
Innovative Housing Incentives – Stewart Property Holdings Ltd. - 131 and 133 Avenue O South

Recommendation

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

1. That funding of 10% of the total capital cost of the construction of ten affordable rental units at 131 and 133 Avenue O South by Stewart Property Holdings Ltd., be approved to a maximum of \$100,000, subject to approval of this project under the provincial Rental Development Program;
2. That a five-year abatement of the incremental property taxes for the ten affordable rental units be applied, commencing the next taxation year, following the completion of construction; and
3. That the City Solicitor be requested to prepare the necessary incentive and tax abatement agreements, and that His Worship the Mayor and the City Clerk be authorized to execute these agreements under the Corporate Seal.

Topic and Purpose

The purpose of this report is to recommend that financial incentives be provided to Stewart Property Holdings Ltd. for the construction of affordable rental housing.

Report Highlights

1. Stewart Property Holdings Ltd. (Stewart Properties) is building a ten-unit affordable rental project for expectant women with health-related concerns.
2. Through a formal partnership, the project includes supports to keep tenants housed.
3. This project qualifies for financial incentives from the City of Saskatoon (City), including a capital grant and five-year incremental tax abatement.
4. Stewart Properties is working to secure financial assistance.

Strategic Goal

This report supports the City's Strategic Goal of Quality of Life by increasing the supply and range of affordable housing options.

Background

At its March 27, 2017 meeting, City Council allocated \$370,000 within the Affordable Housing Reserve to be used for capital grants to support the creation of affordable rental units in 2018.

At its August 14, 2017 meeting, the Standing Policy Committee on Planning, Development and Community Services approved funding of \$88,375 toward two

affordable rental housing projects, leaving \$281,625 available for further capital grants in 2018.

Report

Stewart Property Holdings Ltd. Proposal

On December 31, 2016, the Planning and Development Division received an application from Stewart Properties for financial assistance to develop a ten-unit boarding house. The project will be constructed at 131 and 133 Avenue O South, in the Pleasant Hill neighbourhood (see Attachments 1 and 2).

Combined, the two sites measure 10,890 square feet and can accommodate the large bungalow-style home that has been proposed. The proposal has gained discretionary use approval to be utilized as a boarding house. The plans show a total of six off-street parking stalls, including two in the garage and one accessible stall, which exceeds the parking requirements of Zoning Bylaw No. 8770. All ten-units will be barrier-free, with a lift for wheelchair accessibility. The home will include a number of energy saving features, including an insulated concrete form foundation, low-flow water fixtures, light-emitting diode lighting, and a high-efficiency furnace.

Project is Located in Proximity to Supports

The site was identified because of its proximity to a variety of supports for tenants. Stewart Properties has entered into a formal partnership with a non-profit service provider to ensure tenants have the supports they need to stay healthy and housed.

Financial Assistance for the Affordable Rental Units

The ten affordable rental units will qualify for capital funding from the City under Innovative Housing Incentives Policy No. C09-002 (Policy). The application for financial assistance from Stewart Properties has been evaluated by the Neighbourhood Planning Section using the Capital Grant Project Evaluation Matrix. It achieved the maximum ten points, which equates to a capital grant of 10% of the total project cost. A copy of the evaluation has been provided in Attachment 3.

A 10% capital grant is estimated to be \$120,096; however, the Policy limits the amount of capital grants to \$10,000 per unit. Therefore, the maximum grant that can be approved for this ten-unit project is \$100,000.

The project also qualifies for a five-year incremental property tax abatement under the provisions of the Policy. The Taxation and Assessment Administration Section estimates the value of the incremental property tax abatement to be \$6,896.14 per year or \$34,480.70 over the five-year period.

Funding Commitments from Other Sources

Stewart Properties has received \$15,000 funding from the Canadian Mortgage and Housing Corporation, \$120,000 from the St. Paul's Hospital Foundation, and is currently working with the Saskatchewan Housing Corporation to secure funding of \$786,225 under the Rental Development Program. Stewart Properties has provided the land for

the project, with an estimated value of \$50,000, and has been conditionally approved for a mortgage of \$138,352 with Affinity Credit Union to cover the balance.

Options to the Recommendation

City Council could choose to not provide financial incentives for this project. Choosing this option would represent a departure from the Policy.

Financial Implications

The funding source for the \$100,000 capital grant is the Affordable Housing Reserve. A total of \$281,625 is remaining for capital grants in 2018. If this project is approved, an allocation of \$181,625 would remain available to support the remaining target of 11 additional affordable rental projects in 2018. Approving the proposed incremental property tax abatement would result in foregone revenue of approximately \$19,092 (municipal portion) over the five-year period.

Public and/or Stakeholder Involvement

A public information meeting was held on February 15, 2017, to provide information about this project to the surrounding neighbours. All residents within 75 metres of the project were invited, along with the community association and Ward Councillor. A total of 18 individuals attended, and representatives from the City and Stewart Properties were available to answer questions and hear concerns.

Concerns were raised regarding the form of development, and the massing of the building impacting the character of the neighbourhood. The Administration noted the development is in a bungalow style and will complement the built character of the neighbourhood. The Administration feels these concerns have been adequately addressed.

Communication Plan

Stewart Properties will plan an official ground-breaking ceremony in conjunction with all funding partners when construction is ready to proceed. The City's contribution to this project will be acknowledged at that time.

Other Considerations/Implications

There are no policy, environmental, privacy, or CPTED implications or considerations.

Due Date for Follow-up and/or Project Completion

This project is scheduled to be complete and ready for occupancy by January 2018.

Public Notice

Public notice, pursuant to Section 3 of Public Notice Policy No. C01-021, is not required.

Attachments

1. Site Location of Project within the Pleasant Hill Neighbourhood
2. Rendering of Proposed Development
3. Point System, Project Evaluation

Report Approval

Written by: Michele Garcea, Planner, Planning and Development
Reviewed by: Lesley Anderson, Director of Planning and Development
Approved by: Randy Grauer, General Manager, Community Services Department

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