



The Mayor's Housing Commission

**Monday, March 4, 2019
4:00 PM**

Henry Baker Hall, Main Floor, City Hall



OFFICE OF THE CITY CLERK

**Public Agenda
The Mayor's Housing Commission
Monday, March 4, 2019**

Appointment of Vice-Chairperson

Approval of Public Agenda

Adoption of Minutes

Mayor's Housing Commission - Public - Nov 29, 2018 4:00 PM

Administration Reports

MHC19-1 CMHC 2018 Fall Rental Vacancy Reports

Recommendation

That this report be received and filed.

MHC19-2 Comprehensive Review of Housing Incentives Policy

Recommendation

That this report be received and filed.

Resolution for Private Session

AT REGINA, SASKATCHEWAN, THURSDAY, NOVEMBER 29, 2018

AT A MEETING OF MAYOR'S HOUSING COMMISSION
HELD IN PUBLIC SESSION

AT 4:00 PM

These are considered a draft rendering of the official minutes. Official minutes can be obtained through the Office of the City Clerk once approved.

Present: Mayor Michael Fougere, in the Chair
Councillor Lori Bresciani
Councillor Sharron Bryce
Councillor Joel Murray
Member Robert Byers
Member Jason Carlston
Member Patrick Mah
Member Malcolm Neill

Regrets: Member Patrick Cooper

Also in Attendance: Council Officer, Elaine Gohlke
Council Officer, Tracy Brezinski
Executive Director, City Planning & Development, Diana Hawryluk
Director, Planning, Shauna Bzdel
Manager, Urban Planning, Michelle Forman
Senior City Planner, Kim Sare
Senior City Planner, Charlie Toman

APPROVAL OF PUBLIC AGENDA

Councillor Lori Bresciani moved, AND IT WAS RESOLVED, that the agenda for this meeting be approved, as submitted.

ADOPTION OF MINUTES

Councillor Joel Murray moved, AND IT WAS RESOLVED, that the minutes for the meeting held on June 18, 2018 be adopted, as circulated.

COMMUNICATIONS

MHC18-7 Intensification Levy and Residential Development

Recommendation

That this communication be received and filed.

Diana Hawryluk, Executive Director, City Planning & Development, and Kim Sare, Senior City Planner, made a PowerPoint presentation, a copy of which is on file in the Office of the City Clerk.

Councillor Sharron Bryce moved, AND IT WAS RESOLVED, that this report be received and filed.

MHC18-8 National Housing Strategy

Recommendation

That this communication be received and filed.

Charlie Toman, Senior City Planner, made a PowerPoint presentation, a copy of which is on file in the Office of the City Clerk.

Councillor Lori Bresciani moved, AND IT WAS RESOLVED, that this report be received and filed.

ADMINISTRATION REPORT

MHC18-9 National Housing Strategy

Recommendation

That this report be received and filed.

Councillor Sharron Bryce moved, AND IT WAS RESOLVED, that this report be received and filed.

RESOLUTION FOR PRIVATE SESSION

Councillor Lori Bresciani moved, AND IT WAS RESOLVED, that in the interest of the public, the remainder items on the agenda be considered in private.

Chairperson

Secretary

March 4, 2019

To: Members
The Mayor's Housing Commission

Re: CMHC 2018 Fall Rental Vacancy Reports

RECOMMENDATION

That this report be received and filed.

CONCLUSION

Canada Mortgage and Housing Corporation (CMHC) has released the 2018 Fall Rental Market Report for the Regina Census Metropolitan Area (CMA) and 2018 Fall Rental Market Report - Saskatchewan Highlights. The rental vacancy rate for the Regina CMA has increased from 7.0 per cent in October 2017 to 7.7 per cent in October 2018.

BACKGROUND

The Mayor's Housing Commission (MHC) has the authority to seek, gather and research information that will assist in providing overall guidance in the implementation of the Comprehensive Housing Strategy (CHS), which was approved in 2013. As part of the implementation of the CHS, the rental vacancy rate and rental housing supply is continually monitored. When the CHS was developed, Regina's rental market was very tight with the vacancy rate below one per cent and rental rates were increasing rapidly. The CHS established a target of an overall city-wide vacancy rate of three per cent by 2017, which was achieved in the fall of 2014.

CMHC completes a rental market survey for major centres across Canada in October of each year. The report for the Regina CMA, released on November 28, 2018, tracks the vacancy rate for purpose-built rental buildings with three or more units for the Regina CMA and the submarket neighbourhood level zones, current supply and demand, as well as the secondary rental market. The 2018 Fall Rental Market Report - Saskatchewan Highlights reports the vacancy rates and average housing rental prices of the 10 major urban centres in the province.

The tracking of housing data is a part of the on-going evaluation of the effectiveness and appropriateness of the City of Regina's (City) housing incentives. Current data allows Administration to assess measures that may be taken by the City to improve housing affordability and supply.

DISCUSSION

Data from the CMHC reports for the Regina CMA is based on information gathered in the first

two weeks of October 2018. City Administration has summarized the findings from the CMHC reports below.

Vacancy Rate

The City's overall vacancy rate for purpose-built rental units increased to 7.7 per cent from 7.0 per cent in the fall of 2017 and 5.5 per cent in October of 2016. The term purpose-built rental units refers to buildings of three units or more that are built exclusively for rental and does not include ownership units, such as condominiums or homes that may be rented. The term secondary rental units refers to units made available for rent that are not located within a purpose-built rental building and includes rented detached and semi-detached dwellings, freehold townhomes and condominiums units. The vacancy rate for secondary rentals is also measured in the CMHC Rental Market Report and is noted below.

Demand for rental units increased in fall 2018; however, supply rose at a faster rate thus pushing the vacancy rate higher. The demand for rental accommodation in 2018 was supported by the full-time employment growth among the population aged 25 to 44 years. Additionally, the series of recent interest rate hikes have increased the cost of homeownership combined with new mortgage stress tests that have limited buying power, thereby prompting households to seek rental accommodation. Continued population growth is another factor that has contributed to the increase in the number of occupied apartments in Regina's primary rental market. As illustrated in Appendix A, this is the fifth straight year in which Regina's vacancy rate has been at or above three per cent.

Regina's overall vacancy rate is below the provincial average of 8.7 per cent and differs slightly from the City of Saskatoon (Saskatoon), where the overall vacancy rate has decreased to 8.3 per cent from 9.6 per cent in fall 2017. CMHC attributed the decrease in Saskatoon's vacancy rate to job growth, increased interest rates and continued population growth. Five out of the ten centres in Saskatchewan reported a decline in vacancy rates. CMHC has noted that Saskatchewan's economic recovery coupled with international migration has contributed to the overall downward trend in vacancy rate being experienced in the province since October 2016.

Vacancy Rate - Zone Level

Vacancy rates are recorded for eight zones in Regina to capture neighbourhood-level data. The overall vacancy rate in Regina increased with different parts of Regina experiencing both increases and decreases in vacancy rates. As illustrated in Appendix B, vacancy rates increased in the Central, Lakeview/Albert Park, West and Northeast zones, and decreased in the South: Wascana University, East and Northwest zones.

Vacancy Rate - Secondary Rented Condominiums

While Regina's overall vacancy rate increased from 7.0 per cent to 7.7 per cent, the vacancy rate for secondary rented condominium units experienced a higher increase from 0.4 per cent in October 2017 to 9.6 per cent in October 2018. The rise in the vacancy rate for secondary rental units was due to the increase in the number of secondary rental units from 1,509 in 2017 to 1,900 in 2018. The percentage of ownership condominium units in the rental market increased from 20.4 per cent in 2017 to 25.6 per cent in 2018 as more units were offered for rental purposes.

Rental Rates

The average monthly rent for existing and new two-bedroom units in fall 2018 was \$1,131, up slightly from \$1,116 reported in fall 2017. However, there was a 0.5 per cent decline from a year earlier in the same sample rent (When comparing year-over-year average rents, the age of the building needs to be taken into consideration because rents in newly-built structures tend to be higher than in existing buildings. By comparing sample rents for units that are common to both 2017 and 2018 October Rental Market Surveys, we can get a better indication of actual rent increases paid by most tenants.) of two bedroom apartments. Average rents for some unit types declined with increasing vacancy rates. For example, the average rent of bachelor suites declined from \$710 in 2017 to \$700 in 2018, and the vacancy rate increased from 7.8 per cent to 11.5 per cent. Overall, the average rents in Regina between fall 2017 and fall 2018 declined by 0.4 per cent compared to an increase of 0.5 per cent between fall 2016 and fall 2017.

At the neighbourhood zone level, as illustrated in Appendix B, average rents are the greatest in the South: Lakeview and Albert Park, South: Wascana University, East and Northwest zones. The higher amount is contributed in part due to the construction of new purpose-built rental apartments within these areas, which have higher rates than older rental apartments. Only the Northeast zone reported a decrease of -0.1 per cent in average rental rates.

Rental Supply

The supply of purpose-built rental units grew to 13,316 in fall 2018 from 12,844 in fall 2017 with 495 new construction starts reported in the first three quarters of 2018 and a total of 829 rental apartment completions between July 2017 and 2018. The number of private row (townhouse) units in Regina in fall 2018, which are not included in the overall rental vacancy rate of 7.7 per cent, was 850 units, a slight increase from 845 in fall of 2017. The total number of private row units and apartment units in fall 2018 was 14,166, an increase from 13,689 units in fall 2017. The CMHC estimates the number of apartment-style condominiums in Regina to be 7,411 units. Of the 7,411 units available, it is estimated that 1900 or 25.6 per cent are used for rental.

Turnover Rate

(A unit is counted as being turned over if it was occupied by a new tenant in the past 12 months. A unit can be counted as being turned over more than once in a 12-month period. This includes tenants who move into a different unit in the same building during this time period.) The turnover rate in the Regina CMA was 48.8 per cent an increase from 36.2 per cent last year. The rate equates to approximately one in every two rental apartment units in Regina CMA having a new tenant move in within the last 12 months. The turnover rate in Regina is higher than the provincial turnover rate of 44 per cent. Compared to other prairie cities, the turnover rate was 39 per cent in Saskatoon, an increase from 36.7 per cent reported in the fall of 2017, 35.4 per cent in the City of Calgary (Calgary), a decrease from 35.6 per cent in fall 2017 and 32.0 per cent in the City of Edmonton (Edmonton) a decrease from 34.6 per cent in fall 2017.

RECOMMENDATION IMPLICATIONS

Financial Implications

None with respect to this report.

Environmental Implications

None with respect to this report.

Policy and/or Strategic Implications

Implementation of the Comprehensive Housing Strategy (CHS) was established in the Housing Strategy Implementation Plan approved by City Council on June 10, 2013. The strategies of the CHS align with the City's policy objectives as outlined in *Design Regina: The Official Community Plan Bylaw 2013-48*.

Administration tracks, records and evaluates housing data from a variety of sources to inform housing policy changes. Information contained within this report and other data obtained from CMHC will be used to inform the review of the Housing Incentives Policy occurring in 2019.

The CHS set a target of a three per cent vacancy rate by 2017. This goal was achieved in fall 2014 and the vacancy rate has remained steadily above three per cent since.

The City's Condominium Conversion Policy is affected by the vacancy rate. A rental building may be considered for condominium conversion when the average of the two most recently published fall vacancy rates for the Regina CMA and neighbourhood zone are at or above three per cent. Based on the current vacancy report, condominium conversions may now be considered in all neighbourhood zones provided that the conversion would not result in the vacancy rate in that zone to fall below three per cent. Additional restrictions apply to units that have received rental incentives through the City's Housing Incentives Policy.

Other Implications

None with respect to this report.

Accessibility Implications

Five per cent of units in any individual rental development must be accessible as per the provincial *Uniform Building and Accessibility Standards Regulations*. Development criteria established for eligibility for municipal housing incentives encourages development of accessible units that exceed the required five per cent in multi-unit rental developments. The criteria also encourages the creation of accessible units in ownership developments.

COMMUNICATIONS

None with respect to this report.

DELEGATED AUTHORITY

There is no delegated authority associated with this report as it is for informational purposes only.

Respectfully submitted,



Shanie Leugner, A/Director
Planning and Development Services

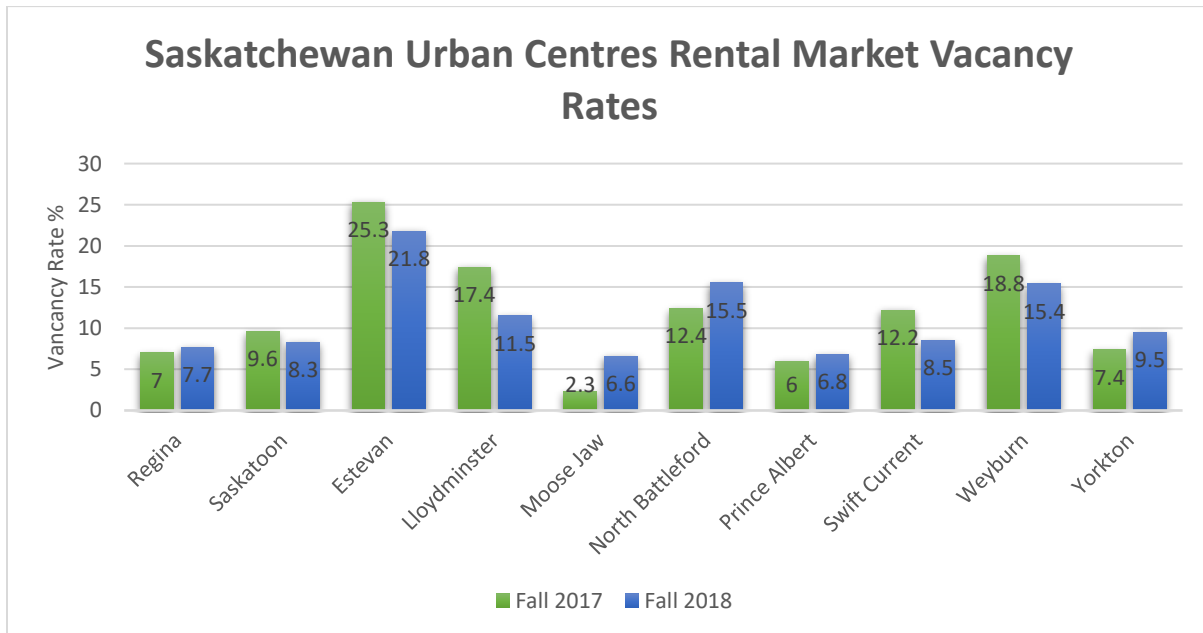
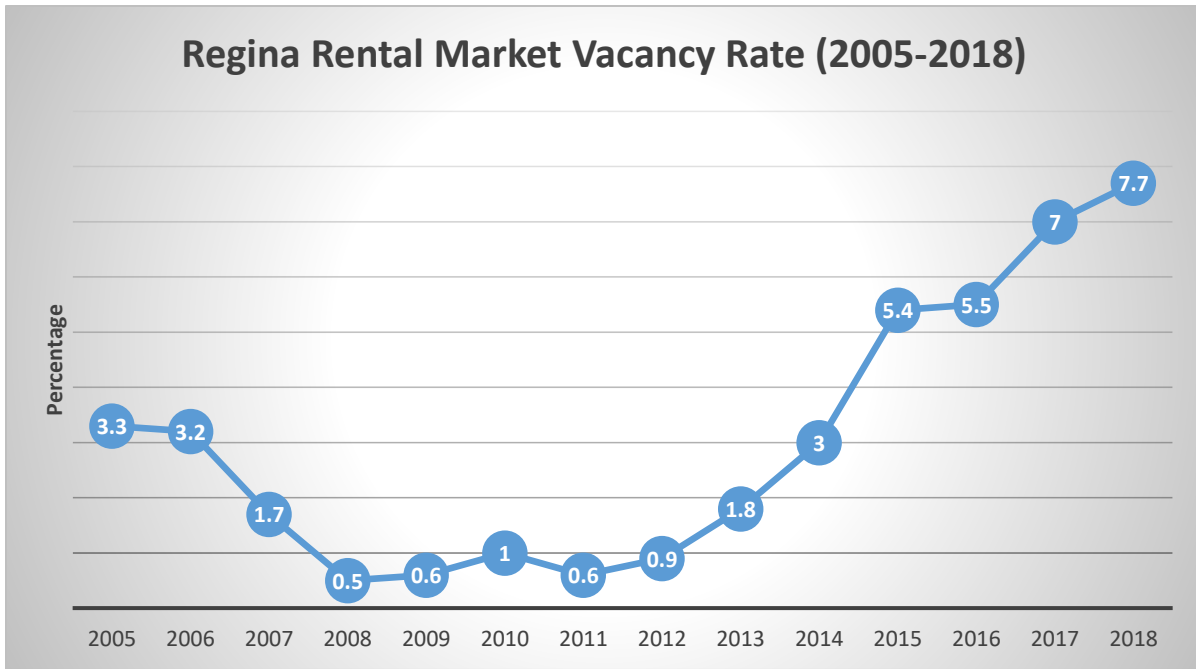
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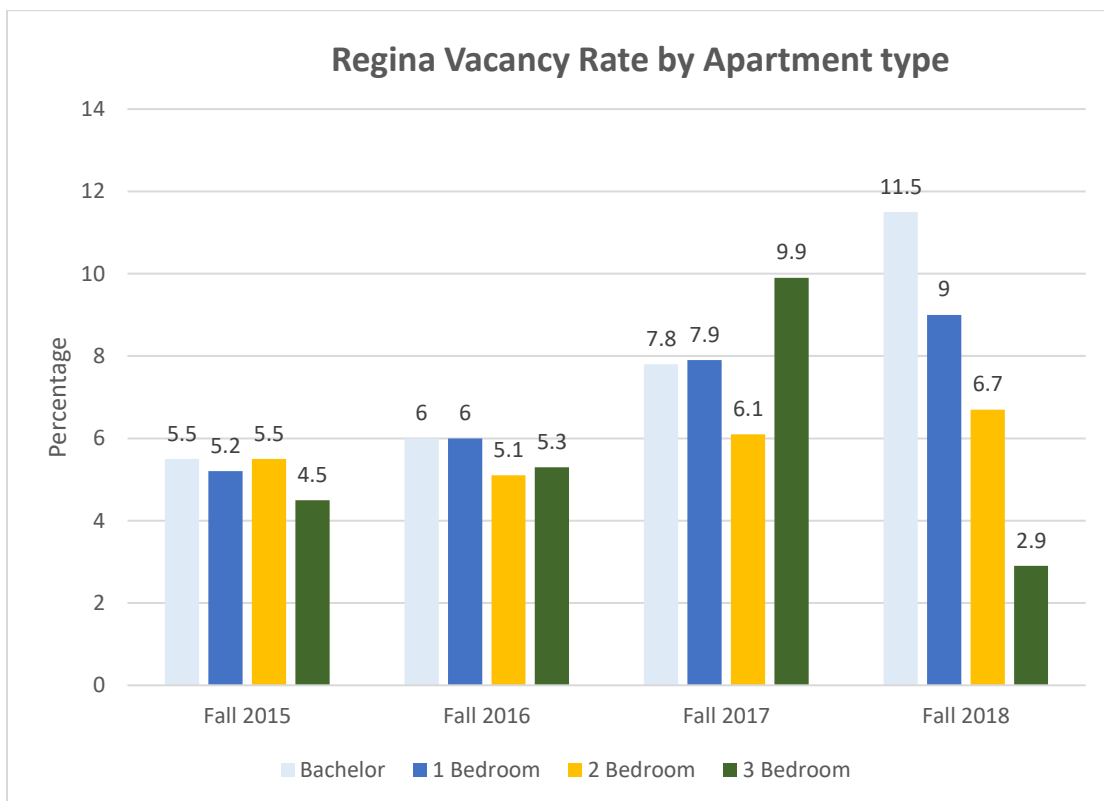
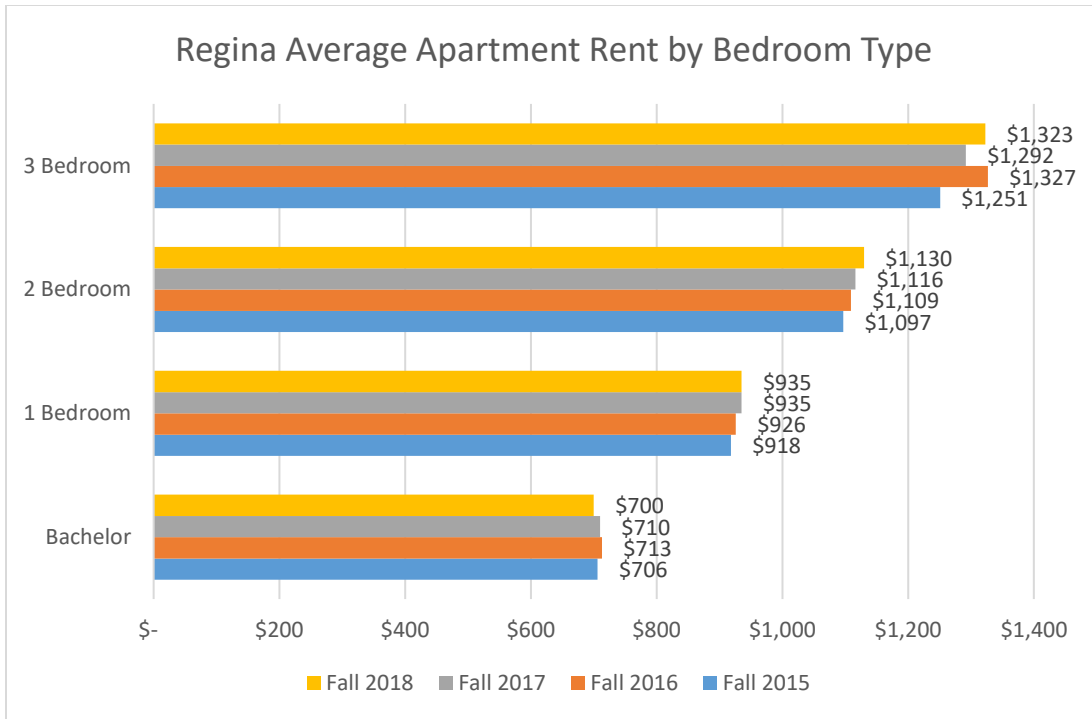


Fred Searle, A/Executive Director
City Planning and Community Development

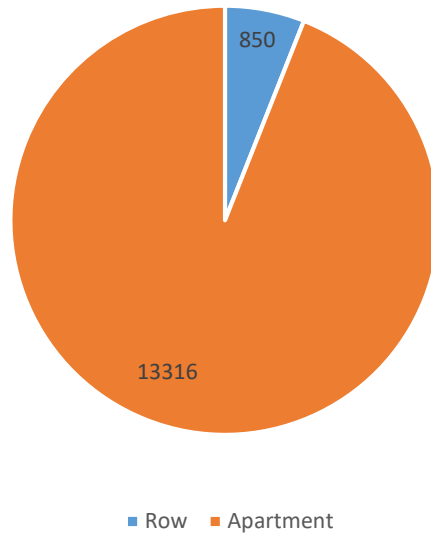
Report prepared by:
Femi Adegeye, Senior Policy Analyst

Highlights from CMHC November 2018 Rental Market Reports

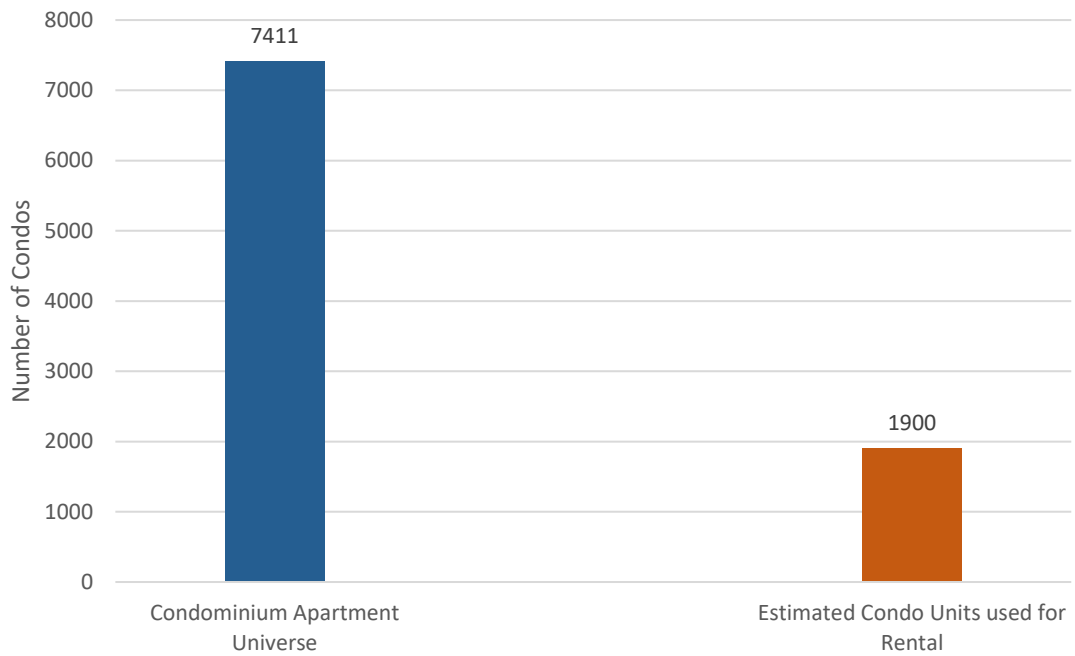




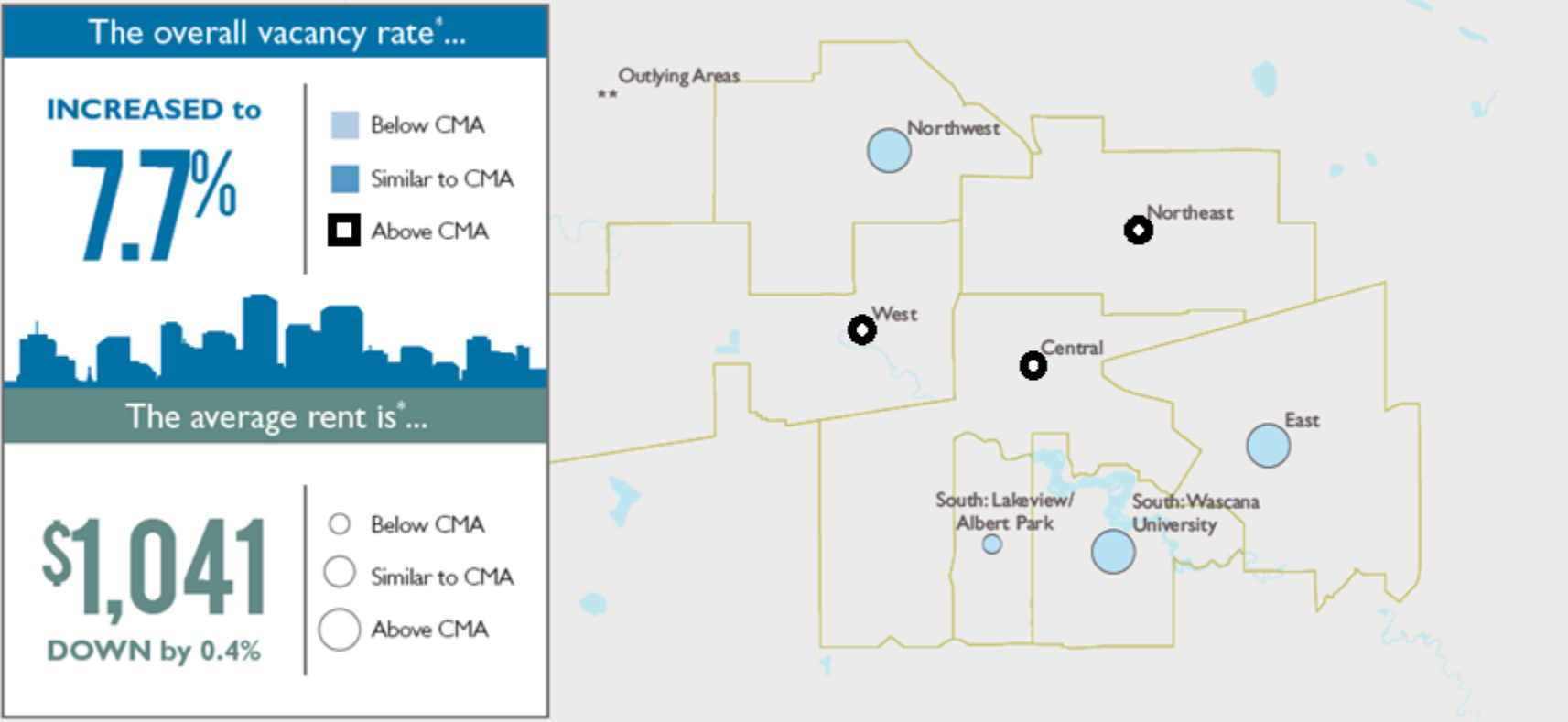
Regina Rental Universe (Row and Apartment)



Regina Secondary Rental - Condominium



VACANCY RATE AND AVERAGE RENT BY ZONE NEIGHBOURHOOD



*CMHC collects data on the primary and secondary rental market annually, in the fall. These data refer to the primary rental market, which only includes rental units in privately-initiated apartment structures containing at least three rental units. The secondary rental market covers rental dwellings that were not originally purpose-built for the rental market, including rental condominiums. The primary vacancy rate and rent level is based on all surveyed structures, while the rent increase is based only on structures common to the survey sample in both the current and previous year.

VACANCY RATE AND AVERAGE RENT BY ZONE NEIGHBOURHOOD

ZONE	VACANCY RATE			AVERAGE RENT		
	OCT-17	OCT-18	Change	OCT-17	OCT-18	Change
Central	6.6	8.9	35%	\$953	\$981	3%
South: Lakeview/Albert Park	6.5	6.8	4.6%	\$1,032	\$1,032	0%
South: Wascana University	5.7	4.7	-17.6%	\$1,077	\$1,077	0%
East	8.1	5.2	-36%	\$1,141	\$1,151	0.9%
West	7	11.1	59%	\$919	\$969	5.4%
Northeast	8.8	9.2	4.6%	\$976	\$975	-0.1%
Northwest	7.6	5.0	-34%	\$1,233	\$1,238	0.4%
Regina CMA	7.0	7.7	10%	\$1,026	\$1,041	1.5%

March 4, 2019

To: Members
The Mayor's Housing Commission

Re: Comprehensive Review of Housing Incentives Policy

RECOMMENDATION

That this report be received and filed.

CONCLUSION

The Comprehensive Housing Strategy (CHS) recommends that the City of Regina (City) undertake a review of its Housing Incentives Policy (HIP) at least every five years to ensure that incentives are directed to areas where there are gaps in the private market's ability to address housing needs. The last comprehensive review of the HIP occurred in 2015 with a new policy effective January 1, 2016. Due to changing market conditions, the creation of strategies and plans at the local and federal level that will impact the City's housing incentives, and the need to find a permanent funding source for the housing incentives, City Administration will undertake a review of the HIP in 2019.

This report provides an overview of the comprehensive review of the HIP planned in 2019. City Administration anticipate its review will be completed by Q3 2019 with a recommendation report submitted to the Mayor's Housing Commission and City Council before the end of 2019. A new policy will be effective at the start of 2020.

BACKGROUND

The City of Regina provides capital grant and tax exemption incentives through the HIP to stimulate new rental and ownership units that address current housing needs. The objectives of the HIP are to:

- Support below market, affordable and accessible housing options.
- Stimulate below market and affordable rental housing development.
- Encourage housing development that makes efficient use of established City infrastructure and helps build vibrant, sustainable and inclusive neighbourhoods.
- Better direct the City's resources where there are gaps in the private market's ability to address housing needs, namely the needs of low-income households.
- Encourage diverse housing options including housing for distinct and special needs groups.

Following the adoption of the CHS, the HIP was updated in 2013 to implement many of the strategy recommendations related to housing affordability and availability. These changes

included increasing the annual allocation from the Social Development Reserve to Capital Grant Program from \$2.2 to \$2.5 million and increasing the City's capital grant from \$10,000 to \$15,000 per unit.

The HIP underwent a comprehensive review and update in 2015. Based on changes in the City's housing market, the type and location of housing developments that utilized incentives and feedback received from internal and external stakeholders, City Council approved amendments that:

- Increased incentives for developers of below market rental units to increase the supply of below market rental housing.
- Gradually phased out the City's Tax Exemptions for the development of new market rental units in developed and greenfield areas.
- Reduced the capital grant amount for new affordable ownership units.
- Enhanced and streamlined the City's Downtown and Warehouse District incentive programs.
- Focused incentives towards critical infill developments, including areas in core housing need and with aging housing stock.
- Updated and refined the administration and evaluation of incentive applications, placing greater emphasis on supporting non-profit housing providers and supporting critical housing needs.

In 2017, City Council approved minor amendments to the HIP to refine existing housing incentive programs to ensure they effectively address current housing needs, principally shifting the focus of programs towards the development of new affordable rental housing.

DISCUSSION

To ensure that HIP incentives will effectively and efficiently target the City's most critical housing needs, City Administration's review will take into consideration the conditions and initiatives outlined below as well as engage with local housing providers as discussed under the Communications section of this report.

The Current Real Estate and Rental Market

City Administration will undertake a review of the rental and real estate market to identify how housing incentives can best address areas of greatest Core Housing Need (Core Housing Need is a term developed by CMHC that refers to households/dwellings that do not meet adequacy (i.e. needing major repairs), suitability (i.e. has enough bedrooms for the size and composition of the household), or affordability (i.e. spending more than 30 per cent of income on shelter) norms.) based on data from CMHC, Statistics Canada and the Regina Realtors Association among others. This review will also include analysis of other factors impacting the housing market including changes to CMHC mortgage insurance requirements, population growth and broader economic influences. Based on the findings of this analysis, City Administration may recommend changes to the boundaries of the HIP's Program Areas.

Past Uptake of the City's Incentive Programs

City Administration will summarize and analyze the location and type of housing developments that have received capital and tax incentives. The analysis will be used to evaluate the

effectiveness of the HIP to date, as well as estimate the financial impacts to the City of recent uptake of the HIP, for example, what geographic areas of the city have received the greatest funding or what type of housing (rental vs. ownership units, multi-family vs. duplex units, etc.) has received incentives.

Consideration of the Intensification Levy Project

As directed by City Council in June 2018 through CR18-55, the HIP review must include an investigation of the creation of an intensification levy rebate or waiver program through the HIP. If a new incentive program is recommended, the review will include determining how it would be administered and funded.

Consideration of the Plan to End Homelessness

The Plan to End Homelessness will be released in March 2019 and recommends that the City amend its HIP to align with its goals and objectives. Through the review process, Administration will analyze and provide recommendations on where the HIP may be amended to align with the Plan.

Consideration of the National Housing Strategy

In November 2017, the Federal Government released Canada's first National Housing Strategy (NHS). The Strategy commits \$40 billion (The \$40 billion includes expected cost-matching funds from Provincial and Territorial Governments to implement the Strategy.) over the next 10 years to, among other things, create 100,000 new affordable housing units and repair/renew 300,000 existing affordable housing units. Through the Strategy, the Federal Government has launched the National Co-Investment Fund which provides non-profit and private sector developers with grants and low interest loans for the construction of new affordable rental units, as well as the repair of existing rental units. Eligibility for funding under the Co-Investment fund requires municipal or provincial support (financial or in-kind).

City Administration will review the eligibility criteria of all new NHS incentive programs and identify any amendments required to the HIP to align these new programs with our incentives to make it straight forward for local housing providers to apply for and obtain funding from both levels of government.

Incentives for Home Ownership

In response to a shortage of entry level housing units in 2012, the City amended the HIP to allow private sector developers to apply for affordable home ownership incentives and expanded the program to greenfield areas of the city. Over the past five years, real estate and CMHC data has shown an elevated supply of entry level housing units for sale in Regina. Amendments were made to the HIP in 2015 and 2017 to shift funds away from home ownership incentives and towards affordable rental incentives.

Current market conditions continue to show an oversupply of entry level housing units available on the resale market, including the average sale price for a condominium decreasing from \$279,405 in 2014 to \$250,015 in 2018. To ensure that municipal incentives are focused towards housing for those in the greatest need, City Administration will review suspending the HIP's capital grant and tax exemption programs for home ownership.

Long Term Funding Source to Implement Housing Incentives Policy

The City's annual \$2.5 million maximum commitment to its affordable housing capital grant program is funded from the Social Development Reserve (SDR). The SDR has not had a permanent funding source since the Government of Saskatchewan terminated its partnership with the City and ceased its role in land development in 2012. Since then, contributions to the SDR have come from municipal land sales and other reserves in excess of their maximums.

The CHS calls for municipal land sales to fund the SDR going forward. However, with revenue from municipal land sales difficult to project and highly variable year over year, City Administration will review options for a stable long-term funding source for the implementation of its housing incentives programs. This review will include an evaluation of whether the City's current \$2.5 million maximum commitment should be reduced by further reducing or eliminating the capital grant program for affordable home ownership.

Note that the balance of the SDR is approximately \$5 million which will enable City Administration to continue to implement capital incentive programs through 2020.

RECOMMENDATION IMPLICATIONS

Financial Implications

The comprehensive review of the HIP will be completed in-house by City Administration. To support engagement with external stakeholders, City Administration have earmarked funds from the Planning & Development Services Department 2019 consulting budget for retention of an external facilitation consultant.

Environmental Implications

None with respect to this report.

Policy and/or Strategic Implications

The *Design Regina: The Official Community Plan Bylaw 2013-48* (OCP) includes policies and direction related to housing and financial incentives that have been considered by Administration through the update and revision process. Applicable policies include the need for diverse housing options, directing at least 30 per cent of new growth to existing urban areas, the need to support non-profit housing providers through incentives and collaborating with all levels of government and community partners to advance housing initiatives.

The CHS establishes a series of strategies and guiding principles with respect to housing incentives, including directing incentives to areas where there are gaps in the private market's ability to address housing needs; and, that the effectiveness of programs must be monitored and evaluated on an ongoing basis with changes introduced as needs and conditions in the city change. Strategy 1 of the CHS also provides specific recommendations to refine the HIP to address the need for affordable and rental housing.

Other Implications

None with respect to this report.

Accessibility Implications

None with respect to this report.

COMMUNICATIONS

A significant component of the comprehensive review of the HIP will be engagement with local non-profit and private sector housing providers. The intent of this engagement will be two-fold: first, provide City staff an opportunity to explain the intent and objectives of the HIP as well as the various considerations going into the review; second, provide stakeholders an opportunity to discuss how incentives were working for them and where revisions could occur to better achieve the City's housing objectives.

In addition, City Administration will:

- Notify attendees of the Mayor's Housing Summit and Community Associations of the review and ask for feedback.
- Provide updates on the review on regina.ca.

DELEGATED AUTHORITY

There is no delegated authority associated with this report and it is for informational purposes only.

Respectfully submitted,



Shanie Leugner, A/Director
Planning and Development Services

Respectfully submitted,



Fred Searle, A/Executive Director
City Planning and Community Development

Report prepared by:

Charlie Toman, Senior City Planner; Jennifer Barrett, Senior City Planner