

Attainable Housing Targets and Funding Allocations for 2019 and Stabilization of Funding for the Affordable Housing Reserve

The purpose of this report is to recommend housing targets and funding allocations for the attainable housing program in 2019 and to allocate funding to the Affordable Housing Reserve for use in 2020 and 2021.

Background

At its February 27, 2017 meeting, City Council approved a recommendation to enter into a five-year service contract with the Saskatoon Housing Initiatives Partnership (SHIP) to implement Saskatoon's Homelessness Action Plan and committed to annual funding of up to \$130,000 in support of this contract.

At its November 27, 2017 Business Plan and Budget Review meeting, City Council allocated \$400,000 for the Affordable Housing Reserve (Reserve) to be used in 2019. At its March 26, 2018 meeting, City Council allocated \$270,000 of this \$400,000 to be used for capital grants to support the creation of affordable rental or ownership housing for low-income households. City Council directed the Administration to report to the Business Plan and Budget Review meeting in November 2018 regarding housing targets and financial allocations for 2019.

At its August 20, 2018 meeting, the Governance and Priorities Committee received a report on the Stabilization of Funding for the Reserve and resolved that the Administration report further regarding options for fully funding the targeted \$750,000 contribution to the Reserve in 2019 without the proposed mill rate phase in.

At its October 22, 2018 meeting, City Council amended Policy No. C09-002, Innovative Housing Incentives, to provide capital grants for the renovation of existing affordable rental units.

Report

Priorities for 2019

Implementation of Saskatoon's Homelessness Action Plan and creating or renovating affordable housing units for low-income households are the recommended priorities for 2019. City Council has committed \$400,000 within the Reserve, in support of these priorities, with \$130,000 for the Homelessness Action Plan and \$270,000 for the creation of new units for low income households.

After the funding allocations referenced above were made, policy changes were approved to enable the City of Saskatoon (City) to provide capital grants for the renovation of existing affordable rental units. Rather than establishing a separate allocation for the renovation of existing units, the Administration is recommending that the \$270,000 previously allocated for the creation of new affordable units also be made available for capital grants for the renovation of existing affordable rental units.

The attainable housing program also receives \$426,300 from the operating budget that is used for administration of the Housing Business Plan 2013-2022 (Housing Business Plan), the Secondary Suite Rebate Program, the Pleasant Hill Village project, and operating agreements with the Saskatoon Housing Authority with the remainder (\$15,400) for the creation or renovation of affordable units for low-income households. Any unused funding in the operating budget will also be used for the creation or renovation of affordable housing for low-income households.

“In-Kind” Municipal Support Recognized by National Housing Strategy

The National Housing Co-Investment Fund (Fund) was launched in May 2018 and will be the primary funding source of affordable housing projects under the National Housing Strategy. The Fund will recognize in-kind contributions from municipalities when evaluating funding applications for affordable housing projects. The City’s Housing Business Plan includes a number of business functions that can provide in-kind support to affordable housing projects, including land pre-designation, the direct sale of land, priority review for development and building permits, and the waiver of offsite levies.

Providing in-kind support for affordable housing projects has the potential to stretch the City’s financial incentives and create additional affordable housing units. While the effectiveness of in-kind support in creating additional units is largely unknown, a modest target of ten units created or renovated by in-kind support is proposed for 2019.

Recommended Attainable Housing Targets for 2019

The Administration is recommending a target of 200 units for 2019 across the attainable housing continuum with the following funding allocations, as shown in the table below:

Type of Attainable Housing	Proposed Annual Target (minimum units)	Proposed City Funding
Affordable Housing for Low-Income Households (rental or ownership)	20	\$285,400
Affordable Housing for Low-Income Households (renovation of existing units)	10	
Affordable Housing for Low-income Households (In Kind support)	10	In Kind
Secondary Suites (including garden/garage suites)	60	\$ 35,000
Purpose-Built Rental	0	No current allocation
Affordable Ownership (modest income)	50	Property tax redirection and builder funding
Entry-Level Ownership	50	Equity loan financing or builder-sponsored incentives
Implementation of Housing Business Plan		\$251,900
Homelessness Action Plan (SHIP Contract)		\$130,000
Operating Agreement with Saskatoon Housing Authority		\$ 90,000
Pleasant Hill Village Project		\$ 34,000
Total	200	\$826,300

There is no recommended target for purpose-built rental housing in 2019 due to a high vacancy rate for market-priced rental housing at this time. Targets for affordable ownership (modest income) and entry-level ownership have been reduced from previous years due to decreased demand for these types of units in the short term.

Support for Affordable Housing Projects in 2019

The City is not expected to be able to support all the affordable housing projects that qualify for funding from the other levels of government in 2019. Two projects did proceed in 2018 without municipal support due to larger allocations from the other levels of government and the charitable sector.

While municipal funding may not be essential for every affordable housing project to proceed, many projects would not be feasible without City funding. The City's funding plays a vital role in stretching the support from the other levels of government and it allows the City to influence the design, location, and energy efficiency of affordable housing projects within our community. The City's limited funding in 2019 will be directed toward those projects that best meet the priorities of the Housing Business Plan and other planning priorities of the City as specified in the Innovative Housing Incentives Policy.

Recommended Funding Allocations for 2020 and 2021

The Administration is recommending that if dividends are declared in the Neighbourhood Land Development Fund in 2019, that \$800,000 be allocated to the Reserve with \$400,000 to be used in each of 2020 and 2021. If no dividends are declared in 2019 due to reduced lot sales, the Reserve for Capital Expenditures may be considered by City Council as a partial funding source over that period, subject to considering other priorities. Additionally, the Reserve receives \$250,000 annually in base mill rate funding. There is also \$176,300 for the attainable housing program in the operating budget that is in addition to the Reserve allocation.

Options to the Recommendation

Funding options are noted above.

Financial Implications

There are no new financial implications related to the 2019 budget year. This report provides direction for the use of unrealized dividends in the Neighbourhood Land Development Fund that could result in less funding being available for other projects in future years.