

Innovative Housing Incentives 2022 Funding – Various Projects

ISSUE

To provide supportive rental housing for low-income individuals, multiple applications have been received requesting financial assistance under the Innovative Housing Incentive Program to develop a total of 59 affordable rental units.

RECOMMENDATION

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

1. That funding of \$108,000 (6.16%) of the total capital cost of the conversion of an existing building at 2616 Dufferin Avenue, for the creation of nine affordable rental units by John Howard Society, be approved;
2. That funding of \$25,000 (6.07%) towards the total capital cost of the conversion of an existing building at 914 35th Street West, for the creation of one supportive living unit with five bedrooms by Oxford House, and a five-year incremental tax abatement, estimated to be \$1,845, be approved;
3. That funding of \$150,000 (1.63%) of the total capital cost for the construction of 35 affordable rental units at 727 Hart Road, by SaskNative Rentals Inc., be approved;
4. That funding of \$65,000 (5.42%) of the total capital cost of the construction of five affordable rental units at 1115 Willowgrove Crescent, by National Affordable Housing Corporation, and a five-year incremental tax abatement (for affordable units only), estimated to be \$30,380, be approved;
5. That a five-year incremental tax abatement for nine units of affordable rentals at 275 Kloppenburg Way, by Summit Developments, estimated to be \$51,985, be approved; and
6. 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

City Council, at its 2019 Preliminary Business Plan and Budget meeting on November 26, 2018, 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 approximately \$350,000 is available from the Affordable Housing Reserve (Reserve) in 2022 to support creation of shelter and transitional housing and supportive affordable rental units.

A summary of capital grant funding allocated between 2016 and 2022, under the Innovative Housing Incentive Program (Program) is included (see Appendix 1). The summary outlines the amount of funding allocated to capital grants from the Reserve

per year. The summary does not include funding used from the Reserve to create other affordable housing units, such as garden/garage suites or legalizing existing suites, etc.

DISCUSSION/ANALYSIS

Eligible affordable housing projects qualify for funding assistance in the form of a capital grant for creation of new units, renovation of existing affordable housing or conversion of housing into affordable units. Additionally, eligible projects may also qualify for a five-year incremental tax abatement related to affordable units. This year, the Program has seen increased interest in capital grants and tax abatements and has prioritized shelter, transitional and supportive units in funding considerations. Applications from five housing providers were submitted during the Program's intake period which ended March 31, 2022.

Below outlines affordable housing projects and recommended Program incentives. The Capital Grant Project Evaluation matrixes and renderings are included in Appendix 2.

John Howard Society

In October 2021, an application was received from John Howard Society for financial assistance for nine affordable supportive rental units, at 2616 Dufferin Avenue, intended for youth transitioning/aging out of social services care. The existing nine-unit building will be converted into affordable units; seven units are one-bedroom and two units are two-bedroom. This project is located in the Avalon neighbourhood near transit and neighbourhood commercial services.

John Howard Society has purchased the building and is completing extensive upgrades to the electrical and mechanical systems, as well as efficiency and aesthetic upgrades to the interior and exterior of the building.

The project qualifies for capital funding under [Council Policy C09-002, the Innovative Housing Incentives Policy](#) (Innovative Housing Policy). The application for financial assistance from John Howard Society has been evaluated, using the capital grant evaluation matrix and has achieved the maximum 10 points making this project eligible for a full 10% capital grant. For the nine affordable rental units, estimated project cost is \$1.75 million.

To support multiple affordable housing projects requiring assistance, Administration has proposed to support this project with a 6.16% capital grant. This percentage is based on City of Saskatoon's (City) funding availability and goal of prioritizing shelter, supportive and transitional affordable housing. A 6.16% capital grant equates to \$108,000.

This project was also evaluated for a five-year tax abatement, however, based on the information provided, it does not qualify as there is no incremental increase to the property's current assessed value. Upon completion of this project and after further evaluation, if an assessment change is determined, the applicant will be eligible to apply for an abatement at that time. Administration recommends support for the capital grant

contribution to the project. The conversion project is anticipated to be completed by July 2022.

Oxford House

On March 17, 2022, an application from Oxford House was received for financial assistance for conversion of a five-bedroom house at 914 35th Street West, located in the Hudson Bay Park neighbourhood. The project would provide safe, substance-free co-housing for individuals who are in addictions recovery. All rooms would be affordable rental for low-income individuals.

Oxford House operates several co-housing projects for individuals in recovery and the program has a high success rate which leads to tenants being able to transition over time to more independent living. Demand for this housing is high and referrals are received from treatment centres, Saskatchewan Health Authority and the Ministry of Corrections, Policing and Public Safety.

The application for financial assistance from Oxford House has been evaluated, using the capital grant evaluation matrix and has achieved the maximum 10 points. Based on the Innovative Housing Policy, under article 4.2 b), the project qualifies for a maximum contribution of \$25,000 for units with three or more bedrooms. The recommendation of \$25,000 equates to 6.07% of the estimated project cost of \$411,581.

This application is also eligible for a five-year tax abatement of the incremental property taxes for 914 35th Street West. According to the City Assessor, incremental increase in annual property taxes (municipal, library and education portions) for the project is estimated to be \$369; therefore, the estimated maximum incentive amount over five years would total \$1,845. An actual assessment value will be determined upon final inspection of the completed project. Administration recommends support for the project. The project is scheduled for completion and occupancy in June 2022.

SaskNative Rentals Inc.

On March 30, 2022, an application from SaskNative Rentals Inc. was received for financial assistance to support 35 new affordable rental units at 727 Hart Road in Blairmore Suburban Centre. Phase One of this project includes development of 73 rental units, including 35 affordable units, a daycare, transitional units that are subject to funding, a community gym and office space for SaskNative Rentals Inc. staff and maintenance team. The project consists of three, three-storey buildings (A, B and C), each consisting of one, two, three and four-bedroom units. A total of 17 units will be 100% accessible and barrier free. All SaskNative Rentals Inc. housing is designated crime-free multi housing, which is also planned for Hart Road and will be aided by their onsite presence.

The proposed project will provide affordable housing to families, especially those in need of more space and bedrooms, as well as for individuals living with mobility limitations or in need of accessible housing. SaskNative Rentals will provide comprehensive wrap around services to tenants, including on-site supports such as life

skills training, home maintenance and household management. There will also be tenant engagement supports including community programming, family nights, gardening and summer activities.

The requested support for 35 affordable rental units qualifies for capital funding under the Innovative Housing Policy. The application for financial assistance from SaskNative Rentals has been evaluated, using the capital grant evaluation matrix and has achieved the maximum 10 points making the project eligible for full 10% capital grant. Estimated project cost related to affordable residential units is \$9,187,500 and a 10% capital grant would equate to \$918,750 which is not available from the Reserve. To support SaskNative Rentals in accessing other government funding sources and still provide financial assistance to other affordable housing projects requiring assistance, Administration has proposed to support the project with a 1.63% capital grant, which equates to \$150,000. The project is scheduled for completion and occupancy in September 2023.

This project is also being evaluated for a five-year tax abatement; however, further information is needed before required calculations can take place. A report will be forthcoming recommending approval of a five-year tax abatement once all details and numbers related to the application have been provided.

National Affordable Housing Corporation/Silver Willow Estates

On March 4, 2022, an application from National Affordable Housing Corporation (NAHC) was received for financial assistance to develop five supportive affordable rental units as part of a 60-unit rental project at 1115 Willowgrove Crescent in the Willowgrove neighbourhood. The five affordable rental units each contain two-bedrooms and two bathrooms and will house up to 10 hard-to-house, low-income individuals.

Canadian Mental Health Association Saskatoon and Inclusion Saskatchewan are partnering with NAHC to provide supportive affordable rentals to adults living with mental health challenges, intellectual disabilities and overlapping issues, such as additional physical limitations, health complications, addictions recovery and goals of regaining shared/partial/full custody of dependents.

Supports for tenants include but are not limited to tenant and roommate relationship coaching, focused support to individual's needs, lifestyle preference, community norms, companionship needs, other goals and objectives including mental health awareness, life skills, supports programs, suicide prevention and coordination of other community services for increased quality of life and safety support nets such as employment training, work placements, educational opportunities and transportation assistance.

Total cost of affordable units is \$1.2 million, and the requested funding amount is \$100,000. The requested support for five affordable rental units qualifies for capital funding under the Innovative Housing Policy. The application for financial assistance from NAHC has been evaluated using the capital grant evaluation matrix and has

achieved the maximum 10 points making it eligible for a full 10% capital grant. Administration supports a 5.42% capital grant, estimated at \$65,000, due to the number of other projects being supported and funding availability.

The applicant is applying for a five-year tax abatement of incremental property taxes for development of five affordable units at 1115 Willowgrove Crescent. According to the City Assessor, incremental increase in annual property taxes (municipal, library and education portions) for the total project is estimated to be \$6,076 for affordable units; therefore, the estimated maximum incentive amount over five years would total \$30,380. An actual assessment value will be determined upon final inspection of the completed project. Administration recommends support for the project. The project is scheduled for completion and occupancy in July 2023.

Summit Developments

On February 16, 2022, an application from Summit Developments Inc. (Summit) was received for funding assistance to develop nine affordable rental units as part of a 35-unit rental project at 273 Kloppenburg Way in the Evergreen neighbourhood.

The nine affordable units will include a combination of two and three-bedroom units, with two units being barrier free featuring hard surface flooring, lever handles, roll under vanities and accessible showers. Priority will be given to low-income single parents and families due to the site's proximity to schools and the accessible units will be allocated by referral and in partnership with Spinal Cord Injuries Saskatchewan.

The total cost of affordable units is \$2,875,444, and requested funding is \$287,444. The requested support for nine affordable rental units qualifies for capital funding under the Innovative Housing Policy, but due to 2022 funding priorities of shelter, transitional and supportive housing units and increased demand on the Reserve for those projects, funding is unavailable for this project.

The project is eligible for a five-year tax abatement of incremental property taxes for development at 273 Kloppenburg Way. According to the City Assessor, the incremental increase in annual property taxes (municipal, library and education portions) for the project is estimated to be \$10,397 for affordable units; therefore, the estimated maximum incentive amount over five years would total \$51,985. An actual assessment value will be determined upon final inspection of the completed project. Administration recommends support for the project. The project is scheduled for completion and occupancy in June 2024.

FINANCIAL IMPLICATIONS

The funding source for all four capital grants, totalling \$348,000, is the Affordable Housing Reserve. If grants for these projects are approved, the Reserve will be depleted.

Of the five projects, three are currently eligible for five-year tax abatements. Property abatements for the projects are forgone revenue and do not require funding from the

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Reserve. The City, including City and Library tax, will forgo an estimated total \$53,890 of tax revenue, over five years for the three eligible projects based on number of affordable units in each project.

Projects containing all affordable units are eligible for a full five-year incremental tax abatement. Where a project contains a mix of market and affordable units, a pro-rated calculation is used to determine the ratio of affordable units to overall development of the project. Commercial space will not be eligible for a property tax abatement. Pro-rated calculations applicable here are:

- 1115 Willowgrove Crescent by NAHC – 5 Affordable Units/60 Total Units = 8% pro-rated value on the incremental tax increase; and
- 275 Kloppenburg Way by Summit - 9 Affordable Units/35 Total Units = 26% pro-rated value on the incremental tax increase.

Project Provider	City Tax	Library Tax	Education Tax	1-Year Total	5-Year Total
Oxford House (5/5 units)	\$213	\$22	\$134	\$369	\$1,845
NAHC (5/60 units)	\$3,524	\$365	\$2,187	\$6,076	\$30,380
Summit (9/35 units)	\$6,030	\$624	\$3,743	\$10,397	\$51,985
Total	\$9,767	\$1,011	\$6,064	\$16,842	\$84,210

*Note – Above table contains estimated values.

Although eligible under the Innovative Housing Policy, the John Howard Society application does not result in an increase to the assessed property value and therefore an incremental tax abatement cannot be provided.

SaskNative Rentals project qualifies for a five-year tax abatement; a report will be forthcoming once all details and calculations have been provided.

Financial assistance for affordable housing projects outlined above is conditional on meeting relevant zoning and building code requirements. All projects are currently finalizing details in this regard.

OTHER IMPLICATIONS

Financial implications have been addressed in the report. There are no policy, environmental, privacy or CPTED implications or considerations.

NEXT STEPS

Property tax abatements, if approved, will begin the calendar year following project completion and will continue for five years. Administration will continue to work with housing providers as they refine and finalize their projects.

The [City of Saskatoon Housing Business Plan 2013-2022](#) is expiring at the end of 2022 and will be undergoing a review process to evaluate existing programs and the City's role in housing, assess to current housing needs and priorities to determine future initiatives and program direction. Administration will bring forward a report on a proposed new Housing Business Plan at a future date, for City Council's review and consideration.

Additional funding will need to be allocated to the Affordable Housing Reserve to accommodate any future capital grants, or other housing program incentives that draw from the Reserve. Additional interest for 2022 and 2023 Capital Grant funding has already been received.

APPENDICES

1. Summary of Capital Grant Funding by Year, 2016-2022
2. Capital Grant Project Evaluation Matrix's and Project Renderings – All Projects

REPORT APPROVAL

Written by: Blaire Prima, Senior Planner, Planning and Development
Sarah Adair, Planner, Planning and Development
Sarah King, Housing Analyst, Planning and Development

Reviewed by: Paul Whitenect, Manager, Neighbourhood Planning
Lesley Anderson, Director of Planning and Development

Approved by: Lynne Lacroix, General Manager, Community Services

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