

Housing Accelerator Fund Update and Proposed Approach for Incentives

ISSUE

This report provides an update on the City of Saskatoon's progress toward achieving the Housing Accelerator Fund Housing Supply Targets and the success of the Housing Accelerator Fund incentives to date. It recommends an adjustment to the current incentive approach to allow for the allocation of additional funding to support new affordable rental housing units. The report also outlines a proposed approach for new incentives that encourage revitalization and renewal in priority growth areas to better align with the City of Saskatoon's priorities.

RECOMMENDATION

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

- 1) That the amended approach for the Housing Accelerator Fund incentives be approved; and
- 2) That Administration pursue the creation of the proposed incentive options and report back with proposed policy as required to the appropriate Standing Policy Committee.

BACKGROUND

City Council, at its Regular Business [meeting](#) held on May 31, 2023, and at its Regular Business [meeting](#) held on November 22, 2023, approved the Housing Action Plan (Action Plan) for the City of Saskatoon's (City) application to the Government of Canada's Housing Accelerator Fund (HAF). The Action Plan outlines initiatives to create more housing supply at an accelerated pace and enhance certainty in the approvals and building process.

[Council Policy C09-035, Vacant Lot and Adaptive Reuse Incentive Program](#) (VLAR) was approved in 2011 to encourage infill development on chronically vacant sites and the adaptive reuse of vacant buildings within Saskatoon's established neighbourhoods. City Council, at its Regular Business [meeting](#) held on December 20, 2023, considered the report, "Vacant Lot and Adaptive Reuse Incentive Program – Proposed Policy Amendments." The report outlined the need for more targeted incentives to support several priorities, such as corridor development and the Downtown Event and Entertainment District.

City Council, at its Regular Business [meeting](#) on June 24, 2019, approved the Corridor Growth – Brownfield Renewal Strategy – Plan Framework Approval (Brownfield Strategy). The overall goal of the Brownfield Strategy is to reduce the number of brownfields by increasing development potential within targeted areas of the city. The Brownfield Strategy includes an action to provide incentives for financial assistance in the form of tax abatements, study grants and tax increment financing for brownfield sites within select corridor planning implementation areas.

DISCUSSION/ANALYSIS

Housing Supply Growth Targets

To meet the conditions of the HAF agreement, the City must achieve Housing Supply Targets identified in the [Contribution Agreement](#). Information about the City's progress toward Housing Supply Targets, including the number of net new units the City has achieved to meet each target, is available at saskatoon.ca/housingactionplan and is updated monthly. The progress toward these targets is summarized in Appendix 1.

HAF Funded Incentives

City Council, at its Regular Business [meeting](#) held on May 29, 2024, approved the use of HAF funding for three capital grant programs and a rebate program. The remaining funding has been allocated to support implementation of the Housing Strategy and of the Action Plan initiatives.

HAF funding must be spent no later than December 21, 2027. HAF-funded incentive programs will not continue past this time or when funding is fully allocated. However, lessons learned through the administration of these programs will inform the development of future incentive programs.

The HAF-funded grant programs, including funding allocations to date, are as follows:

1. Capital grants up to \$27,000 per unit for new affordable rental housing development:
Allocation of \$13.284 million was awarded to 18 projects to support 492 new affordable units. As many of these projects are mixed market (including both affordable and market housing), a total of 1,609 new rental housing units overall will be constructed. City Council, at its Regular Business [meeting](#) held on September 25, 2024, approved tax abatements to further support these projects.
2. Capital grants up to \$50,000 per unit for new affordable housing on City-owned land:
Allocation of \$12.8 million was awarded to support 256 new affordable units on three City-owned properties. All units developed as part of these projects will be affordable. City Council, at its Regular Business [meeting](#) held on February 26, 2025, approved tax abatements to further support these projects.
3. Capital grants up to \$10,000 per unit for market development within the Transit Development Area (TDA). The TDA is an area that is approximately 800 metres or a 10-minute walk from a Link (previously Bus Rapid Transit/BRT) station:
As noted in Appendix 1, the City will require over 1000 new units near Link to meet its HAF targets for multi-unit development near rapid transit. To support the City reaching this target, Administration will be releasing a one-time call for proposals under this grant program in Spring 2025. This grant was approved by City Council on May 29, 2024, and no further approvals are required for this grant to proceed. Priority will be given to proposals within the City Centre and Corridor Growth Areas. The release of this grant will also help the City progress toward achieving its growth target of 50% infill growth, as identified in section G1.3(1)(a) of [Bylaw 9700, The Official Community Plan Bylaw, 2020](#), (OCP), with 15% of this growth allocated to the Corridor Growth Area and 25% of this growth

allocated to Strategic Infill Areas, including Downtown. The City's progress toward these targets is also outlined in the [2024 Growth Monitoring Report](#) (on page 13).

The rebate for Building/Development Permit fees (Rebate Program) is as follows:

Allocation of \$5.5 million has been identified to provide rebates of \$1,500 per unit for Building Permit/Development Permit fees for all new affordable housing units citywide, as well as multiple-unit dwellings (five or more units) within the TDA. The rebate is available when a Certificate of Completion is issued. To date, \$12,000 of this funding has been rebated.

Proposed Changes to the HAF Incentives

Administration is proposing that up to \$4 million of the funding for the Rebate Program be reallocated to support an additional call for proposals for affordable housing projects, which will increase the number of new affordable units being built in the short term, and to ensure timely utilization of the HAF funding.

Projects which have already received approval for a HAF capital grant for affordable housing under the program noted above and wish to increase the number of affordable units within their development, will be prioritized as these projects are already underway.

It is required that all affordable housing projects which receive funding meet HAF timelines (Building Permit no later than December 2026). Not all projects that apply for funding may receive funding. If funding has already been fully allocated, no further incentives will be available.

In addition to the capital grant, projects would be eligible for a five-year incremental tax abatement subject to City Council approval. In the case of mixed-market developments which contain both market and affordable units, the tax abatement would be pro-rated by the percentage of affordable units.

If City Council approves this funding reallocation, the Rebate Program will remain available for projects which already have approval for affordable housing capital grants, noted above, as the rebate incentive is already an anticipated project funding source. In addition, projects which receive a Certificate of Completion by July 1, 2025, and meet the program requirements, will also receive the rebate. Any remaining funding following the call for proposals will be reallocated to support implementation of the Affordable Housing Strategy.

Proposed Incentive Approach

A comprehensive review of the VLAR program is underway with a focus on ensuring incentives being offered are maximizing support for projects that encourage revitalization and renewal in priority growth areas. Incentive programs focused on affordable housing and heritage are being reviewed separately. Administration has identified considerations for incentives which are outlined in Appendix 2.

The proposed approach also addresses an initiative in the Action Plan to develop new incentive programs which support development in priority growth areas (City Centre and Corridor Growth Areas).

Incentives to Support the Implementation of the Brownfield Strategy

Administration is also proposing incentives which support the implementation of the Brownfield Strategy and G1.3(2)(d)(ii) of the OCP which speaks to facilitating and promoting the remediation and redevelopment of brownfields by establishing partnerships, programs and incentives. Several sites in Saskatoon are identified as environmentally impacted, many of which are located within the City's priority growth areas. Information about similar programs being offered in other municipalities can be found in Appendix 3. The Province of Saskatchewan maintains a [map of environmentally impacted sites](#) with location, confirmed substance and current status shown in Appendix 4.

Currently, under the VLAR program, applicants receive points toward their evaluation for providing evidence of their successful remediation on a site; but remediation and/or feasibility studies themselves are not directly supported by incentives under a VLAR-funded project.

Administration is proposing an incentive that would provide 50% of the costs, up to a maximum of \$50,000 for:

- brownfield related studies, such as environmental site assessments and corrective action plans, and/or
- remediation efforts.

Administration is recommending the scope of this incentive capture both studies and remediation efforts to allow developers to apply for the funding at the stage of the project that best suits their needs, while encouraging brownfields to be remediated to allow for redevelopment to proceed. Administration has undertaken some engagement on the proposed approach for incentives and the initial feedback received is outlined in Appendix 5.

FINANCIAL IMPLICATIONS

To support the grants for development within the TDA, \$1 million of HAF funding has been allocated.

The brownfield incentives will be funded through HAF funding up to \$500,000. This funding amount will be available through the term of the HAF program. Funding requirements to support this incentive program beyond the term of the HAF program will be brought forward through future budget requests.

Funding requirements for the proposed incentive approach is expected to follow a similar model as the existing VLAR program. Future funding needs to support the new approach beyond those currently used to support the VLAR program will be provided in future reporting, if required.

NEXT STEPS

Administration will release a call for proposals for multiple-unit development (five or more units) within the TDA in Spring 2025. The call for proposals, including collaborating with the SRHBA, will be communicated to the development industry.

Should City Council approve the proposed changes to the HAF funding allocation, Administration will issue a second call for proposals for Affordable Housing Incentives in June 2025. Subsequently, Administration will bring forward a report identifying the selected projects and the proposed tax abatements for City Council consideration.

Should City Council support the direction of the proposed approach to incentives, including those identified in Appendix 2 and the proposed brownfields incentive, further engagement will be undertaken as the proposed policy changes are built out. Administration will bring forward a report with a recommended policy by Fall 2025. The changes to the VLAR program may be brought forward as a new policy to better reflect the new program or as amendments to the existing policy. If a new policy is determined to be the best approach, Administration will bring forward a recommendation to rescind the existing policy at the appropriate time.

Subject to City Council approval of the proposed approach, Administration will accept applications under the existing VLAR program until December 31, 2025. Administration will prepare a communications plan regarding the proposed changes. Applications previously approved through this program will continue to receive incentives as per their agreements.

APPENDICES

1. Summary of HAF Housing Supply Targets
2. Proposed Incentive Approach
3. Municipal Scan of Adaptive Reuse and Brownfield Incentive Programs
4. Proposed Incentive Boundary with Environmentally Impacted Sites
5. Feedback Received on Proposed Approach for Incentives

REPORT APPROVAL

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