

Reallocation of Neighbourhood Land Development Funds

ISSUE

Administration requires approval to reallocate \$376,066 in previous dividends from the Neighbourhood Land Development Fund (NLDF) to the Affordable Housing Reserve. These funds were previously returned to source from a project that was underspent and are proposed to be allocated to the Affordable Housing Reserve to support projects in 2022.

RECOMMENDATION

That the Standing Policy Committee on Finance recommend to City Council; that \$376,066.03 in funds that were returned to the Neighbourhood Land Development Fund be reallocated to the Affordable Housing Reserve.

BACKGROUND

At its December 7, 2011 Special Meeting of City Council 2012 Business Plan and Preliminary Operating and Capital Budgets Review, \$1,000,000 in land dividends were allocated to Capital Project 1357- Road Maintenance Equipment. In 2019 the project was completed and underspent by \$376,066 which was subsequently returned to source and made available for reallocation.

DISCUSSION/ANALYSIS

To date the NLDF has allocated \$139.12 million of investment returns for funding of many City initiatives and priorities. Of this \$16.70 million has been allocated to the Affordable Housing Program (Program) since 2008 to ensure the success of the program. The last allocation from land dividends came during the 2020-2021 budget process in which a total of \$0.8 million was allocated, \$0.4 million for each year. No allocation to the Program was made for the 2022-2023 Budget due to other priorities identified for the funding.

Affordable Housing Reserve

The Program is funded by the Affordable Housing Reserve, formerly known as the Social Housing Reserve, and through the Operating Budget. Funding from the Affordable Housing Reserve is the primary source for incentives, including the Capital Grant Program, as well as funding the contract with Saskatoon Housing Initiatives Partnership (SHIP) to implement Saskatoon's Homelessness Action Plan.

As of 2022, the Program receives \$543,800 from the mill rate which funds the implementation of the Housing Business Plan (staff cost associated with offering the incentive programs, the Housing Handbook and Saskatoon Housing Authority Operating Agreement), and contributions to reserves.

The Program is requesting the reallocation \$376,066 in order to support its programs in 2022. Based on the previous funding, \$400,000 per year from the NLDF aligned with a

target of 200 units per year across a range of housing types. As previously reported, at the December 2, 2020 Business Plan and Budget meeting, [Item 7.1.2](#), interest in capital funding through this program has exceeded available funds in recent years. In addition, funding programs from the federal and provincial governments, including the National Housing Strategy, have been rolling out which is generating interest in additional projects which would qualify for funding under the City's program. At the end of 2021, approximately six applications for funding in 2022 have been received and others are expected. If no allocation is provided for 2022, the City will not be in a position to contribute to potential projects.

For 2022, \$130,000 will be used to support the five-year contract with the Saskatoon Housing Initiatives Partnership for the implementation of Saskatoon's Homelessness Action Plan. The remaining \$246,066 would be used to support capital grants for affordable rental or alternative housing which serve low-income households as defined in Section 2.2 of Council Policy No. C09-002, Innovative Housing Incentives. Additional funding of the Program comes from operating budget allocations, as described above.

FINANCIAL IMPLICATIONS

The reallocation of funds is required to proceed with the Affordable Housing Programs in 2022. In the event the reallocation does not occur, incentives to support Affordable Housing Projects will be limited to the funding available through the operating allocation.

OTHER IMPLICATIONS

There are no privacy, legal social or environmental implications identified.

NEXT STEPS

Funding of approximately \$20.0 million is required in the future with expected allocations of \$10.0 million to the Chief Mistawasis Bridge and North Commuter Parkway Project, \$6.2 million to Property Realized Reserve for future land development acquisitions, and \$3.9 million to the Bus Rapid Transit Funding Plan.

Dividends from the NLDF will be allocated to these projects based on cash flow projections and availability of funds. Allocations from the NLDF are identified within the various funding plans as reported annually during City Council's Business Plan and Budget Review and follow the allocation guidelines.

City Council approves the allocations from the NLDF through the annual funding plan reports and also approves, through separate administrative reports, any declarations from the fund, as surpluses are identified and become available.

A new Housing Business Plan is required for 2023 and beyond. Development of this plan will begin in 2022, in connection with work on the Community Safety and Well-being Plan. A future funding approach will be brought forward with a renewed Housing Business Plan.

REPORT APPROVAL

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