# Mayor’s Housing Commission

**Monday, January 20, 2020**
**4:00 PM**

**Henry Baker Hall, Main Floor, City Hall**

**OFFICE OF THE CITY CLERK**

**Public Agenda**
**Mayor's Housing Commission**
**Monday, January 20, 2020**

**Appointment of Vice-Chairperson**

**Approval of Public Agenda**

**Adoption of Minutes**

Mayor's Housing Commission - Public - Nov 12, 2019 4:00 PM

**Administration Report**

MHC19-10 Housing Incentives Policy Review - Supplemental Report

**Recommendation**
That this report be received and filed.

**Tabled Report**

MHC19-9 Housing Incentives Policy Review

**Recommendation**

1. That the revisions to the City of Regina *Housing Incentives Policy,* attached as Appendix A, be approved.

2. That this report be forwarded to the November 25, 2019 meeting of City Council for approval.

**Resolution for Private Session**

AT REGINA, SASKATCHEWAN, TUESDAY, NOVEMBER 12, 2019

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<br>Councillor Sharron Bryce<br>Councillor John Findura<br>Jason Carlston<br>Tim Gross<br>Patrick Mah |
| Regrets: | Councillor Joel Murray<br>Robert Byers |
| Also in Attendance: | Council Officer, Tracy Brezinski<br>Legal Counsel, Jana-Marie Odling<br>Executive Director, City Planning & Community Development, Diana Hawryluk<br>Director, Parks, Recreation & Cultural Services, Laurie Shalley<br>Manager, Social & Cultural Development, Emmaline Hill<br>Senior City Planner, Charlie Toman |

APPROVAL OF PUBLIC AGENDA

**Councillor Sharron Bryce moved, AND IT WAS RESOLVED, that the agenda for this meeting be approved, as submitted.**

ADOPTION OF MINUTES

**Councillor John Findura moved, AND IT WAS RESOLVED, that the minutes for the meeting held on September 17, 2019 be adopted, as circulated.**

COMMUNICATIONS

MHC19-7 Housing Trust Proposal

**Recommendation**
That this communication be received and filed.

Jeremy Parnes addressed the Commission.

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

ADMINISTRATION REPORTS

MHC19-8 Housing Trust Proposal - North Central Neighbourhood

**Recommendation**
That this report be received and filed.

**Councillor John Findura moved, AND IT WAS RESOLVED, that the Mayor's Housing Commission support the proposal in principle subject to ongoing consultations with Administration.**

MHC19-9 Housing Incentives Policy Review

**Recommendation**

1. That the revisions to the City of Regina *Housing Incentives Policy,* attached as Appendix A, be approved.

2. That this report be forwarded to the November 25, 2019 meeting of City Council for approval.

The following addressed the Commission:

- Kelly Holmes-Binns and Dale Metcalf, representing Habitat for Humanity Regina;
- Kurt Dietrich, representing Kreate Architecture and Wale Banjoko, representing Awujo; and
- Stephen Onda.

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

**Jason Carlston moved that the recommendation contained in the report be concurred in.**

**Jason Carlston withdrew his motion of concurrence.**

**Councillor Sharron Bryce moved, AND IT WAS RESOLVED, that:**

1. **This report be tabled to the December 11, 2019 Mayor's Housing Commission meeting and that Administration provide the following additional information in a supplemental report:**

    - **clarification be provided on how the National Housing Co-Investment Fund and the proposed Tax Exemption Program for the Repair of Existing Affordable Rental Units work together; and**

- **specifically, that an application does not default to the City program on the Tax Exemption Incentive Policy Program rather than the federal program.**

**2. Administration complete a review and return to the Mayor's Housing Commission in 2 years with an update on the Housing Incentive Policy.**

**The main motion, as amended, was put and declared CARRIED.**

<u>ADJOURNMENT</u>

**Councillor Sharron Bryce moved, AND IT WAS RESOLVED, that the meeting adjourn.**

The meeting adjourned at 6:27 p.m.

____________________________ ____________________________

Chairperson Secretary

**MHC19-10**

January 20, 2020

To: Members
Mayor's Housing Commission

Re: Housing Incentives Policy Review - Supplemental Report

RECOMMENDATION

That this report be received and filed.

CONCLUSION

This report is to serve as a supplemental report to the Report MHC 19-9 (the Report) titled Housing Incentives Policy (HIP) Review that will come before City Council on December 16, 2019. In response to feedback from the Mayor's Housing Commission, City Administration is recommending two additional revisions to the proposed HIP:

1. That the recommended one-year suspension of the Affordable Home Ownership Capital Grant & Tax Exemption program does not apply to Non-Profit Housing Providers in Program Area 3: New and Developed Areas.

2. Provide non-profit housing providers that have a proven track record in completing affordable housing projects with an immediate rebate of the intensification levy provided that they have entered into a legal agreement with the City.

Administration reviewed its recommendation for a one-year suspension of the HIP's home ownership capital grant and tax exemption programs for private sector developers and maintains that the suspension is warranted based on current real estate conditions. An alternative for the Commission to consider is to restrict the suspension of the ownership capital grant to Program Area 3, thus ensuring that the City's incentives are focused on established neighbourhoods where a higher percentage of households are in core housing need.

This report also provides additional information requested by the Mayor's Housing Commission related to the National Housing Strategy Co-investment Fund, timing of the next HIP review and forthcoming information to be provided with respect the Affordable Home Ownership Capital Grant programs. Based on Administration's recommended revisions, a map is provided in Appendix A illustrating where the incentive programs would be available.

BACKGROUND

Report MHC 19-9, recommending revisions to the City of Regina's Housing Incentives Policy, was heard by members of the Mayor's Housing Commission on November 12, 2019. At the meeting, the Mayor's Housing Commission passed a motion that:

1. This report be tabled to the December 11, 2019 Mayor's Housing Commission meeting and that Administration provide the following additional information in a supplemental report:

    - clarification on how the National Housing Co-Investment Fund and the proposed Tax Exemption Program for the Repair of Existing Affordable Rental Units work together; and
    - that specifically an application does not default to the City program on the Tax Exemption Incentive Policy Program rather than the federal program.

2. Administration complete a review and return to the Mayor's Housing Commission in two years with an update on the Housing Incentive Policy. The main motion, as amended, was put and declared CARRIED.

In addition, the Mayor's Housing Commission directed City Administration to discuss the following items in the supplemental report as an undertaking:

- Consider an amendment to the Housing Incentives Policy to allow qualifying non-profit affordable housing developers to benefit from the intensification levy rebate at the time of building or development permit approval. Under the Service Agreement Fee/Development Levy Policy, the City cannot simply waive the intensification levy fee. The fee must come from somewhere and we are recommending that it be transferred from the Social Development Reserve.

- Review the proposed Capital Grant for On-Site Support Suites to determine if this grant would:
    - be available where a non-profit housing provider repairs an existing rental building and converts a dwelling unit to an on-site support suite
    - only be available in new affordable housing developments

- Provide a separate report to look at the timing and triggers to bring on a review of the One-Year Suspension for the Capital Grants for new Affordable Home Ownership Units such as CMHC, as one source.

- Reconsider the provision of suspending Capital Grants for Affordable Ownership Housing in Program Area 3 for Affordable Home Ownership projects developed by both private sector and non-profit housing providers.

<u>DISCUSSION</u>

Administration has reviewed each motion and direction provided at the November 12, 2019 Mayor's Housing Commission. This section of the report discusses and provides a response to each item, including where Administration has made recommendations for additional revisions to the proposed HIP. City Council will consider the Mayor's Housing Commission recommendations on December 16, 2019.

1. **Clarification of the relationship between the National Housing Strategy Co-Investment Fund and recommended rental repair tax exemption program.**

The National Housing Co-Investment Fund (the Fund) was officially launched on May 2, 2018 and offers grants and low-interest loans for the development of new or repair of existing affordable rental housing. The Fund is administered directly by the Canadian Mortgage and Housing Corporation (CMHC).

To be eligible, applicants must also receive a contribution (financial or in-kind) from the Province and local municipality. The Fund offers grants of up to 40 per cent and loans of up to 95 per cent of the capital costs of the project. Grants and loan amounts will be determined for each project based on the applicant's ability to demonstrate alignment to a series of criteria, including addressing local housing demands and the project's proximity to local amenities. To qualify for the Fund an applicant must also be constructing or repairing at least five (5) rental units or bedrooms and the project should cost at least $250,000.

Administration reviewed the eligibility requirements for this Fund and confirmed that any local housing provider applying under this Fund to construct new affordable rental housing units would also be eligible for capital and tax incentives under the HIP. Eligibility for the HIP satisfies the municipal contribution requirement for new construction projects. However, as the City does not currently provide financial incentives for repair of rental housing, local housing providers will not be eligible under this Fund for the repair of existing rental units.

As discussed under Section 3.1 of the Report, Administration recommends the creation of a tax exemption rental repair program to enable local housing providers to access the Fund. The proposed program would provide the lesser of the following:

- 50 percent of the actual eligible costs incurred by the applicant; or,
- an amount equivalent to the total property taxes payable for five (5) years.

The recommended program's eligibility criteria match the Fund's criteria, therefore repair projects must qualify for federal funds in order to be eligible for a tax exemption.

In addition to enabling local housing providers to access federal funding, the creation of the proposed rental repair program is recommended as:

- The difficulty in maintaining existing rental stock emerged as a theme during stakeholder engagement, particularly from non-profit housing providers.
- It is recommended in the *Comprehensive Housing Strategy*.
- It is consistent with the *Design Regina: The Official Community Plan Bylaw No. 2013-48*, specifically section 8.9 to "Adopt measures to retain existing housing stock and improve its condition.", and section 8.19 to work with Federal and Provincial governments to meet the diverse housing needs of the city through "retention and regeneration of existing housing stock" and "Alignment of City initiatives with provincial and federal funding sources."

Administration prepared hypothetical application scenarios to determine the financial impact of introducing the program, including whether there is risk that the value of the tax exemption and federal fund could exceed a project's overall costs. As illustrated in Appendix B, the municipal contribution is projected to be considerably less than 50 per cent of the eligible costs.

Consistent with the HIP's other tax exemption programs, the City would only provide the tax exemption following completion of the repairs and confirmation that units are being rented at below market rates. As such, in a situation where the applicant is unable to secure federal funding and complete the proposed repairs, the City would not provide a tax exemption.

2. **Recommendation that Administration complete a review and return to the Mayor's Housing Commission in two years with an update on the Housing Incentives Policy.**

The *Comprehensive Housing Strategy* recommends the HIP be reviewed at least every five years. However, Administration's practice has been to bring forward amendments and updates to the Policy in shorter intervals based on changes in the housing market and other government housing programs or regulations.

Administration will review the HIP and report back to the Mayor's Housing Commission in 2021.

3. **Consider an amendment to the Housing Incentives Policy to allow qualifying non-profit affordable housing developers to benefit from the intensification levy rebate at the time of building or development permit approval.**

As discussed under section 3.3 of the Report, Administration recommended that new affordable rental and affordable home ownership units approved under the HIP's Capital Grant programs also be eligible for a rebate of the intensification levy. The rebate would be available to units developed by both non-profit and private sector housing providers where a grant has been committed. The rebate would be funded from the Social Development Reserve and be included within the annual $2.5 million maximum allocation for affordable housing grants. Note that under the Service Agreement Fee/Development Levy policy, the levy fee cannot simply be waived as this would cause the model to be underfunded.

Under the recommended policy, affordable housing developers would pay the intensification levy at the time of their building permit or development permit application and apply for the rebate as part of their capital grant application. If approved, they would receive payment for the rebate at the same time they receive their grant, once there is confirmation that the project is complete, and it continues to comply with the City's affordability requirements. Through discussions with local non-profit housing providers, Administration understands that lag between payment of the levy and receipt of the rebate creates financial challenges as they are required to borrow additional funds against the forthcoming grant to fund construction.

Administration recommends revisions to the proposed HIP that would enable non-profit housing providers to receive an immediate rebate of the intensification levy for eligible units when they are applying for a Development or Building Permit. Under this approach the cost of the intensification levy rebate would be transferred internally from the Social Development Reserve to Planning & Development Services after the non-profit housing provider submits their building application. The organization would not have to pay the levy upfront. Administration recommends that prior to granting the rebate the non-profit housing provider would be required to:

- Enter into a legal agreement with the City of Regina that provides some assurances that the applicant will follow through with construction of an eligible, affordable housing development.
- Provide confirmation that the proposed affordable housing development meets applicable zoning requirements.

Should Mayor's Housing Commission agree with this revision, Administration recommends the Commission adopt the following motion for City Council's consideration:

> That Administration revise the proposed Housing Incentives Policy provided in Appendix A of Report MHC 19-9 to allow Non-Profit Housing Providers that have an established record of completing affordable housing projects, as determined by the Executive Director, City Planning & Community Development, receive an immediate rebate of the Intensification Levy following confirmation that the proposed development meets applicable zoning requirements and provided that the developer has entered into a legal agreement with the City.

Note that should a recipient of an intensification levy rebate ultimately not proceed with the affordable housing project as approved, the City would have to take legal action in order to recoup its investment. To reduce exposure to this risk the proposed clause provides authority to City Administration to undertake this arrangement only where the applicant has a proven track record of completion of affordable housing projects.

4. **Would the proposed Capital Grant for On-Site Support Suites be available as part of a repair of an existing rental housing building?**

As discussed under section 3.2 of the Report, Administration recommends a capital grant of up to $20,000 be provided where an affordable housing project includes a dedicated on-site support suite. Under the proposed amendment, a grant for the support suite would only be available as part of newly constructed projects, not for the repair of existing rental developments.

Administration does not recommend that capital grants be provided for the repair of existing dwelling units. Administration is proposing the creation of a rental repair tax exemption program, as discussed under section 3.1 of the Report. The costs associated with including an on-site support suite would be considered an eligible cost in determining the maximum value of the tax exemption.

5. **Provide a separate report to look at the timing and triggers for reviewing the One-Year Suspension for the Capital Grants for new Affordable Home Ownership Units such as CMHC, as one source.**

Administration is recommending a one-year suspension of the Affordable Home Ownership Capital Grant and Tax Exemption program by private sector developers. As discussed under section 4.1 of the Report, Administration will provide a report to the Mayor's Housing Commission before the end of 2020 on whether the Affordable Home Ownership Capital Grant and Tax Exemption programs should be fully or partially reinstated for private sector developers. In its report back to the Mayor's Housing Commission, Administration will consider the supply and attainability of entry level housing units on the resale market as well as newly constructed units.

6. **Reconsider the provision of suspending Capital Grants for Affordable Ownership Housing in Program Area 3 for Affordable Home Ownership projects developed by both private sector and non-profit housing providers.**

As discussed in the section 5 above and section 3.5 of the Report, City Administration recommended a one-year suspension of the Affordable Home Ownership Capital Grant and Tax Exemption Programs for Non-Profit Housing Providers in Program Area 3 (developed & new areas) and Private Sector Housing Providers in all Program Areas.

Non-Profit Housing Provider Home Ownership Programs
The rational for maintaining home ownership incentives in Program Areas 1 and 2 for non-profit housing organizations was to ensure continued support of organizations like Habitat for Humanity, which have provided below market home ownership units to households well below the City's maximum income thresholds in older neighbourhoods for decades. The recommendations were based on past practice of non-profit housing developers and not intended to limit their future flexibility.

Following Habitat for Humanity's delegation at the November 12, 2019 Mayor's Housing Commission meeting indicating that they are considering new projects in greenfield areas, Administration recommends that capital grant and tax exemption programs for non-profit housing providers be available in all Program Areas. If the Mayor's Housing Commission agrees with this revision, Administration recommends the Commission adopt the following motion for City Council's consideration:

> That Administration revise the proposed Housing Incentives Policy provided in Appendix A of Report MHC 19-9 so that the Capital Grant and Tax Exemption program for Affordable Home Ownership be available to Non-Profit Housing Providers in all Program Areas.

Private Sector Developer Home Ownership Programs
As discussed under section 3.5 of the Report, Administration recommends maintaining the one-year suspension for private sector housing providers based on the following rationale:

- Applicants have struggled to use capital grants already committed to this program. As of November 12, 2019, there were 98 units among those approved for the City's capital grant that remain unsold. Note: affordable home ownership providers can continue to access these approved grants after the program has been suspended.

- Housing units funded under this program are priced up to $300,000. There are currently 820 properties on the resale market listed for less than this, including 486 single detached dwellings. This demonstrates that first time home buyers can find homes for less than what is available through this program, without a subsidy from the City.
- Affordable home ownership incentive programs were expanded to Private Sector developers in 2009 and 2013 in order to encourage new construction of entry level housing for first time home buyers. There is no longer a need to incentivize the construction of new entry level ownership units as the current market is providing for this.
- In recent years, approximately 60 per cent of the City's capital funding has been committed to home ownership units. With other proposed amendments to the HIP, including the Intensification Levy Rebate and grants for on-site support suites, there may not be enough money in the program's annual $2.5 million allocation. The recommended year suspension will allow Administration to evaluate the allocation of funds.

Should the Mayor's Housing Commission not support the recommended one-year suspension of private sector home ownership programs, an alternative is to continue the programs in Program Areas 1 and 2 only to focus the City's incentives in established neighbourhoods with a higher percentage of households in core housing need.

## RECOMMENDATION IMPLICATIONS

### Financial Implications

None for this report.

### Environmental Implications

None for this report.

### Policy and/or Strategic Implications

None for this report.

### Other Implications

None for this report.

### Accessibility Implications

None for this report.

## COMMUNICATIONS

None for this report.

DELEGATED AUTHORITY

This report is for informational purposes only and does not require Council approval.

Respectfully submitted,

Laurie Shalley

Laurie Shalley, Director, Parks, Recreation & Cultural Services 1/16/2020

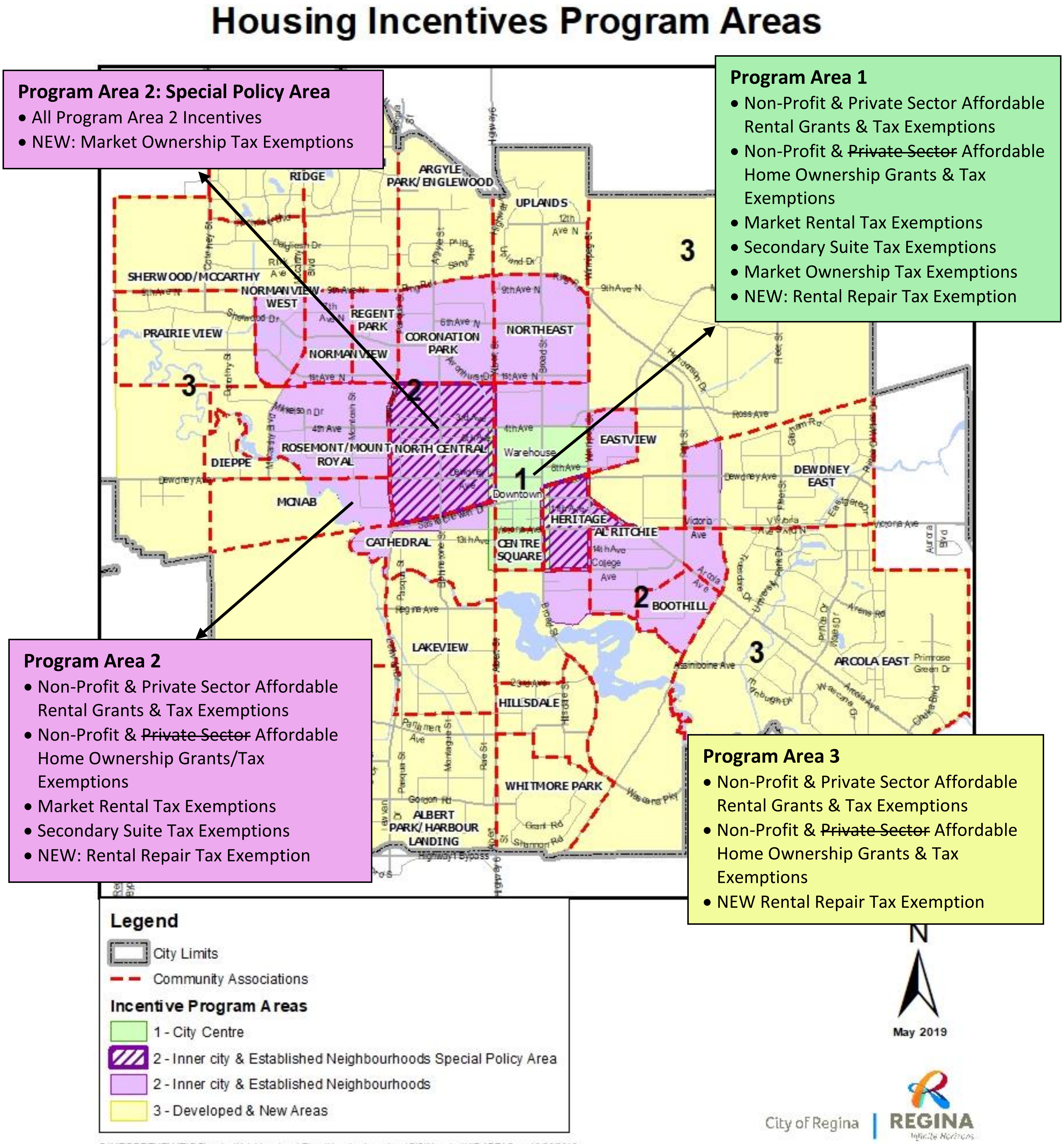
Respectfully submitted,

Diana Hawryluk

Diana Hawryluk, Executive Director,City Planning & Community Dev. 1/16/2020

Report prepared by: Charlie Toman, Senior City Planner

**Appendix A – Housing Incentives Policy Areas and Programs**



**APPENDIX B – Rental Repair Tax Exemption Application Scenarios**

**Scenario 1: Repair of Five Single Detached Dwellings**

| | |
|---|---|
| **DESCRIPTION** | The repair of five single detached homes owned and rented by a non-profit organization built between the 1940's to 1970's.<br><br>*Figure 1: Example of Single Detached Dwelling:* |
| **ELIGIBLE COSTS** | $250,000 |
| **ESTIMATED PROPERTY TAXES (After Repairs)** | $3,000 per dwelling times five dwellings = $15,000 |
| **MAXIMUM CO-INVESTMENT FUND GRANT** | $100,000 (up to 40% of eligible costs) |
| **PROJECTED VALUE OF TAX EXEMPTION** | Year 1 - $15,000 ($8,550 municipal portion)<br>Year 2 - $15,450 ($8,899 municipal portion)<br>Year 3 - $15,913 ($9,165 municipal portion)<br>Year 4 – $16,390 ($9,440 municipal portion)<br>Year 5 - $16,882 ($9,724 municipal portion)<br>**Total - $79,637 ($45,870 municipal portion)** |
| **CONTRIBUTIONS** | $79,637 - City of Regina Tax Exemption<br>$100,000 – National Housing Co-Investment Fund<br>$75,534 – Non-Profit Housing Provider<br><br>*Municipal Contribution of Eligible Costs*<br>31%<br><br>*Leverage Ratio*<br>$1 of municipal portion of tax exemption<br>$5.45 of Federal and Private Investment |

**Scenario 2: Repair of 12-Unit Apartment Building**

| | |
|---|---|
| **DESCRIPTION** | The repair of 12-unit apartment building constructed in the 1950's and owned by a private sector company<br><br>*Figure 2: Example of 12 unit apartment building* |
| **ELIGIBLE COSTS** | $250,000 (minimum under Co-Investment Fund) |
| **ESTIMATED PROPERTY TAXES (After Repairs)** | $14,690 |
| **MAXIMUM CO-INVESTMENT FUND GRANT** | $37,500 (up to 15% of Eligible Costs) |
| **PROJECTED VALUE OF TAX EXEMPTION** | Year 1 - $14,690 ($8,475 municipal portion)<br>Year 2 - $15,130 ($8,729 municipal portion)<br>Year 3 - $15,584 ($8,991 municipal portion)<br>Year 4 – $16,052 ($9,260 municipal portion)<br>Year 5 - $16,533 ($9,537 municipal portion)<br>**Total - $77,989 ($44,992 municipal portion)** |
| **CONTRIBUTIONS** | $77,989 - City of Regina Tax Exemption<br>$37,500 – National Housing Co-Investment Fund<br>$135,511 – Private Sector Owner<br><br>*Municipal Contribution of Eligible Costs*<br>31%<br><br>*Leverage Ratio*<br>$1 of municipal portion of tax exemption<br>$5.55 of Federal and Private Investment |

**Scenario 3: Repair of 123 High Rise Apartment Building**

| | |
|---|---|
| **DESCRIPTION** | This scenario is based on the major renovations Eden Care Communities, a non-profit housing provider, completed at 110 Broadway Avenue in 2011.<br><br>*Figure 3: 110 Broadway Avenue before repairs* |
| **ELIGIBLE COSTS** | $18 Million |
| **ESTIMATED PROPERTY TAXES (After Repairs)** | $109,925 |
| **MAXIMUM CO-INVESTMENT FUND GRANT** | $7.2M (up to 40% of Eligible Costs) |
| **PROJECTED VALUE OF TAX EXEMPTION** | Year 1 - $109,925 ($65,656 municipal portion)<br>Year 2 - $113,223 ($67,626 municipal portion)<br>Year 3 - $116,620 ($69,665 municipal portion)<br>Year 4 – $120,118 ($71,744 municipal portion)<br>Year 5 - $123,721 ($73,896 municipal portion)<br>**Total - $583,607 ($348,587 municipal portion)** |
| **CONTRIBUTIONS** | $583,607 - City of Regina Tax Exemption<br>$7,200,000 – National Housing Co-Investment Fund<br>$10,216,393 – Non-Profit Housing Provider<br><br>*Municipal Contribution of Eligible Costs*<br>3%<br><br>*Leverage Ratio*<br>$1 of municipal portion of tax exemption<br>$30.80 of Federal and Private Investment |

# MHC19-9

November 12, 2019

To: Members
Mayor's Housing Commission

Re: Housing Incentives Policy Review

## RECOMMENDATION

1. That the revisions to the City of Regina *Housing Incentives Policy,* attached as Appendix A, be approved.

2. That this report be forwarded to the November 25, 2019 meeting of City Council for approval.

## CONCLUSION

The City of Regina (City) provides capital grant and tax exemption incentives through the *Housing Incentives Policy* (HIP) to stimulate new rental and ownership units that address current housing needs.

Based on the City's shifting housing situation, introduction of the National Housing Strategy, Plan to End Homelessness for Regina and an Intensification Levy, as well as feedback received from internal and external stakeholders, Administration has identified revisions to the current incentive programs designed to focus incentives towards Regina's critical housing needs in a manner consistent with the objectives of the HIP, goals of the *Comprehensive Housing Strategy* (CHS) and policies of *Design Regina: The Official Community Plan Bylaw No. 2013-48* (OCP).

The recommended amendments to the HIP would:

- Introduce a new tax exemption program for the repair of existing affordable rental housing units in alignment with National Housing Co-Investment Fund established under the Federal Government's National Housing Strategy;
- Introduce an Intensification Levy Rebate for the development of new affordable housing developments;
- Expand the tax exemption program for new market ownership construction to include the North Central and Heritage neighbourhoods;
- Expand the capital grant program for new affordable rental construction to include on-site support service suite in alignment with the Plan to End Homelessness for Regina; and
- Suspend for one year the capital grant and tax exemption programs for new affordable home ownership construction by private sector developers in all areas and for non-profit housing providers in greenfield neighbourhoods.

If approved, these policy changes will be in place for applications starting on January 1, 2020. No increase in the current annual commitment of $2.5 million is requested to fund these policy revisions.

*Social Development Reserve*

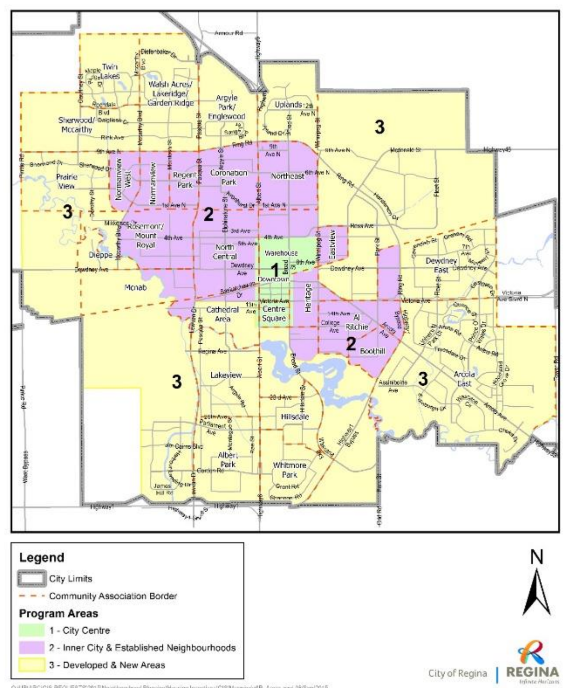
The Social Development Reserve which funds the HIP currently does not have a long-term funding source and by 2021 its balance is projected to be less than the $2.5 million required to implement the HIP. As part of the HIP review, Administration has identified potential funding sources in advance of 2021 budget deliberations.

BACKGROUND

The City provides capital grant and tax exemption incentives through the HIP to stimulate new rental and ownership units that address current housing needs. The HIP establishes three program areas, City Centre (Area 1), Inner City and Established Neighbourhoods (Area 2) and Developed and New Areas (Area 3).

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. Since 2013, changes to the policy combined with the Government of Saskatchewan's Rental Construction Incentive (RCI) and Headstart on a Home (HOAH) programs, which were designed to encourage new purpose-built market rental and entry-level home ownership construction respectively, resulted in a substantial increase in the development of market rental and affordable ownership housing, as well as an increased up-take of municipal incentives by the private sector.

**Housing Incentives Program Areas**




The HIP underwent a comprehensive review and update in 2015 which shifted the focus of incentive programs away from increasing the supply of market rental housing and towards supporting households in core housing need. In 2017, City Council approved minor amendments to the HIP to refine existing housing incentive programs to ensure they effectively address current housing needs.

Since 2017 several new regulations and initiatives at the Federal, Provincial and municipal level have impacted the development and maintenance of housing in Regina.

| Date | Regulation/Initiative |
|---|---|
| Apr 2017 | Province introduces PST on new home construction |
| Nov 2017 | Federal Government releases a 10-year National Housing Strategy and launches National Housing Co-Investment Fund |
| Jan 2018 | CMHC introduces stress test requirement for new mortgages |
| June 2018 | City of Regina approves creation of an Intensification Levy that came into effect on October 1, 2019 |
| Apr 2018 | Saskatchewan Housing Corporation and CMHC enter into bilateral agreement under the National Housing Strategy. |
| Jul 2018 | Province suspends Rental Housing Supplement Program |
| Jun 2019 | YMCA releases the Plan to End Homelessness for Regina |
| Aug 2019 | City of Regina approves The Regina Zoning Bylaw, 2019 (No. 2019-19), a comprehensive review of the existing Zoning Bylaw by Zone Forward |
| Sept 2019 | CMHC introduces First Time Homebuyer Incentive |
| 2020-21 | Province & Federal Government to begin implementing the Canada Housing Benefit |

DISCUSSION

**1. HIP Review Methodology**

In initiating the HIP Update & Revision, Administration's objective was to identify and recommend amendments to the City's incentive programs that would refocus incentives to stimulate the development of housing for those in the greatest need. Using both qualitative and quantitative research methods, the recommended amendments to the HIP are based on a thorough evaluation of the City's current housing conditions and needs which included:

- A review of the current policy framework;
- An assessment of current housing market trends;
- Analysis of the subscription of incentives since 2013;
- Analysis of the impact from the National Housing Strategy, Intensification Levy and Plan to End Homelessness for Regina; and
- Consultation with private sector and non-profit housing developers as well as meetings with the Saskatchewan Housing Corporation

**2. HIP Review Considerations**

2.1 Current Policy Framework

*2.1.1 Design Regina: The Official Community Plan Bylaw 2013-48*

The OCP includes policies and direction related to housing and financial incentives that have been considered by Administration through the review process. Applicable policies include the need for diverse housing options, directing at least 30 per cent of new growth to existing urban areas, aligning City initiatives with provincial and federal funding sources and the need to support non-profit housing organizations through incentives.

*2.1.2 Comprehensive Housing Strategy*

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.

*2.1.3 Servicing Agreement Fees and Development Levies Policy*

On June 25, 2018, City Council approved an amendment to the Service Agreement Fees and Development Levies polices that introduced an intensification levy applied to new construction in established neighbourhoods to cover off-site infrastructure costs to the City. The intensification levy came into effect on October 1, 2019 and is payable by the developer at the time of Development or Building Permit.

Through engagement with local housing developers in preparation of the amendment, concerns were expressed that the introduction of an intensification levy will have a negative impact on the development of new affordable housing units. As a result, City Council adopted the recommendation:

"That City Administration be directed to consider the *Intensification Levy Policy* and its impact on affordable housing in its review of its *Housing Incentive Policy* planned for 2019."

2.1.1 <u>Housing Market Trends</u>

*2.2.1 Rental Market*

Since 2013, the City has seen approximately 4,000 new market units enter the market. 58 per cent of these new market rental units are located within large multi-unit housing developments located around the periphery of the city in greenfield areas and have received incentives under the City's Tax Exemption Program. This represents a spike in the number of new purpose-built rental developments compared to previous decades when most years would see less than 100 new rental units being constructed.

This increase, combined with cooling economic conditions, has resulted in the city-wide rental vacancy rate increasing to 7.4 per cent this spring as reported by Canada Mortgage and Housing Corporation (CMHC), compared to 2.5 per cent at the same time in 2014. Since 2014 the average rental rate has increased by 1.2 per cent compared to average annual increases of 6 per cent experienced between 2005-2013. Meanwhile, older rental units and bachelor units have experienced slight decreases in average rental rates since 2015.

Despite the rising vacancy rate, non-profit housing providers and the Plan to End Homelessness have noted that waiting lists still exist for individuals and families seeking affordable, below market rental housing. In particular, Administration has heard that there is a lack of below market rental units with three or more bedrooms to accommodate large families, and smaller units for single individuals.

*2.2.2 Real Estate Market*

Similar to the rental market, Regina's real estate market has cooled significantly since 2013. There has been a sharp reduction in housing starts, particularly with single-detached units and condominium units, as the number of completed, unabsorbed units has remained high. As a result, average home prices have declined each year since 2014 from $328,340 to $303,081 to date in 2019. The cost of entry-level housing (e.g. townhouses and apartment condominiums) has also decreased in recent years with the average sale price dropping from $207,776 in 2014 to $187,210 in 2019 and the average number of days to sell increasing from 50 to 80.

With these conditions in place, since 2013 Regina has periodically had months where sales are less than 40 per cent of active listings- also known as a 'buyer's market'.

*2.2.3 Core Housing Need*

Administration used CMHC and Statistics Canada data to understand which areas of the city had a higher per cent of households in 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 2016 census data there were 12,255 households in core housing need in Regina, of which 9,069 households or 74 per cent were due to housing unaffordability. The overall rate of core housing need increased from 12 per cent in 2011 to 13.3 per cent in 2016. At the neighbourhood level, North Central and Heritage have the highest level of core housing need overall while core housing need in the Al Ritchie, Coronation Park, Eastview and Rosemont neighbourhoods is elevated.

The Plan to End Homelessness for Regina found that between 3,900 – 4,111 low income households are in extreme core housing need, meaning they spend more than 50 per cent of their income on shelter. The Plan to End Homelessness also estimates that between 1,540 to 1,660 individuals slept rough or accessed shelters in 2018.

2.3 <u>Subscription of Incentives</u>

*2.3.1 Capital Grant Program*

As illustrated in Table 1 of Appendix B, up-take of the City's Capital Grant program has been strong since 2013 with capital grants totaling $11,700,000 for 880 new affordable units approved to date. 584 (64 per cent) of the capital grants have gone towards new affordable ownership units compared to 296 (36 per cent) for new below market rental units. Similarly, with a greater uptake in capital funding from the private sector, a shift has occurred in the location of incentives with a greater percentage of funds committed to units in new, greenfield areas of the city. A map illustrating the location of capital grants approved since 2013 is provided in Map 1 of Appendix B.

#### *2.3.2 Tax Exemption Program*

As illustrated in Table 2 of Appendix B, since 2013 the City has approved tax exemptions for 4,454 units worth an estimated $20 million in tax revenue over the full term of the exemption period. The increase has been propelled by the development of several new large-scale market rental housing developments around the periphery of the city, which have accounted for more than half of all tax exemptions approved. In 2015 City Council approved a phase out of the market rental tax exemption program in greenfield areas. A map illustrating the location of tax-exempt units approved since 2013 is provided in Map 2 of Appendix B.

### 2.4 National Housing Strategy

#### *2.4.1 National Housing Co-Investment Fund*

The National Housing Co-investment Fund was officially launched on May 2, 2018 and offers grants and low-interest loans for the development of new or repair of existing affordable rental housing. The Fund is administered directly by the CMHC.

To be eligible, applicants must also receive a contribution (financial or in-kind) from the Government of Saskatchewan (Province) and local municipality[1]. The Fund offers grants of up to 40 per cent and loans of up to 95 per cent of the capital costs of the project. The funding percentages are based on the applicant's ability to demonstrate the project's ability to address a series of criteria, including addressing local housing demands and proximity to local amenities. Applications received under this Fund are evaluated nationwide with no funding allotments set for each province and territory, so there is no minimum or maximum amount of funding Saskatchewan or Regina may receive through this Fund.

Administration reviewed the eligibility requirements for this Fund and confirmed that any local housing provider applying under this Fund to construct new affordable rental housing units would also be eligible for capital and tax incentives under the HIP, satisfying the municipal contribution requirement. With respect to the Funds Rental Repair Program, the City does not currently offer financial incentives for repairs; therefore, making it challenging for applicants to demonstrate municipal support for the project per Fund requirements.

#### *2.4.2 First Time Homebuyer Incentive*

[1] Under the Fund, there is no minimum municipal contribution requirement; however, CMHC will factor in the level of support from other levels of government when determining the amount of funding the Federal Government will provide a project.

CMHC now offers first-time home buyers with a loan up of up to five per cent of a sale price of a resale home or 10 per cent of the sale price of a new home. For example, if an existing home costs $300,000, the first-time home buyers can receive a loan for $15,000. The program is designed to enable first-time homebuyers to reduce their monthly mortgage payments without increasing their down payment. The program will be available for the next three years.

To qualify for this incentive first time home buyers must still have a minimum down payment and their income cannot exceed $120,000. The loan does not accrue interest and is repayable upon sale of the home or after 25 years, whichever happens first.

2.5 Plan to End Homelessness for Regina

On June 20, 2019 a five-year Plan to End Homelessness for Regina was released. The goal of the Plan is to end chronic and episodic homelessness in Regina, and to ensure any future episodes of homelessness are rare, brief and non-recurring.

The Plan was based on extensive research to assess the extent of homelessness in Regina using local data and program information, as well as the social and economic factors impacting homelessness in Regina.

Administration reviewed the findings of the Plan to identify opportunities to align its recommendations with the City's HIP. Administration looked at whether current housing incentive programs would support the 80 new permanent supportive housing spaces and 80 new affordable housing spaces recommended by the Plan.

## 3. Recommended Amendments

This section of the report will describe and analyze the key revisions to the HIP. A summary table of each revision proposed, including a brief rationale, is also provided in Appendix D.

3.1 Introducing Rental Repair Tax Exemption Program

Administration recommends establishing a five year, 100 per cent tax exemption for the repair of rental buildings. Creation of the program would enable local housing providers to qualify for grants and loans under the National Housing Co-Investment Fund rental stream which, as discussed under section 2.4.1, requires municipalities to contribute financially or in-kind to the project. The criteria of the proposed tax exemption program would be aligned with National Housing Co-Investment Fund, including the requirement that at least 30 per cent of the units repaired be rented at below market rental rates.

3.2 Provide a Capital Grant for the Capital Costs of providing an On-Site Support Suite

Administration recommends providing up to $20,000 where a new affordable project includes a dedicated on-site support suite (e.g. counselling suite). Support services can range from drug/alcohol addiction counselling to job and life-training services and are typically provided by an external organization that has entered into a service agreement with the housing developer. The grant would assist with the capital costs of constructing the on-site support space only, not the operational costs of the support service.

Affordable housing providers commented that having a designated space for on-site support services within rental housing developments assists hard-to-house tenants become successful in their transition from temporary to permanent, independent living. This is consistent with the Plan to End Homelessness goal to increase permanent supportive housing. In addition, the Province's evaluation criteria for its Rental Development Program and Federal Government's National Housing Co-Investment Fund encourages and provides financial support for the creation of on-site support spaces.

3.3 Provide an Intensification Levy Rebate for new Affordable Units

Administration recommends establishing an intensification levy rebate for affordable housing providers that qualify under the HIP's capital grant program. As discussed in section 2.1.3, Administration was directed to consider the impact of the levy on the development of affordable housing. Based on stakeholder feedback and previous proforma work completed on the development of affordable housing, it is recommended that a rebate of the full levy be implemented.

Under the recommended policy, applicants would apply for the rebate as part of their affordable housing capital grant program. The applicant would be required to pay the levy at the time of Building Permit. The rebate would be provided to the applicant upon completion of the project and confirmation that it meets the City's affordable housing requirements[2].

The cost of introducing the intensification levy would be offset by the recommended reduction in the capital grant program for affordable home ownership.

3.4 Expansion of the Market Ownership Tax Exemption Program

Administration recommends that its three-year tax exemption program for market ownership units be expanded from the Program Area 1: City Centre to include the North Central and Heritage neighbourhoods. The exemption would be provided where there is currently a vacant lot or the existing dwelling on the lot is in poor condition and will be demolished.

Through census data and the Underutilized Lot Inventory created as part of the Underutilized Land Improvement Strategy, it was determined that these neighbourhoods have the greatest number of vacant lots and dwellings in need of major repair. Expansion

[2] Note that under the *Administration of Servicing Agreements and Development Levy Agreement Policy* when an intensification levy is greater than $50,000 a developer has the option to pay it in three installments over two years.

of this program to these areas would encourage private investment in chronically vacant or deteriorating properties.

Under the recommended expansion, the tax exemption would only be available where the lot is currently vacant or contains a building that needs significant repairs. Note that in the 1990's and 2000's the City implemented a similar program called the Inner-City Housing Stimulation Strategy.

3.5 Suspension of Affordable Home Ownership & Tax Exemption Programs

Administration recommends that the Affordable Home Ownership & Tax Exemption Programs be suspended for private sector developers in all Program Areas and for non-profit housing providers in Program Area 3: New and Developed Areas for one year.

The affordable home ownership program was expanded to private sector developers in 2011 following years of rapidly accelerating home prices to encourage the construction of new entry level housing. At that time, the Province began implementing an Affordable Home Ownership Program (AHOP) which enabled the City to receive approximately $4,000 for each new unit it funded under the HIP. In response to increased supply of rental and entry level home ownership units entering the market, the Province suspended AHOP in 2015.

As discussed under section 2.2.2, the city's real estate market has shifted considerably in recent years with an abundant supply of entry level ownership housing available on the resale market. As such, the current program is not aligned with the HIP's objective of addressing gaps in the private market's ability to address housing need. The private sector is addressing this need. Regina has one of the highest rates of homeownership and lowest rate of ownership unaffordability among prairie cities. In addition, suspension of this program is recommended at this time as:

- Applicants have struggled to use capital grants already committed to this program. As of September 30, 2019, there were 109 units available with the City's capital grant that remain unsold. Note: affordable Home Ownership providers can continue to use these grants after the program has been suspended.
- Housing units funded under this program are priced up to $300,000. There are currently 859 properties on the resale market listed for less than this, including 530 single detached dwellings. New home buyers can find good homes for less than what is available through this program, without a subsidy from the City.
- In recent years approximately 60 per cent of capital funding has been committed to home ownership units. A reduction in this program is required to offset the funding required for the Intensification Levy Rebate and grant for on-site support suites.

Administration recommends that the programs remain in Program Areas 1 and 2 for non-profit housing providers to ensure continued support of organizations like Habitat for Humanity which have provided below market home ownership units to households well below the City's maximum income thresholds in older neighbourhoods for decades.

3.6 Update to HIP Scorecard

Administration recommends amendments to the HIP scorecard in alignment with the National Housing Co-Investment Fund.

3.7 Rental Assignment to 3rd Party Service Providers

Administration recommends the HIP be amended to allow affordable rental developers to rent units directly to support service organizations which will in turn rent the units to low income households. These service organizations are typically accredited by Saskatchewan Housing to verify suitable tenants for affordable housing programs and non-profit housing providers work in concert with these service providers, such as Regina Treaty/Status Indian Services (RT/SIS).

3.8 Quicker Consideration of Private Sector Developer applications

Under the current policy, non-profit housing provider applications are funded on a first-come, first-serve basis from January 1st to October 31st of each year and Private Sector housing provider applications are evaluated after October 31st with the remaining funding available prioritized based on the HIP Scorecard

In response to feedback from Private Sector developers, Administration recommends that Private Sector applications be evaluated after July 31st of each year. This change would allow private sector housing providers to receive a funding decision earlier in the year while maintaining funding priority to non-profit housing providers.

## 4. Implementation & Monitoring

4.1 One-Year Suspension of Affordable Home Ownership Program

As discussed under section 3.5, Administration recommends a one-year suspension of current affordable home ownership capital grant and tax exemption programs for private sector developers and non-profit housing providers in newer neighbourhoods. At the end of 2020, Administration may provide a recommendation to the Mayor's Housing Commission on whether these programs should be fully or partially reinstated should:

- The supply of entry level housing units available on the resale market drops; or,
- New provincial or federal home ownership incentive program emerge that may be leveraged by the HIP.

4.2 Further Investigation of Suggestions from Affordable Housing Providers

Administration received two suggestions through its engagement with affordable housing providers that require more investigation before a recommendation can be provided to the Mayor's Housing Commission.

*4.2.1 Providing Capital Grants to Applicants before Project Completion*

Affordable housing providers have suggested that capital grants be paid out before their project is completed and occupied. It has been noted that this delay increases overall project costs as affordable housing developers need to borrow more for construction which in turn increases their debt servicing costs.

The current process is established to ensure that affordable housing projects are occupied and comply with the HIP's affordability requirements before the City issues payment. City Administration will be investigating options for issuing payment(s) prior to completion taking into consideration risks to the City if the project is not completed or is not in compliance with the HIP's affordability requirements. Following this investigation Administration will provide a report to the Mayor's Housing Commission which may include an additional amendment to the HIP.

*4.2.2 Fast Tracking Affordable Housing Building Permit Applications*

Affordable Housing providers have commented that delays in receiving Building Permit approvals significantly impacts project costs. Note that fast-tracking the approval process for affordable housing developments is a recommendation in the CHS.

Administration is currently investigating the creation of an internal operating procedure for flagging and expediating the review of affordable housing projects through the new Planning and Building Software. Administration will report back to the Mayor's Housing Commission following the completion of this investigation.

*4.2.3 Redesign of the Home Ownership Incentive Programs*

As discussed, in the Communications section of this report the Regina & Region Home Builders Association (RRHBA) propose revising the current Affordable Home Ownership program to, among other things, reduce the City's per unit contribution under the current program.

Administration will engage in additional discussions with the RRHBA on this proposal in 2020 as it evaluates the one-year suspension of the capital grant program for home ownership. Analysis and recommendations will be presented to Mayor's Housing Commission in the fourth quarter of 2020.

4.3 <u>Education & Outreach</u>

If the revised HIP is adopted, Administration will continue to inform and educate the public and stakeholders of the revised incentive programs before the new policy comes into effect on January 1, 2020. This will include:

- Written notification to all housing stakeholders including housing providers, past recipients of housing incentives, Mayor's Housing Summit attendees and Community Associations.

- Updated content on Regina.ca.
- Creating and circulating revised application material for the incentive programs in easy to read formats (e.g. brochures, information sheets, etc.).
- Drop-in sessions in Q1 of 2020 for local housing providers to learn about and ask questions of the updated housing incentive programs.

4.4 Monitoring

Moving forward, Administration will continue to monitor the performance and impact of the City's incentive programs and utilize this information to ensure the goals of the HIP are successfully accomplished. This will include ongoing tracking of housing statistics and indicators such as rental vacancy rates, percentage of households in core housing needs and real estate trends as well as continued engagement of private sector developers and non-profit housing organizations.

As recommended in the CHS, the next comprehensive review and update to the HIP would occur in five years. However, should sudden shifts in the housing market occur, Administration will bring forward revisions to the HIP, as required, to ensure that the City's housing needs are being addressed.

RECOMMENDATION IMPLICATIONS

Financial Implications

Approval of the recommended update to the HIP does not require any additional funding commitment beyond the $2.5 million per year approved on July 29, 2013 with the update to the 2013 HIP.

Since 2013, the City has contributed approximately $31.7 million to the construction of below market rental and ownership housing as well as purpose-built market rental units through capital grants and tax exemptions. Approximately $11.7 million of the total was committed in capital grant funding and $20 million in projected municipal tax exemptions. A detailed breakdown of the City's commitment through the HIP is provided in Appendix B.

**Municipal Housing Contribution (2013-2018)**

| | Contribution | Total Units | Rental Units | Ownership Units |
|---|---|---|---|---|
| Tax exemption | $20 million[3] | 4,454 | 3,350 | 735 |
| Capital grants | $11.7 million | 880 | 296 | 580 |
| **Total municipal contribution** | **$30.7 million** | **4,454[4]** | | |

[3] Assumes a 3% increase in assessment year over year.
[4] Total does not equal tax plus capital contributions as capital grant units would receive tax exemption and be included in that count.

In addition to its contributions through the HIP, the City has supported affordable housing through:

- In 2019 the City donated the former Victoria Ave School Site valued at $2 million to the YWCA for their new facility
- The City has a five per cent ownership stake in dozens of properties owned by the Saskatchewan Housing Corporation and is responsible for covering five per cent of any operating losses. Since 2013 the City has contributed $380,578.

**Financial Impacts of the Revisions to Housing Incentives Policy**

The table below summarizes the estimated financial impact for each proposed amendment to the HIP.

| Amendment | Funding Source | Estimated Annual Financial Impact |
|---|---|---|
| Intensification Levy Rebate | Social Development Reserve as part of $2.5M | Cost in $200,000-$400,000 range based on evaluation of applications from previous years. Amount would increase if private sector affordable home ownership program continues. |
| Rental Repair Incentive | Future Tax Revenue | Loss of municipal tax revenue in $0-$50,000 range. Fewer than 3 applications per year are expected due to alignment with Co-Investment Fund. Value of applications related to size of rental repair project |
| Capital Grant for On-Site Support Space (e.g. Counselling Unit) | Social Development Reserve as part of $2.5M | Cost in $0 - $60,000 range based on the number of recent affordable rental developments that have included on-site support spaces. |
| Suspension of Affordable Home Ownership Grant & Tax Exemption Programs | Social Development Reserve / Future Tax Revenue | Capital Grants - Savings in $800,000-1,200,000 range based on past uptake of this program.<br>Tax Revenue – Savings in municipal tax revenue in $96,000 – $144,000 range |
| Expansion of Market Ownership Tax Exemption Program to North Central/Heritage | Future Tax Revenue | Loss of municipal tax revenue in $0 - $30,000 range. Similar program existed in 90-00's (ICHSS) but only a few applications were received in these areas each year. |

**Social Development Reserve**

Under the HIP, the City's annual $2.5 million maximum commitment to its affordable housing capital grant programs is funded from the SDR. There is no cap on the value of tax exemptions approved under the HIP. Historically, the SDR was established to meet the City's obligation to the Saskatchewan Housing Corporation (SHC), who provided a funding source for the City from the development of land by SHC. Since SHC is no longer involved in the land development business, a new source of funding for the SDR is required.

Factoring in existing capital funding commitments the SDR had a balance of $5.3 million at the beginning of 2019. If the maximum $2.5 million is committed to new affordable housing projects in 2019 and 2020 the SDR will not be fully funded in 2021.

Administration has identified general tax revenues as the most reliable and sustainable source of funding for the SDR until land sales are in a surplus position. Three options for structuring the allocation have been developed, and a recommendation will be prepared for the 2021 budget process.

1. A dedicated mill rate increase of one per cent beginning in 2021 which would generate approximately $2.5 million in revenue annually;
2. A dedicated mill rate increase of 0.25 per cent for four years beginning in 2021 combined with transfers from Reserves or General Revenues over the short term; or,
3. An annual allocation of $2.5 million through the 2021 annual budget processes.

In addition to these funding sources, Administration investigated two additional funding sources which were not considered viable:

Municipal Land Sales - With the upfront capital costs required to develop and service the City owned lands in the south east and rail lands combined with a slowdown in new housing construction, the City is not anticipated to be in a surplus position from land sales revenue for several years. Therefore, this option is not recommended as it is not currently viable.

Note that because revenue from land sales can fluctuate year by year, there are additional challenges in using land sales as the SDR's long term funding source. This issue would be addressed through the identified funding sources.

Transfers from other Reserves Above their Maximums **-** This option is not recommended as transfers form reserves would only provide a one-time funding source and would therefore not be sustainable over future years. In addition, most reserves are currently below their maximum limits.

Administration will submit its recommended long-term funding for the SDR through the 2021 budget deliberations.

Environmental Implications

Recommended revisions to the HIP focus incentives on neighbourhoods with core housing need and established neighbourhoods with poor quality housing stock in need of renewal. This policy direction is consistent with the OCP intensification goal to target 30 per cent of development to existing, established neighbourhoods. By focusing housing to use existing infrastructure including water, sewer, roads, transit service, community amenities, facilities and open space these services are more efficient and more financially viable, and development results in a smaller environmental footprint for its inhabitants. Similarly, by locating affordable housing in established neighbourhoods where employment, services and amenities are likely to exist, added costs for households such as car ownership are reduced, and alternate, active forms of transportation are supported.

Policy and/or Strategic Implications

As discussed under Section 2.1 of this report, the recommended revisions to the *Housing Incentives Policy* are consistent with the direction of *Design Regina: The Official Community Plan* and the *Comprehensive Housing Strategy*.

Other Implications

None with respect to this report.

Accessibility Implications

Development criteria established for eligibility for housing incentives encourages development of accessible units that exceed the required five per cent in multi-unit rental developments and the creation of accessible units in ownership developments. The score card for applications for capital grants includes additional points for developments that provide 10 per cent or more accessible units.

COMMUNICATIONS

Internal Communications

Members of Administration from Planning & Development Services, Assessment, Tax & Utility Billing, Land & Real Estate Management, Legal Services and Citizen Experience have contributed to the updates and revisions to the HIP. Through the review process Administration has had ongoing discussions with Provincial staff to ensure that proposed amendments to the City’s incentives complement and do not duplicate with Provincial housing incentive programs.

External Communications

*Plan to End Homelessness*

City Administration reviewed and considered the findings from the 20 design labs held by the YMCA in preparation of the Plan to End Homelessness in Regina.

*Stakeholder Consultation Sessions*

In July 2019, Administration invited private sector and non-profit housing providers that had previously utilized the City's incentive programs to stakeholder consultation sessions. The intent of the sessions was two-fold: first, provide City staff an opportunity to explain the intent and objectives of the HIP Update and 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.

Table 1 highlights some of the key themes heard from the consultation sessions. The final report from the consultation sessions is attached as Appendix E.

| **Table 1 – Consultation Session Highlights** | |
|---|---|
| What works well? | • The HIP's grant and tax exemption programs are incenting the creation of new affordable housing<br>• City staff that administer the HIP are knowledgeable and responsive<br>• HIP is clear, uncomplicated and fairly simple to use |
| Barriers to providing affordable housing | • Tenants often do not earn enough to afford the subsidized rate of affordable housing<br>• Lack of capacity and resources to provide to support services (e.g. mental health counselling) for tenants<br>• Need for municipal and provincial funding programs to align with national housing programs |
| Solutions to address these barriers | • Exempt the intensification levy<br>• Provide capital grants up-front instead of after the housing development has been completed.<br>• *Private Sector* - Remove requirement that funding commitments for private sector housing providers occurs after October 31st of each year<br>• *Non-Profit* – Remove requirement that housing developer must rent directly to tenants and allow third party service organizations to rent units.<br>• *Non-Profit* - Provide incentives for the repair of existing housing units instead of new construction only. |

City Administration were able to incorporate several stakeholder suggestions into the recommended HIP amendments. A complete breakdown of each comment received, and Administration's response is provided in Appendix C, Table 1.

Prior to finalizing its recommendations, Administration invited all stakeholders to review the proposed revisions and provide their feedback. In addition, Administration held a drop-in session on October 8, 2019 for interested stakeholders to meet with City staff and ask questions before finalizing their comments. The City received four written responses and four individuals attended the drop-in session. The proposed amendments were generally positively received by housing providers. Home builders expressed concern with the recommended one-year suspension of the Affordable Home Ownership program. The comments received are provided in Appendix D and Administrations' response is provided in Appendix C, Table 2.

City Administration also notified attendees of the 2014 Mayor's Housing Summit and all Community Associations of the proposed amendments to provide advanced notice of their consideration before the Mayor's Housing Commission and City Council.

DELEGATED AUTHORITY

The recommendations contained in this report require City Council approval.

Respectfully submitted,

Laurie Shalley, Director, Parks, Recreation & Cultural Services 10/29/2019

Respectfully submitted,

Diana Hawryluk, Executive Director, City Planning & Community Dev. 11/5/2019

Report prepared by: Charlie Toman, Senior City Planner

## Appendix A – Recommended Housing Incentives Policy

# Housing Incentives Policy

| Policy Title: | Applies to: | | Reference # |
|---|---|---|---|
| **Housing Incentives Policy** | City of Regina<br>City Planning & Community Development<br>Financial Strategy & Sustainability | | X |
| **Approved by:** | **Dates:** | | **Total # of Pages** |
| City Council | **Effective:** | 01-01-2020 | X |
| | **Last Review:** | 28-11-2019 | |
| | **Next Review:** | 2024 | |
| **Authority:** | | | |
| Council, or Executive Director, City Planning and Community Development, or designated where noted | | | |

## 1.0 Purpose

The objectives of the incentives provided under this policy are:

- To support below market, affordable and accessible housing options.
- To stimulate below market and affordable rental housing development.
- To encourage housing development that makes efficient use of established City infrastructure and helps build vibrant, sustainable and inclusive neighbourhoods.
- To better aim 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.
- To encourage diverse housing options including housing for distinct and special needs groups

## 2.0 Scope

Stakeholders involved with affordable, below market, accessible and rental housing including non-profit organizations, private developers and property owners.

## 3.0 Definitions

**Affordable Ownership**– A Dwelling Unit that is sold to a household that meets the Maximum Income Threshold (for Affordable Ownership Unit)

**Affordable Rental** – A Dwelling Unit that is rented to a household that meets the Maximum Rental Rate and Maximum Income Threshold (for Affordable Rental Unit).

**Affordable Rental (Rental Repair Program)** – A Dwelling Unit that is rented to a household that meets the Maximum Rental Rate (Rental Repair Program).

**Applicant** – A Non-Profit Housing Provider or Private Sector Developer that is the registered owner of the lands for which they are applying for financial incentives under this Policy.

**Assisted Care Rental Unit** - A self-contained, purpose built rental unit available to any tenant that includes common areas for dining and socialization, and services such as meals, housekeeping and personal care but excludes a Group Care Facility or Personal Care Home.

**Builder –** An individual or incorporated entity that constructs Dwelling Units for which an application has been made for financial incentives under this Policy but does not include the Non-Profit Housing Provider or Private Sector Developer that owns the land on which the Dwelling Units are situated.

**Below Market Housing** - housing for individuals and families who are at or below the Maximum Income Thresholds. Below market rental developments are also defined as those that provide units that are at or below Maximum Rental Rates and Maximum Income Thresholds.

**Building Permit** – a permit issued under *The Building Bylaw* of the City of Regina authorizing the construction of a building.

**Condominium** – the land included in a condominium plan together with the buildings and units and the common property and common facilities belonging to them.

**City Assessor –** the City of Regina City Assessor or his or her designate.

**Dwelling Unit** – a self-contained living unit of one or more rooms containing cooking facilities, sanitary facilities, living quarters and/or sleeping quarters.

**Dwelling Unit, Detached** – A Dwelling Unit contained in a "Building, Detached" as defined in the Zoning Bylaw No. 2019-19. A detached Dwelling Unit may also contain a Secondary Suite subject to the regulations of The Zoning Bylaw No. 2019-19 as amended from time to time.

**Dwelling Unit, Duplex –** A Dwelling Unit contained in a "Building, Stacked" with two Dwelling Units as defined in the Zoning Bylaw No. 2019-19 as amended.

**Dwelling Unit, Semi-Detached –** A Dwelling Unit contained in a "Building, Row" with two Dwelling Units as defined in the Zoning Bylaw No. 2019-19 as amended.

**Dwelling Unit, Multi** – A Dwelling Unit contained in a "Building, Row" or "Building, Stacked" with three or more Dwelling Units as defined in the Zoning Bylaw No. 2019-19 as amended.

**Dwelling Unit, New** – A Dwelling Unit contained in a "Building, Detached", "Building, Row", or a "Building, Stacked" as defined in the Zoning Bylaw No. 2019-19 as amended and constructed within two years of issuance of from a Building Permit.

**Dwelling, Secondary Suite** – A subordinate, self-contained Dwelling, Unit within a building or portion of a building that contains a principal Dwelling, Unit, and where both Dwelling Units constitute a single real estate entity. A Secondary Suite may include a laneway Dwelling Unit or alternative secondary accessory Dwelling Unit as approved by Council.

**Dwelling Unit, Townhouse** – A Dwelling Unit contained in a "Building, Row" with three or more Dwelling Units as defined in the Zoning Bylaw No. 2019-19 as amended.

**Eligible Costs (Rental Repair Program) –** Refers to costs associated with materials, labour, equipment, insurance, regulatory approvals and professional fees related to internal or external building works, building, fire and other code compliance upgrades linked to the repair of residential units.

**Executive Director** – the Executive Director of the City Planning & Community Development Division, or his/her designate.

**Gross Household Income** - means the total annual income of the purchaser(s) or lessee(s), identified in the most recent notice of assessment issued by Revenue Canada and includes all income before taxes and deductions.

**Group Care Facility or Personal Care Home –** A supervised Dwelling Unit, contained in a "Building, Detached, "Building, Row", or a "Building, Stacked" as defined in the Zoning Bylaw No. 2019-19 as amended and licensed or approved under provincial statute, for the accommodation of persons, excluding staff, referred by hospitals, courts, government agencies or recognized social services agencies or health officials. This does not include an Assisted Care Rental Unit.

**Intensification Levy** - Refers to the Servicing Agreement Fee or Development Levy charged under the City of Regina's *Administration and Calculation of Servicing Agreement Fees and Development Levies Policy* for development resulting in Intensification within the established area.

**Major Repair** – Where a Dwelling Unit is deemed to be unsafe or unsuitable for habitation by Fire & Protective Services, Regina Police Services, Ministry of Health, Bylaw Enforcement or Building Standards.

**Market Ownership Units –** Units constructed without requirements that purchasers meet Maximum Income Thresholds. These are Units offered in t he open market to any buyer.

**Market Rental Units –** Units constructed without requirements for Maximum Rental Rates or Maximum Income Thresholds. These are Units offered in the open market to any tenant.

**Maximum Rental Rates –** as determined by the City of Regina calculated as 30 per cent of gross income using the provincial Saskatchewan Household Income Maximums (SHIM) for each unit size as determined by Saskatchewan Housing Corporation (SHC) and updated annually.

**Maximum Rental Rates (Rental Repair Program)** – 80% of the Median Market Rental Rate as described in the most recent CMHC Rental Market Survey for the market and unit type in question.

**Maximum Income Threshold (for Affordable Rental Units)** – the maximum Gross Household Income to determine eligibility for Affordable Rental Units established by provincial Saskatchewan Household Income Maximums (SHIM) for each unit size by Saskatchewan Housing Corporation (SHC).

**Maximum Income Threshold (for Affordable Ownership Units)** – the maximum Gross Household Income to determine eligibility for Affordable Ownership Units as determined by the City of Regina based on a percentage of median income, and with consideration of household net worth.

**Non-profit Housing Provider** – a charitable non-profit corporation incorporated pursuant to *The Non-profit Corporations Act, 1995*, whose primary mission is to deliver Affordable and Below Market Housing or a membership non-profit corporation that provides housing primarily for the benefit of the public at large with revenue from the corporation invested back into Below Market Housing.

**Occupancy Permit** – An Occupancy Permit issued by the City for the Unit or Units. May include a Temporary Occupancy Permit.

**On-Site Support Suite –** A dedicated, self-contained space within a Project where Support Services are provided to assist households on the premises maintain their optimal level or health and well-being and may take a variety of forms or vary in intensity based on the clients' needs (e.g. space for residents to meet with a counsellor).

**Owner-Occupied Unit** – a Dwelling Unit where the registered owner of the property resides in the unit and it is their primary and only residence.

**Ownership Unit –** a dwelling constructed for intended sale to a purchaser as a principal place of residence including Condominium units.

**Project** – The creation of new residential units located within a single building, or multiple buildings that share common amenity space, services and/or parking, developed by an individual housing provider or through a collaborative enterprise between multiple housing providers.

**Private Sector Developer –** any developer or person that provides housing that does not fit within the definition of Non-profit Housing Provider

**Purpose-Built Rental Unit** – a rental unit that is designed and built for rental purposes and is not intended as an Ownership Unit. This includes Duplex, Semi-Detached, Townhouse and Multi Dwelling Units.

**Rental Unit** - a Dwelling Unit for rent or lease to a tenant as a principal place of residence.

**Secondary Rented Unit** – An Ownership Unit where the registered owner rents the Unit to a tenant or tenants who are not registered as owners on the property title. Secondary Rented Units are not Purpose-Built Rentals but intended as owner-occupied units or investor-owned properties and include Condominiums and Detached Dwelling Units.

**Short-Term Accommodation –** the provision of sleeping and bathing quarters for less than 30 days, and where a daily or weekly rate is charged.

**Support Service Provider** – An organization that provides services to support households in maintaining occupancy of their housing unit. This may include supports for physical disabilities, mental illness, addictions, behavioural challenges, or a number of issues concurrently.

## 4.0 Policy

### 4.1 Transition Provisions

*Tax Exemptions*

Applications for Tax Exemption will be considered under the following terms:

4.1.1 Any application where a Building Permit has been issued before October 31, 2015 is ineligible for tax exemptions. Relaxation of this requirement is at the discretion of the Executive Director.

4.1.2 Any application where a Building Permit had been issued from November 1, 2015 to October 31, 2017 is subject to the 2016 Housing Incentives Policy. For Market Rental and Secondary Suite Tax Exemption Applications in Program Area 3 that were submitted before October 31, 2016 and included a valid Development Permit, to remain eligible for a Tax Exemption, the Applicant must apply for a Building Permit on or before October 31, 2017 for each building they are seeking a Tax Exemption for. The length of the Tax Exemption will be:

4.1.2.1 Five years where the building obtained an Occupancy Permit on or before October 31, 2019;

4.1.2.2 Four years where the building obtained an Occupancy Permit after October 31, 2019, and on or before October 31, 2020;

4.1.2.3 Three Years where the building obtained an Occupancy Permit after October 31, 2020, and on or before October 31, 2021;

4.1.2.4 Two Years where the building obtained an Occupancy Permit after October 31, 2021, and on or before October 31, 2022; and,

4.1.2.5 One Year where the building obtained an Occupancy Permit after October 31, 2022, and on or before October 31, 2023, and,

4.1.2.6 No Tax Exemption where an Occupancy Permit has been issued after October 31, 2023.

4.1.3 Any application where a Building Permit is issued after October 31, 2019 is subject to this Policy.

*Capital Incentives*

4.1.4 All applications for capital incentives received and conditionally approved before December 31, 2019 will be considered under the Housing Incentives Policy that was in effect at the time of conditional approval. All applications for capital incentives received and conditionally approved after January 1, 2020 will be considered under this policy.

## 5.0 Tax Exemption Incentive Policy

Program Areas for all housing incentives are provided in the map in **Appendix A** of this policy. Detailed maps of Areas 1 and 2 can be found in **Appendix D**. The percentages and terms of each tax exemption can be found in **Table 5.1** below and are summarized in **Appendix C**.

### Table 1 – Tax Exemption by Program Area

| Unit type | Area 1 – City Centre | Area 2 – Inner City/Established Neighbourhoods | Area 3 – Developed and New Areas |
|---|---|---|---|
| Market Rental Unit development | 5 Years, 100% | 5 Years, 100% | None |
| Market Ownership Unit development | 3 years, 100% | 3 year, 100% | None |
| Rental Repair | The lesser of 50% of the actual Eligible Costs incurred or the total property taxes payable for 5 years, | The lesser of 50% of the actual Eligible Costs incurred or the total property taxes payable for 5 years, | The lesser of 50% of the actual Eligible Costs incurred or the total of property taxes payable for 5 years, |
| Affordable Housing Rental development | 5 Years, 100% | 5 Years, 100% | 5 Years, 100% |
| Affordable Ownership development – Non-Profit Housing Provider | 5 Years, 100% | 5 Years, 100% | None |
| Affordable Ownership development – Private Sector Developer | None | None | None |
| Detached Dwelling Unit with a Secondary Suite | 5 years, 25% | 5 years, 25% | 5 years, 25%, Only Laneway & Garden Suites[1] |

### 5.1 Eligibility and Requirements for Tax Exemptions

The amount of tax exemption (percentage) and period of time for tax incentives as per Program Areas are noted in **Table 1** and correspond to the areas in **Map 1**, **Appendix A**. The tax incentive percentage includes the Municipal, Education and Library portion of property taxes but excludes all other Laneway and Local Improvement charges.

Notwithstanding Section 5.1, *The Education Property Tax Act*, contains provisions which require Provincial approval to exempt the education portion of the property taxes where

[1] Council approved pilot projects for laneway suites, garden suites or alternative secondary accessory Dwelling Units only.

the value of the educational tax is equal or greater than $25,000 in a single year. If this approval is not granted, the exemption will cover the municipal and library portions of the taxes only.

**5.2 General Eligibility for Tax Exemptions**

5.2.1 With the exception of the Rental Repair Program, Tax Exemptions are available for the creation of New Dwelling Units exclusively. Developments may be new construction or conversion of an existing non-residential building for New Dwelling Units, or for expansion of existing residential construction that results in new residential units.

5.2.2 Eligible Rental Units must be Purpose Built Rental Units. Secondary Rented Units are not eligible for tax exemptions in that an Ownership Unit (Condominium or House) rented to tenants as a Rental Unit is not eligible for incentives under this policy except in Program Area 1.

5.2.3 With the exception of renovations to legalize Secondary Suite pursuant to section 5.6 and the Rental Repair Program, renovations of existing residential units will not be eligible for tax exemptions.

5.2.4 Group Care Facilities or Personal Care Homes are <u>not</u> eligible for assistance under this policy.

5.2.5 A Unit that is offered for Short-Term Accommodation is <u>not</u> eligible for assistance under this policy.

5.2.6 Assisted Care Rental Units are eligible for assistance under this policy.

5.2.7 Incentives are <u>not</u> provided where a designated heritage building has been demolished.

5.2.8 For a mixed-use, residential-commercial development, only the residential portion of the development is eligible based on the exemptions for residential Units outlined in **Table 5.1**.

5.2.9 The City Assessor shall conclusively determine the portion of the development and individual residential Units to be exempted including calculation of any percentage or proportion and the determination of any use or cost.

5.2.10 To be eligible, Units must comply with all applicable laws and policies.

5.2.11 Properties that have taxes or other charges past due to the City of Regina are not eligible for support under this policy. Properties are not eligible if taxes or other charges are owed to the City of Regina by the Applicant. Taxes and other charges must be paid during the construction phase. Also, local improvement charges and non-exempt portion of levies and other charges to tax accounts must be paid in the year due to remain in good standing.

5.2.12 Where a development is also eligible for tax exemption under the Heritage Incentives Policy, the full benefit under both policies may be provided. An exemption under the Heritage Incentives Policy will be provided first unless otherwise approved by the Executive Director. The Heritage Incentives Policy is a separate policy document and must be applied for concurrent with application for Housing Incentives.

5.2.13 Tax exemptions provided under this policy may be eligible to stack with programs and incentives through Provincial and Federal governments.

5.2.14 Units or developments that cease to meet the eligibility criteria in this policy and the conditions of the exemption agreement for the development shall be fully taxable in the year in which the breach of conditions occurs and in all subsequent years. In addition, the tax exemption may be revoked for a Unit receiving a capital grant in any year in which the terms of the capital grant have not been met.

5.2.15 The Applicant must be the registered owner of the lands being developed or repaired in order to apply for financial incentives under this Policy.

## 5.3 General Requirements for Tax Exemption Applications

5.3.1 Applications must be made while development is underway with a valid Development or Building Permit and will not be accepted retroactively once development is complete and Occupancy Permit has been issued. Relaxation of this requirement is at the discretion of the Executive Director.

5.3.2 The registered owner of the land must enter into a legal agreement with the City in order to be eligible for a tax exemption.

5.3.3 Complete applications must be submitted before October 31 in order to be eligible for a tax exemption beginning the following year.

5.3.4 Dwelling Units must obtain a final Occupancy Permit before the tax exemption is applied. For a new Secondary Suite in an existing building, a Letter of Completion will serve the purpose of a final Occupancy Permit.

5.3.5 The tax exemption for the development will begin on January 1 of the year following the approval of the application for tax exemptions. The date for commencing the exemption for the development may be deferred for one year at the sole discretion of the Executive Director.

## 5.4 Affordable Rental & Affordable Home Ownership Tax Exemption Requirements

Subject to the conditions below and set out in Table 1 the Affordable Rental & Affordable Home Ownership Tax Exemption program provides a five-year, 100% tax exemption for the creation of new Below Market/ Affordable Rental and Ownership Units.

5.4.1 Affordable Ownership Units must qualify for capital grants under Section 6 of this Policy in order to be eligible for a five year, 100 per cent tax exemption as Affordable Ownership Units.

5.4.2 Affordable Rental Units in Area 3 must qualify for capital grants under Section 6 of this Policy in order to be eligible for a five year, 100 per cent tax exemption as Affordable Rental Units.

5.4.3 For Affordable Home Ownership Units, tax exemptions are non-transferable except in Program Area 1.

**5.5 Market Rental Tax Exemption Requirements**

Subject to the conditions below and set out in Table 1, the Market Rental Tax Exemption program provides a five-year, 100% tax exemption for the development of new Purpose-Built Rental Units in areas 1 and 2 only.

5.5.1 Eligible Market Rental Units must be in a two-unit building or more.

5.5.2 A two-unit building in an R1 zone as provided for in Regina Zoning By-law 2019-19, as amended, constructed by a Private Sector Developer is eligible for a 25 per cent Secondary Suite exemption regardless of whether both units are rented and does may not qualify for 100 per cent exemption.

5.5.3 A two-unit building in an R1 zone as provided for in Regina Zoning By-law 2019-19, as amended, constructed by a Non-Profit Housing Provider is eligible for a 100 per cent Market Rental exemption.

5.5.4 Market Rental Units must remain rental for ten years and shall not be eligible for conversion to Condominiums during this time.

5.5.5 Tax exemptions may be transferred to a new owner under the same terms and conditions as the approved exemption and subject to the new owner entering into an assignment agreement.

**5.6 Secondary Suite Tax Exemption Requirement**

Subject to the conditions below and set out in Table 1, the Secondary Suite Tax Exemption Program provides a five-year, 25% tax exemption for the development of new or legalization of existing Secondary Suites.

5.6.1 The Secondary Suite must be rented for the full term of the exemption and is subject to the same eligibility requirements as other Rental Units within the Housing Incentives Policy.

5.6.2 For tax exemptions for a Secondary Suite, the suite must be a new suite in a newly constructed Detached Dwelling Unit or the addition of a new Secondary Suite within an existing Detached Dwelling Unit (renovation must create a suite where one did not previously exist).

5.6.3 A Laneway or Garden Secondary Suite is eligible under this program in Program Area 3 if it was approved by City Council as part of a pilot project.

5.6.4 Tax exemptions may be transferred to a new owner under the same terms and conditions as the approved exemption and subject to the new owner entering into an assignment agreement.

## 5.7 Market Ownership Tax Exemption Requirements

Subject to the conditions below and set out in Table 1, the Market Ownership Tax Exemption program provides a three-year, 100% tax exemption for the development of new Ownership Units in areas 1 and 2 only.

5.7.1 In Program Area 1, eligible projects must be a four-unit building or more.

5.7.2 In Program Area 2 – Special Policy Area there is no Unit minimum, but the Unit must be Owner-Occupied.

5.7.3 In Program Area 2 – Special Policy Area, a Project is only eligible for a Tax Exemption where the subject property was vacant as of January 1, 2020 or contains building(s) that are in need of Major Repairs and will be demolished.

5.7.4 In Program Area 2 – Special Policy Area, a Project is only eligible for a Tax Exemption where the Applicant had promptly responded to any Building or Community Standard Orders in the previous five (5) years to the satisfaction of the Executive Director.

5.7.5 Tax exemptions may be transferred to a new owner under the same terms and conditions as the approved exemption and subject to the new owner entering into an assignment agreement.

## 5.8 Rental Repair Tax Exemption Requirements

Subject to the conditions below and set out in Table 1, the Rental Repair Tax Exemption Program provides an exemption or partial exemption in an amount that is the lesser of the following: 50% of the actual Eligible Costs incurred by the owner in completing the repairs to one or more existing Purpose Built Rental Units; or an amount equivalent to the total property taxes on the repaired Purpose Built Rental Property payable for five years

5.8.1 Cosmetic improvements, painting, repairs, regular maintenance and new additions are not Eligible Costs.

5.8.2 An application under this program must include a copy of the Signed Integrity Declaration and Scoring/Viability Assessment Calculator established under the National Housing Co-Investment Fund.

5.8.3 An application must be for a minimum of five (5) units although units can be located within the same building or in multiple dwellings.

5.8.4 Where an application applies to multiple properties the Applicant must enter into a legal agreement with the City for each property.

5.8.5 An application must include an itemized schedule of proposed repairs and costs. Where an application applies to multiple properties the Applicant must provide a schedule of proposed repairs for each individual property.

5.8.6 Where an application applies to multiple properties, the exemption will be the lesser of 50% of the actual Eligible Costs incurred by the applicant or an amount equivalent to the total property taxes on each repaired Purpose-Built Rental Property payable for five years.

5.8.7 An Applicant is required to confirm annually for five (5) years through an affidavit that a minimum of two (2) or 30% of units, whichever is greater, are kept at rental rates below the Maximum Rental Rates (Rental Repair Program).

5.8.8 An Applicant is required to confirm the Eligible Work has been completed and the actual repair costs through the submission of a qualified Quantity Surveyor's Report.

5.8.9 The tax exemption will begin on January 1 of the year following confirmation that the Project has complied with all program requirements, including submission of the Quantity Surveyor's Report and affidavit confirming compliance with this policy's Maximum Rental Rates (Rental Repair Program).

5.8.10 Tax exemptions may be transferred to a new owner under the same terms and conditions as the approved exemption and subject to the new owner entering into an assignment agreement.

## 6.0 Capital Grant Incentives Policy

A capital contribution may be provided from the Social Development Reserve for housing developments that meet the policy criteria as outlined below. Capital contributions described in this policy will be considered on a case-by-case basis.

Program areas for all housing incentives are provided in the map in **Appendix A** of this policy. Detailed maps of Areas 1 and 2 can be found in **Appendix D.** The amount of capital grant can be found in **Table 2** below and is summarized in **Appendix C**.

**Table 2 – Capital Grants by Program Area**

| **Unit Type** | **Area 1 –** City Centre | **Area 2 –** Inner City & Established Neighbourhoods | **Area 3 –** New and Developed Area |
|---|---|---|---|
| Affordable Housing <u>Rental</u> development<br><br>*Maximum Rental Rate and Maximum Income Threshold qualifications apply*. | $20,000 per unit<br><br>$25,000 per unit for units with 3 Bedrooms or more | $20,000 per unit<br><br>$25,000 per unit for units with 3 Bedrooms or more | *<u>Non-profits</u>:*<br>$20,000 per unit<br><br>$25,000 per unit for units with 3 Bedrooms or more<br><br>*<u>Private developers:</u>*<br>$10,000 per unit.<br>$15,000 per unit for 3 BR or more |
| Affordable Housing <u>Ownership</u> development<br>*Maximum Income Threshold qualifications apply*<br>*Maximum Income Threshold qualifications apply*. | <u>Non-profits:</u><br>$10,000 per unit<br><br>$15,000 per unit for units with 3 Bedrooms or more<br><br><u>Private developers:</u><br>None | <u>Non-profits:</u><br>$10,000 per unit<br><br>$15,000 per unit for units with 3 Bedrooms or more<br><br><u>Private developers:</u><br>None | None |
| On-Site Support Suite | $20,000 per unit | $20,000 per unit | *<u>Non-profits</u>:*<br>$20,000 per unit<br><br>*<u>Private developers:</u>*<br>$10,000 per unit. |

### 6.1 General Capital Grant Program Eligibility

6.1.1 Residential units in all Areas from the Map 1, **Appendix A** of this policy are eligible for capital incentives subject to the grant amount and requirements in **Table 2**

6.1.2 Capital grants are provided for the creation of new Dwelling Units and new On-Site Support Suites exclusively. Renovations of existing residential units will not be eligible.

6.1.3 Priority will be given to the Non-profit housing developments. Non-profit Housing Providers can apply for capital incentives up to a maximum of 80 grants for Affordable Rental units or 20 grants for Affordable Ownership units per calendar year (January-December). Relaxation of this requirement is at the discretion of the Executive Director.

6.1.4 Private Sector Developers can apply for capital incentives up to a maximum of 40 grants for Affordable Rental units or 20 grants per Affordable Home Ownership units per calendar year (January-December). Relaxation of this requirement is at the discretion of the Executive Director.

6.1.5 The maximum number of capital incentives available per Project, per calendar year is 80 for Affordable Rental housing projects developed by Non-Profit Housing Providers, 40 for Affordable Rental housing projects developed by Private Sector Developers, 20 for all affordable home ownership projects.

6.1.6 Projects developed by the same Builder can receive a maximum of 80 capital grants per calendar year. Relaxation of this requirement is at the discretion of the Executive Director.

6.1.7 Group Care Facilities and Personal Care Homes are <u>not</u> eligible for capital incentives.

6.1.8 Secondary Rented Units are <u>not</u> eligible for capital incentives.

6.1.9 Secondary Suites are <u>not</u> eligible for capital incentives including a laneway Dwelling Unit or alternative secondary accessory Dwelling Unit.

6.1.10 Capital incentives may be provided in addition to or in lieu of property tax exemption or other in-kind assistance.

6.1.11 Where a person owes taxes or other charges to the City on any properties owned by that person, that person is not eligible to receive capital grant incentives under this Policy. In addition, where a person has received a capital grant incentive and has subsequently failed to pay taxes or other charges owing to the City, any tax exemptions that person is receiving shall be revoked.

6.1.12 Incentives are <u>not</u> provided where a designated heritage building has been demolished.

6.1.13 To be eligible, Units must comply with all applicable laws and policies.

6.1.14 Capital incentives may be used in conjunction with Provincial and Federal programs unless it is determined by the Executive Director that the program duplicates the City's capital grant program. At the discretion of the Executive Director, exception may be made for Non-profit Housing Providers who can ensure long-term affordability of Units.

6.1.15 Administration may require an Applicant to provide any additional information as deemed necessary to confirm eligibility for incentives under this policy.

**6.2 Capital Grant Application General Requirements:**

6.2.1 To be eligible, applications must be made while development is underway with a valid Development or Building Permit and will not be accepted retroactively once development is complete and Occupancy Permit has been issued. Relaxation of this requirement is at the discretion of the Executive Director.

6.2.2 Projects must address the Development and Design Criteria Scorecard, **Appendix B** in this policy to qualify for the Affordable Capital Housing Incentives.

6.2.3 Applications submitted by Non-profit Housing Providers may be submitted any time between January 1 to July 31st to be considered that year and will be evaluated on a first-come, first serve basis.

6.2.4 Applications submitted by Private Sector Developers must be submitted and deemed complete by Administration before August 1st to be considered for incentives that year. All Applications received will be evaluated and prioritized using the Development and Design Criteria Scorecard found in **Appendix B**.

6.2.5 Prioritization of funding will be based on Scorecard results with Non-profits given prioritization for funding until July 31st of each year. Private Sector Developer applications will be considered and prioritized based on Development and Design Criteria Scorecard found in **Appendix B** starting August 1 of each year and based on available funding.

6.2.6 Capital incentives will be awarded after a final Occupancy Permit is issued and the requirements for affordability are met. Temporary Occupancy Permits will only be considered for phased projects.

6.2.7 Where an Applicant does not meet the requirements of the Capital Grant program within two years of a Project receiving conditional approval, the Executive Director has discretion to withdraw the City's funding commitments.

6.2.8 Capital grants for all units in an application will be dispersed in one payment upon completion except for phased projects. Relaxation of this requirement is at the discretion of the Executive Director.

6.2.9 Capital grants may be transferred to a new housing provider or developer where grant payment has not yet been issued provided a new owner enters into a new legal agreement with the City of Regina and meets all requirements of the capital grant.

6.2.10 The Applicant must be the registered owner of the lands being developed in order to apply for capital grants under this Policy.

6.2.11 The registered owner of the land must enter into a legal agreement with the City in order to be eligible for a capital contribution.

## 6.3 Affordable Home Ownership Capital Grant Requirements

Subject to the conditions below and set out in Table 2, the Below/Market Affordable Home Ownership Capital grant program provides $10,000 or $15,000 per unit for the creation of new entry level housing units that are sold to households that meet this Policy's maximum income threshold. Grants are provided to the Applicant who in turn passes it along to the eligible purchaser of the unit as a down payment assistance grant or reduction in the sale price.

6.3.1 Eligible Affordable Housing Ownership Units are those sold to purchasers who are individuals or families who are at or below the Maximum Income Threshold and where the capital grant is transferred to the purchaser. The purchaser cannot currently own a residential property other than the property that is subject to the grant.

6.3.2 There is no Unit minimum for Non-profit Housing Providers.

6.3.3 Only Affordable Ownership Units in areas 1 and 2 developed by Non-profit Housing Providers are eligible for capital grants.

6.3.4 Affordability will be confirmed through confirmation from a member in good standing of an accounting profession recognized pursuant to *The Management Accountants Act*, *The Certified General Accountants Act, 1994* or *The Chartered Accountants Act, 1986* a stating that purchaser of the unit has a household income at or below the Maximum Income Threshold.

6.3.5 The Applicant is responsible for providing signed declarations from each purchaser receiving affordable home ownership capital grants that they comply with the eligibility requirements under this policy.

## 6.4 Affordable Rental Capital Grant Application Requirements

Subject to the conditions below and set out in Table 2, the Affordable Rental Capital Grant Application provides between $10,000 to $25,000 per unit for the creation of new Purpose-Built Rental Units that are rented to households who meet this Policy's Maximum Income Thresholds and where rents are provided below this Policy's Maximum Rental Rates.

6.4.1 Developments are those that provide Dwelling Units to individuals or families whose income is at or below the Maximum Income Threshold requirements and the Units are offered at rental rates that are at or below the Maximum Rental Rate requirements for five years or more.

6.4.2 Developments must be a two-unit building or more for Non-profit Housing Providers and a four-unit building or more for Private Sector Developers.

6.4.3 Maximum Rental Rates and Maximum Income Thresholds will be confirmed on an annual basis for five years through an affidavit stating that all units in the development are at or below the Maximum Rental Rates and rented to households that meet Maximum Income Thresholds as established by the City of Regina and updated annually. Maximum Income Thresholds must be confirmed for any new tenant.

6.4.4 Affordable Rental Units developed by Private Sector Developers in area 3 are limited to capital grants in the amount of $10,000 per Unit or $15,000 where the Unit is three bedrooms or more.

6.4.5 Affordable Rental Units developed by Non-Profit Housing Providers in all areas may be eligible for capital grants in the amount of $20,000 per Unit or $25,000 where the Unit is three bedrooms or more.

6.4.6 Non-Profit and Private Sector Housing Provider can rent Dwelling Units directly to Support Service Provider provided that the Support Service Provider in turn provides the Dwelling Unit to individuals or families that are at or below the Maximum Income Threshold and Maximum Rental Rates.

6.4.7 Affordable Housing Rental Units must remain rental for a minimum of 15 years after the issuance of the Occupancy Permit and shall not be eligible for conversion to Condominiums during this time.

### 6.5 On-Site Support Suite Grant Requirements

Subject to the conditions set out below and set out in Table 2, private Sector and Non-Profit Housing Providers can receive a capital grant of $10,000 or $20,000 where an Affordable Rental or Affordable Home Ownership Project includes an On-Site Support Suite.

6.5.1 An Applicant must provide evidence that it has partnered with a Support Service Provider to use the Suite.

6.5.2 A Support Suite developed by a Private Sector Developer in Program Area 3 is limited to a capital grant in the amount of $10,000 for that Unit.

6.5.3 The Support Service Provider must have proven experience in the service provision of proposed services and be licenced under the applicable government agency. The Support Service Provider can be an Applicant or an external organization with a contractual partnership with the Applicant.

6.5.4 The Support Suite cannot be used for commercial activity.

6.5.5 Applicants are limited to one On-Site Support Suite Grant per Project.

## 7.0 Intensification Levy Rebate Policy

Subject to the conditions set out below, Private Sector and Non-Profit Housing Providers can apply for an Intensification Levy Rebate as part of their Capital Grant application.

.

### 7.1 Intensification Levy Rebate Eligibility

7.1.1 The Intensification Levy Rebate is only available for units receiving a Capital Grant under this Policy. No rebate will be provided for market units and non-residential portions of a Project.

7.1.2 The Intensification Levy Rebate must be applied for as part of the Affordable Home Ownership or Affordable Rental Capital Grant application.

7.1.3 Eligibility for the Intensification Levy Rebate is subject to the Applicant satisfying the requirements of the Affordable Home Ownership or Affordable Rental Capital Grant programs.

7.1.4 Payment of the Intensification Levy Rebate will not be made until the Applicant has satisfied the requirements of the Affordable Home Ownership or Affordable Rental Capital Grant programs.

7.1.5 Intensification Levy Rebate is subject to funding availability. Funding priority will be based on the Scorecard provided in Appendix B.

### 7.2 Intensification Levy Rebate Requirements

7.2.1 An Applicant must provide an estimate of the Intensification Levy including any credits as part of their Capital Grant Application.

7.2.2 The owner must enter into a legal agreement with the City in order to be eligible for the Intensification Levy Rebate.

## 8.0 Roles & Responsibilities

The Executive Director in his or her sole discretion conclusively determines compliance with the eligibility criteria for tax and capital incentives under this policy. The Executive Director is authorized to approve any capital contribution agreements entered into pursuant to this Policy.

As per subsection 262(4) of *The Cities Act*, all tax exemptions under this policy must be done through a tax exemption agreement authorized by City Council through adoption of a By-law.

Under the *Education Property Tax Act and The Education Property Tax Regulations* the Government of Saskatchewan's approval is required to exempt the education portion of the property taxes where that portion of the taxes is equal to or greater than $25,000 in a single year. If this approval is not granted, the exemption will cover the municipal and library portions of the taxes only.

The maximum yearly expenditure from the Social Development Reserve shall be two million five hundred thousand dollars but may be reduced or increased by Council through the budget approval process.

Amendments to the Housing Incentives Policy made from time to time require approval by City Council.

## 9.0 Related Forms

An application should be made by completing one of the following application forms:

Housing Incentives Policy: Tax Exemption Application for Market Rental and Ownership
Housing Incentives Policy: Tax Exemption for Rental Repair
Housing Incentives Policy: Tax Exemption for Secondary Suites
Housing Incentives Policy: Tax Exemption Application for Affordable Ownership Units
Housing Incentives Policy: Tax Exemption Application for Affordable Rental Units
Housing Incentives Policy: Capital Incentives Application

## 10.0 Reference Material

This policy supports objectives and policies established by Council through *Design Regina: The Official Community Plan Bylaw No.2013-48 (OCP)* including inner-city revitalization, growth management and economic development, below market and special needs housing, compatible infill, and cost effective, sustainable development.

The City of Regina acknowledges a Consultant's Final Report, *The Comprehensive Housing Strategy*, submitted to the City of Regina in February 2013 and its recommendations regarding revisions to the Housing Incentives Policy.

Include list of appendices

## 11.0 Revision History

| Date | Description of Change | (Re)-Approval Required (y/n) |
|---|---|---|
| 29-05-2017 | Minor Amendments (see Report CR17-59) | Yes |
| 26-10-2015 | Major Amendments (see Report CR15-125) | Yes |
| 29-06-2013 | Major Amendments (see Report CR13-110) | Yes |

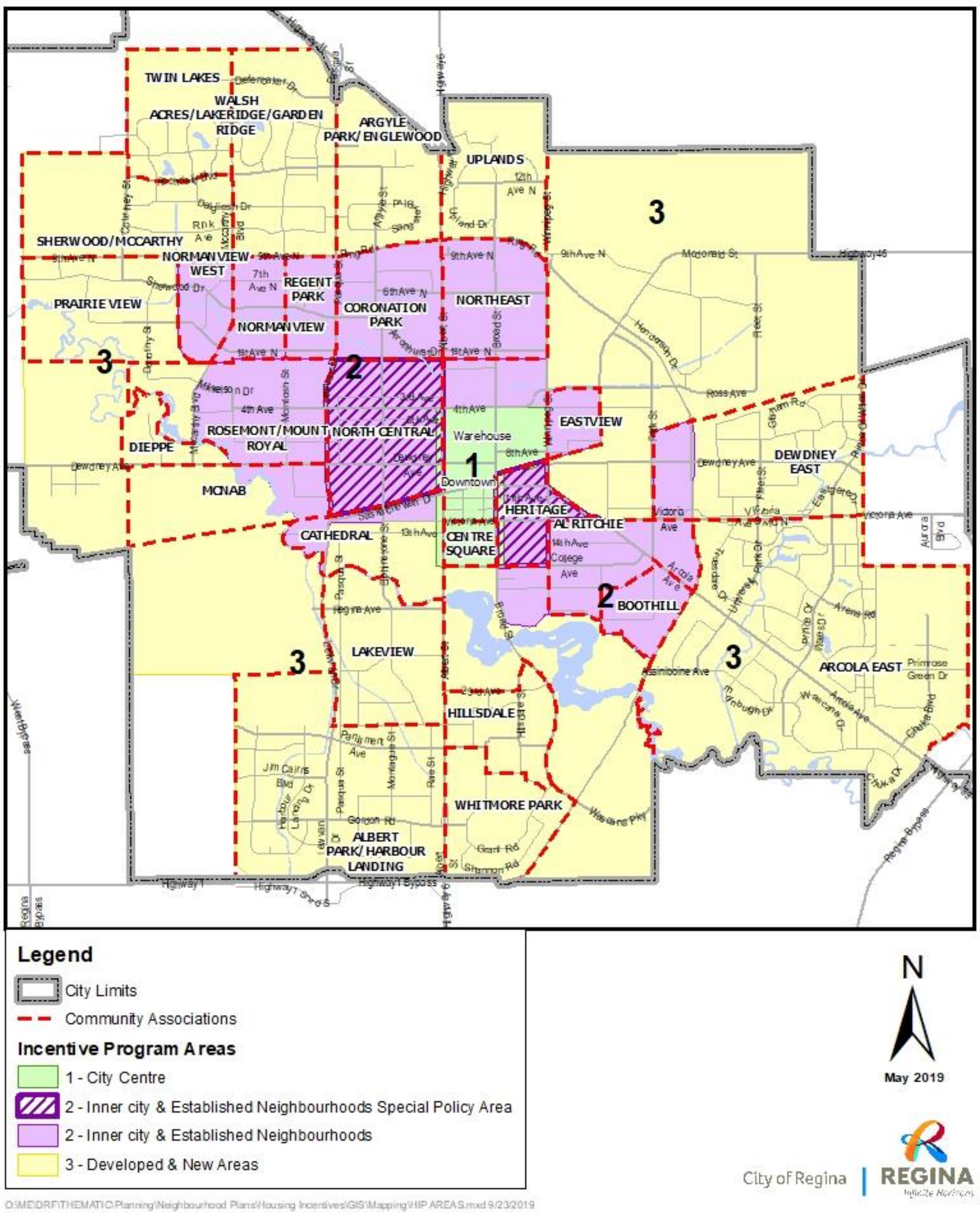
# APPENDIX A

**Program Areas for Housing Incentives Policy**

Map 1 – Program Areas

Program areas identified on this map dictate eligibility for tax exemptions and capital grants. Detailed maps for Area 1 and Area 2 are included in **Appendix X**.

## Housing Incentives Program Areas



# APPENDIX B

## Score Card – Design and Development Criteria

Developments of single buildings, planned group developments and multi-dwelling housing forms **must complete this Score Card and submit it with an application for Capital Incentives**. Criteria are drawn from the Design and Development Criteria of the *Housing Incentives Policy* (November 2013) as well as relevant policies of *Design Regina: The Official Community Plan Bylaw No. 2013-48 (OCP)*. In addition, redeveloped school sites are subject to the "School Site Re-Use Guidelines" (Appendix B of the OCP). Prioritization of funding will be based on Scorecard results with Non-profit Housing Providers receiving first priority until of each year. Should applications exceed allocated funds Scorecard criteria will be used to evaluate applications for existing funding. For each criteria, partial credit cannot be applied unless specified within the criteria. Applicants may be asked for further information or documentation to prove that they meet the requirements set out below. While the applicant is asked to fill out and submit this form with its application, the final evaluation and determination of the points for each category shall be conclusively determined by the Executive Director.

| DEVELOPMENT FEATURES | | POTENTIAL POINTS | EARNED POINTS[1] |
|---|---|---|---|
| **Housing Needs (45 points)** | 50% of units are either: 1) Modest housing (units equal to or less than 500 Square Feet) or 2) Large units for families (3 BR or more). 50% of units must be either unit type to receive points. | 5 | |
| | Project supported under CMHC's National Housing Co-Investment Fund or Sask Housing's Rental Development Program | 20 | |
| | Accessible, barrier free design principles (wheelchair accessible buildings, units and bathrooms) of 10% or more of units (5% is required for multi-unit rental as per *The Uniform Building and Accessibility Standards Regulations*) | 10 | |
| | On-site Support Suite included (e.g.: counselling, day care) | 10 | |
| **Building and Urban Design Elements** (13 points) | **Street level activity/pedestrian comfort/safety**: three points if <u>one</u> of the following is met: a) porches or programmed amenity space (e.g. benches, play equipment, bike racks, etc.); b) there is interface with the street such as low or no fences; c) ground floor commercial development has been included or retained in mixed-use building | 3 | |
| | **Façade design**: Building design includes variation in massing, materials or colour and avoids use of blank walls that are visually prominent. | 3 | |
| | **Open site design**: three points will be earned if either is met: a) there is continuity of the existing street and lane grid; b) the development's front facades do not turn back on adjacent houses, street or other buildings | 3 | |
| | **Active/weather-compatible amenity space and landscaping:** one point if either of the following is met: a) 15% or more amenity space (minimum of 10% required as per *Zoning Bylaw No. 9250*) for 20 or more units (includes amenities for children, families, seniors, etc.); b) landscape improvements in excess of minimum requirements (significant addition or conservation of trees, hedges, bushes, shrubs) | 1 | |

[1] Partial points are not permitted unless otherwise noted.

| | | | |
|---|---|---|---|
| | Construction uses and skill development and training initiatives recognized by the Saskatchewan Apprenticeship and Trade Certification Commission or under a Ministry of Economy Labour Market Development Program | 3 | |
| **Parking Facilities (5 points)** | Parking/vehicular access is by the rear lane. Where no rear lane exists, the any front yard parking is screened by the residential buildings or landscaping. | 1 | |
| | Enclosed or covered bicycle parking in excess of 10% of units (5% is required for multi-unit as per City of *Regina Zoning Bylaw No. 9250*) | 1 | |
| | On-site Car Share or Bicycle Share for tenants[2] | 3 | |
| **Adaptive Re-use/Infill (7 points)** | Building Adaptive Re-use for conversion of a non-residential building to residential use | 2 | |
| | Infill on a previously developed vacant or brownfield site in an established residential or mixed-use neighbourhood. | 5 | |
| **Complete Neighbour-hoods[4] (22 points)** | Access to nearby public transit (within 400 m of a transit stop)[3] | 5 | |
| | Access to nearby licensed child care (within 1000 m of licenced child care centre) | 5 | |
| | Access to nearby employment opportunities or shopping facilities (within 1000 m of commercial district) | 5 | |
| | Access to nearby green public space (within 500 m to a public park) | 2 | |
| | Access to nearby leisure facilities (within 1000 m of a public leisure centre) | 2 | |
| | Access to nearby schools (within 500 m of an elementary, secondary or high school) | 2 | |
| **Sustainable Design (8 points)** | On-site renewable energy generation | 1 | |
| | One point is earned for outdoor landscaping or irrigation systems that meet one of the following requirements: (a) an irrigation system that uses grey water (b) an irrigation system equivalent for water capture, storage and reuse; or (c) permeable pavement | 1 | |
| | Energy Efficiency (25% better than National Building Code) | 5 | |
| | Green roof or passive solar design | 1 | |
| **TOTALS** | | 100 | |
| **MINIMUM TO QUALIFY FOR CAPITAL INCENTIVES** | | 40 | |
| **CITY EVALUATION** | | completed by staff | |

[2] For a car share, an agreement with Regina Care Share or equivalent is required; for a bike share program documents including a program description, membership requirements and other operational details are necessary to receive points.
[3] Project is eligible if the subject property is within 400m of a planned transit stop in an approved Concept Plan.
[4] Based on the travel distance of a pedestrian using existing sidewalks or public pathways.

# APPENDIX C

## Summary of Housing Incentives By Area

### Area 1 – Tax Exemption

| Unit Type | Tax exemption |
|---|---|
| Market Rental Unit developments:<br>• 2-unit building minimum | 5 years, 100% |
| Market Ownership Unit developments:<br>• 4-unit building minimum | 3 years, 100% |
| Secondary Suite<br>• Secondary Suite added to a new or existing house<br>• Includes a 2-unit rental in an R1 zone<br>• Council approved laneway or garden suites only | 5 years, 25% |
| Affordable Housing rental developments<br>• Units must be eligible for capital grants to qualify | 5 years, 100% |
| Affordable Housing Ownership developments<br>• Units must be eligible for capital grants to qualify<br>• <u>Not available for Private Sector Developers</u> | 5 years, 100% |
| Repair of Existing Rental Units<br>• Project must be eligible under National Housing Co-Investment Fund or similar program | The lesser of 50% of the actual Eligible Costs incurred or the total property taxes payable for 5 years |

### Area 1 – Capital Grants

| Unit Type | Capital Grant |
|---|---|
| Affordable rental developments<br>• 2-unit building minimum for Non-profit Housing Providers<br>• 4-unit building minimum for Private Sector Developers<br>• Maximum Rental Rates and Income Thresholds apply | $20,000/unit<br><br>$25,000 for 3 Bedrooms or more<br><br>Intensification Levy Rebate |
| Affordable ownership developments –<br>Non-Profit Housing Provider | $10,000/unit<br><br>$15,000 for 3 Bedrooms or more<br><br>Intensification Levy Rebate |

| | |
|---|---|
| Affordable ownership developments – Private Sector Developer | None |

**Area 2 – Tax Exemption**

| **Unit Type** | **Tax exemption** |
|---|---|
| Market Rental Unit development<br>• 2-unit building minimum | 5 years, 100% |
| Market Ownership Unit development | None |
| Secondary Suite<br>• Secondary Suite added to a new or existing house<br>• Includes a 2-unit rental in an R1 zone<br>• Council approved laneway or garden suites only | 5 years, 25% |
| Affordable Housing rental developments<br>• Units must be eligible for capital grants to qualify | 5 years, 100% |
| Affordable Housing ownership developments<br>• Units must be eligible for capital grants to qualify<br>• <u>Not available for Private Sector Developers</u> | 5 years, 100% |
| Repair of Existing Rental Units<br>• Project must be eligible under National Housing Co-Investment Fund or similar program | The lesser of 50% of the actual Eligible Costs incurred or the total property taxes payable for 5 years |

**Area 2 – Capital Grants**

| **Unit Type** | **Capital Grant** |
|---|---|
| Affordable Housing rental developments<br>• 2-unit building minimum for Non-profit Housing Providers<br>• 4-unit building minimum for Private Sector Developers<br>• Maximum Rental Rates and Income Thresholds apply | $20,000/unit<br><br>$25,000 for 3 Bedrooms or more<br><br>Intensification Levy Rebate |
| Affordable ownership developments – Non-Profit Housing Providers | $10,000/unit<br><br>$15,000 for 3 Bedrooms or more<br><br>Intensification Levy Rebate |
| Affordable ownership developments – Private Sector Developer | None |

**Area 2 Special Policy Area – Tax Exemptions**

| Unit Type | Tax exemption |
|---|---|
| Market Ownership Unit developments:<br>• No Project minimum | 3 years, 100% |

**Area 3 – Tax Exemption**

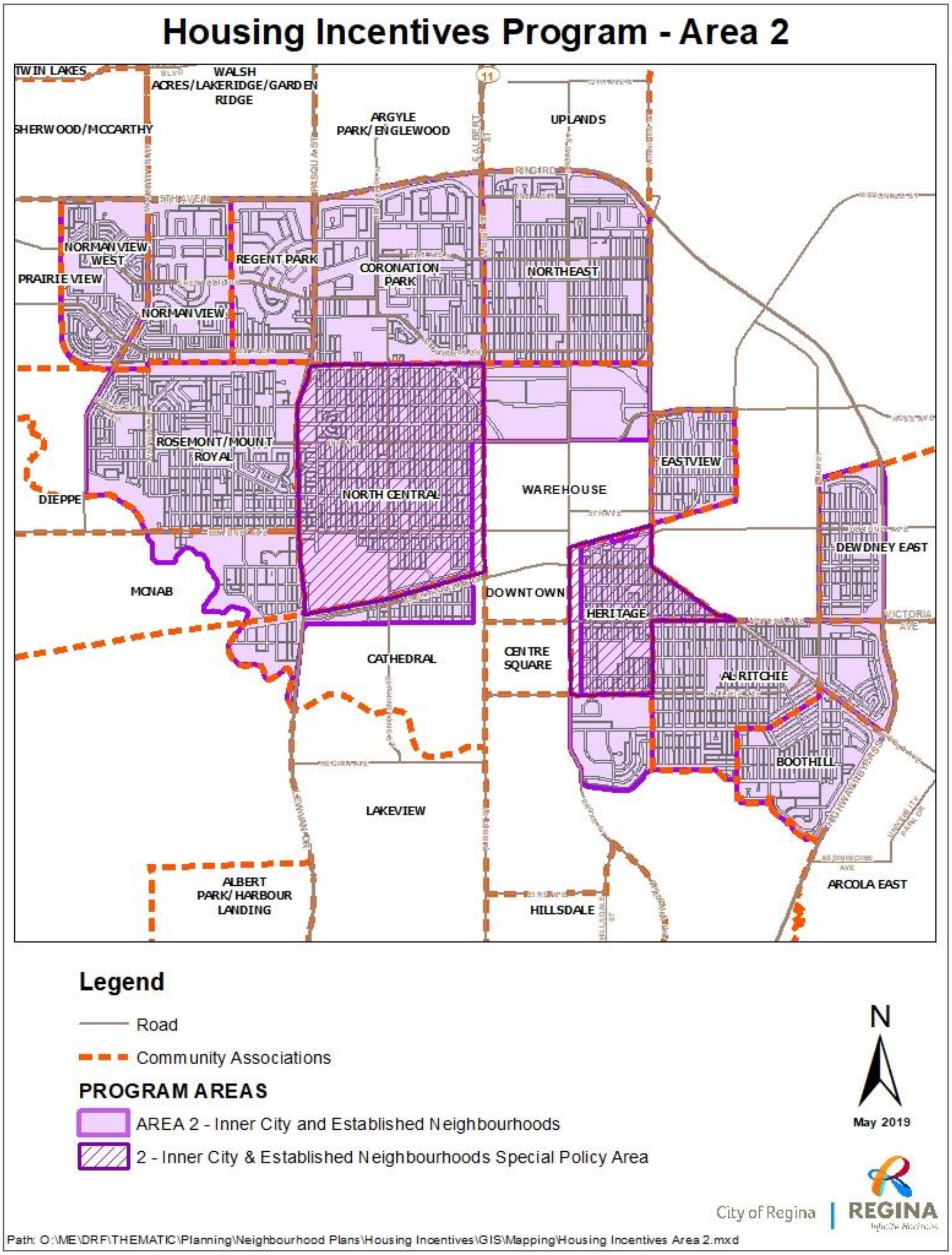
| Unit Type | Tax exemption |
|---|---|
| Market Rental Unit developments | None |
| Market Ownership Unit developments | None |
| Secondary Suite<br>• Only available for laneway or garden suites through Council approved pilot projects | 5 years, 25% |
| Secondary Suite to a new or existing house. | None |
| Affordable Housing rental developments<br>• Units must be eligible for capital grants to qualify. | 5 years, 100% |
| Affordable Housing ownership developments<br>• Units must be eligible for capital grants to qualify. | None |
| Repair of Existing Rental Units<br>• Project must be eligible under National Housing Co-Investment Fund or similar program | The lesser of 50% of the actual Eligible Costs incurred or the total property taxes payable for 5 years |

**Area 3 – Capital Grants**

| Unit Type | Capital Grant |
|---|---|
| Affordable Housing rental developments<br>• 2-unit building minimum for Non-profit Housing Provider<br>• 4-unit building minimum for Private Sector Developers<br>• Maximum Rental Rates and Income Thresholds apply | $20,000/unit; $25,000 for 3 Bedrooms or more for Non-Profit Housing Provider;<br><br>$10,000 for Private Sector Developers; $15,000 for 3 Bedrooms or more<br><br>Intensification Levy Rebate |
| Affordable Housing ownership developments - Non-Profit Housing Providers & Private Sector Developers | None |

# APPENDIX D
## Detailed map of Area 1

### Detailed map of Area 2



### Table 1: Total Capital Grant Contribution (2013-2018)

| *YEAR* | *RENTAL UNITS* | *OWNERSHIP UNITS* | *TOTAL* | *FUNDING COMMITMENT BY PROGRAM AREA* | | | *TOTAL COMMITMENT* |
|---|---|---|---|---|---|---|---|
| | | | | *AREA 1* | *AREA 2* | *AREA 3* | |
| **2013** | *64* | *114* | *178* | *0* | *$1,120,000* | *$790,000* | *$1,910,000* |
| **2014** | *22* | *118* | *140* | *0* | *$925,000* | *$1,020,000* | *$2,095,000* |
| **2015** | *89* | *73* | *162* | *0* | *$1,230,000* | *$1,020,000* | *$2,250,000* |
| **2016** | *11* | *158* | *169* | *0* | *$385,000* | *$1,590,000* | *$1,975,000* |
| **2017** | *60* | *91* | *151* | *0* | *$950,000* | *$133,0000* | *$2,280,000* |
| **2018** | *50* | *30* | *80* | *0* | *$390,000* | *$800,000* | *$1,190,000* |
| **TOTAL** | 234 | 527 | 761 | 0 | $5,000,000 | $6,550,000 | $11,700,000 |

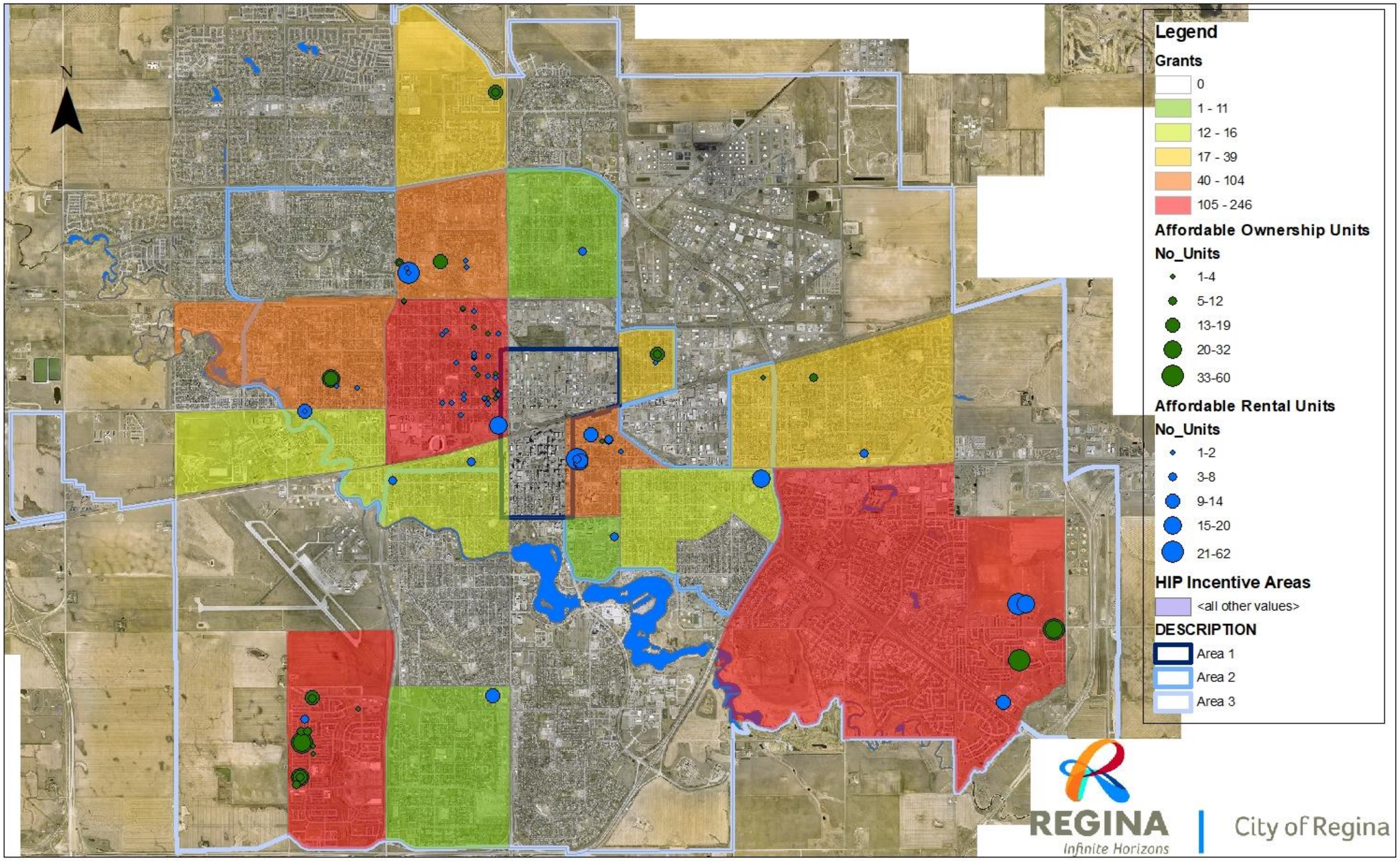
### Table 2: Total Municipal Tax Exemptions Approved (2013-2019)

| *YEAR* | *RENTAL UNITS* | *OWNERSHIP UNITS* | *SECONDARY SUITES* [1] | *TOTAL* | *1st YEAR EXEMPTION VALUE* | *PROJECTED FULL VALUE OF EXEMPTION* [2] |
|---|---|---|---|---|---|---|
| **2013** | *120* | *41* | *N/A* | *161* | *$234,229* | *$1,281,000* |
| **2014** | *454* | *123* | *N/A* | *541* | *$354,959* | *$1,941,000* |
| **2015** | *867* | *106* | *16* | *1025* | *$591,647* | *$3,235,000* |
| **2016** | *816* | *113* | *26* | *966* | *$713,826* | *$3,790,000* |
| **2017** | *542* | *72* | *26* | *640* | *$539,958* | *$2,867,000* |
| **2018** | *279* | *160* | *25* | *464* | *$464,000* | *$2,827,000* |
| **2019** | *519* | *120* | *11* | *650* | *$756,954* | *$4,106,000* |
| **TOTAL** | 3597 | 735 | 104 | 4,447 | | $20,047,000 |

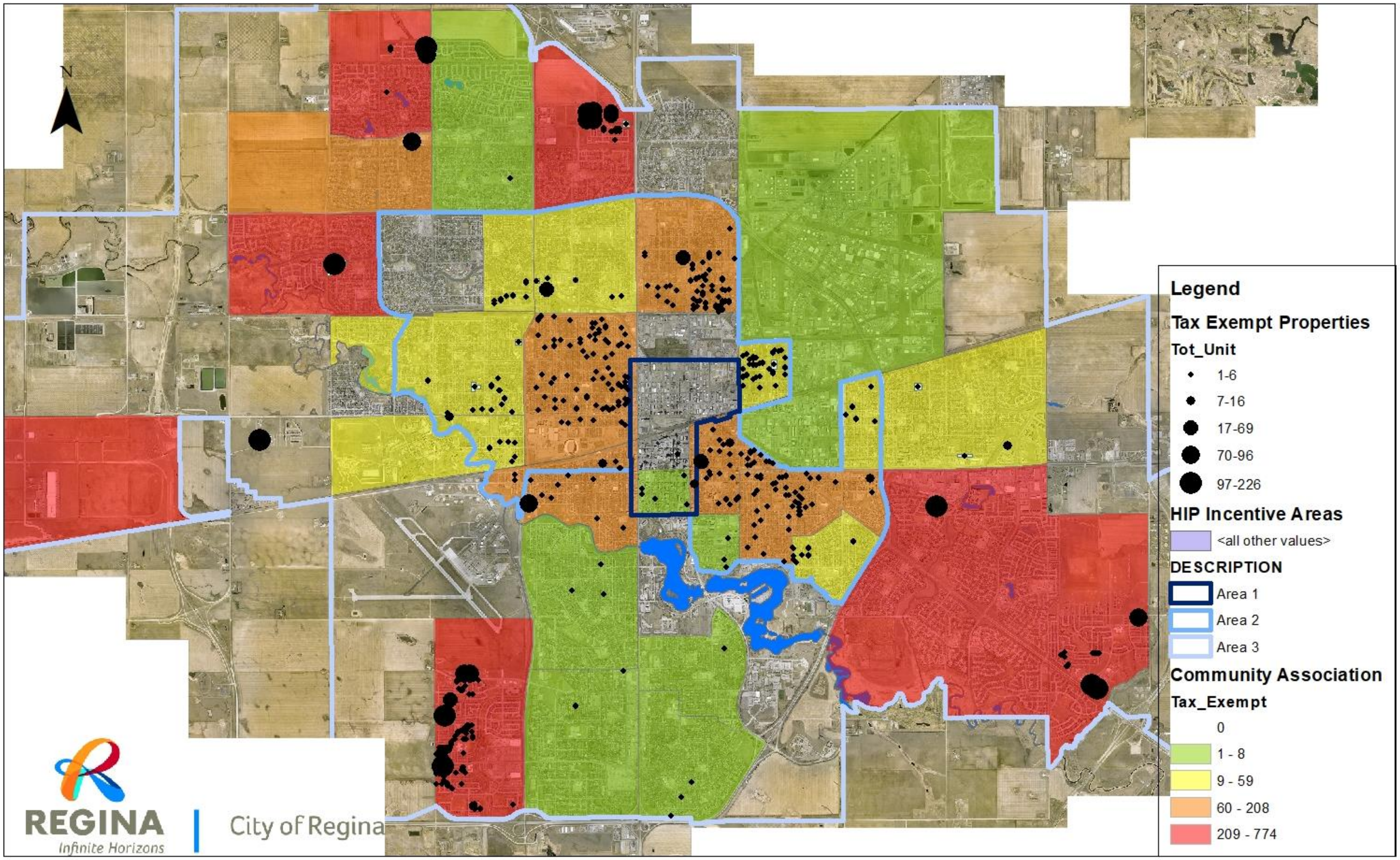
**APPENDIX B**

[1] Secondary Suite Tax Exemption Program established in 2014.
[2] Assumes a 3% increase in mill rates year over year.

# Map 1: HIP Capital Grants Committeed by Neighbourhood 2013-2018



## Map 2: HIP Tax Exempt Approved by Neighbourhood 2013-2019



| Table 1 - Feedback from Stakeholder Engagement Session | | |
|---|---|---|
| | **Suggestion** | **Administration's Response** |
| Non-Profit Housing Providers | **Grant and Tax Exemptions** – Participants agreed that the City's grant and tax abatement is paramount in providing core housing needs to clients and should be reconsidered to cover the purchase of existing property. | Not recommended – City Administration recommend that the HIP be used to incentive the capital costs of constructing and/or repairing affordable housing, not for the purchase of land. |
| | ***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. | Agreed - The recommended HIP amendment includes allowing capital grants to be provided where the housing provider rents units to a service provide who in turn provide the units to low income households. |
| | ***Outstanding Utilities*** – Outstanding utilities of clients should not be downloaded to affordable housing providers. | Under consideration - City Administration is currently investigating this request with water/wastewater staff and will report back to the Mayor's Housing Commission. |
| | ***Capital Funding*** – Participant believed capital funding should be provided at the beginning or phased throughout the project to help secure financing. | Under consideration - Up front funding can pose a risk in the situation where the housing development is not completed or fails to meet the programs criteria following occupancy. City Administration is currently investigating this request with Legal Services and will report back to the Mayor's Housing Commission. |
| | ***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. | Agreed - Upon request City Administration has provided letters to upper levels of government stating that affordable housing projects are supported under the HIP and/or the Comprehensive Housing Strategy. City Administration will update its housing incentive application forms and website to clarify that these letters are available upon request. |
| | ***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. | Agreed - City Administration meet regularly with Provincial and Federal to discuss alignment of affordable housing programs with the HIP. The recommended HIP amendment includes the creation of a rental repair program to align with the Federal Government's National Housing Co-Investment Fund. Administration will continue to look for alignment with upper levels of government. |
| | ***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. | Not recommended - Direct social assistance programs are the responsibility of the Provincial and Federal Governments. The recommend HIP amendment does include a grant for the capital costs of including on-site support suite for use by support organizations. |

| Table 1 - Feedback from Stakeholder Engagement Session | | |
|---|---|---|
| | **Suggestion** | **Administration's Response** |
| | ***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. | Agreed. |
| | ***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 or developing smaller units (micro suites). | Agreed - City Administration continuously review and recommend updates to the HIP to reflect current housing needs and changes in the housing sector. Where a new affordable housing form is proposed that does not meet current HIP criteria but addresses a critical housing need, City Administration would take it into consideration and where appropriate submit the report to the Mayor's Housing Commission for direction. For example, the recommended HIP amendment includes the creation of a Rental Repair Tax Exemption program. |
| | ***Support Social enterprise –*** Participants mentioned cross subsidizing the rental with for profit portions of the non-profit organizations. | Not recommended - The HIP cannot be used to incentives non-residential construction. Note that there may be other incentives or supports available for non-residential portion of a project which an Applicant could stack with HIP incentives. |
| **Private Sector 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. | Agreed - In response to this suggestion the recommended HIP amendment does move the date from November 1 to August 1st so that private sector applicants will not have to wait until the end of the year to receive a funding decision.<br><br>However, administration do not recommend providing year-round access to funding for private sector developers as it removes the ability to prioritize funding should the number of eligible applications exceed available funding in a year.<br><br>The HIP currently has a cap on the number of grants available for both private sector and non-profit housing providers. These caps are required to ensure that annual funding spread out to multiple housing providers/projects each year. Administration do not recommend adjusting these caps at this time. |
| | ***Scorecard Criteria –*** Participants indicated that the recent change in the scorecard criteria poses a barrier to developing | Not recommended - Note that the City has never refused an application for failing to achieve the minimum required score on the scorecard. |

| Table 1 - Feedback from Stakeholder Engagement Session | | |
|---|---|---|
| | **Suggestion** | **Administration's Response** |
| | 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. | Not recommended - Direct social assistance programs are the responsibility of the Provincial and Federal Governments. The recommend HIP amendment does include a grant for the capital costs of including on-site support suite for use by support organizations |
| | ***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. | Agreed - City Administration continuously looks for opportunities to use the HIP to leverage Provincial and Federal funding. Note that the PEAK program is a partnership between a local developer, Provincial and Federal Government. |
| | ***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. | Agreed - The recommended HIP amendment includes a rebate of the Intensification Levy for new affordable housing developments |
| | ***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. | Agreed – City Administration are currently exploring options to expedite the review of affordable housing permit applications. |

| Table 2 - Feedback from Stakeholder on Proposed Amendments | | |
|---|---|---|
| | **Comment** | **Administration's Response** |
| | **Suspension of Affordable Home Ownership Program** – Concern from home builders that the proposed suspension undersells the importance of the City's contribution in enabling households to overcome the challenges in saving a down-payment to buy their first home. | The Affordable Home Ownership Capital Grant Program was opened up to Private Sector developers in 2012 in order to increase the supply of entry level housing in the face of housing shortage. As discussed in the report there is currently an ample supply of entry level housing available on the market.<br><br>The recommended suspension of this program is also appropriate at this time as Regina has one of the highest rates of home ownership and lowest rate of ownership unaffordability among prairie cities. In addition, in recent years approximately 60% of capital funding has been committed to home ownership units. A reduction in this program is required to offset the funding required for the Intensification Levy Rebate & grant for on-site support spaces. |
| | **Proposed two-year completion timeline** – Concern from home builders that this timeline does not take into account shifting market conditions which may delay a project's completion. | The proposed policy provides flexibility to the Executive Director to provide extensions for applicants where market conditions have slowed, or other unforeseen factors result in a delay a projects completion. |

# Appendix D – Stakeholder Feedback on Proposed Amendments

**October 8, 2019**

**Charlie Tomen, Senior City Planner**
**City of Regina, Queen Elizabeth II Court**
**2476 Victoria Avenue**
**Regina, SK 24P 3C8**

**RE: HOUSING INCENTIVE PROGRAM – FOCUS GROUP SESSIONS & PROPOSED AMENDMENTS**

The National Affordable Housing Corporation (NAHC) is a non-profit organization based in Saskatchewan. Our mission is to help Canadians find quality homes to rent or own that are affordable in their community.

In July 2019 representatives from the NAHC participated in a Focus Group Session regarding the City of Regina's Housing Incentives Program (HIP). We commend the City of Regina for the engagement process used to ensure housing providers and stakeholders were able to provide experience-based feedback and solutions to advance the goals of the HIP. Our organization was both surprised and impressed to also see that housing stakeholders were once again invited to provide comments on the proposed HIP amendments that resulted from the Focus Group Sessions. The below includes some comments regarding the City's follow up questions and the proposed amendments:

**City of Regina Question**: Is this consistent with what you heard at the focus group sessions?
*Yes, recommendations reflect the comments, concerns, and suggestions from the Focus Group Session. City administration and consultants listened to the problems / challenges discussed by the group and provided very good amendments as solutions.*

**City of Regina Question**: How confident are you that the recommendations will help move the HIP toward the goal of focusing incentives toward critical housing needs?
*We are impressed with the City's willingness to engage housing providers' based on their experience with the HIP and experience working within the housing market. The amendments are fair, creative, simple, and will move the HIP towards the goal of focusing on current housing needs.*

**City of Regina Amendments being considered:**
Introduce a new tax exemption program for the repair of existing affordable rental housing units in alignment with National Housing Co-Investment Fund established under the Federal Government's National Housing Strategy.
*A good policy addition.*

Introduce an Intensification Levy Rebate for the development of new affordable housing.
*A good policy incentive for housing providers to include affordable housing units in projects where the Intensification Levy is in effect. This policy has the will encourage the supply of new affordable housing without costing the City any per unit capital funding for a project.*

Expand the tax exemption program for new market ownership construction to the North Central and Heritage neighbourhoods.
*A good policy addition.*

National Affordable Housing Corporation | #4 – 3012 Louise Street East | Saskatoon, SK S7J 3L8

Suspend the capital grant and tax exemption programs for new affordable homeownership construction in greenfield neighbourhoods for one year.

*Program suspension should be reviewed in 8-12 months and may need to be reintroduced once current new and resale inventory challenges are resolved because there is a risk that need and demand for affordable homeownership assistance will become further pent up during this time. Many low-to-moderate income families struggle to save for a down payment and get approved for a mortgage given tightening lending rules, incomes, and the costs of living. In addition, affordable homeownership programs have a dual impact as they also help relieve rental market pressures. If the rental market continues to experience increased pressure, reactivating affordable homeownership programs can ease pressure by moving a family from renting to homeownership thus freeing up a rental unit for others in need.*

*It should be noted that the new Federal Shared Equity Program will not serve the majority of the low-to-moderate income families that have accessed the City of Regina's affordable homeownership assistance become the federal program requires a family to already have the 5% down payment to access the program. Nevertheless, it is this 5% that remains the greatest barrier to homeownership for Regina families living below the median income. The City of Regina should not rely on the Federal program as a replacement to the City's current affordable homeownership grants.*

*Having helped many low-to-moderate income families in Saskatchewan become homeowners through similar homeownership programs, the NAHC can attest to how helpful and impactful City-funded affordable homeownership programs truly are for families.*

Expand the capital grant program for new affordable rental construction to include an on-site support service suite in alignment with the Plan to End Homelessness for Regina

*A helpful policy addition for housing and support service providers that need this type of space within their developments. Support service and spaces are often integral to tenant's housing stability and success for these agencies; however, designated space is not typically funded by government. This policy addition is positive and will help fill this gap to help support providers overcome financial constraints and better serve vulnerable populations.*

Revise the Policy to allow for affordable rental providers to rent units directly to third party service organizations.

*A good policy addition. It was clear that this was a very real challenge for some housing providers during the Focus Group Sessions. The NAHC has explored similar partnerships for the delivery of our affordable housing units and understands. We would not have anticipated that the existing policy would have created a roadblock to success and are thankful that the Focus Group Session has resulted in a resolution to this challenge. We expect that revising the policy in this manner will have a good impact.*

Move up the review of incentive applications submitted by Private Sector housing providers from November 1 to August 1.

*This policy amendment is fair. It gives private sector more time to submit and have applications reviewed prior to the construction season coming to a close for the fall/winter. It also leaves sufficient time for non-profits to submit projects for funding consideration.*

Once again, the NAHC was thoroughly impressed with the City of Regina's engagement process, efficiency, and efforts to propose improvements to the HIPs. We thank the City of Regina for their leadership and support for affordable housing and look forward to working to provide affordable housing solutions for hard working low-to-moderate income families in Regina.

Sincerely,

Stacie Beever, Chief Operating Officer

**HIP Program Amendments**

Thank you for inviting us to share our thoughts at the focus group review of the Housing Incentives Policy. It was a very interesting discussion that we felt was productive and valuable. North Ridge has been a long-time supporter of the capital grant and tax exemption programs and have seen first hand how many families have benefited from these programs.

We are in support of the intensification levy rebate and agree that it will improve the financial feasibility of infill development of new affordable housing in Regina. Without a rebate it would certainly dissuade builders from investing in infill developments. This tool will also be instrumental in supporting the OCP's goal of 30% infill development.

We would not like to see the Housing Incentives Policy add an expiry date of two years to the grant funding if a project is not complete. With the market conditions changing as they have, builders are very cautious with inventory levels to ensure there is not an oversupply of inventory. Therefore, project completion times can be hard to predict. We would suggest keeping the application process as it currently stands with City Administration being flexible in situations where the builder has shown meaningful progress towards completion.

We were disappointed to see the proposal to suspend the ownership grant program for one year for private sector and non-profit housing providers in greenfield developments. There are many families who would not have been able to become homeowners without the use of this program. Although there is entry level housing available on the resale market, the barrier to entry for these families is not solely impacted by price or lack of supply, it lies in the fact that they are unable to save enough for a down payment on a home. Without the grant program to provide the down payment assistance, owning a home would be unattainable for many hardworking families in Regina. We were surprised to read that there are currently 109 unused ownership grants available and would be curious to understand the circumstances behind this. With the newly revised income thresholds, we have been able to actively use the grants we have obtained and feel the program is functioning much better.

We understand that the focus of the Housing Incentives Policy has shifted to support rentals over ownership units due to real estate conditions. However, to suspend the ownership grant program completely for a full year, while supporting rentals with over 80 grants per non-profit supplier and 40 grants per private sector supplier each year seems like an inequitable division of funding. We would hope that some sort of funding for ownership units would remain, even if it is at a reduced level.

As a local builder we take pride in being able to give back to our community and hope to continue our partnership with you to support the ownership grant program that has helped so many families become first time homeowners.

Freya Marchuk
Operations Manager
North Ridge Development Corporation

Regina & Region
Home Builders'
Association

100 - 1801 MacKay Street
Regina, Saskatchewan
S4N 6E7

F. (306) 569-9144

www.reginahomebuilders.com

October 15, 2019

Charlie Toman
Senior City Planner
Neighbourhood Planning
City of Regina
Queen Elizabeth II Court
Regina, SK, S4P 3C8

Subject: *Comments & Proposal for the Housing Incentive Program*

Dear Charlie,

The Regina & Region Home Builders' Association appreciates the opportunity to provide our perspective on the City of Regina's current *Housing Incentive Program* (HIP).

***Changes to HIP***

Our understanding is the HIP aims to tackle affordability issues with Capital Grant and Tax Exemption Programs for newly created housing. Homebuyers may receive a $10,000 -$15,000 capital grant, and non-profit/private sector housing providers could receive a 5-year tax exemption. However, in a recent review of the HIP, the City has proposed amendments to its ownership incentive policies. The City Administration is considering suspending both the capital grant and tax exemption programs for new affordable home ownership construction by private sector developers in all areas and for non-profit housing providers in greenfield neighbourhoods for one year.

What has been suggested:

1. There is an ample supply of entry level housing available on the resale market for less than new units funded under these programs.
2. There are currently 109 ownership grants that the City has committed but remain unused.
3. Regina has one of the highest rates of homeownership and lowest rate of ownership unaffordability among prairie cities.

The City Administration also suggests these policy changes by stating that reductions in ownership capital grants are required to offset funding required to fund a proposed Intensification Levy Rebate & grant for the development of new affordable housing.

***Capital Grant Program***

We believe that the capital grant program, or the "down-payment assistance program" has proven to be very effective at providing affordable housing and encouraging home ownership. When non-profit/private sector housing providers were able to work their way through the myriad of requirements in the current capital grant program, they were able to participate effectively. The capital grant program has provided buyers the opportunity to own a home in a market where they would typically struggle to make such an important purchase. Unfortunately, after reviewing the proposed amendments, it seems that the capital grant program, as well as the tax exemption program, have run their course.

We believe that the policy changes being considered by the City do not take into consideration the ample benefits experienced as a result of home ownership. Not only are there benefits of home ownership at the individual level (i.e. wealth accumulation, and an improved sense of community) but homeownership is also good for the City's overall economy. When homeowners can overcome that initial hurdle and put a down payment on their first home, they begin to accumulate wealth. Eventually, when they want to sell their starter home and buy/build a new home, they contribute to economic growth and job creation. With each home sale, there are expenditures related to lawn care, home remodeling, new furniture, mortgage origination, moving, and an inducement to build new homes. Some portions of these earned incomes subsequently get spent in the local economy.

***Home Ownership Matters***

The City's proposed amendments to the capital grant program not only undersell the importance of down-payment assistance for potential homeowners, they also prevent people from gaining access to CMHC and Genworth Affordable Home Ownership Programs. The City of Regina claims that their proposed amendments to the HIP are necessary to address the gaps in the private market's ability to address housing needs. Alternatively, we would like to propose a new program which would help address some of these gaps, contribute to the creation of more affordable new homes and align with the Comprehensive Housing Strategy.

We have looked at capital grant programs provided in other municipalities across Canada and we have identified some best practices that would be a good model for the City of Regina.

***RRHBA recommendation***

We have incorporated some best practices into a new program we believe could provide significant benefit those who are locked out of the benefits of home ownership and allowing them to participate in federal programs that can only be accessed through municipal support. At the same time a program that is easy to administer by the City of Regina and provide some limited opportunity to the new home industry that is under significant downward pressure. Our program recommendations would implement the following conditions:

- The program would not require participants to meet any score card requirements
- All contributed money would be considered a grant and not subject to repayment
- Total contributed amount would be a maximum of 5% of the purchase price
- The criteria for a purchaser to qualify will remain similar to the existing capital grant program:
  - a maximum income threshold which varies depending on if there are minor dependents
  - purchase for principal residence only
  - cannot own any other real estate
  - $2500 down payment
- Currently, the capital grant amount is $10,000-$15,000. Under the new proposed program, the City will be responsible for contributing $10,000 per grant. The builders/developers who utilize the program will be responsible for funding the 5% down payment shortfall.
- Each builder can apply for a maximum of a certain amount of grants per year, based on the amount the City of Regina would be willing to allocate to the program.
- Expiration of the grant funding would be subject to the builder ceasing marketing of the property. (IE: renting out property)

Taking into consideration the investment that the City makes into both the capital grant program and the tax exemption program, this would significantly reduce the required investment to support affordable housing. For a typical 3-bedroom grant, the City would provide a $15,000 grant, as well as approximately $15,000 in tax savings over 5 years, which totals approximately $30,000. With the proposal above, this investment would be reduced to $10,000; a 67% savings.

Given the issues identified by the City of Regina in their review of their current Housing Incentive Program (i.e. the ample supply of entry level housing available on the resale market for less than new "affordable" units, and a large number of unused ownership grants) investing in a down payment program will help address these gaps. This proposed program will also reduce the administration costs incurred by the City, as they no longer need to administer a tax exemption program. It encourages builder/developer investment which would demonstrate their commitment to the program while also encouraging residential development in the City of Regina.
If this proposal is found to be acceptable, CMHC and Genworth would then need to confirm that they would be amenable to this program.

Thank You,

Stu Niebergall
President & CEO

Cc: Diana Hawryluk, Laurie Shalley, Emmaline Hill

**Charlie Toman**

---

**From:** CHS
**To:** Stephen Onda
**Subject:** RE: [External email] Re: Housing Incentives Policy Review Amendments Under Consideration

**From:** Stephen Onda
**Sent:** Monday, October 14, 2019 9:59 AM
**To:** CHS <CHS@regina.ca>
**Cc:** Charlie Toman <CTOMAN@regina.ca>; Emmaline Hill <EHILL@regina.ca>; Brad McKenzie <BMCKENZI@regina.ca>
**Subject:** [External email] Re: Housing Incentives Policy Review Amendments Under Consideration

Thank you for this email and your ongoing consultations.

I place my thoughts into your denial below

Stephen Onda
Sundog Developments ltd.
3035 21st Ave
Regina, SK
S4S 0T5

--

**From:** CHS <CHS@regina.ca>
**Date:** Tuesday, October 1, 2019 at 12:05 PM
**Cc:** Charlie Toman <CTOMAN@regina.ca>, Emmaline Hill <EHILL@regina.ca>, Brad McKenzie <BMCKENZI@regina.ca>
**Subject:** Housing Incentives Policy Review – Amendments Under Consideration

Greetings,

Thank you to everyone who provided feedback on Housing Incentives Policy (HIP) review in July. Your input was valuable in informing revisions to focus housing incentives towards those in greatest need.

Administration has identified amendments to the HIP designed to focus incentives towards Regina's critical housing needs. The proposed amendments take into account Regina's shifting rental and ownership housing market, introduction of the National Housing Strategy, Plan to End Homelessness for Regina, Intensification Levy and feedback received from internal and external stakeholders,

<u>Amendments being considered</u>

- Introduce a new tax exemption program for the repair of existing affordable rental housing units in alignment with National Housing Co-Investment Fund established under the Federal Government's National Housing Strategy;

National hudson gStrategy and Co Investment Fund are interesting initiatives. The Co Investment Fund required participation forefather or both Provincial and Municipal entities. I think aligning guidance with these various programs is a good idea,.. I am not sure if all guidances recommended by Co investment fund are suitable to Sask as we are a small populated places with a unique challenge in that much of Co Investment fund uses a CMHC statistic as to rental rates and in the case of inner city the data is out of sync with reality

-
- Introduce an Intensification Levy Rebate for the development of new affordable housing;

The intensification rebate is a good idea, as most inner city construction projects are targeted to affordable. Perhaps Intensification can be catorgized to whether it is market builds and or affordable , hard to ouse targeted units?

-
- Expand the tax exemption program for new market ownership construction to the North Central and Heritage neighbourhoods;

I did not know that the tax exemption did not included North Central and Heritage...? I have built in both communities and have received tax abatements.
OR is exemption different than abatement,...?

-
- Expand the capital grant program for new affordable rental construction to include an on-site support service suite in alignment with the Plan to End Homelessness for Regina;

Very mush support this initiative as our expense is the a supportive service in the building goes along way to making the building successful in answering needs of tenants and providing a stable, sustainable housing unit.

-
- Revise the Policy to allow for affordable rental providers to rent units directly to third party service organizations;

This also is a great idea, although we do need more 3rd party support service organization in our city

-
- Move up the review of incentive applications submitted by Private Sector housing providers from November 1 to August 1; and,

AS a private sector housing developer I do support access to HIP, I am also a big supporter of Non Profit and Critical Housing providers, some of which are private developers.

-
- Suspend the capital grant and tax exemption programs for new affordable home ownership construction by private sector developers in all areas and for non-profit housing providers in greenfield neighbourhoods for one year.

I think suspending for Private developer for a year is a good idea to help provide resources to Non Profits

I disagree that this should exclude greenfield developments.

-

A detailed summary of the proposed amendments, along with rationale, can be found on https://www.regina.ca/home-property/housing/housing-incentive-program-review/

**We invite your feedback on the proposed amendments.**

- Is this consistent with what you heard at the focus group sessions?

I believe so

- 
- How confident are you that the recommendations will help move the HIP toward the goal of focusing incentives toward critical housing needs?

I am confident the about suggestions with help HIP

- 
- Do you have any general questions?

Housing needs remain fairly constant in the Critical Housing arena , however constant review andrefinment is encouraged.

- 

City Staff will be holding a Drop-In Session for stakeholders to ask questions and provide feedback on the proposed amendments.

| | |
|---|---|
| Location: | **Darlene Hincks Room, Regina City Hall** |
| Date: | **Tuesday, October 8, 2019** |
| Time: | **3:00 – 6:00 PM** |

To be considered by City Administration prior to it submitting its recommended amendments to the Mayor's Housing Commission and City Council, feedback must be received by **October 15, 2019**. Comments can be e-mailed to chs@regina.ca.

All comments received by this deadline will be carefully considered by Administration before finalizing its recommendations.

DISCLAIMER: The information transmitted is intended only for the addressee and may contain confidential, proprietary and/or privileged material. Any unauthorized review, distribution or other use of or the taking of any action in reliance upon this information is prohibited. If you received this in error, please contact the sender and delete or destroy this message and any copies.

**CAUTION: This email originated from outside the organization. Do not open links or attachments you were not expecting, even from known senders. Contact the TDI ServiceDesk at 306-777-7980 if the email is suspicious.**

City of Regina | REGINA Infinite Horizons

**City of Regina Housing Incentives Policy**

**Focus Group Report**

July 2019

PRAXIS
RESEARCH | STRATEGY | RESULTS

## 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 exepmtion 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 incenting 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.