

Housing Continuum: The City of Saskatoon's Current Role in Housing

ISSUE

This report outlines the history and role the City of Saskatoon (City) has played since the inception of the 2008 Housing Business Plan. The report will also provide information related to the City's service agreement with the Saskatoon Housing Initiatives Partnership (SHIP). This information is provided to support the current discussions related to housing and as part of the response to the motion outlined below.

BACKGROUND

At the April 12, 2022 meeting of the Standing Policy Committee on Planning, Development and Community Services, Councillor Gough made the following motion:

"That the Administration provide an update report to the appropriate Committee or Council regarding the state of the Housing Continuum in Saskatoon as background to ongoing discussions relating to the City's support of related services and strategic partnerships. This report should include:

- Background information about the housing continuum in Saskatoon including definitions of key terms and concepts (i.e., transitional housing, wrap-around supports, etc.) and models of local housing services
- Updates relating to housing and sheltering availability across the continuum
- Updates relating to known pressures across the continuum and any trends in the funding or other sources of those pressures
- Connection to existing and planned City strategies and working groups with Civic involvement/support."

At the May 24, 2022 City Council meeting, an [information report](#) was provided that addressed the first and second bullet points of the motion. This report provides information on portions of both the third and fourth bullet points of the motion.

CURRENT STATUS

Housing became an important issue in 2007, due to rapidly escalating housing prices in Saskatoon. The average price of a Saskatoon home doubled within a 19-month period from approximately \$150,000 to \$300,000. Over the same time period, rental rates also increased, with rent for an average two-bedroom apartment jumping from \$609 to \$843, between 2006 and 2008. This affordability crisis was the main trigger for the City, adopting its comprehensive Housing Business Plan in 2008.

Related to the affordability crisis, was an even larger housing supply crisis. Even those who could afford to pay high rents had trouble finding an available unit with the vacancy rate below 1%. Research showed that as many as 3,500 new units were needed in 2007 alone and by 2008, individuals experiencing homelessness were becoming a visible population in Saskatoon, with 260 individuals counted in that year's Point-In-Time count.

The First Five Years: Housing Business Plan 2008-2012

In response to the affordability and supply crisis, City Council set a target of creating 500 new affordable housing units per year, beginning in 2008. A five-year Housing Business Plan was created to achieve this target. The City was not to take the lead on housing projects and was given no mandate to own nor operate housing. The Housing Business Plan gave the City tools to support private builders and not-for-profit housing providers in their efforts to create the housing needed in Saskatoon.

The Housing Business Plan included 25 business functions across five key areas:

- 1) Policy Support;
- 2) Financial Incentives;
- 3) Community Based Support;
- 4) Research and Monitoring; and
- 5) Education and Awareness.

The Plan also identified five distinct types of housing significantly needed in 2008:

- 1) Purpose Built Rental - market-priced rental housing protected from condominium conversion;
- 2) Affordable Ownership - targeted at households who need assistance to enter the ownership market; typically, units are townhomes or condominiums that are priced at the lower end of the market;
- 3) Affordable Rental - units provided for low-income households at below market rates;
- 4) Secondary Suites - rental units provided for, within single-family dwellings or garden/garage suites, and are often at the affordable end of the continuum; and
- 5) Entry-Level Ownership - often the same type of units as seen with affordable ownership, except the buyers do not require financial assistance to purchase.

The supply during this time was tight across the entire continuum. Individuals experiencing homelessness could not get into shelters. People in shelters could not transition to affordable rentals. People in affordable rentals could not move on to purpose-built rentals and those who were renting could not move to entry-level ownership.

Between 2008 and 2012, through the efforts of approximately 30 partnering organizations, the target of 500 units per year was met, with a total of 2,534 new units.

The Last 10 Years: Housing Business Plan 2013-2022

At the end of 2012, housing challenges remained. City Council approved the current ten-year [Housing Business Plan](#) (Plan) in 2013. The Plan included most of the same business functions as the previous five-year plan which was in support of the long-term target of 500 units per year; however, in this Plan the annual target was set every year, to allow adjustments to correspond to identified needs (see Appendix 1).

The current Innovative Housing Incentive Programs offered by the City are summarized in Appendix 2. From 2013 to 2017, the Plan met the long-term target of 500 new units per year. By 2017, the housing market appeared to be stabilizing, with higher vacancy rates and prices stabilizing in the rental and homeownership markets. These indicators reflected an improved supply of housing; however, overall affordability challenges remained.

From 2018 to 2021, the annual targets decreased, and the actual resulting units did not meet the targets. The first instance that the targets and results were lower than previous years was in 2018 and 2019. At the time, moderate income earners appeared to have sufficient choice in both the ownership and rental markets and with that, came less interest in certain incentive programs. Over the past few years, interest has resumed for funding under certain incentive programs; however, with the reduction in funding allocations, the City has been unable to provide full support for qualifying projects.

Over the past four years, supply challenges have begun to return, along with a worsening economic and social situation for many individuals in Saskatoon. Homelessness has been increasing due to a variety of factors including population growth, inequality, increased housing costs, inflation, mental health and addictions, factors related to the COVID-19 pandemic, potential gaps in social assistance programs and a shortage of specialized housing and support systems.

Historically, the City has used policy, incentives, research, partnerships and education to increase the range and supply of affordable housing. Administration has continued to use these tools to support affordable housing projects based on the existing current needs along the housing continuum. Currently, the focus in the community is on the need for additional shelter and crisis spaces, along with a growing need for transitional and supportive housing units with appropriate operational support for individuals in these units. The current programs offered through the Plan do not provide for these operational needs and may not be providing sufficient financial support for housing providers to respond to these needs.

In 2021, the City received \$7.6 million in federal funding through the designated Cities Stream of the Rapid Housing Initiative. This funding provided a new avenue for the City to play a direct role in disbursing federal funding to affordable housing priority areas in the community. This is not a role that the City has previously had and has required a reallocation of staff resources to support this activity.

History of the City's Partnership with SHIP

Since its creation in 1999, Saskatoon Housing Initiatives Partnership (SHIP) has assisted in the development of a range of affordable housing projects, along with providing a wide range of community-based services in Saskatoon.

In March 2008, the City issued a Request for Proposals to determine if there were any organizations in Saskatoon that could provide a multi-discipline business planning service for affordable housing. In May 2008, SHIP responded with a proposal to undertake the business planning service for the three-year period. SHIP's proposal described their organization as a community-based, non-profit group that was dedicated to the development of affordable housing and creative solutions designed to encourage more affordable housing in Saskatoon. In 2009, the City entered into its first Service Agreement with SHIP to offer business planning services to organizations and builders who were interested in developing affordable housing in Saskatoon.

In 2010, City Council approved a strategy which would have phased in operational funding over 6 years to get to \$1.5 million per year in stable long-term funding for affordable housing. This funding included a plan to provide a certain level of support for community-based services. Administration was directed to enter into a long-term Service Agreement with SHIP to continue providing a stable level of service to affordable housing providers. Administration provided a report to City Council in 2011, describing recent consultations with homebuilders, non-profit housing providers and SHIP, indicating incentives and policy changes were not going to be the only answer to increase the range and choice of affordable housing in Saskatoon. It was determined the majority of affordable housing providers also require assistance in developing business plans, procuring sites and applying for government programs and incentives. SHIP stepped in to fill this role. A new service contract was drawn up for a five-year term beginning November 1, 2011, where SHIP was paid a yearly base amount of \$100,000 to \$115,000 to facilitate the creation of 100 new affordable housing units on an annual basis. The phase-in strategy was then suspended in 2011, when new provincial cost-sharing became available.

In 2012, SHIP was awarded a contract by Service Canada to administer the Federal Homelessness Partnering Strategy funding (currently known as Reaching Home) in Saskatoon. In late 2014, the United Way, SHIP and the Community Advisory Board on Saskatoon Homelessness, formed a Steering Committee to determine the best way to create a coordinated approach to address homelessness in Saskatoon. It was determined an updated plan, based on recent community consultations and lessons learned would be developed. The three organizations worked together with the community to create a five-year Saskatoon Homelessness Action Plan (Action Plan). The Steering Committee, on behalf of the wider community, identified SHIP as the most appropriate lead agency to implement the Action Plan. SHIP's service agreement at the time, was set to expire on October 31, 2016. A six-month extension was approved to allow time for the Action Plan to be completed.

The Action Plan was launched at Saskatoon's National Housing Day Conference on November 22, 2016. The vision of the Action Plan was that:

"Homelessness in Saskatoon is rare, brief, and does not reoccur."

It focused on four key areas:

- 1) System Coordination and Innovation;
- 2) Strengthening Housing Placement and Support Programs;
- 3) Prevention; and
- 4) the Solution to Homelessness is Housing.

At its February 27, 2017 Regular Business [meeting](#), City Council approved a new service agreement with SHIP for a five-year term beginning May 1, 2017, to implement the Action Plan. Annual funding of \$130,000 from the Affordable Housing Reserve has been provided to SHIP throughout the term of the contract. In return, SHIP has helped support the goal of facilitating and implementing the Action Plan, as well as several other deliverables, including but not limited to:

- 1) Project development assistance to increase the housing supply;
- 2) A homelessness report card;
- 3) Organization of a yearly National Housing Day Conference on Homelessness and Affordable Housing; and
- 4) Providing support to the Saskatoon Cold Weather Strategy Team.

The work outlined above, including implementing the Action Plan, are services SHIP performs for the City; however, their role as the Community Entity and other activities that SHIP may perform are outside of the service agreement with the City.

From 2018 to 2019, community service agencies connected to the housing sector, were consulted regarding the process of moving unsheltered residents in Saskatoon to secure sheltering options. The purpose of this project was to build a comprehensive understanding of the current landscape of the housing and homelessness sector in Saskatoon. Through a collaborative community approach led by SHIP the following were transformed into the Reaching Home: Saskatoon Community Plan (Reaching Home) (see Appendix 4):

- 1) A Community Mapping Process was designed to capture the sector for people who are navigating a system that supports the transition from unsheltered to securely sheltered;
- 2) An Investment Plan with a focus on a broad approach to addressing homelessness in the community;
- 3) Cost-Matching Requirements;
- 4) Coordinated Access implementation; and
- 5) Additional Community-Wide Outcomes.

In 2019, Reaching Home replaced the Homelessness Partnering Strategy and SHIP continued to be the community entity managing this funding to prevent, reduce and end homelessness in Saskatoon.

The City's Connection to Housing Working Groups

In recent years, a variety of housing-related working groups or committees have emerged in Saskatoon. These involve various organizations and individuals and includes, but is not limited to the following:

- 1) Safe Community Action Alliance (SCAA) – Housing Working Group;
- 2) Community Safety and Well-Being;
- 3) Saskatoon Inter-Agency Response (SIRC) - Housing Group; and
- 4) COVID-19 Coordinated Response.

Members of Administration have been involved in some of these working groups, although roles and responsibilities of Administration have not always been formalized.

DISCUSSION/ANALYSIS

Municipal Role in Housing Moving Forward

Over the past few years, the City's annual contributions to the Affordable Housing Reserve have been decreasing (see Appendix 3). This is the funding source used to support the incentives outlined in [Policy No. C09-002, Innovative Housing Incentives](#). As this funding decreases, the City has not and will not be able to continue to fund every eligible affordable housing project that applies for funding.

Cash grants and incentives have been considered the most effective municipal tools for the creation of attainable housing. Even though the City is the smallest government funder for housing projects; it is felt many housing projects would not attract funding from other levels of government as easily without a municipal contribution. The City also understands that permanent, affordable, appropriate, safe and secure housing is the necessary foundation for building healthy, well-educated, creative and economically viable communities. [Bylaw No. 9700, Official Community Plan Bylaw, \(2020\)](#) contains policies to support the objective:

- “(a) to encourage and support the provision of attainable, diverse, safe housing throughout Saskatoon that meets existing and future needs of city residents”.

The current Housing Business Plan expires at the end of 2022, combined with increased pressure and needs in the emergency and transitional range of the Housing Continuum. These types of housing include emergency crisis and shelter spaces, as well as supportive and transitional housing units, while the need for affordable rental units remains high.

A new Housing Business Plan needs to be created to reflect the current needs in Saskatoon, the appropriate role of the City in addressing these needs, as well as new and emerging funding and program opportunities created by senior levels of

government, such as the National Housing Strategy, the Rapid Housing Initiative, and others. An additional report will be forthcoming to bring forward a discussion of future options for the role of the City.

Alignment with Related City and Community Strategies

The City's past and current role in housing, as defined through the Housing Business Plan and through existing funding, has been to provide a defined range of functions to support action in the community. As new challenges have been emerging, there is a potential for the City's role in housing to adjust to work with the community on these challenges. Moving forward, the creation of a new role in housing and a new housing plan will need to align with a variety of related strategies, such as:

- 1) The Community Safety and Well Being Framework Plan;
- 2) The work of the Safe Community Action Alliance;
- 3) Continued implementation of the Homelessness Action Plan;
- 4) New funding opportunities through the National Housing Strategy, such as the Rapid Housing Initiative; and
- 5) Continued support for the Reaching Home funding, managed by SHIP as the current Community Entity.

A New Service Agreement with SHIP

The work performed by SHIP through the Service Agreement has been an important component of the City's Housing Business Plan (2013-2022). SHIP has been vital in ensuring supports are in place to assist those experiencing homelessness in the city. These services also remain well-aligned to their role as Community Entity, implementing the community-based federal Homelessness Partnering Strategy, Reaching Home.

At its April 25, 2022 Regular Business [meeting](#), City Council approved a 4-month extension to the current SHIP service agreement, extending the agreement until August 2022. Review of the current agreement, along with negotiations for a proposed future service contract are currently underway and will be brought forward in August 2022. A new service agreement with SHIP also needs to be aligned to support the identified City strategies noted above.

FINANCIAL IMPLICATIONS

The City's Attainable Housing Program has typically received \$250,000 from the mill rate, which funds the implementation of the Housing Business Plan. This includes staffing costs, certain incentive programs and the creation of the Housing Handbook. In 2021, an operating increase of \$100,000 was approved for the program, which will be allocated to partially fund the service agreement with SHIP.

Additional one-time funds have been allocated to the program, typically from the Neighbourhood Land Development Fund Dividends, which have been used to fund capital grants for new attainable housing units of various types. No allocation was made for 2023, through the Multi-Year Business Plan and Budget to support capital grants and other financial incentives.

A separate report to the June 2022 Standing Policy Committee on Planning Development and Community Services, includes recommended allocations for Innovative Housing Capital Grants for 2022. If approved, this would allocate all available funding from the Affordable Housing Reserve. No further incentives will be available in 2022 or 2023, as the Reserve would be depleted.

OTHER IMPLICATIONS

There are no other financial, communications, Triple Bottom Line, policy, privacy, legal, social or CPTED implications or considerations emerging from this report.

NEXT STEPS

Additional reporting will be forthcoming to respond to the remaining elements of the above noted motion, as well as to support the discussions regarding the service contract with the Saskatoon Housing Initiatives Partnership. Anticipated reports are as follows:

- Proposed New Service Agreement with SHIP – August;
- Potential Role and Responsibilities for the City of Saskatoon in Housing – August; and
- Housing Continuum – Pressures and Funding Trends – TBD

APPENDICES

1. Attainable Housing Results by Year
2. City of Saskatoon Housing Business Plan 2013 to 2022 – Part G Business Functions
3. 2013-2022 Housing Business Plan Funding by Year
4. Reaching Home: Canada's Homelessness Strategy - Saskatoon Community Plan 2019-2024

REPORT APPROVAL

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