Housing Incentives Policy
Proposed Minor Amendments

Stakeholder Discussion Document
Purpose

The City of Regina is wanting feedback on minor amendments to its Capital Grant and Tax Exemption Housing Incentive Programs available through the City’s Housing Incentives Policy (HIP). The goal of these amendments are to further refine existing capital grant and tax exemption programs based on direction from City Council and feedback from Stakeholders received through the 2019 Comprehensive Review and Update to the Policy.

City Staff are seeking feedback on the proposed changes to the HIP as part of the review.

All comments received will be carefully considered by City Administration before making its recommendation to Committee and Council. All feedback received will be summarized and included in that Report.
Housing Incentives Policy (HIP) - Background

- Established in early 1990’s to stimulate new affordable housing developments
- Incentive programs have been amended over the years to reflect shifting housing needs and the City’s housing market
- Last comprehensive update occurred in 2019 which resulted in the:
  - Creation of a Rental Repair Property Tax Exemption Program that aligns with the National Housing Strategy
  - Introduction of an Intensification Levy Rebate
  - Suspended capital and property tax incentives programs for affordable home ownership (private sector developers only)
  - Expanded Market Ownership property tax incentives to North Central & Heritage neighbourhoods
  - Introduced capital grant for projects that include on-site support suites (one per project)
Housing Incentives Policy (HIP) - Background

From the 2019 Review of the HIP, City Council provided direction for City Administration to investigate:

- Expedited review of affordable housing permit applications.
- Paying out capital grants before a project is completed and occupied.
- Review of the one-year suspension of home ownership incentives for private sector developers.
- Extending the requirement that affordable rental units maintain below market rental from 5 to 10 years.
- Committing capital funding before a project has obtained any required zoning approvals.
The City has contributed $17,030,000 in capital incentives since 2013, creating 1,189 new affordable units. Just over half of units funded are for affordable home ownership; however, in recent years the large majority are affordable rental. This shift is a result of past changes to the HIP to focus incentives towards affordable rental units along with a slowdown in new housing starts.
Since 2013 the City has approved Tax Exemption applications for the construction of:
- 4,118 new Purpose Built Rental Units
- 685 new Affordable Ownership Units
- 11 new Secondary Suites
- 27 new Ownership Units in the City Centre

The total cumulative municipal value of tax exemptions is projected to be $21.7 million.

The number of approved units has decreased in recent years due to the slowdown in rental housing construction and phase out of property tax incentives for new market rental projects in greenfield neighbourhoods.
Average Housing Costs 2013-2020

Average Rental Rates & House Prices 2013-2020 (Oct)

Average 2 Bedroom Rental Rate
Average Home Sale Price
Housing Starts 2013-2020 (Jan-Nov)

REGINA (CY) HOUSING STARTS

- Home Ownership Starts
- Rental Starts
- Condo Starts

![Bar chart showing housing starts from 2013 to 2020 (Jan-Nov)]
Scope of Minor Amendment

Aspects of the HIP’s financial incentive programs under consideration for revisions is limited to adjusting current program requirements and clarifying existing policy wording.

The following is *not* within the scope of the amendment:

- Eliminating existing incentive programs
- Establishing new incentive programs
- Increasing or decreasing current capital incentive amounts
- Expanding or contracting existing tax incentive programs

Amendments would take effect for 2021 Capital Grant Applications
Proposed Minor Amendments
Summary of Proposed Amendments

1. Allow capital grant payment prior to occupancy of affordable rental projects under some circumstances
2. Increase capital funding available for Projects with multiple On-Site Support Suites
3. Allow retroactive approval of On-Site Support Suite under some circumstances
4. Increase requirement that affordable rental units remain under maximum rental rates from 5 to 10 years beginning in 2022.
5. Maintain current criteria that only non-profit housing providers are eligible for Affordable Home Ownership incentives
6. Maintain requirement that zoning approval is required prior to capital funding commitment but provide applicants with letters confirming eligibility.
7. Flag affordable housing projects in the City’s Planning & Building Software
8. Revise HIP Scorecard to put emphasis on projects that support vulnerable populations
9. Update definition of Non-Profit Housing Provider
### Capital Grant Payment prior to Project Completion

**Originated From – Feedback from Stakeholders**

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| Section 6.1.16 states “in response to, and during the COVID-19 pandemic crisis, and under similar emergency measures, the Executive Director, City Planning and Community Development has discretion to relax the requirement that an Occupancy Permit is issued before grant payments for affordable rental housing applications are disbursed where construction of the project is near completion and the applicant has entered into a capital contribution agreement with the City.” | Amend wording of section 6.1.16 to remove ““in response to, and during the COVID-19 pandemic crisis, and under similar emergency measures” This would provide the Executive Director with discretion to relax the occupancy permit requirement post COVID-19. | • Implementation of the current policy has been effective  
• Would reduce an affordable housing providers borrowing costs during construction.  
• Similar to other provisions in the HIP, providing discretion to the Executive Director allow them to review each request on a case by case basis, taking into consideration the applicants circumstances as well as potential risks to the City. |
Increase On-Site Support Grants per Project

Originated From – Feedback from Stakeholders

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| Section 6.5.5 limits Projects to one (1) On-Site Support Suite Grant. | Increase the number of On-Site Support Grants a Project can receive based on their size as follows:  
- 1 On-Site Support Suite Grant for 1-20 unit Projects  
- 2 On-Site Support Suite Grants for 20-40 unit Projects  
- 3 On-Site Support Suite Grants for Projects with 40+ units. | • Received feedback from affordable housing providers that larger permanent supportive housing often require multiple on-site support suites to locate wrap around support services.  
• Aligns with the objectives of the Plan to End Homelessness for Regina to increase permanent supportive housing |

An On-Site Support Suite is defined as “A dedicated, self-contained space within a Project where Support Services are provided to assist households on the premises maintain their optimal level of 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).
## Retroactive On-Site Support Grant Approval

### CURRENT POLICY

The City had committed capital grants for affordable rental units that the Applicant later converted to On-Site Support Suites which were ineligible for incentives at the time.

To receive capital funding for the on-site support suite, the Applicant would have to reapply for a capital grant just for the existing on-site support suite.

### PROPOSED AMENDMENT

Amend the Policy to allow the City to payout capital grants to existing projects where the Applicant had converted a proposed affordable rental unit to an On-Site Support Suite.

### RATIONALE

Would eliminate the need for Applicants to reapply for an On-Site Support Suite grant where they had already received a capital grant commitment for the same space.
### Length of Time an Affordable Rental Unit must meet Affordability Requirements

**Originated From – Undertaking from City Council to Investigate Extending Affordability Requirements**

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| A rental unit receiving a capital grant must be rented at below the HIP’s maximum rental rate to households earning less than the HIP’s maximum income threshold for at least 5 years. | Amend the HIP to increase this requirement to **10 years**, **beginning in 2022.** | • Provide greater value for the City’s grant  
• 10 years is consistent with affordable housing incentive programs in other municipalities.  
• 2022 start date would provide local housing providers additional time to consider this change in preparing future capital grant applications.  
• Since 2013 approximately 89% of affordable units approved through the HIP are required to meet affordability requirements for 10+ years under Provincial and/or Federal funding agreements. |
## Affordable Home Ownership Incentives – Private Sector Developers

**Originated From – 2019 Housing Incentives Policy Review**

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| Beginning in 2020 Affordable Home Ownership Capital Grants and Property Tax Exemptions are only available for Non-Profit Housing Providers.                                                                 | Maintain that only Non-Profit Housing Providers are eligible for affordable home ownership incentives.                                                   | • Based on housing market conditions, no need to incentivize new, entry level ownership units  
• Large inventory of resale homes are available on the market at lower prices than new units build by Private Sector developers under this program. |
| When City Council approved this change, City Administration committed to reporting back after one year with a recommendation on whether home ownership incentive programs should be reinstated for private sector housing providers | No change recommended to current policy.                                                                                                             |                                                                                                                                                                                                         |
## Committing Capital Funding before a Project has Zoning Approval

Originated From – Stakeholder Request to Allow the Commitment of Capital Funds for a Project prior to it receiving any required Zoning Approvals

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<td>To be eligible for capital incentives, the development must have a Development or Building Permit. This means that if the Project requires land use approvals from City Council (e.g. Rezoning or Discretionary Use approval), the City will not commit capital funding until those approvals have been received.</td>
<td>No change to the current requirement. However, in response to stakeholder feedback: - Amend the HIP to remove Development or Building Permit requirement and replace it with “confirmation from Development Services that the Project meets applicable zoning regulations” - Where an Applicant is applying under Provincial and/or Federal housing programs, offer to provide a letter of support confirming that the Project meets the HIP’s eligibility requirements for capital and tax incentives</td>
<td>- Significant risk if the public process is contentious and the City’s financial commitment to the project is perceived as influencing or predetermining the land use approval process. - Scan of other municipalities show that zoning approval is a requirement of capital funding commitments (e.g. Saskatoon, Edmonton, Winnipeg) - Would be complex to administer and track proposed temporary approvals</td>
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# Expediating Building Approvals for Affordable Housing Projects

## Originated From – 2019 HIP Review

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<td>The HIP does not include any policy related to the expedited planning or building permit review of affordable housing.</td>
<td>An internal process has been established in which properties where affordable housing projects are proposed are flagged in the City’s Planning &amp; Building tracking software so that special attention is provided to those development files.</td>
<td>- The flagging of properties by the City is viewed by CMHC as an in-kind contribution from the City which can be used to support funding application under National Housing Strategy programs. &lt;br&gt; - Recommended in the Comprehensive Housing Strategy</td>
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The Comprehensive Housing Strategy recommends that affordable housing projects receive an expedited review.

No amendments to the HIP are required.
# Revisions to the HIP Scorecard

## CURRENT CRITERA

- 20 Points for “Project supported under CMHC’s National Housing Co-Investment Fund or Sask Housing’s Rental Development Program”

## PROPOSED AMENDMENT

Replace with:

- 20 Points for **Targeted at vulnerable populations:**
  1. The housing is owned and/or operated by an Indigenous, First Nation, Metis organization and primarily or exclusively serves Indigenous tenants, or;
  2. The applicant has partnership(s) in place with community-based organization(s) to provide addictions counselling, independent living assistance, or other support services to tenants, or;
  3. The housing provider has partnered with women’s shelter(s) to house women, and women with children, who have utilized women’s shelter services, or are fleeing intimate partner violence.

## RATIONALE

- Enables the prioritization of affordable housing projects that directly support vulnerable population groups
- Existing criteria was too specific and does not allow the City to identify its priority populations.
# Definition of a Non-Profit Corporation

A Non-Profit Housing Organization is defined as “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.”

Under the HIP Non-Profit Housing Providers receive funding priority, higher per door funding amounts and access to affordable home ownership incentives.

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| A Non-Profit Housing Organization is defined as “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.” | Create two separate definitions of a Non-Profit Housing Providers:  
1. Non-Profit Housing Organization (Affordable Rental Units) which maintains current definition  
2. Non-Profit Housing Provider (Affordable Ownership Units) which is defined as “a charitable non-profit corporation incorporated pursuant to *The Non-profit Corporations Act, 1995*.” | • Reduces potential for a private sector developer to create an arms-length membership non-profit corporation to access affordable home ownership incentives  
• Ensures charitable non-profit organizations receive funding priority as is the intent of the HIP  
• Improves the transparency of which developers or organizations actually benefit from the capital grant program |

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**Originated From – City Administration**
# Affordable Rental Property Tax Exemption Without a Capital Grant

**Originated From – Stakeholder Feedback**

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| In Program Area 3, a new rental unit that does not receive a Capital Grant under the Affordable Rental program is not eligible for a five-year property tax exemption. | Allow an Applicant for an affordable rental project to qualify for a five year property tax exemption in program area 3 where: | - Allows the City to increase the number of affordable rental units created under the HIP without increasing its capital funding contribution  
- Provides flexibility to local affordable housing providers to proceed with affordable housing developments where the City has exhausted available capital funds. |
| Note in Program Areas 1 & 2, any new purpose-built rental unit will qualify for a five-year property tax exemption. | - They agree that the qualifying unit will comply with all requirements of the affordable rental capital grant program.  
- They were unable to receive a capital grant due to the HIP’s per developer limits or the HIP being fully subscribed for the year (e.g. $2.5 million annual capital funding limit) | |