

# Neighbourhood Change Research Partnership

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## The Rental Housing Market in Hamilton, 1970-2015: Phase 1. Trends and Pilot Studies

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Co-investigator/s	
Community Partner/s	City of Hamilton; Social Planning and Research Council of Hamilton (SPRCH). (Ongoing negotiations with CMHC, Hamilton & District Apartment Association (HDAA), and Realtors Association of Hamilton-Burlington)

### 1. Rationale & Potential Policy Relevance

Hamilton has experienced neighbourhood income polarization. The rental market is a key to understanding this trend. Very little research has been undertaken on Hamilton's rental housing sector.

The timing of this study is opportune. Because of an ongoing debate about the licensing of secondary units, their enumeration interests the City of Hamilton, SPRCH, CMHC, and local stakeholders, including the HDAA and the RAHBB. The City is establishing a Rental Housing Subcommittee to consider this issue. CMHC is planning to extend to Hamilton its survey of secondary units.

Some of the research questions (below) can be addressed from public data; others through cross-checking proprietary databases. Others will require data gathering. Crosschecks and data gathering require pilot studies, using innovative methodologies to identify potential case study neighbourhoods. Outcomes will be the basis for a NCRP research funding application for Phase 2 funding, probably in late fall 2015.

#### A clarification note re Phase 1 and 2; & 'pilot studies' in this Phase 1 proposal

This proposal is Phase 1 of what is intended to be a two-stage project. Everything in the current application is Phase 1. Phase 1 includes some research that is self-contained and will be completed in Phase 1. It also includes some pilot studies, one or more of which will be the basis for Phase 2. In the present application, the pilot study components of this Phase 1 are underlined. These pilot studies are necessary because of the untried nature of the methodologies in question. The results of the pilot studies will affect the design of Phase 2 of this project.

### 2. Research Questions

There are 13 specific research questions, nested within three broader objectives (A, B, C). Note that some (A3, C2, C3, C8) are susceptible only to approximate or qualitative assessment.

#### **A. To determine how the rental sector has contributed to trends in the number and location of low-income neighbourhoods in Hamilton since 1971**

- A1. What was the changing degree, and place, of concentration of all types of rental units?
- A2. Geographically, what has been the changing degree, and place, of concentration of rental units with average, below-average, and above-average rents? (i.e. a '3 cities' analysis using rent data)
- A3. How has the mix and location of primary and secondary units changed?
- A4. What has been the trend and changing pattern in socio-tenurial polarization? (i.e. trend in the average household income of renters and homeowners)
- A5. What is the ratio of absentee versus landlord-occupied rental properties?

#### **B. To determine the continuing quantitative and geographical contribution of non-market housing to Hamilton's low-rental stock since 1991**

- B1. What has been the changing location of social housing (including units in housing coops)?

B2. What has been the changing location of other subsidized shelter (including shelters, group homes, lodging houses, and long-term care facilities)

***C. To determine the quantitative and geographical contribution of secondary units to Hamilton's current rental stock, in relation to the City's policy.***

C1. How many secondary units are there, and where are they concentrated?

C2. What are the characteristics and calculations of those who own secondary units?

C3. What are the conditions of units in converted dwellings, what proportion violate one or other municipal regulation; and in what ways (zoning; housing; health).

C4. What has been the City's (implicit & explicit) policy with respect to units in converted dwellings, recognizing a pre-amalgamation legacy, and what has been the probable impact of policy?

C5. How many condos are there & where? How many & where were units built since 2001?

C6. How many older rental buildings have been nominally converted to condo status?

C7. How many condo units are rented?

**3. Specific Fit with the NCRP Objectives & Research Questions**

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The proposed research fits the Partnership Grants objectives both topically and in terms of approach. The Grant is especially concerned with changes in lower-income neighbourhoods, and is currently focusing on the rental sector. The research questions for Hamilton have been developed through consultation with project partners.

**4. Research Design & Methods**

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The proposed research will employ mixed methods and, notably in relation to questions C1, C2, C3 and C6, the methodology will be experimental and adapted depending on what works best. See #5 below. Those elements of the research design that require pilot studies are underlined. Part of the purpose of the pilot studies is to determine what, if any, technical expertise may be needed in the reconciliation and cross-checking of databases.

The eleven research questions have been mapped onto the following five tasks.

**1. *Analysis, tabulation, mapping and analysis of systematically-generated public data (A1, A2, A3, A4, A5)***

This will be undertaken with the assistance of the NCRP data analyst in Toronto. Estimates of the number and distribution of secondary units (A3) will be made by comparing census and assessment data; if useful, back-predicting for earlier years. The City has special tabulations from CMHC and has made some census-assessment comparisons, but is doubtful about their value. Their usefulness may be improved by examining assessment data for secondary units identified in MLS listings; with those that have been subject to complaints; with listings compiled by the City in the course of a proactive inspections survey; and with those occupied by residents in a tenant sample (C1, C3: below). The location of absentee-owned vs resident-owned rental properties to be derived by comparing owners' addresses and property addresses in the current MPAC database (A5). A key issue for clarification is whether it will be possible to determine the number of rental units in each category.

**2. *Tabulation, mapping and analysis of data on social housing (B1)***

This will use the current database of social housing units, managed by Housing Services, City of Hamilton. Changes since 1991 (minor) made by hand in consultation with the City. Mapping in Toronto.

**3. *Compilation, tabulation, mapping and analysis of data on other subsidized accommodation (B2)***

Data will be compiled from several database held in various City departments, including Housing Services and Community Services, and sent to Toronto for mapping. An attempt will also be made to infer the number and location of such accommodation in 2001.

**4. *Compilation, tabulation, mapping and analysis of condo units (C5, C6, C7)***

Analysis of purpose-built condos (C5) will use permit data from the City of Hamilton. Analysis of converted units, by date, will use a database maintained by Housing Services, City of Hamilton (C6)

Estimate of the number of condo units rented will be based on interviews with selected condo boards & real estate brokers (C7). It may be possible to estimate numbers by cross-checking against MLS listings (below). NOTE: Discussion at the annual CMHC stakeholder roundtable on Feb. 25, 2015, indicated that CMHC's current rental survey for Hamilton does not include rented units in converted condos.

**5. *Tracing the modern history of the City's regulatory treatment of secondary units (C4)***

**6. *Estimating the number, location, and legal status of secondary units (C1, C3)***

This is the most challenging, task. Four approaches are proposed, all requiring pilot studies.

- a. Tabulation and mapping of recorded complaints/violations, these being cross-checked against assessment records. Complaint data are held by Licensing and Enforcement, CoH.
- b. Tabulation and mapping of secondary units advertised in MLS listings. A similar methodology apparently worked in Los Angeles. With endorsement from David Brodati (CoH), Megan Platts (RAHB) has agreed to provide access to MLS listings, dating back ten years. A preliminary analysis for 2012, undertaken by Platts, yielded meaningful data. Building on that, MLS properties with secondary units will be compared with assessment records. In order to help interpret MLS listings, interviews would be undertaken with agents active in different parts of the city.
- c. Cross-checking of secondary units identified in a proactive survey undertaken by the Licensing and Enforcement, CoH (July 2010-Oct.2012) with MPAC listings. 956 properties were inspected, in & out.
- d. Cross-check of secondary units occupied by a tenant sample with the listing of those properties in MPAC. A large sample should provide an independent verification of the usefulness of assessment records. A pilot study, using a snowball tenant sample, will be undertaken in the summer of 2015 through cooperation of the Housing Help Centre and with the use of social media. This will require ethics approval; application would be made upon approval of grant. If sufficiently informative, a more substantial survey will be undertaken which would require a supplementary grant application.
- e. Field survey, cross-checked against MPAC and MLS records.

**7. *Determining the characteristics and motivations of those who own secondary units.***

For this it is necessary to interview current owners of such properties, and desirable to interview a smaller sample of those who are currently investing in this housing stock. (Anecdotes suggest many investors are from Toronto.) Arun Pathak (HDAA) has agreed to facilitate the former and Mark Loeffler (Keller Williams Realty) the latter. Loeffler and Conrad Zurini (Re/Max) may assist in identifying those who are investing in, and renting out, units in purpose-built or converted condo buildings. Consultations and pretests will be required to refine an effective interview schedule.

**5. Role of Community Partners**

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- City of Hamilton, Housing Services (David Brodati & Kristin Maxwell): Help in accessing data from MPAC, the pro-active survey, complaints, & condo conversions; coordination with other departments).
- SPRCH (Renee Wetselaar, Sara Mayo): Coordination with report that they are producing this year.
- HDAA (Arun Pathak): Assistance in refining interview survey, and in contacting landlords.
- RAHD (Megan Platts): Access to, and analysis of, MLS database.

**6. Role of Students / Research Assistants and Contributions to Training**

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Four research assistant will be required, with various levels of skill and need for training. The grad

component of the allocation of tasks is fluid, depending on time required for the pilot studies, and their relative usefulness.

- 1) Undergraduate student #1 (Geoff Rose) Tasks 2, 3, and 4 (B1, B2, C5, C6, C7). Most of these are relatively straightforward, and undertaken in cooperation with Kirstin Maxwell, Housing Services, City of Hamilton.
- 2) Undergraduate student #2 (Ashleigh Patterson) Task 6(d): pilot study of tenant interviews. Patterson has helped develop this approach and drafted an application for ethics review.
- 3) Graduate student #1 (Larissa Di Bartolo, BA/MA). Tasks 5, 6(e) and 7 (part).
- 4) Graduate student #2 (Katie Kinsella, PhD). 6(abc), 7 (part). Interpretation of MPAC data for task 1 (A5).

#### **7. Schedule (timeline of research tasks, including deliverables submission dates)**

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- May-Oct. 2015. Tabulation and mapping trends in rental sector (Richard Maaranen in Toronto)
  - May-June, 2015. Tabulation of social housing, condos, other subsidised accommodation (Rose)
  - May-June, 2015. Consult with HDAA to refine landlord questionnaire; field survey (Kinsella, Di Bartolo)
  - May-July, 2015. Tenant survey questionnaire (Patterson)
  - May-August, 2015. Secondary unit pilot studies: consultations with City and RAHD (Kinsella)
- NOTE: Submission date of deliverables listed below.

#### **8. Outcomes / Deliverables**

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- 1) Dec. 2015. Brief report (5000 words, plus tables and maps) outlining main trends in the rental sector (private and social housing) since 1971, including condo conversions. (with Rose)
- 2) Dec. 2015. Brief report (4000 words, plus interview schedule) outlining the feasibility of a survey of owners of secondary units. (with Kinsella and Di Bartolo)
- 3) Dec. 2015. Interim report (8,000 words). Preliminary evaluation of pilot study methodologies to identify secondary units, identifying data and technical requirements for preferred option(s). (with Kinsella)
- 4) Dec. 2015. Grant application submitted for Phase 2, based primarily on consultations with HDAA, results from the tenant survey, and preliminary analysis of pilot studies on secondary suites.
- 5) March 2016. A report (8000 words) of the tenant survey, including critical evaluation of methodology and an assessment of potential for identifying secondary units (with Patterson)

#### **9. Budget Explanation**

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Almost the entire budget will go to student research assistants. Details of the role of each are specified above (section 6). The estimated cost breakdown is as follows. All hourly wages include benefits.

- Undergraduate #1 11 weeks, 20 hrs/wk. @ \$18/hr. = \$3960
- Undergraduate #2 12 weeks, 30 hrs/wk. @ \$18/hr. = \$6480 [but see Note below]
- Graduate #1 6 weeks, 30 hrs/wk. @ \$26/hr. = \$4680
- Graduate #2 8 weeks, 30 hrs/wk. @ \$28/hr. = \$6720

NOTE : On her own initiative, and supported by my recommendation, one of the undergraduate students applied for, and has just received notification of, a McMaster Undergraduate Student Research Award (USRA). This will defray the full cost of her research time, as indicated on the worksheet.

- Local travel expenses will be incurred primarily in connection with the field survey.

- Sent to the NCRP's Research Advisory Board for comment: date \_\_\_\_\_ deadline: \_\_\_\_\_
- Funding approved by the NCRP's Board: \$ \_\_\_\_\_ date \_\_\_\_\_

### SSHRC Budget Worksheet

	Amount requested from NCRP	Contributions (In-Kind / Cash)	Contribution source	Total Project Cost
<b>Personnel costs</b>				
<b>Student salaries and benefits/Stipends</b>				
Undergraduate *	3960	6480	McMaster USRA	10440
Masters *	4680			4680
Doctorate *	6720			6720
<b>Non-student salaries and benefits/Stipends</b>				
Postdoctoral				
Other				
<b>Travel and subsistence costs</b>				
<b>Applicant/Team member(s)</b>				
Canadian travel	300			300
Foreign travel				
<b>Students</b>				
Canadian travel				
Foreign travel				
<b>Other expenses</b>				
<b>Non-disposable equipment (specify)</b>				
<b>Other expenses (specify)</b>				
Photocopying, misc				300
<b>Total</b>	<b>16,000</b>	<b>6,480</b>		<b>22,500</b>

\* Hourly rates for students (all include benefits): BA: \$18/hr; MA: \$26/hr; PhD: \$28/hr