

Janzen, Heather

Subject: FW: Email - Communication - Cameron Choquette - Housing Accelerator Fund - CK 750-1
Attachments: Council Letter - HAF Incentives.pdf

From: Web NoReply <web-noreply@Saskatoon.ca>
Sent: Monday, May 27, 2024 3:58 PM
To: City Council <City.Council@Saskatoon.ca>
Subject: Email - Communication - Cameron Choquette - Housing Accelerator Fund - CK 750-1

--- Replies to this email will go to eo@skla.ca ---

Submitted on Monday, May 27, 2024 - 15:57

Submitted by user: Anonymous

Submitted values are:

I have read and understand the above statements.: Yes

I do not want my comments placed on a public agenda. They will be shared with members of Council through their online repository.: No

I only want my comments shared with the Mayor or my Ward Councillor.: No

Date: Monday, May 27, 2024

To: His Worship the Mayor and Members of City Council

First Name: Cameron

Last Name: Choquette

Email: eo@skla.ca

I live outside of Saskatoon: No

Saskatoon Address and Ward:

Address: 1705 McKercher Dr

Ward: Ward 8

Name of the organization or agency you are representing (if applicable): Saskatchewan Landlord Association

What do you wish to do ?: Submit Comments

What meeting do you wish to speak/submit comments ? (if known):: City Council Business Meeting - May 29, 2024

What agenda item do you wish to comment on ?: 8.3.2 - HAF Incentives

Comments:

Please see the attached letter.

Attachments:

- [Council Letter - HAF Incentives.pdf](#)205.12 KB

Will you be submitting a video to be vetted prior to council meeting?: No

May 27, 2024

Saskatoon City Council
222 3rd Ave N.
Saskatoon, SK S7K 0J5

RE: 8.3.2 HAF Incentives

Dear Council Members,

On behalf of Saskatchewan's rental housing industry, I'm pleased to provide some additional commentary on the Administration's report about the Housing Accelerator Fund (HAF) incentives.

The HAF incentives are being targeted primarily towards affordable housing projects, so it's important for Committee and Council to understand the feasibility of affordable housing projects to determine if an incentive will be impactful and the factors that may help or hinder potential rental housing providers from accessing these incentives.

What follows below are four different scenarios for a 36-unit affordable housing development that could be built in Saskatoon with a variety of incentives from programs like HAF, Saskatchewan Housing Corporation (SHC), and Canada Mortgage and Housing Corporation (CMHC). The HAF incentives being proposed by the City will only incentivize development if they are complemented by funding from other levels of government so that the projects are viable.

Although our Association would appreciate more incentives targeting regular purpose-built rental units, we acknowledge the tremendous need for affordable housing incentives. We are pleased to offer our support for these incentives and encourage City Council to adopt the incentive framework as presented by Administration.

Administration will need to be adaptable and flexible as they roll-out these incentives and hear feedback from builders and rental housing providers so that we can maximize up-take and get the funding out the door as soon as possible. As the City continues to implement the HAF initiatives, these incentives will be much more impactful if the bold, transformative zoning bylaw and parking minimum changes are adopted. This two-prong approach will incentivize building and reduce the barriers for development, both of which are central to the community's need for more rental housing supply.

We look forward to working with Administration and are hopeful that these incentives will bring much-needed rental housing supply to the City of Saskatoon.

Sincerely,



Cameron Choquette
Chief Executive Officer

Scenario Analysis

Scenario #1		Only municipal support of \$27,000 per unit, land is free			
Capital Costs				Debt Costs	
Construction	7.2M			Capital Costs	\$ 8,280,000
Project Management	0.2M			HAF Incentive	-\$ 972,000
FF&E	0.18M			Org Contribution (5	-\$ 414,000.00
Contingency	0.7M			Mortgage 5%	\$ 6,894,000
TOTAL	8.28M	(230,000 per unit,	\$350+ per sqft)	Annual payment	\$ 372,000
Annual Operating Revenue					
	Max Rental An	Total Revenue			
1 BR	\$ 1,012	\$ 364,320	30		
2 BR	\$ 1,250	\$ 90,000	6		
Total Revenue		\$ 454,320			
Annual Operating Costs					
Wages + Admin		\$ 55,000			
Utilities		\$ 70,000			
Garbage, Snow Removal		\$ 2,000			
Insurance		\$ 10,000			
Taxes		\$ 30,000			
Repairs		\$ 15,000			
Replacement Reserve		\$ 18,173			
Debt Payment		\$ 372,000			
Total Expenses		\$ 572,173			
	Net Income	-\$ 117,853			

Scenario #2		Municipal support of \$27,000 per unit, SK Housing support of \$27K per unit, land is free			
Capital Costs				Debt Costs	
Construction	7.2M			Capital Costs	\$ 8,280,000
Project Management	0.2M			HAF Incentive	-\$ 972,000
FF&E	0.18M			SHC Incentive	-\$ 972,000
Contingency	0.7M			Org Contribution (5%)	-\$ 414,000.00
TOTAL	8.28M	(230,000 per unit,	\$350+ per sqft)	Mortgage 5%	\$ 5,922,000
				Annual payment	\$ 320,100
Annual Operating Revenue					
	Max Rental Amount	Total Revenue			
1 BR	\$ 1,012	\$ 364,320			
2 BR	\$ 1,250	\$ 90,000			
Total Revenue		\$ 454,320			
Annual Operating Costs					
Wages + Admin		\$ 55,000			
Utilities		\$ 70,000			
Garbage, Snow Removal		\$ 2,000			
Insurance		\$ 10,000			
Taxes		\$ 30,000			
Repairs		\$ 15,000			
Replacement Reserve		\$ 18,173			
Debt Payment		\$ 320,100			
Total Expenses		\$ 520,273			
	Net Income	-\$ 65,953			

Scenario #3		Municipal support of \$27,000 per unit, CMHC forgiveable mortgage of \$3M, land is fr			
Capital Costs					
Construction	7.2M				
Project Management	0.2M				
FF&E	0.18M				
Contingency	0.7M				
TOTAL	8.28M	(230,000 per unit, \$350+ per sqft)			
Annual Operating Revenue					
	Max Rental An	Total Revenue			
1 BR	\$ 1,012	\$ 364,320			
2 BR	\$ 1,250	\$ 90,000			
Total Revenue		\$ 454,320			
Annual Operating Costs					
Wages + Admin		\$ 55,000			
Utilities		\$ 70,000			
Garbage, Snow Removal		\$ 2,000			
Insurance		\$ 10,000			
Taxes		\$ 30,000			
Repairs		\$ 15,000			
Replacement Reserve		\$ 18,173			
Debt Payment		\$ 210,528			
Total Expenses		\$ 410,701			
	Net Income	\$ 43,619			

Scenario #4		Municipal support of \$50,000 per unit, land is \$1M per acre.			
Capital Costs					
Construction	7.2M				
Project Managemen	0.2M				
FF&E	0.18M				
Contingency	0.7M				
Land	0.35M				
TOTAL	8.63M	(240,000 per unit, \$350+ per sqft)			
Annual Operating Revenue					
	Max Rental Amount (SHIM)	Total Revenue			
1 BR	\$ 1,012	\$ 364,320			
2 BR	\$ 1,250	\$ 90,000			
Total Revenue		\$ 454,320			
Annual Operating Costs					
Wages + Admin		\$ 55,000			
Utilities		\$ 70,000			
Garbage, Snow Removal		\$ 2,000			
Insurance		\$ 10,000			
Taxes		\$ 30,000			
Repairs		\$ 15,000			
Replacement Reserve		\$ 18,173			
Debt Payment		\$ 345,942			
Total Expenses		\$ 546,115			
	Net Income	-\$ 91,795			