

## Innovative Housing Incentives – Tax Abatements for Rapid Housing Projects

### ISSUE

Related to the Rapid Housing Initiative, two projects in the Pleasant Hill neighbourhood have requested five-year tax abatements under the Attainable Housing Program to develop 32 affordable rental units.

### RECOMMENDATION

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

1. A five-year incremental tax abatement for Cress Housing Corporation's Rapid Housing Initiative project located at 115 Columbian Place, be approved;
2. A five-year incremental tax abatement for the Central Urban Métis Federation Inc.'s Rapid Housing Initiative project located at 1520 19<sup>th</sup> Street West, be approved; and
3. 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

During Budget 2021, the Government of Canada announced \$1.5 billion for the creation of permanent affordable housing under the Rapid Housing Initiative (RHI). Under the Major Cities Stream of funding, the City of Saskatoon (City) was allocated \$7,563,036 to create a minimum of 32 new permanent affordable housing units, with housing availability within 12 months of receiving the funding, while also requiring affordability be maintained for a minimum of 20 years.

Canada Mortgage and Housing Corporation (CMHC) announced approval of two permanent affordable housing projects within the City on December 3, 2021.

Combined, the projects will create 32 new permanent affordable housing units, allocating a minimum of nine units for women and/or women and their children.

The RHI projects are proposed to be built on the two remaining vacant developable parcels, A and C, within Pleasant Hill Village (see Appendix 1). Saskatoon Land will present a report to the Standing Policy Committee on Finance on December 7, 2021 regarding the direct sale of these parcels to Cress Housing Corporation (Cress) and Central Urban Metis Federation Inc. (CUMFI).

Under the City's Innovative Housing Incentive Program, a five-year incremental tax abatement for the construction of new affordable rental, purpose built rental and affordable ownership projects can be applied for by a non-profit organization. The affordable rental projects approved under the RHI have submitted applications to the

Innovative Housing Incentive Program requesting a five-year incremental tax abatement.

**DISCUSSION/ANALYSIS**

The RHI projects, located at 115 Columbian Place (Parcel A) and 1520 19<sup>th</sup> Street West (Parcel C) both qualify for a five-year incremental tax abatement under Council Policy C09-002, Innovative Housing Incentives. The projects will create 32 new permanent affordable housing units in Pleasant Hill Village, including at least nine units for women and/or women and their children. Details of each application are outlined below.

Cress Housing Corporation– 115 Columbian Place (Parcel A)

Under the Innovative Housing Incentive Program, Cress is eligible for a five-year incremental tax abatement for the development of 115 Columbian Place, located on Parcel A, within Pleasant Hill Village. Cress' project includes 18 bachelor suites, a family/cultural room, a boardroom, meeting/office rooms, laundry services and space for on-site security. Cress is working with 3twenty Modular to complete the project and have the rental units ready for occupancy in late 2022 (see Appendix 2).

According to the Corporate Financial Services Division, the incremental increase in property taxes (municipal, library and education portions) for the project is estimated to be \$10,647, based on the 2021 tax year; the incentive amount over five years would total \$53,240 which includes \$33,700 in municipal and library property taxes and \$19,540 in education property taxes. The calculations are based on the 2021 tax rates and will change with any alterations to the design plans, and the annual mill rate adjustments. The abatement will be based on the actual assessment value determined upon final inspection of the completed project.

Central Urban Métis Federation Inc.– 1520 19<sup>th</sup> Street West

Under the Innovative Housing Incentive Program, CUMFI is eligible for a five-year incremental tax abatement for their 14-unit project at 1520 19<sup>th</sup> Street West on Parcel C in Pleasant Hill Village. CUMFI's project includes two five-bedroom units, four four-bedroom units and eight three-bedroom units. CUMFI is working with Big Block Construction to complete the project and have the rental units ready for occupancy by late 2022 (see Appendix 3).

According to the Corporate Financial Services Division, the incremental increase in property taxes (municipal, library and education portions) for the project is estimated to be \$17,037, based on the 2021 tax year; the incentive amount over five years would total \$85,185 which includes \$53,920 in municipal and library property taxes and \$31,265 in education property taxes. The calculations are based on the 2021 tax rates and will change with any alterations to the design plans, and the annual mill rate adjustments. The abatement will be based on the actual assessment value determined upon final inspection of the completed project.

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### Administration Recommendation

After review of this application, Administration has concluded both projects are consistent with Council Policy C09-002, Innovative Housing Incentives. Administration is recommending that City Council approve the five-year incremental municipal and library property tax abatement, commencing in the next taxation year after completion of the project.

### **FINANCIAL IMPLICATIONS**

Property tax abatements for the projects are forgone revenue and do not require funding from the Affordable Housing Reserve. The City (including Municipal and Library) will forgo an estimated total of \$87,620 of tax revenue over five years for the two eligible projects. The Province will forego the Education tax, estimated at \$50,805 over five years for the two eligible projects.

<b>Project Provider</b>	<b>Municipal Tax</b>	<b>Library Tax</b>	<b>Five-Year Total</b>	<b>Education Tax</b>	<b>Five-Year Total</b>
<b>Cress</b>	\$6,110	\$630	\$33,700	\$3,908	\$19,540
<b>CUMFI</b>	\$9,776	\$1,008	\$53,920	\$6,253	\$31,265
<b>Total</b>			<b>\$87,620</b>		<b>\$50,805</b>

### **NEXT STEPS**

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

### **APPENDICES**

1. Pleasant Hill Village Concept Plan
2. Cress Housing Corp. – Proposal Renderings – 115 Columbian Place
3. Central Urban Métis Federation Inc. - Proposal Renderings - 1520 19<sup>th</sup> Street West

### **REPORT APPROVAL**

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Reviewed by: Lesley Anderson, Director of Planning and Development

Approved by: Lynne Lacroix, General Manager, Community Services

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