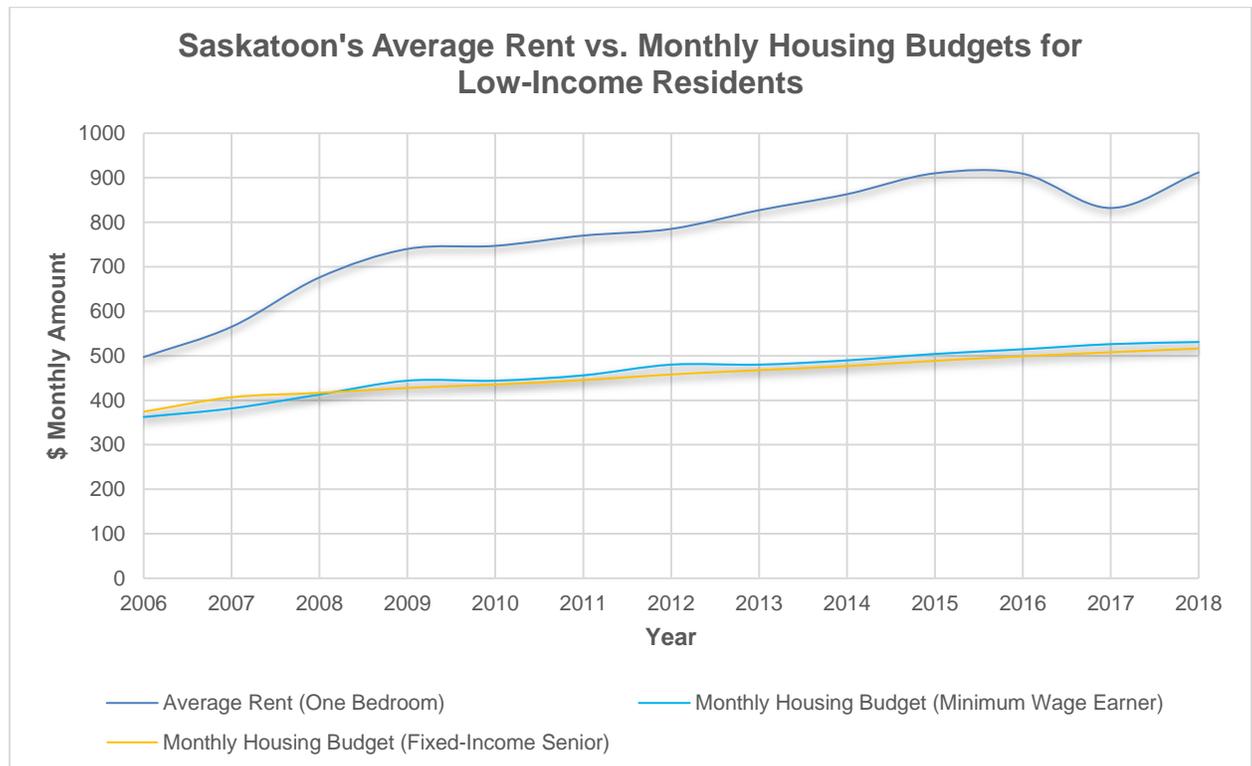


## Affordability Challenges for Low-Income Households

Attainable housing is a continuum and the City's work to increase the supply across the continuum has helped ensure that affordable rental units are going to those who most need it.

### 1. Affordability Challenges for Low-Income Households

Rental rates have increased after a sharp drop-off in 2017. The current price points continue to be beyond the reach of low-income households. Seniors on fixed incomes, minimum wage earners, single parents, and those with mental or physical health challenges are some of the segments in Saskatoon that are not able to pay full market rent. The chart below illustrates the gap between what two common groups of low-income households can afford to pay and what the market is charging for rent.



A minimum wage earner working full time (40 hours per week) earned \$1,769 per month in 2018. No more than 30% of income should go to housing (including utilities) which means that a minimum wage earner has \$531 per month for rent and utilities, which is well below Saskatoon's average rent for a one bedroom apartment of \$912. Events, such as a minor illness or the loss of a roommate, can leave them homeless.

Seniors on a fixed income can also have trouble finding housing they can afford. A senior receiving the maximum benefit from the Canada Pension Plan, as well as Old Age Security, received \$1,720 per month in 2018. They would be spending 53% of their income on rent and have little left for other necessities.

These low-income tenants depend on 28 agencies in Saskatoon that operate more than 4,500 subsidized rental units. The vacancy rate for these units remains around zero, as tenants needing subsidized housing often find themselves on waiting lists for housing they can afford.

To qualify for affordable rental housing, low-income households must be below the Saskatchewan Household Income Maximums (SHIMs), as shown in the table below:

**Saskatchewan Household Income Maximums (SHIMs)**

	Minimum Size Home Required by Household			
	One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom
No Disability	\$38,000	\$46,000	\$55,000	\$66,500
Disability	\$43,700	\$52,900	\$63,800	\$76,400

2. Increasing the Supply of Affordable Rental Housing

Affordable rental housing serves the needs of Saskatoon’s most vulnerable residents and comes in many forms, including temporary shelters, transitional housing, supported housing, rent-geared-to-income units, and units that are only slightly below market rates.

Affordable rental units require the largest financial investment of all the types of attainable housing. Creating new affordable rental units requires grants from the government and charitable sectors to cover 30 to 70% of the cost of construction. The level of capital grants required is dependent on the types of units, how low the rents will be below market rates, and how many years the owner commits to keeping the rent affordable.

The City of Saskatoon’s (City) grants of up to 10% do not stimulate the construction of affordable rental units on their own, but when combined with grants from other levels of government, the City is able to create additional units by stretching the available funding.

The successful applicants for the Saskatchewan Housing Corporation will be looking to the City for additional funding of up to 10% of the total capital cost of these projects in 2020. Due to the limited funding allocation to the Affordable Housing Reserve in 2020, the City may not be able to support all projects in 2020.

3. Ensuring People can Transition out of Affordable Rental Housing

Given the high cost of creating affordable rental housing, it is important to ensure that tenants can move on to market priced housing if their income goes up. The City’s efforts at creating attainable housing for those with moderate income helps ensure that tenants move on when their income rises.

When the housing shortage was acute in 2008, tenants were staying in affordable rental housing for as long as they could qualify as they had nowhere else to go. The City’s affordable ownership and purpose-built rental programs

have increased the supply of housing that people can transition to from affordable rental housing thus freeing up needed spaces for those with lower incomes.