

## Innovative Housing Incentives – Tax Abatement for SaskNative Rentals Inc., 727 Hart Road

### ISSUE

SaskNative Rentals Inc. has requested a five-year incremental tax abatement under the Attainable Housing Program, for 36 affordable rental units, located at 727 Hart Road in Blairmore Suburban Centre.

### RECOMMENDATION

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

1. A five-year incremental tax abatement for 36 affordable rental units, at 727 Hart Road, developed by SaskNative Rentals Inc. be approved; and
2. That the City Solicitor be requested to prepare the necessary incentive agreement and that His Worship the Mayor and the City Clerk be authorized to execute the agreement under the Corporate Seal.

### BACKGROUND

On March 30, 2022, an application from SaskNative Rentals Inc. (SaskNative) was received for financial assistance to support 35 new affordable rental units, at 727 Hart Road, in Blairmore Suburban Centre. The requested support for 35 affordable rental units qualified for capital funding under the Innovative Housing Policy.

The project was assessed using the capital grant evaluation matrix and 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 have equated to \$918,750, which was not available within the Reserve. To support SaskNative in accessing other government funding sources, while still providing financial assistance to other affordable housing projects requiring assistance, Administration recommended a 1.63% capital grant, which equated to \$150,000.

The Standing Committee on Planning, Development and Community Services, on June 13, 2022 [approved](#):

“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;”

### DISCUSSION/ANALYSIS

Under the City of Saskatoon’s (City) Innovative Housing Incentive Program, 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. Projects may also qualify for a five-year incremental tax abatement related to affordable units.

In June 2022, SaskNative received approval for a capital grant through the Housing Incentives Initiatives for 35 units of affordable housing at 727 Hart Road. At that time, they were also eligible for a five-year incremental tax abatement but chose to delay their request due to uncertainty regarding the number of designated affordable units.

In June 2023, they requested consideration of a five-year incremental tax abatement for 36 affordable rental units, an increase of 1 unit from previous estimates.

### Project Details

Phase One of this project includes development of 73 rental units, including 36 affordable units, a daycare, transitional units which are subject to funding, a community gymnasium, as well as office space for SaskNative staff and maintenance team. The project includes 3-three-storey buildings (A, B and C), with a mix of 1, 2, 3 and 4-bedroom units. The eligible affordable units will be comprised of 17 one-bedroom accessible units and 19 two-bedroom units.

The proposed project will provide affordable housing to families, especially those in need of additional space and bedrooms, as well as for individuals living with mobility limitations or in need of accessible housing. SaskNative will provide comprehensive wrap around services to tenants, including on-site support, such as life skills training, home maintenance and household management and tenant engagement support. The estimated completion date for the project is 2024/2025.

### Estimated Incremental Property Tax Abatement

According to the Corporate Financial Services Division, the total incremental increase in property taxes (municipal, library and education portions) for the overall project are estimated to be \$54,216.42, based on the 2023 tax year and \$271,082.10 over five years. As this project is a mixed market development, only the 36 affordable rental units, or approximately 48% of the total development in Phase One is eligible for the abatement. Therefore, the estimated incentive amount based on the percentage of affordable rental units, equals \$26,023.88 and \$130,119.40 over five years. The calculations are based on the 2023 tax rates and will change with any alterations to the design plans and annual mill rate adjustments. The abatement will be based on the actual assessment value determined upon final inspection of the completed project.

### Administration Recommendation

After review of this application, Administration has concluded the project is consistent with [Council Policy C09-002, Innovative Housing Incentives](#) and is recommending City Council approval.

## **FINANCIAL IMPLICATIONS**

Property tax abatements for affordable housing units are forgone revenue and do not require funding from the Reserve. The City will forgo an estimated total of \$84,301.30 of Municipal and Library tax revenue over five years. The Province of Saskatchewan (Province) will forego the Education tax, estimated at \$45,818.10 over five years. The tax abatement only applies to the 36 affordable units, as any market rate residential or

commercial space in the project is not eligible. As the Education property tax portion of this project is not expected to exceed \$25,000 per taxation year, no further approval from the Province is required to exempt or abate the Education tax revenue.

<b>727 Hart Road</b>					
<b>Estimated Tax Assessment</b>	<b>Municipal Tax</b>	<b>Library Tax</b>	<b>Education Tax</b>	<b>One-Year Total</b>	<b>Five-Year Total</b>
100% (Total site)	\$31,795.15	\$3,330.39	\$19,090.88	\$54,216.42	\$271,082.10
48% (Affordable Units)	\$15,261.67	\$1,598.59	\$ 9,163.62	\$26,023.88	\$130,119.40

**\*48% relates to the portion of affordable rental units in the development.**

## **OTHER IMPLICATIONS**

There are no other implications.

## **NEXT STEPS**

The property tax abatement, if approved, will begin the calendar year following project completion and will continue for five years.

## **APPENDICES**

1. 727 Hart Road – Project Rendering and Site Plan

## **REPORT APPROVAL**

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Reviewed by:       Lesley Anderson, Director of Planning and Development  
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