

Innovative Housing Incentives – Various Projects

ISSUE

To provide affordable rental housing for low-income individuals, four developers have requested financial assistance to develop 49 affordable rental units.

RECOMMENDATION

That the Standing Policy Committee on Planning, Development and Community Services recommend to City Council:

1. That funding of 10% of the total capital cost of the construction of eight affordable rental units at Feheregyhazi Boulevard and Fast Crescent by the National Affordable Housing Corporation, estimated at \$160,000, be approved and that a five-year incremental tax abatement be approved, estimated to be \$44,130;
2. That funding of 4% of the total capital cost of construction of 30 affordable rental units at Rosewood Blvd East and Olson Lane East by NewRock Developments, estimated at \$250,000, be approved and that a five-year incremental tax abatement be approved estimated to be \$163,590;
3. That funding of 10% of the total capital cost of the construction of six affordable rental units at 224 Heal Avenue by Presidio Holdings Inc., estimated at \$111,421, be approved and that a five-year incremental tax abatement be approved estimated to be \$163,590;
4. That funding of 10% of the total capital cost of the construction of five affordable rental units at 3145 Massey Drive by Oxford House, estimated at \$34,500, be approved; and
5. That the City Solicitor be requested to prepare the necessary incentive agreements, and that His Worship the Mayor and the City Clerk be authorized to execute the agreements under the Corporate Seal.

BACKGROUND

At its November 26, 2018 Corporate Business Plan and Budget Review meeting, City Council approved a target of 200 attainable housing units annually. This included 40 units targeted at low-income households; 30 of these units were allocated for affordable rental and renovation of existing attainable units.

Funding of \$370,000 was allocated in 2021 to support the creation of affordable rental or ownership housing for low-income households. Additional carryover funds that were reallocated from 2020 have been transferred to the Affordable Housing Reserve, resulting in available funding of \$560,165.82 for 2021.

DISCUSSION/ANALYSIS

Four applications requesting support for the creation of affordable rental units have been received and evaluated by Administration. Details of each application are outlined below.

National Affordable Housing Corporation - Feheregyhazi Boulevard and Fast Crescent

On December 8, 2020, an application was received from the National Affordable Housing Corporation (NAHC) for financial assistance for eight affordable rental units as part of their 56-unit rental project at Feheregyhazi Boulevard and Fast Crescent (see Appendix 1 and 2). Of the eight affordable supportive rental units, six are two-bedroom units and two are three-bedroom units.

NAHC's project includes five two-bedroom units that will feature full barrier-free design. Inclusion Saskatchewan and the Canadian Mental Health Association, Saskatchewan will be partnering with the NAHC on this project.

NAHC also applied through Saskatoon Land for a pilot project of a proposed flexible land payment program, which was approved by the Standing Policy Committee on Finance at its May 10, 2021 meeting. The program is designed around the deferral of a portion of the land cost for up to a ten-year term. The pilot will test a potential new incentive program, that if deemed successful, could be added to the City of Saskatoon's (City) Housing Business Plan and be offered to incentivize affordable units on select parcels in Saskatoon Land communities.

The requested support for eight affordable rental units qualifies for capital funding under Policy No. C09-002, Innovative Housing Incentives. The application for financial assistance from NAHC qualifies for a full 10% capital grant. For the eight affordable supportive units, the estimated project cost is \$1.61 million. A 10% capital grant equates to \$160,000.

This project also qualifies for a five-year incremental tax abatement, estimated at a total of \$44,129. The NAHC project is scheduled to be completed and ready for occupancy by August 2022.

NewRock Development - Rosewood Boulevard East and Olson Lane East

On March 3, 2021, an application was received from NewRock Development for financial assistance for 30 affordable supportive rental units as part of their 96-unit rental project at Rosewood Boulevard East and Olson Lane East (see Appendix 3 and 4). Of the 30 affordable rental units, 18 units are two-bedroom and 12 units are three-bedroom.

NewRock Development's project includes six two-bedroom units that will feature full barrier-free design. Spinal Cord Injury Saskatchewan Inc. will be partnering with NewRock Development on this project.

Innovative Housing Incentives – Various Projects

The requested support for 30 affordable rental units qualifies for capital funding under Policy No. C09-002, Innovative Housing Incentives. The application for financial assistance from NewRock qualifies for a full 10% capital grant. For the 30 affordable units, the estimated project cost is \$6.61 million. Due to the size of the project, and in order to support multiple affordable housing projects requiring assistance, Administration has proposed to support the project with a 4% capital grant estimated at \$250,000.

This project also qualifies for a five-year incremental tax abatement, estimated at a total of \$163,588. The NewRock project is scheduled for completion and ready for occupancy by June 2023.

Presidio Holdings Inc. - 224 Heal Avenue

On March 17, 2021, an application was received from Presidio Holding Inc., part of the Meridian Group of Companies, for financial assistance of six affordable supportive rental units as part of the 147-unit rental project at 224 Heal Avenue for low-income individuals (see Appendix 5 and 6). Of the six affordable rental units, two units are one-bedroom and four units are two-bedroom.

Presidio Holdings Inc. will provide four two-bedroom barrier-free units in the project. The project plans include unique energy savings such as a solar farm planned for the roof and electric vehicle charging stations.

The ten affordable rental units qualify for capital funding under Policy No. C09-002, Innovative Housing Incentives. The application for financial assistance from Presidio Holdings Inc. qualifies for a full 10% grant. The estimated project costs for the six affordable units is \$1.11 million. A 10% capital grant equates to \$111,421.

This project also qualifies for a five-year incremental tax abatement, estimated at a total of \$169,736. The Presidio Holdings Inc. project is scheduled for completion and ready for occupancy by May 2023.

Oxford House - 3145 Massey Drive

On March 24, 2021, an application from Oxford House was received for financial assistance to develop a five-unit dwelling at 3145 Massey Drive (see Appendix 7 and 8). The five affordable rental units each contain one bedroom.

The Oxford House project will provide third stage transitional housing for those who have recently completed addiction treatment programs.

The requested support for five affordable rental units qualifies for capital funding under Policy No. C09-002, Innovative Housing Incentives. The application for financial assistance from Oxford House qualifies for a full 10% capital grant. For the five affordable units, the estimated project cost is \$345,000. A 10% capital grant equates to \$34,500.

This project is not eligible for a five-year incremental tax abatement as the property's assessed value was not deemed to change significantly to qualify for an abatement.

Innovative Housing Incentives – Various Projects

The Oxford House project is scheduled for completion and ready for occupancy by October 2021.

FINANCIAL IMPLICATIONS

The funding source for the four capital grants totalling \$555,921 is the Affordable Housing Reserve. If the grants for these projects are approved, there will be \$4,244 remaining to support further affordable housing projects in 2021.

Of the four projects, three are eligible for five-year tax abatements. Property tax abatements for the projects are forgone revenue and do not require funding from the Affordable Housing Reserve. The City (including City and Library tax) will forgo an estimated total of \$239,080 of tax revenue over five years for the three eligible projects based on the number of affordable units in the project.

| Project Provider | City Tax | Library Tax | Education Tax | 1-Year Total | 5-Year Total |
|-----------------------------------|-----------------|--------------------|----------------------|---------------------|---------------------|
| NAHC (8/56 units) | \$ 5,071 | \$ 523 | \$ 3,232 | \$8,826 | \$ 44,130 |
| New Rock (30/96 units) | \$18,798 | \$1,938 | \$11,982 | \$32,718 | \$163,590 |
| Presidio (6/147 units) | \$19,478 | \$2,008 | \$12,462 | \$33,948 | \$169,740 |

NEXT STEPS

Financial assistance for the affordable housing projects outlined above is conditional on meeting relevant zoning and building code requirements.

Property tax abatements, if approved, will begin the calendar year following project completion and will continue for five years.

APPENDICES

1. Capital Grant Point System Evaluation – NAHC
2. Building Rendering – Parcel C, Feheregyhazi Boulevard and Fast Crescent
3. Capital Grant Point System Evaluation – NewRock
4. Building Rendering – Parcel T Rosewood Boulevard East and Olson Lane East
5. Capital Grant Point System Evaluation – Presidio
6. Building Rendering – 224 Heal Avenue
7. Capital Grant Point System Evaluation – Oxford House
8. Site Plan – 3145 Massey Place

REPORT APPROVAL

Written by: Michael Kowalchuk, Housing Analyst, Planning and Development
Reviewed by: Melissa Austin, Neighbourhood Planning Manager (Acting)
Reviewed by: Lesley Anderson, Director of Planning and Development
Approved by: Lynne Lacroix, General Manager, Community Services