

April 30, 2018

To: His Worship the Mayor
And Members of City Council

Re: Mayor's Housing Commission: Comprehensive Housing Strategy – 2017 Annual Update

RECOMMENDATION

**RECOMMENDATION OF THE MAYOR'S HOUSING COMMISSION
- APRIL 11, 2018**

That this report be received and filed.

MAYOR'S HOUSING COMMISSION - APRIL 11, 2018

Jennifer Barrett made a presentation on behalf of the Administration, a copy of which is on file with the Office of the City Clerk.

The Commission adopted a resolution to concur in the recommendation contained in the report.

Mayor Michael Fougere; Councillors: Joel Murray, Lori Bresciani; Commissioners: Robert Byers, Patrick Mah, Malcolm Neill, Jason Carlston, Amber Ackerman, Diana Hawryluk, Shauna Bzdel, Jennifer Barrett and Lauren Miller were present during consideration of this report by the Mayor's Housing Commission.

The Mayor's Housing Commission, at its meeting held on April 11, 2018, considered the following from the Administration:

That this report be forwarded to the April 30, 2018 meeting of City Council for information.

CONCLUSION

City Council approved the Comprehensive Housing Strategy (CHS) on April 29, 2013. A Housing Strategy Implementation Plan (HSIP) was approved on June 10, 2013. Since the approval of the CHS and HSIP, the City of Regina (City) has begun work on 10 of the 11 short-term strategies, 18 of 21 medium-term strategies and two of three long-term strategies. This report serves as an annual update on implementation for 2017. A CHS implementation report is provided to the Mayor's Housing Commission (MHC) and City Council on an annual basis.

BACKGROUND

In February of 2013, consultants completed the CHS, a project to evaluate Regina's housing issues, to research and develop strategies to address these issues and to define the role of the City. Background research and the strategy framework were reviewed and vetted by a group of 19 industry stakeholders, representing all sectors of housing, as well as members of City Administration. The CHS along with City Administration's recommendations identified 28 strategies for implementation and six strategies for further consideration, with one strategy deemed unfeasible. This recommendation was approved by City Council on April 29, 2013. The HSIP, approved by City Council on June 10, 2013, included work plans for implementation of the 35 CHS strategies based on short, medium and long-term timeframes.

DISCUSSION

Implementation of the CHS:

The following list contains highlights of implementation in 2017. A full description of the strategies and implementation to date are included in Appendix B.

- Minor revisions to the Housing Incentives Policy (HIP) were made to prioritize affordable rental developments by ensuring priority funding for charitable non-profits and reducing the number of eligible capital grants for ownership units due to a demonstrated need to focus on affordable rental development. The rationale for this policy decision is based on analysis that demonstrates there is a sufficient number of below market ownership units with committed capital ownership grants still available and market conditions that show there is an ample supply of entry-level housing available on the market. In addition, the recommended decrease will conserve funding in the Social Development Reserve (SDR), which provides capital funding for housing grants, which currently lacks a sustainable long-term funding source. (Strategy 1)
- In 2017, \$2.28 million of capital funding from the City was committed for 151 new affordable units through the HIP, of which 60 were affordable rental units. (Strategy 1).
- The revisions made to the HIP in 2017, which phased out tax exemptions for market rental units in greenfield and newer areas of the City are in addition to more comprehensive changes to the HIP in 2015. The deadline to apply for the tax exemption before it was phased out was October 31, 2016, with units starting construction in late 2016 and early 2017. The increase in rental starts for 2017, calculated by the Canadian Mortgage and Housing Corporation (CMHC) at 752 units, is likely tied to the timeline of this policy change and the last opportunity to receive exemptions for market rental in new neighbourhoods (Strategy 1).
- To increase the diversity of housing available in Regina, City Administration worked with a consultant on the creation of the Laneway and Garden Suites Guidelines and Pilot Project, which was approved by City Council in 2016, along with six pilot sites to test the impact of these building forms in inner city locations. In 2017, a building permit was issued and construction was completed for one of the six approved infill laneway suites. These units are eligible for a partial tax exemption through the HIP (Strategies 3 and 25).
- A member of City Administration sits on the Regina Homelessness Community Advisory Board (RHCAB) for the federal government's Homelessness Partnering Strategy (HPS). Approximately \$1.7 million in federal funding was awarded to organizations involved in

addressing homelessness, including \$700,000 for a Housing First Program (Program). Initial results were released for the first year of the Program, which demonstrated an estimated \$1.9 million in cost savings and resulted in 26 individuals permanently being housed with no return to homelessness. (Strategy 28)

- The City contributed \$60,000 towards a Plan to End Homelessness for Regina (Plan). Creation of the Plan will commence in early 2018. The Plan will be consultant-led under the guidance and leadership of the YMCA of Regina (YMCA) and the Regina Homelessness Community Advisory Board (RHCAB) (Strategy 28).
- As part of the implementation of the Intensification Work Plan and intensification policies of *Design Regina: The Official Community Plan Bylaw No. 2013-48* (OCP), a consultant was retained to complete the Underutilized Land Study (ULS), which is intended to research barriers for infill and development of underutilized land, such as vacant lots and brownfields. Work on the ULS included an Underutilized Land Inventory and engagement with the local development industry on what the City can do to better encourage new investment in underutilized properties. The ULS is anticipated to be completed in 2018 and will lead to the next phase of the project, which is to develop a strategy for underutilized lands. (Strategy 33)
- Initial city-wide 2016 Census data was released in 2017 by Statistics Canada. Data pertaining to household make-up and housing is included in Appendix A. Notable statistics include a significant number of households struggling with housing affordability (22 per cent). Additionally, nearly half of all rented households in Regina are renting at a rate that is considered unaffordable. Statistics regarding household size remained relatively stable, while housing diversity increased slightly compared to 2011 Census data (Strategies 10 and 34).
- Through the City's Community Investment Grants, \$317,937 was allocated to organizations involved with housing and homelessness, including SOFIA Housing, Oxford House, Regina Transition House and Carmichael Outreach. Funding also includes support services that serve those who are homeless or at risk of homelessness, including Mobile Crisis Services and Regina Treaty/Status Indian Services. (Strategy 27)
- Several housing strategies are being considered as work continues on a review of the *Regina Zoning Bylaw No. 9250* (Zoning Bylaw), as part of the implementation of the OCP (Strategies 4, 5, 8, 15, 16, 19 and 20).
- The National Housing Strategy (NHS) was released in November of 2017. The NHS includes financial commitments for renovations of existing social housing units and the development of new affordable units among other policy objectives. The NHS outlines an increased role for municipalities to play in the review of federally-funded affordable housing development and in-kind municipal contributions. Members of the MHC were provided a summary of the NHS in March of 2018 (Strategies 4, 9, 12, 14).
- Communication is on-going with the Government of Saskatchewan (Government), property owners, developers and landlords to help with access to provincial programs and help the City better understand and work within the Provincial government's funding programs (Strategies 9 and 12).

Summary of Housing Statistics

The housing situation in 2017 saw slight variation from 2016, with increased rental development and increased vacancy rates. The vacancy rate increased to seven per cent in the fall of 2017 compared with 5.5 per cent rental vacancy rate in the fall of 2016. Despite increases, Regina's vacancy rate was among the lowest in the province of Saskatchewan and below the provincial average of 9.3 per cent. Only Prince Albert and Moose Jaw had vacancy rates below Regina, the national vacancy rate stands at three per cent.

Despite high vacancy rates, rental housing starts increased by 61 per cent compared to 2016 totaling 752 units, or 39 per cent of all housing starts. Given the phase out of tax exemptions for market rental units in newer areas of the city that likely contributed to the spike in development in 2017, rental starts are likely to decline in 2018 until inventory is absorbed. While increased vacancy rates may be beneficial to rental households by providing greater choice in the market, most new units are on the outskirts of the city, which may be difficult for some families who are challenged with housing affordability and may need to own a car to access goods, services or employment. Increasing vacancy rates also create a risk that older units in the core areas of the city, which suffer from high vacancy rates, will see disinvestment, thus resulting in the deterioration or loss of rental housing stock in existing neighbourhoods.

Home prices and rental rates continued to level in 2017 after substantial increases between 2006 and 2014; however, while vacancy rates for market rental housing have been above the target of three per cent for the third consecutive year, the costs of both home ownership and rental housing continue to impact Regina's most vulnerable households. Affordable rental units are not considered in the CMHC rental vacancy rate as CMHC has observed that vacancy rates are consistently low. Low or no vacancies for affordable rental units are confirmed based on feedback provided by affordable housing providers.

As part of the implementation of the CHS and OCP, work towards providing safe and affordable housing while also increasing housing diversity and creating complete communities is necessary. It is anticipated that lower housing prices and sustained rental vacancy rates will help increase access to housing in the city. Housing incentives in 2017 were balanced in terms of tenure and location. In total, 40 per cent of the City's committed funding in 2017 was for affordable rental developments and 40 per cent of all units were located within the city's existing infill boundaries and often in proximity to basic services.

Depending on the characteristics of new neighbourhoods, households requiring affordable units may have challenges accessing services, employment or public transportation in newer or under-developed areas and the value of incentives are diminished when the location of housing necessitates vehicle ownership.

The following tables include a summary of housing data and trends over the past five years, including targets outlined in the CHS. A full summary of data including Census, CMHC and the real estate data is included in Appendix A.

Table 1: Overall Housing Data and Targets ¹

Indicator	2013	2014	2015	2016	2017	CHS Target
Housing starts	3,122	2,223	1,597	1,402	1,923	n/a
Per cent multi-unit ² of total starts	60%	68%	73%	61%	70%	> 55%
Per cent rental units of total starts ¹	24%	41%	45%	30%	39%	30%
Rental starts (units)	764	909	716	466	752	350-400
Rental vacancy rates ³	1.8%	3%	5.4%	5.5 %	7 %	3%

¹ Data is based on total units for the CMA, not city proper. Source: CMHC.

² Includes semi-detached/duplexes, row houses/townhouses, multi-unit buildings.

³ Numbers are for fall vacancy rates. Source: CMHC.

Table 2: Affordable and Below Market Rental Housing Statistics ¹

Indicator	2013	2014	2015	2016	2017
Affordable/below market rental units (HIP funded)	64	22	73	11	60
Affordable/below market rental (HIP funded) as per cent of all rental starts	8%	2%	10%	2%	8%
All units receiving a municipal contribution ²	161	541	1,187	932	542 ³

¹ Data is based on total units for the CMA, not city proper. Source: CMHC.

² Municipal contributions include tax incentives for purpose-built rentals, capital incentives for below market/affordable rental and ownership units, and tax incentives for new secondary suites.

³ This number represents units approved for tax exemption in 2017. As all units receiving capital grants also receive tax exemption, adding these units would result in double counting of some units.

RECOMMENDATION IMPLICATIONS

Financial Implications

Given the budget constraints and reallocation of resources to other priorities, implementation of the CHS was limited in 2017. The focus of implementation in 2017 was administration of the HIP, including minor amendments to the HIP, as well as work on budget asks and funding for the SDR. In total, \$32,500 in annual allocations for consulting services to advance the CHS were permanently removed from the operating budget during 2017 budget revisions.

The City committed \$2.28 million in capital grants from the SDR and an estimated value of \$2.8 million in new municipal tax exemptions under the HIP. Up to \$2.5 million is allotted annually to housing incentives through the HIP and funded from the Social Development Reserve (SDR); however, the SDR does not have a long-term source of funding at this time.

A member of City Administration also provides in-kind support for the RHCAB to oversee decisions on federal funding under the HPS.

Environmental Implications

The OCP established a target of 30 per cent of population growth over the next 25 years to occur as intensification within the city's infill boundary. Continued infill and multi-unit development will help the city decrease its environmental footprint with more concentrated population density requiring less expansion of streets, pipes and other infrastructure.

Incentives to encourage housing development where residents can benefit from proximity to jobs, services and be less auto-dependent, were considered with a review of the HIP in 2015. For 2017, 40 per cent of units receiving capital grants for affordability were located within the infill boundary. This is a significant improvement from 2016, when less than 20 per cent of funded units were infill developments. The location of affordable and below market units will continue to be monitored with implementation of the HIP.

Policy and/or Strategic Implications

The strategies of the CHS align with the City's policy objectives as outlined in the housing policies of the OCP. Strategies of the CHS are being considered with the Zoning Bylaw review that is currently underway. In addition, eligibility for federal funding through the NHS will be governed by new requirements for sustainability, accessibility and affordability. Additional program details on the NHS will be released in 2018.

Accessibility Implications

Development criteria established for eligibility in the City's housing incentives programs encourages development of accessible units. The scorecard used to evaluate applications for capital funding provides additional points for developments that include ten per cent accessible units. This is double the five per cent required as per *The Uniform Building and Accessibility Standards Regulations*.

Other Implications

None with respect to this report.

COMMUNICATIONS

The regina.ca and designregina.ca websites are kept up-to-date with all documents related to the CHS, as well as reports and information on housing data and new policy documents. Updates to the HIP can be found on regina.ca along with a housing brochure and interactive map that allows users to search for incentives based on location and housing type.

City Administration will continue to notify and communicate with the public and stakeholders on the strategies identified for public consultation in the CHS implementation plan. Recent updates to the HIP and the creation of the Laneway and Garden Suites Guidelines included stakeholder consultation.

City Administration continues to receive feedback and engage non-profit housing providers, private developers and housing advocacy groups to build partnerships and discuss housing policies and programs of the City.

City Administration also meets with Saskatchewan Housing Corporation and CMHC to discuss how the City's housing policies and incentive programs align with policies and incentives offered by the provincial and federal governments. The MHC provides a forum for discussion, advice and recommendations for the implementation of the CHS.

DELEGATED AUTHORITY

The recommendation in this report is within the delegated authority of the Mayor's Housing Commission.

Respectfully submitted,



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Report prepared by:
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Respectfully submitted,



Diana Hawryluk, Executive Director City
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