as the primary means of future growth within communities in the growth plan area. It was clear that residential intensification was intended to be a primary theme in future Provincial planning policy and that local policy would need to support and implement the Provincial direction. It was also clear that the RI Study would provide important guidance to the City in developing an intensification strategy, fulfilling the Province’s policy requirements. The final Growth Plan (*Places to Grow*) released in June 2006, confirmed the Provincial direction for municipalities within the Greater Golden Horseshoe and requires municipalities to:

- direct a significant proportion of future growth to built-up urban areas;
- achieve 40% of future residential growth through intensification by 2015;
- plan for community infrastructure to support growth;
- create complete, transit-supportive communities in greenfield areas that meet minimum density requirements;
- plan for minimum employment and population densities for urban growth centres (one of which is Downtown Hamilton);
- identify intensification areas; and,
- develop strategies and policies for achieving the intensification requirements of the Plan.

The RI Study, completed in Summer 2006, provided a significant base of research and analysis as an input into the GRIDS process and provides an important guide for the development of an intensification strategy for the City.

The land supply analysis completed part of the GRIDS process clearly showed that with the demographic trend of declining average household size, all of the existing urbanized areas of the City of Hamilton will experience a net loss of population. Net population growth within the urbanized area of the City will only occur where there are vacant, undeveloped lands or through residential intensification. Within the former City of Hamilton, the primary means of population growth will be through residential intensification.
ANALYSIS/RATIONALE:

This segment of the Report details the findings of the RI Study. The Executive Summary of the RI Study is found in Appendix B to Report PED07053, attached.

1. TRENDS

Through the analysis of Canadian case studies, the background research component of the Study examined the supply and demand factors that influence residential intensification projects and identifying the elements that contribute to successful intensification efforts. Local consultation with the development industry in Hamilton provided insight into local barriers and opportunities for residential intensification.

Research Findings

The research findings provide a baseline understanding of the factors that influence residential intensification, from both the supply and demand sides.

Demand Side Factors

The Study found that the following trends will likely have significant impact on the demand for housing in the City:

Smaller Households: a demographic trend to smaller households will boost the demand for smaller intensification-type units. Smaller households will be seen as the baby boomers move into the empty nest stage of life and eventually senior age cohorts. Also, increases in single and two person households, trends in delayed marriage and family formation have and will continue to result in a greater number of smaller households.

Outer Ring Employment Growth: Generally, housing growth follows employment growth. Outer ring municipalities in the GTA have experienced strong employment growth and the City may eventually also experience similar growth, further stimulating demand for housing.

Commuting Patterns: As road infrastructure becomes increasingly congested, areas with high accessibility to inter- and intra- regional transit systems (transit routes, GO stations) are likely to see a higher demand for intensification.

Housing Type Preferences: Research indicates a trend in housing preferences towards higher-density ground-oriented housing (such as townhouses) that offer a strong sense of community, are in close proximity to urban amenities (shops, services, recreation).
These trends are likely to drive growth in the demand for intensification in Hamilton.

Supply Side Factors

On the supply side, several factors were identified that present potential barriers to the development of intensification-type housing units:

Public Opposition: The development industry is very aware of the high possibility for intensification projects to be delayed due to resistance from surrounding neighbourhoods. Neighbourhood opposition can delay a project to the point that the project becomes financially unviable.

Project Economics: Generally, intensification projects are more difficult and often more costly to build due to construction materials, higher infrastructure costs, constrained site conditions, parking requirements, brownfield clean-up, etc.

Lack of Knowledge: Building intensification projects is significantly different than building in greenfield locations. If builders/developers have not had experience in intensification projects, there may be resistance to take on these type of units. Also, the market risk involved in being the first developer to take on an intensification project in a neighbourhood is often seen as a significant barrier.

Restrictive Planning Policy: Policies, processes and codes that impede the advancement of intensification projects will make developers reluctant to engage in intensification-type development such as overly restrictive zoning, strict parking standards and heritage constraints. Even the perception of restrictive policy can create such a barrier that prevents developers from taking on intensification projects.

Consultation Findings

The Study included local consultation with the Hamilton development community. Five focus groups were held to probe the barriers and opportunities for residential intensification that exist in Hamilton. The overall consultation showed the following barriers to achieving intensification in Hamilton:

- current economic growth;
- neighbourhood opposition;
- lack of experience of developers and financial institutions with intensification projects; and,
- perceived lack of City support for intensification projects in the approvals process.
The consultation also showed many opportunities for intensification as follows:

- general optimism for an increased pace of intensification development;
- City’s incentive programs and the Erase programs are positive steps towards achieving intensification;
- Neighbourhood planning projects are beneficial for promoting appropriate intensification;
- Many of the City’s existing ‘mainstreets’ and BIA areas and downtowns were seen as having best potential for intensification; and,
- Best unit types for current market is in medium-density, townhouses, brownstones, student apartments and ground-oriented infill housing types.

Consultation also suggested that the City could take the following roles/actions to encourage intensification:

- Engage in small area/secondary planning to improve neighbourhoods and identify intensification opportunities;
- Expand incentive/loan programs;
- Facilitate redevelopment of sites/form development partnerships;
- Expedite planning processes;
- Update and remove any policy barriers to intensification;
- Raise awareness for the need for intensification among the general public; and,
- Provide information and education to the development community.

2. SUPPLY AND DEMAND SCENARIO FINDINGS

A component of the RI Study was the investigation of the current demand and supply for intensification housing units in Hamilton. Working with the Provincialy dictated growth forecasts, the Study evaluated the level of intensification that the City should achieve to meet Provincial requirements for 40% intensification level. The Study recommended that the City should aim for between 27,000 and 32,000 intensification units in order to meet the 40% requirement. These intensification levels were used in the housing forecasts in the generation of the GRIDS growth options.

Staff, with the guidance of the study consultants, estimated the potential supply of intensification units across the City by identifying areas in which intensification is currently occurring or could possibly occur in the future, given the existing building and land use characteristics. It was estimated that approximately 44,000 intensification units could be built across the City through 2031. This was a conservative estimate. The areas where potential intensification could occur include existing main street corridors throughout the City, the former Downtown’s, commercial plazas, shopping malls and scattered infill or redevelopment sites throughout the City.
When one compares the supply figure to the target demand figure, it would appear there is a sufficient supply to meet the target intensification level. However, achieving the intensification targets will require much closer scrutiny of potential areas beyond the scope of the Study and focused efforts to address the barriers to intensification discussed above.

3. RECOMMENDATIONS FOR AN INTENSIFICATION STRATEGY

The Study recommends a strategy that recognizes the supply barriers discussed earlier while taking advantage of the demand trends. A two-track approach is recommended:

Short Term Approach

The short term approach focuses on facilitating intensification through the removal of supply side barriers, including:

- demonstrating success by facilitating intensification projects in areas showing market potential;
- updating planning documents and regulations to enhance certainty for developers;
- reviewing approval processes and revise, if necessary; and,
- reviewing existing incentive programs and expand to facilitate intensification outside of existing areas.

Long Term Approach

The long term approach recommended is a market intervention approach to stimulate market demand as much as possible, thereby reducing the risk for developers. Employment growth in general will be necessary to stimulate overall housing demand. Economic development efforts must remain a central focus of the City’s activity to achieve success in intensification. In addition to stimulating the local economy, the Study recommends the City’s role in such a long-term approach could include:

- targeting redevelopment of districts through neighbourhood planning activities to identify specific opportunities for intensification and the enhancement of attributes of neighbourhoods;
- investing in neighbourhood infrastructure (hard infrastructure and community facilities) necessary to create liveable communities; and,
- the City’s participation in land assembly, partnerships, pilot projects, particularly in regeneration areas where market perception is difficult.
CONCLUSIONS - NEXT STEPS:

Intensification is a fundamental component of the City’s growth management objectives. Achieving intensification is essential to achieving the GRIDS preferred growth structure. With the completion of the Residential Intensification Study, the challenge now becomes how to create a climate for intensification across Hamilton to realize intensification targets. The Study provides a significant base of knowledge with which to move forward with to develop a more refined and action oriented Intensification Strategy.

Hamilton is fortunate. The last six years have seen a focus on improving our downtowns. The City has successful incentive programs aimed at stimulating downtown investment, the redevelopment of brownfields and the achievement of residential intensification. The City is committed to creating and sustaining vibrant, liveable neighbourhoods as demonstrated by the many neighbourhood/secondary planning efforts since amalgamation. Given the recommendations of the Study, Hamilton is well on its way to formalizing an intensification strategy.

An essential element in developing the strategy will be dialogue with the public. There are many misconceptions about what intensification is and what it will look like. Misconceptions often bring fear and resistance. Staff intend to bring the information and recommendations presented in the RI Study out to the public in Spring 2007, beginning an important dialogue in our community on this significant topic.

ALTERNATIVES FOR CONSIDERATION:

N/A

FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

No additional financial implications at this time.

Staff from Long Range Planning, Downtown Renewal, Economic Development, Community Planning, and Development Planning will be required in the development of the Strategy.

POLICIES AFFECTING PROPOSAL:

Development of an RI Strategy is required to implement the Provincial Places to Grow Plan and the GRIDS preferred urban structure.

RELEVANT CONSULTATION:

The intensification target described in the RI Study was put forward as part of the public consultation on the GRIDS growth options and adopted as part of the Preferred Growth Option. Consultation with the development industry took place during the preparation of
the Study. Staff presented the overall recommendations of the RI Strategy to the Hamilton-Halton Homebuilders Liaison Committee in November 2006.

**CITY STRATEGIC COMMITMENT:**

By evaluating the “Triple Bottom Line”, (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

**Community Well-Being is enhanced.** ▶ Yes □ No

Development of an intensification strategy will help sustain our urban communities by creating vibrant urban neighbourhoods, supporting local businesses, community facilities and institutions.

**Environmental Well-Being is enhanced.** ▶ Yes □ No

Intensification focuses development within urban and away from agricultural and natural areas in the City.

**Economic Well-Being is enhanced.** ▶ Yes □ No

Intensification will produce the population necessary to sustain local retail and main street areas in our community.

**Does the option you are recommending create value across all three bottom lines?** ▶ Yes □ No

Intensification is key planning objective to implement the GRIDS preferred urban structure and VISION 2020.

**Do the options you are recommending make Hamilton a City of choice for high performance public servants?** ▶ Yes □ No

By providing a full range of housing in the community it provides staff with several choices for residential accommodation.

The recommendations are intended to respond to the requirements set out in the Official Plan with regards to urban development within the existing urban boundary. They are an example of the City’s desire to set a high standard in attempting to design a neighbourhood based on the promoting health and well-being of residents, protecting the natural and built environment and encouraging development that makes efficient and economical use of infrastructure and services.

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Attachments. (2)
Residential Intensification is consistent with and implements the *Nine Directions* as follows:

**Direction #1:**

*Encourage a compatible mix of uses in neighbourhoods that provide opportunities to live, work and play.*

Intensification can bring a diversity of housing choices to neighbourhoods and provides the population needed to support local retail areas.

**Direction #2:**

*Concentrate new development within existing built-up areas and within a firm urban boundary.*

**Direction #3:**

*Protect rural areas for a viable rural economy, agricultural resources, environmentally sensitive recreation and enjoyment of the rural landscape.*

Intensification is development that is focused development within existing built-up areas and focuses growth away from the rural area.

**Direction #4:**

*Design neighbourhoods to improve access to community life.*

Residential Intensification places new housing units in closer proximity to existing commercial areas, institutions and community facilities, providing the necessary population to support local retail, institutions and services.

**Direction #5:**

*Retain and attract jobs in Hamilton’s strength areas and in targeted new sectors.*

Residential Intensification creates interesting, diverse, desirable neighbourhoods, contributing to a positive image to potential businesses.
Direction #6:

Expand transportation options that encourage travel by foot, bike and transit and enhance efficient inter-regional transportation connections.

Residential intensification in appropriate locations adds the necessary population to support transit use and places residential development in locations where walking and biking to employment and shopping is possible.

Direction #7:

Maximize the use of existing buildings, infrastructure and vacant or abandoned land.

Reuse of brownfield sites, infill development or expansion or conversion of existing buildings are all examples of intensification.

Direction #8:

Protect ecological systems and improve air, land and water quality.

Intensification allows growth to be focused away from ecologically important areas. Intensification in appropriate locations supports alternate forms of transportation, contributing towards improved air quality.

Direction #9:

Maintain and create attractive public and private spaces and respect the unique character of existing buildings, neighbourhoods and settlements.
Executive Summary
The purpose of this executive summary is to provide an overview of the Residential Intensification Study commissioned by the City of Hamilton (the City). MKI, in association with Clayton Research Associates, Meridian Planning Consultants, Soskolne Associates and architectsAlliance, was engaged to undertake the Study. This summary presents the overview of findings from the consultation process and research and discussions on the issues likely to have an impact on residential intensification in the City over the foreseeable future. Further details are found in the report and its appendices which provide a more complete context. This report presents work completed up to August 2005.

The primary purpose for the Study was to inform the City in its ongoing efforts to address intensification as one of the main planning objectives. This Study was initiated in the fall of 2004 as part of the background planning for the City’s Growth Related Integrated Development Strategy (GRIDS). Since the commencement of the Study, input had been provided to the GRIDS planning process on a continuously while remaining cognizant of emerging Provincial policies, such as the growth management plan, “Places to Grow”, and the growth targets.

### Key Figures for the City of Hamilton

- **Forecast population growth, 2001-2031**: 150,000
- **Forecast growth in households, 2001-2031**: 80,000
- **Forecast average annual growth in households**: 2,667
- **Average household size, 2001**: 2.5
- **Average household size, forecast new households, 2001-2031**: 1.9
- **Historical growth through intensification, 2001-2004**: 30%  
  - Average number of units built per year: 620
- **Provincial target for growth through intensification post-2015**: 40%  
  - Average number of units needed to be built per year, 2001-2031: 1,067
  - Total number of units needed to be built, 2001-2031: 32,000
  - Target number of units to be built, 2015-2031: 18,000
- **Estimated total number of units that could be built on lots suitable for intensification**: 44,096
- **Average number of apartments built annually, 1991-2005**: 200
- **Average number of apartments required annually to meet the Provincial targets, 2001-2031**: 700

The Study was conducted in four separate phases:

- Phase 1 - Background research;
- Phase 2 - Consultation on opportunities and constraints;
- Phase 3 - Residential intensification scenarios; and
- Phase 4 - Intensification strategy and urban form modelling.
Background Research and Consultation

The primary purpose of the background research and consultation was to generate a baseline understanding of factors influencing residential intensification projects in the City. The background research phase focused on the elements contributing to successful intensification projects in the City and elsewhere while the consultation phase examined specific issues considered important by stakeholders in the City for residential intensification projects.

The background research findings can be categorized into demand and supply. The following trends or phenomena will likely have significant impact on the demand of housing in the City:

- **Smaller households** - Current market information indicates that the anticipated “big move down” (i.e., from large single-family detached homes occupied by families of parents and children to smaller units occupied by empty-nesters) for baby boomers is beginning to take place. This is likely to result in an increase in demand for intensification type residential accommodation, including more compact development forms and unit sizes.

- **Outer ring employment** - The City has seen considerable population increase in the past ten years; however, employment growth has not followed. Based on the strong employment growth to-date in other areas of the GTA “outer ring”, the City may eventually witness higher employment in the coming years.

- **Commuting patterns** - Demand for intensification development is likely to be high in areas adjacent to GO stations in the City as well as areas where road infrastructure allows commuting to employment in the western GTA (including, Toronto, Mississauga, Oakville, Burlington, etc.). As the major highway corridors are reaching or already over capacity, there is a growing number of consumers who prefer travelling to work by public transit. These consumers, therefore, may look for a residential location that will allow them to walk to the transit station. Further office employment in the City’s downtown area may spark adjacent intensification development.

- **Preference for ground-oriented or single-family detached dwellings coupled with a desire for urban amenity** - Research indicates a trend towards higher-density ground-oriented housing (such as townhouses and row houses) that offers a strong sense of community and yet has all of the downtown urban conveniences. The demand for this type of development has been historically strong in the City and will likely continue in the future.

In sum, the above trends or phenomena are likely to drive growth for intensification development, particularly that of ground-oriented medium density. Empty nesters, students, singles and young couples (with no dependents) are the main growing demographic groups in the City. These are also groups with a higher-than-average preference for intensification type residential accommodation.

In a perfectly efficient market for intensification housing, sufficient supply would exist to meet the demand at the price point that maximizes total development value. In Hamilton as in elsewhere, certain barriers exist that prevent this optimal supply point from being reached. In other words, supply is generally not sufficient to meet the demand. Apart from the general factors such as interest rates that affect supply, there are very specific and practical issues that are typically more easily addressed than those related to demand. According to the findings in this Study, factors that negatively impact the supply of residential intensification can be summarized as follows:

- **Public opposition (or NIMBY)** - Many developers are skeptical of the intensification type of development and very aware of the high possibility for these projects to be delayed due to resistance from surrounding communities. Neighbourhood opposition hinders intensification projects in two ways: by protracting the approval process to the point that a
project either has missed the timing for market or cannot proceed due to financial reasons, or by generating political pressure to block the project.

- **Project economics** - Project economics are particularly serious by the complex nature of intensification projects resulting, for example, from higher infrastructure costs, constrained site conditions, parking requirements and so forth. Unfavourable economics can often be addressed by regulatory changes, or more directly, through financial assistance such as grant and loan programs.

- **Lack of knowledge of the intensification development** - Many homebuilders or developers have not had sufficient experience with this type of development, or they generally have more experience with and prefer single detached housing. Intensification projects require developers to be familiar with marketing and construction techniques as well as project planning processes, which are all different from those for single detached housing projects. Furthermore, the issue of “who goes first” is often of concern to developers. Particularly where a neighbourhood is distressed or in need of regeneration, developers typically do not wish to be the first to attempt regeneration, due to the perception of higher-than-average risks. Kick-starting a project through implementing infrastructure and community amenities to support the development may be an appropriate role for the City.

- **Restrictive planning policy** - The planning policies in the City are generally pro-intensification in nature. However, policy issues do exist that impede the advancement of intensification projects. These include restrictive zoning constraints, heritage restrictions and protection of employment lands and site remediation. Reviewing and updating such policies to ensure that the City’s planning policies are aligned with the City’s desire to encourage intensification development.

Findings from the consultation exercise are consistent with those from the background research as discussed above. Overall, the stakeholders at the consultation exercise expressed optimism in the industry for an increased pace of intensification development, although they believed that the residential market in the City already has a considerable level of concentrations of larger units in medium-rise and ground-oriented developments. The majority of the stakeholders consulted in this Study believed that a substantial and broadly based economic turnaround would be necessary to generate significant additional demand for intensification housing in Hamilton, particularly on the scale suggested by the targets. Other major barriers identified by the stakeholders include community opposition, perceived complexity, lack of support from the City in the planning process and a relative lack of experience with this intensification development, especially among financial institutions. There is also evidence of abundant opportunities for residential intensification in the City based on the number of appropriate lots available. However, there is a general belief among the stakeholders that the development industry has not yet diverted its focus from single detached housing to intensification by taking advantages of these opportunities and fulfilling latent demand for intensification forms of development.

**Intensification Scenarios and Analysis**

According to the findings in the background research and consultation phase, the Provincial forecasts developed in this Study are based on the assumption of a substantial increase in demand for intensification units in Hamilton. Also included in this Study is a series of intensification scenarios, which break down these forecasts by unit type and examine how these forecast trends may shape the form of development in the absence of the City making policy changes. The analysis of these intensification scenarios show that in order for the City to meet the relatively aggressive growth forecasts in this Study and the Provincial targets, a substantial increase in the number of new apartments would be necessary, particularly in the former City of Hamilton.
The intensification scenarios indicate that potential sites for apartment development are heavily concentrated in the former City of Hamilton, both on and below the Mountain. As such, policies focusing on facilitating apartment development in these identified areas within the former city will be critical. Attracting employment to the downtown area is another approach used to encourage demand for intensification type housing and hence to increase the pace of such development downtown. This approach also serves to meet the City’s other planning objectives such as reducing commute time. Seniors-oriented housing is another opportunity for intensification although this type of development is likely to be better suited to the neighbourhoods surrounding Downtown including the suburban nodes and former community cores.

Intensification Strategy

An effective intensification strategy needs to recognize the supply barriers discussed earlier while taking advantage of the demand trends. Prompt actions to address the supply issues will contribute to improving how the intensification market functions and can likely increase the number of intensification developments in the City. A municipality’s ability to directly and significantly affect project economics is generally limited except in cases where project economics are marginal, government incentives may be fairly effective. Clear demonstration of commitment to regeneration by the City would likely make a considerable difference. Such commitment may be in the form of expedited approval processes and implementation of infrastructure and community amenities. These actions could help allay some of the developers’ concerns about project risk.

As far as demand is concerned, the City may consider a more ambitious, interventionist approach in the residential market with an objective to facilitate development (or redevelopment) of neighbourhoods. When implementing an interventionist strategy, it is important to target investment to create neighbourhoods in which people would want to live.

An essential consideration for a successful intensification strategy is transit. The strategy of increasing residential and employment densities while maximizing access to existing and future public transit facilities is a logical one. The City will likely need to consolidate the number of major origins and destinations along its transit routes. As a result, intensification development is carefully coordinated with transit making various neighbourhoods more livable.

Scale of the Strategy

The intensification target for Hamilton is based on the forecast household growth of approximately 80,000 units from 2001 to 2031. If the Provincial targets of 40% growth through intensification post-2015 are to be met, about 18,000 units would need to be built through intensification by 2031. However, the updated population and employment projections prepared in this Study, along with a lack of available greenfield lands (for single detached housing projects), suggest that the number of intensification units may need to be higher. According to the projections in this Study, targets would need to be modified to between 1,100 and 1,300 units to be created through intensification every year starting 2015.

As per the analysis conducted in this Study, meeting this target will require a three-fold increase in the number of apartments built (particularly in the former City of Hamilton). Although it was beyond the scope of this Study to forecast market demand, no specific evidence was uncovered which would indicate a demand for this type of development on this scale. As a result, the risk remains that market demand may not follow such a rapid increase in apartment development.
A Two-Track Approach

The proposed two-track approach for stimulating demand and ensuring supply need to be put in place for establishing an effective framework for growth in the City. In stimulating demand, the City will need to ensure that the planned growth areas (such as the downtown area and the Mountain) have favourable accessibility to employment areas and adequate amenities. On the supply side, the City will need to update the policies and processes to facilitate intensification development and assist developers in managing project risks. The recommended two-track approach attempts to address the short-term goal of responding to immediate requirements and concerns of stakeholders in the City and the long-term need for creating a sustainable environment for residential intensification. The two-track approach, hence, consists of the following:

- A short-term “quick wins” response facilitating the realization of intensification projects in areas showing market potential (including, the downtown area and the Mountain neighbourhoods). The City should consider updating planning documents, regulations and processes in response to the concerns and issues raised by the stakeholders in this Study, as well as reviewing and expanding its incentive programs. These actions would help enhance the certainty for developers by mitigating some of the project risks and therefore allow projects that may be considered as marginal for proceeding to go ahead.

- A long-term market intervention response targeting the comprehensive redevelopment of districts in need of more substantial effort to create the conditions for residential intensification. The City should consider investing in the necessary environmental clean-up, infrastructure and community amenities (resolving the “who goes first” dilemma) in order to spur developers’ interests in building intensification projects in certain districts.

Initiatives of the Strategy

A number of initiatives are proposed to the City for consideration based on the findings of the Study. These initiatives would be able to assist the City in increasing the pace of residential intensification and in the presence of sufficient market strength, in meeting the Provincial targets for managing growth.

In designing these initiatives within the intensification strategy, it is important to emphasize that the Provincial target of housing 40% of household growth within built-up areas post-2015 is primarily for planning purposes. It is understood that policies and financial incentives alone cannot guarantee achieving this target. Market forces will play a significant role. Demand will be needed for the intensification types of housing from a large share of the household growth between 2015 and 2031 in order for the City to meet the Provincial targets, especially for apartments and housing on sites within built-up areas. Developers and homebuilders also need to have enough interest in the intensification type of development. Put simply, there has to be a financially viable development proposition for developers to build, where their supply will be met with the demand for intensification at the price point that maximizes total development value.

The following are the proposed initiatives:

- One of the roles the City could play in helping achieve the 40% target is to identify appropriate areas (including, the downtown area and the Mountain) and enhance attributes (e.g., infrastructure and community amenities already in place) that support intensification development. The City could put in place policies to facilitate intensification in these identified areas and remove impediments to intensification (such as lengthy and complicated approval processes).

- The City could help improve the attractiveness of individual neighbourhoods or districts in order to appeal to residents. One possible approach is to enhance the overall ambience of
the downtown area and other areas targeted for intensification, which may not be viewed at present as desirable places to live. Additional community amenities such as recreational centres, trees and parks would not only enhance the appearance of these areas, but also make them more as neighbourhoods.

- Given that seniors are expected to account for a large share of household growth in the latter part of the forecast period, incentive programs targeted at housing designed for seniors could be effective in encouraging this type of development. The City could support the establishment of support services (e.g., seniors activity programs, home care) that seniors will want to have in their neighbourhood when considering moving to a new home.

- Considering that new apartment units will be instrumental in achieving the 40% intensification target post-2015, the City should consider revamping its incentive programs to further encourage this type of projects in areas targeted for intensification. The incentive programs would be particularly crucial for the marginally profitable projects.

- Rental units will be more likely than others to require assistance due to their project economics. From the City’s perspective, rental units could constitute a large share of intensification units in response to the specific demographic trends. The rate at which rental units are created during the remainder of the forecast period will need higher than the City’s recent experience. In order to speed up the pace, the City should consider giving priority to rental projects that would not be financially viable without added financial incentives. These incentives should be designed as complementary to other existing financial assistance programs available for rental housing, such as the Canada-Ontario Affordable Housing Program.

- A significant share of the potential supply of intensification units to be created within built-up areas is located on brownfield sites. The City should consider using its incentive programs to help initiate housing projects in these brownfield areas (e.g., ERASE program). The incentive programs should be tied to the incremental increase in the assessed value of the property and/or provide relief from the full amount of applicable municipal development-related costs (e.g., development charges, cash-in-lieu of parkland dedication). Through these incentive programs, the City would not need to provide direct subsidies as long as the City is satisfied that these projects would not otherwise proceed.

- The time required for approval processes and the direct costs associated with potential OMB hearings can have a significant impact on the financial viability of intensification projects. The City should consider becoming more proactive in facilitating the approval of projects that conform to the City’s broader planning policies. Obviously, the Province also has an important role to play in ensuring that those who are opposed to intensification occurring in their neighbourhoods do not subject suitable projects to lengthy delays in the approval process.

This Study found that market forces have not been entirely favourable for residential intensification over the past decade in the City. Employment growth has been stagnant while housing markets have focused on single-detached homes. As this study has outlined, however, these forces are changing. They include demographic trends (e.g., aging of the population and smaller households) and economic change (e.g., employment location and land prices). The City needs to use its planning policies as a tool to facilitate, rather than restrict, the effects of these forces in order to achieve the broader goals of promoting intensification. The analysis in this Study found that many of the market forces would likely create a more supportive environment for intensification in the future.