



City of Regina Housing Incentives Policy

Focus Group Report

July 2019



Executive Summary

In the early 1990s, the City of Regina developed a Housing Incentives Policy (HIP) to provide capital funding for affordable housing and tax exemption for residential development in core areas of the City. Praxis Consulting was engaged by the City of Regina to lead two (2) stakeholder consultation sessions with developers and non-profit housing providers to gather feedback on the HIP. The engagement was aimed at accomplishing the following objectives:

- To understand barriers faced by housing providers in providing core housing needs;
- To identify potential opportunities to ensure effectiveness in providing core housing needs;
- To assess the effectiveness of the HIP in addressing the barriers to providing core housing needs;
- To identify current gaps in the HIP limiting housing providers from addressing housing needs; and,
- To evaluate the effectiveness of the HIP administration by the City.

For the completion of this project, Praxis utilized two methods of data collection;

- **Focus Groups** - Praxis led the developers and non-profit housing providers who had accessed the HIP in providing affordable housing to their clients.
- **Online Survey** – An online survey with facilitation questions related to the HIP was also sent out by Praxis to stakeholders that were unable to attend the engagement

In responding to the discussion on the major barriers/hindrances in providing affordable ownership and rental options in Regina, participants indicated the following;

1. Scorecard & Criteria

- Prescriptive Funding

2. Alignment/Timing

- Alignment in funding by tiers of Government

3. Rental Repair

- Grant and Tax exemption for repair of existing property
- Sustainability of Units

4. Permits, Regulations & Levy

- Flexible regulations

5. Wrap-around Support

- Financial State of Tenants
- Increased cost in providing support services
- Liaison between private and public sector
- Increase in Income Threshold
- Renting to client versus program deliverers
- Loss of rental supplement
- Actual reporting of CMHC vacancy statistics

Furthermore, participants were distributed in two groups to discuss possible solutions to address the identified barriers:

PRIVATE DEVELOPER GROUP

1. Scorecard & Criteria

- Amendment of Scorecard Criteria

2. Alignment/Timing

- Year-round access to funding for private developers
- Timing of Contribution
- City to assign funds from one fiscal to the next

3. Permits, Regulations & Levy

- Exempt Infill Levy for new developers

4. Wrap-around Support

- Provide access to Support Services Funding

- Co-fund model between developers and the government
- Community Plan to include service providers
- Explore assignment of Capital Grants

NON- PROFIT HOUSING PROVIDERS

1. Scorecard & Criteria

- Amendment of Scorecard Criteria

2. Alignment/Timing

- Providing letter of support for funding applications
- Coordination of funding between all levels of government

3. Rental repair

- Grant and Tax exemption for repair of existing property

4. Wrap-around Support

- Participants stated that the grants should cover rentals to program deliverers such as Ranch Erlo
- Government to provide support services around housing
- Partnerships between non-profit groups
- Unconventional housing structure for affordable rents
- Support social enterprise

In terms of the effectiveness of the HIP, participants mentioned the following:

- The grant and tax exemption make proposals work and the HIP is incenting providing affordable housing.
- The City staff responsible for the administration of HIP are outstanding, knowledgeable and very responsive.
- The participants agreed that the HIP is incenting provision of affordable housing.
- Participants stated that the policy is clear, uncomplicated and fairly simple to use

However, the stakeholders identified some limitations to the HIP:

- Ineffectiveness on the payout structure
- The need to change the time frame for private sector application
- Application of the grant to purchase existing property
- Alignment of City internal services
- Stringent requirement of the scorecard – Participants in the private sector believed that the stringent requirements of the scorecard should be revised
- Long period for approving building permits

Project Background

In the early 1990s, the City of Regina developed a Housing Incentives Policy (HIP) to provide capital funding for affordable housing and tax exemption for residential development in core areas of the City. The City reviews the policy every five years to ensure it aligns with federal programs and with the changing demands of the economy. The City first engaged Praxis in 2015 to facilitate three stakeholder consultation sessions with the objective of assessing the effectiveness of the HIP and identifying ways in which the policy implementation process can be improved for both applicants and administration.

Engagement Overview

In March 2019, Praxis Consulting was engaged by the City of Regina to lead two (2) stakeholder consultation sessions with developers and non-profit housing providers to gather feedback on the HIP. The engagement sessions took place on July 11, 2019 and July 12, 2019 at Praxis Head Office in Regina. Each session was two and a half hours in length and aimed to accomplish the following objectives:

- To understand barriers faced by housing providers in providing core housing needs;
- To identify potential opportunities in ensuring effectiveness in providing core housing needs;
- To assess the effectiveness of HIP in addressing the barriers to providing core housing needs;
- To identify current gaps in the HIP limiting housing providers from addressing housing needs; and,
- To evaluate the effectiveness of HIP administration by the City.

Methods

For the completion of this project, Praxis utilized two methods of data collection;

- Focus Groups; and,
- Online Survey.

Focus Groups

Praxis led the sessions with the developers and non-profit housing providers who had accessed the HIP in providing affordable housing to their clients. For the first session, there were 7 participants in attendance while the second session had 6 participants in attendance. Both sessions were a mix of private developers and non-profit housing providers.

Follow up Survey

In order to give an opportunity to stakeholders that were unable to attend the consultation sessions, the City in collaboration with Praxis, sent out an online survey with the facilitation questions related to the HIP. Participants were invited to provide a response in writing.

Stakeholder Representation

The invited stakeholders were classified into two main categories: 1) Private developers, and 2) Non-profit housing providers.

Representation from each category is provided in the table below

Consultation Day 1 - July 11		
Shelley	Sayer	Ranch Ehrlo
Maynard	Sonntag	Silver Sage Housing
Doug	Moran	Gabriel Housing
Jennifer	Denouden	Avana Homes/Denouden Holdings Inc. /PGA Holdings
Stacie	Beever	National Affordable Housing Corporation
Crystal	Spooner	Villa Care - Orange Tree Village
Stephan	Onda	Halifax Holdings/Sundog Developments
Consultation Day 2 - July 12		
Sheila	Poorman	Souls Harbour Rescue Mission
Pat	Mah	North Ridge Developments
Curt	Keil	Pacesetter Homes
Sean	Burnett	Government of Saskatchewan
Brittney	Seal	North Ridge Developments
Mannie	Amyotte	Namarind

Findings

Facilitation Question 1

Reflecting on your role as a housing provider, what are the major barriers/hindrances in providing affordable ownership and rental options in Regina? Consider the following the following areas:

- *Government regulations*
- *Incentives that will better encourage affordable rental development*
- *Saskatchewan economy*

Key Themes

- **Financial State of Tenants** – Several participants agreed that their tenants do not earn enough money to afford the subsidized rate of affordable housing. In terms of home ownership, participants indicated that clients are unable to save sufficient funds for a down payment.
- **Support Services** – Majority of the participants indicated the level of support services required by clients was a barrier to providing affordable housing. Currently, most non-profit housing providers lack the capacity and resources to deal with the increasing demand for support services of tenants. Some tenants require support such as mental health and addiction support services, addressing social issues etc.
- **Business Case for Affordable Housing** – Participants stated that beyond the cost of developing units for affordable housing, there is also a high cost of providing support services to tenants which should be accounted for in the funding.
- **Liaison between private and public sector** – Participants agreed to the need for a better working relationship between the public and private sector in providing affordable housing. At the moment, they do not effectively utilize opportunities to collaborate.
- **Prescriptive Funding** – Participants voiced their frustration on the limitations placed by the provincial government on services they provide to tenants. They indicated that the funding is very activity based and prescriptive in nature. Also, the systems and requirements from Saskatchewan Housing are not necessarily appropriate for both private and non-profit housing providers.
- **Flexible regulations** – Majority of the participants believed the Government regulations and licensing provisions for affordable housing are stringent and should be more flexible.
- **Funding by tiers of Government** – Participants voiced the need for municipal and provincial funding to align with national funding. Private developers mentioned that the municipal and provincial application process are unfavorable to the private sector when compared to the national. On the other hand, the non-profit housing providers highlighted that the non-profit sector have lesser access to federal funding. There is a need for the CMHC, Sask Housing and the City’s funding programs to line up better.
- **Need for support to repair existing rental buildings** – Participants in the non-profit sector highlighted that the City grant and tax exemption apply only to new constructions thereby causing a limitation to the purchase of existing property to provide affordable housing.
- **Renting to client versus program deliverers** – The City only provides grants when developers rent directly to clients and not to program deliverers such as Ranch Erlo. This was considered a barrier to providing housing opportunities.
- **Loss of rental supplement** – Participants in the non-profit sector indicated that most of their clients are unable to access rental support.
- **Payment of Client Utilities** – Some participants highlighted that they become responsible for the payment of some client’s outstanding utilities when they move to a different location. This on the long run increases the cost of providing affordable housing services.

- **Sustainability of Units** – A participant in the non-profit sector raised the issue of selling off houses to maintain operations and meet the financial demands of providing for core housing needs. From their perspective, there is a need for more funding from the municipal, provincial or federal government to build more affordable housing. Also, although some units are not fully occupied, landlords are unable to provide affordable housing due to high operations and maintenance costs.
- For new developments, it is difficult to subsidize the rent to support affordable housing when the developer takes into consideration the high cost for development.
- **Co-living** – Participants mentioned that due to the increase in the cost of renting, families will co-habit with other families to rent a bigger apartment, rather than rent a 1-bedroom unit resulting, in a cost-sharing arrangement
- **Cost of new developments** – Private developers identified the increase in costs for developing new units as a barrier to providing affordable housing.
- **Actual reporting of CMHC vacancy statistics** – Currently there is a long waiting list for affordable housing, but the reported statistics show there is a high vacancy rate. These statistics pose as a barrier when applying for federal funding. The accuracy of these statistics was questioned.

Also, landlords give incentives to tenants such as covering bill payments upon signing leases. However, these incentives are not reflected in the core housing report.

Participants were interested in the City conducting more research using accurate data that reflects incentives provided to tenants to support the CMHC data.

Funding partnership – Participants in the non-profit sector are interested in funding partnerships with the provincial government to develop amenities such as grocery stores or daycare within the building to assist in covering operating cost.

Facilitation Question 2

From your perspective as a housing provider, what possible solutions can be implemented to address these barriers?

For this question, participants were assigned in two separate groups; one group comprised of private developers while members of the second group were non-profit housing providers. The following listed below are the solutions identified by each group.

Private Developers

- **Year-round access to funding for private developers** - Participants highlighted the need to make funding available to private developer all year round rather than beginning on November 1. Participants were also interested in the government increasing the number of grants available to the private developers.
- **Scorecard Criteria** – Participants indicated that the recent change in the scorecard criteria poses a barrier to developing units. They highlighted the need to make the scorecard flexible and accessible to a larger group of developers. Also, participants suggested a separation of the scorecard for rental and ownerships.
- **Support Services Funding** – Participants indicated the need for the government to provide access to funding support services for clients.
- **Co-fund model** – Participants suggested introducing a co-funding model between the developer and the City to fund affordable housing such as the PEAK program in Alberta.

- **Exempt Infill Levy** – Participants mentioned that in order to attract new infill developers for affordable housing, the City could exempt the infill levy for those developers.
- **Community Plan to include service providers** – Updating the official community plan to include service providers that are private, not just non-profit.
- **Fiscal Year Limitations** - Participants also suggested the transfer of funds from one fiscal year to another.

Non-profit Housing Providers

- **Grant and Tax exemption** – Participants agreed that the City’s grant and tax exemption is paramount in providing core housing needs to clients and should be reconsidered to cover the purchase of existing property.
- **Program deliverers versus clients** – Another solution highlighted by the non-profit housing providers is the need for an amendment on the issue of not providing grants to cover rentals to program deliverers.
- **Outstanding Utilities** – Outstanding utilities of clients should not be downloaded to affordable housing providers.
- **Capital Funding** – Participant believed capital funding should be provided at the beginning or phased throughout the project to help secure financing.
- **Letter of Support** – The City should be willing to provide letters of support for affordable housing projects because it will assist with securing provincial and federal funding as well as bank financing.
- **Coordination between all levels of government** – Participants believed there is a need for better integration between all levels of government. This way, programs can be stacked so that the cumulative investment by government drives the rents down.

- **Government to provide support services around housing** – Participants indicated the need for the government to support initiatives that provide support services to renters such as Housing First.
- **Other partnerships** – Participants highlighted the need for groups to work better together in providing affordable housing such as group purchasing, and resource sharing to reduce cost.
- **Affordable Rents** – Participants identified the need for unconventional housing structures such as co-housing. Also, participants mentioned the need for repair grants and not only grants for new developments. Participants mentioned the need for developing smaller units (micro suites).
- **Support Social enterprise** – Participants mentioned cross subsidizing the rental with for profit portions of the non-profit organizations.

Facilitation Question 3

1. *In your opinion, what about the HIP is working to address the barriers you face in addressing core housing needs?*
2. *How effective is HIP in supporting individuals in core housing need?*

Key Themes

- The grant and tax exemption are the things that make our proposals work and the HIP is incenting providing affordable housing.
- **Outstanding Employees** – Participants agreed that the City staff responsible for the administration of HIP are outstanding, knowledgeable and very responsive.
- **Timelines for Project Approval** – Participants agreed that having the staff in power who can make decisions on the policy

without going through a long waiting process for project approval makes HIP more effective.

- The participants agreed that the HIP is incentivizing provision of affordable housing.
- **Clarity of Policy** - Participants agreed that the policy is clear, uncomplicated and fairly simple to use and access by different organizations.
- **HIP makes a difference** - Participants mentioned that the existence of the HIP makes a difference in providing affordable housing; the grant is working for affordable home ownership.
- **HIP aids in home ownership** - In terms of home ownership, the HIP covers the down payment and clients are only left with covering the legal fees. The HIP makes it easier for people to own their homes.

Facilitation Question 4

1. *From your perspective, what are some gaps or limitations of the HIP in achieving its goals in providing affordable housing?*
 - **Payout structure** – Several participants voiced their frustration in waiting for full occupancy before payout. There is a need for the funds to be made available sooner.
 - **Administration** – Participants mentioned that the City does not review the qualification of the individual before developers award the grant to clients and this poses a risk for the developers.
 - **Private Sector Access** – Participants in the private sector voiced their frustration on the two-month opening for the City grant application.
 - **Purchase of existing property** – Several participants stated the need to apply the incentive in the purchase of existing property to provide affordable housing. Some participants in

the non-profit sector mentioned that the HIP does not provide enough resources for new developments. There is gap in terms of funding available to refurbish existing housing.

- **Alignment of City Internal Services** – Participants identified the delay on grant application due to delay in approval of permits within different arms of the City.
 - Participants agreed that the City should allocate more financial resources to the HIP and reduce the application time.
 - **Scorecard** – Participants in the private sector believed that the stringent requirements of the scorecard should be revised.
 - **Population of the Province** – There has been an increase in interprovincial migration and an influx of immigrants therefore the City should support more on providing affordable rental options. Millennials are moving to more rental compared to ownership.
 - **Building permits** – Participants voiced their frustration on the long waiting periods for building permit approval.
 - Participants mentioned the need for a reduction of barriers to the construction of secondary suites, also recognizing that changes to the building codes have increased the barriers.
2. *In your opinion, how would the following impact the objectives and goals of HIP?*
 - *Intensification Levy*
 - *Other*

Increased cost for developers and housing providers – Participants indicated that by introducing the intensification levy, there will be an increased cost in providing affordable housing. This might discourage developers from providing affordable housing on the long run. The funds housing providers derive through the HIP is spent on the intensification levy.

In terms of the Zoning bylaw, discretionary use increases the risks to the developer because of the level of uncertainty.

Facilitation Question 5

1. *In terms of logistics and the administration of HIP, what is the City doing well in administering the HIP?*
 - **Knowledgeable staff** – participants highlighted that the city administration staff responsible for HIP are knowledgeable and very responsive.
 - **Clarity**- Participants agreed that the policy is clear and fairly simple to use and access by different organizations.
 - **Qualifying Process** – Participants indicated that the structure in place for qualifying people for the HIP is effective. The use of the applicants Notice of Assessment rather than the T4.
 - **Continuous Improvement** – Participants highlighted the City’s willingness to make ongoing changes to the policy based on recommendations from developers and housing providers.

2. *What areas of logistics and administration do you think the City should improve on in order to make HIP more accessible?*
 - **Follow up and accountability** – Several participants agreed on the need for the City to conduct regular checks with developers that have access to the incentive to ensure the funds are used appropriately.
 - The City needs to be more targeted at meeting the housing needs of the lower income group.

Conclusion

In general, the consultation shows that stakeholders believe that the existence of the HIP helps in bridging the gap in providing affordable housing. However, a major gap that was common to

both the private developers and non-profit housing providers was the payout structure of the HIP and the introduction of the intensification levy. Private developers identified the two-month grant application period as a major gap to the HIP while the non-profit housing providers identified the need for the incentive to be applied in purchasing existing property.

Praxis is thankful for the opportunity to provide this service to the City once again. We also appreciate all the stakeholders who participated in the consultation.