
Status Report on the Ten-Year Housing Business Plan 2013 - 2022

Recommendation

1. That the report of the General Manager, Community Services Department, dated March 7, 2016, be forwarded to City Council for information; and
2. That the Administration report back at the time of the 2017 Business Plan and Budget deliberations on funding requirements and housing targets for 2017.

Topic and Purpose

The purpose of this report is to provide the 2015 annual status report on the Housing Business Plan 2013 - 2022.

Report Highlights

1. The 2015 housing targets have been achieved with the creation of 560 new attainable units. The City of Saskatoon (City) is also on track to achieve its 2016 housing targets.
2. The housing need for low-income residents remains high.
3. Moderate-income households now have adequate choices in both the rental and ownership markets.
4. Progress is being made toward locating attainable housing in all areas of the city.
5. A new Community Action Plan to address homelessness, created by the Saskatoon Housing Initiatives Partnership (SHIP) and the United Way of Saskatoon and Area (United Way), is expected to be presented to City Council in the second quarter of 2016.
6. Housing targets and funding levels for 2017 will be determined at the Business Plan and Budget deliberations in December 2016.

Strategic Goal

This report supports the City's long-term Strategic Goal of Quality of Life by increasing the supply and range of affordable housing options.

Background

During its June 24, 2013 meeting, City Council approved the Housing Business Plan 2013 - 2022 (Housing Business Plan), which included a number of provisions to support the creation of additional units across the attainable housing continuum over the next ten years. The Housing Business Plan defined the attainable housing continuum as including the following five subtypes of attainable housing: purpose-built rental, affordable ownership, affordable rental, secondary suites, and entry-level ownership.

During its December 2, 2014 meeting, City Council revised the 2015 housing target to 500 units across the attainable housing continuum.

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During its November 30, 2015 meeting, City Council allocated \$500,000 to the Affordable Housing Reserve and set a target of 400 new attainable housing units for 2016.

Report

2015 Housing Targets Achieved with 560 New Attainable Units

In 2015, the City's incentives supported the creation of 560 new units, exceeding the 500 unit target. The City is on track to achieve its 2016 target of 400 units across the attainable housing continuum, with a number of projects already in place.

A complete listing of all projects supported in the 2013 to 2016 period, including the number and types of units, location, amount of City support, and construction status, as well as a financial summary covering the four-year period from 2013 to 2016, can be found in Attachment 1.

The Housing Need for Low-Income Households Remains High

The greatest need in the attainable housing continuum is for affordable rental housing for low-income households at below market rents. While the vacancy rate for market rental housing has increased, it is important to state that for affordable rental housing, the vacancy rate remains at zero. All providers of affordable rental units offering below-market rents to those with low income report substantial waiting lists for their units.

In recent years, the majority of the City's funding for attainable housing has been directed toward affordable rental housing. More information on the affordability challenges faced by low-income households and how the City is addressing the need for affordable rental housing is found in Attachment 2.

Moderate-Income Households now have Adequate Housing Choices

For the first time in nine years, the supply of purpose-built rental, affordable ownership, and entry-level housing is meeting the demand, as shown by adequate inventory of all of these housing types at year end. The vacancy rate has risen to 6.5% and the price of purchasing or renting a home has leveled out with virtually no change in home prices or rent in 2015.

An analysis of the housing market and the supply of housing for moderate-income earners is found in Attachment 3. It took nine years to achieve balance in the market and it will be important that the City maintain its programs at appropriate levels to ensure that shortages do not return to the market.

Locating New Attainable Housing in All Areas of the City

Most of the new attainable housing units are now being built on the east side of the river. Moderate-income households can choose from a variety of locations across the city. Low-income households have less choice of location when looking for affordable rental housing. New affordable rental units are being built in appropriate locations in a variety of areas, but there continues to be many neighbourhoods that lack affordable rental housing.

Further discussion on how the City is working to address the priority of locating attainable housing in all areas is found in Attachment 4.

Homelessness is a Growing Issue in Saskatoon

The 2015 Homeless Count found that 450 individuals were homeless in Saskatoon on any given day, up from 372 in 2012, and 261 in 2008, when similar counts were held. Homelessness is growing in Saskatoon despite the efforts of many non-profit, government, and faith-based agencies working to address the issue.

In 2015, SHIP and the United Way worked together to draft a new unified Community Action Plan to address the growing issue of homelessness. The new plan will address four priority areas: system coordination, prevention, strengthening housing placement and support, and increasing the supply and range of affordable housing.

It is expected that the new plan will be presented to City Council in the second quarter of 2016. The Administration will bring forward a report at that time recommending that the City's existing service contract with SHIP be amended to focus more resources on implementing the new Community Action Plan.

Housing Targets and Funding Requirements for 2017

The Administration will closely monitor vacancy rates, housing prices, economic conditions, growth patterns, and housing inventory levels in the spring and summer of 2016 to determine appropriate recommendations for targets and funding for the City's Housing Business Plan in 2017. These recommendations will be brought to City Council's Business Plan and Budget deliberations in December 2016.

Public and/or Stakeholder Involvement

The Administration consults regularly with affordable housing providers, builders, the Saskatchewan Housing Corporation (SHC), and the Canada Mortgage and Housing Corporation (CMHC) to stay current regarding attainable housing issues in Saskatoon.

Communication Plan

A news release will be issued highlighting that attainable housing targets were exceeded in 2015.

This report, as well as an accompanying slide presentation and the City's ten-year Housing Business Plan, will be posted on the City's website. It will also be provided directly to SHIP, the Canadian Housing and Renewal Association (CHRA), CMHC, SHC, the Saskatoon and Region Home Builders Association Inc., and the United Way.

Financial Implications

The recommendations in this report have no financial implications. Attachment 1 includes a financial summary of the Housing Business Plan for the 2013 to 2016 period. Future financial implications for 2017 will be included in a future report.

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Other Considerations/Implications

There are no options, policy, environmental, privacy, or CPTED implications or considerations.

Due Date for Follow-up and/or Project Completion

The Administration will report back to the 2017 Business Plan and Budget deliberations on funding allocations and housing targets for 2017.

Public Notice

Public notice, pursuant to Section 3 of Public Notice Policy No. C01-021, is not required.

Attachments

1. Summary of Housing Projects Supported and Financial Statement
2. Increasing the Supply of Affordable Rental Housing
3. Housing for Those with Moderate Income
4. Creating Attainable Housing in All Areas of the City

Report Approval

Written by: Daryl Sexsmith, Housing Analyst, Planning and Development
Reviewed by: Alan Wallace, Director of Planning and Development
Approved by: Randy Grauer, General Manager, Community Services Department

S/Reports/2016/PD/PDCS – Status Report on the Ten-Year Housing Business Plan 2013 – 2022/lc
FINAL/APPROVED – R. Grauer – February 15, 2016

Summary of Housing Projects Supported and Financial Statement

The tables below list the housing results of the 2013 to 2016 period, as well as the locations of units counted and housing type sorted by year. There is also a table of units approved to date for 2017 and a financial summary.

Table 1: Attainable Housing Results By Year

	Units Approved and Funded					
Housing Type	2013	2014	2015		2016	
			<i>Target</i>		<i>Target</i>	
Purpose-Built Rental	212	291	200	168	178	331
Affordable Ownership	106	40	100	67	50	36
Affordable Rental	74	53	70	67	32	20
Secondary Suites	36	48	30	62	40	0
Entry-Level Ownership	201	110	100	196	100	273
Total Units	629	542	500	560	400	660
Note: Further capacity is available for additional 2016 projects in all categories, except purpose-built rental. Some projects approved for 2016 may get delayed to 2017, depending on market conditions.						

Table 2: All Housing Projects Counted 2013 to 2016

Housing Provider	Neighbourhood	Units	*Provincial RCI Funding	City Funding	**Tax Abatement or Tax Redirection
Units Counted in 2013 (all complete)					
Innovative Residential Investments Inc. (Hartford Crossing)	Blairmore S.C.	64	\$ 0	\$ 200,000	\$ 210,067
Innovative Residential Investments Inc. (Hartford Heights)	Blairmore S.C.	40	94,062	381,043	92,538
Innovative Residential Investments Inc. (Town Square Villas)	Evergreen	14	0	240,000	104,535
Westgate Attainable Housing Inc.	Pacific Heights	34	0	700,000	176,120
Broadstreet Properties/ Seymour Pacific	Montgomery Place	192	756,507	0	400,948
Innovative Residential Investments Inc. (Poplar Grove)	Hampton Village	28	0	40,000	63,700
Saskatoon Housing Coalition	Confederation S.C.	20	0	300,000	24,640
Secondary Suites	Various	36	0	25,238	0
Equity Building Program	Various	28	0	0	0
*** Entry Level: Land Predesignation Program, Innovative Residential Investments Inc.	Evergreen	34	0	0	0

Housing Provider	Neighbourhood	Units	*Provincial RCI Funding	City Funding	**Tax Abatement or Tax Redirection
***HeadStart on a Home Program, Innovative Residential Investments Inc.	Blairmore S.C.	20	0	0	0
HeadStart on a Home Program, Vantage Developments	Hampton Village	36	0	0	0
HeadStart on a Home Program, Mosaic Renewal Corp.	Riversdale	12	0	0	0
HeadStart on a Home Program, Vantage Developments	Rosewood	11	0	0	0
***HeadStart on a Home Program, Innovative Residential Investments Inc.	Hampton Village	60	0	0	0
Total Units Counted for 2013		629	\$850,569	\$1,886,281	\$1,072,548
<u>Units Counted in 2014 (all complete)</u>					
Innovative Residential Investments Inc.	Stonebridge	20	\$ 0	\$ 0	\$ 47,280
Central Urban Metis Federation Inc. (CUMFI)	Mount Royal	2	0	36,000	0
Saskatoon Downtown Youth Centre (EGADZ)	City Park	10	0	140,250	0
Innovative Residential Investments Inc.	Kensington	16	0	0	38,604
Secondary Suites	Various	48	0	18,767	0
Equity Building Program	Various	18	0	0	0
HeadStart on a Home Program, Northridge Developments Inc.	Stonebridge	45	0	0	0
Ehrenburg Homes Ltd.	Evergreen	26	130,000	0	153,028
Innovative Residential Investments Inc.	Evergreen	80	381,372	0	213,568
Stonebridge/Willis Limited Partnership	Stonebridge	185	717,576	0	401,843
Cress Housing Corporation	Greystone	12	0	224,948	0
Habitat for Humanity Saskatoon Inc.	Pleasant Hill	4	0	63,712	0
The Lighthouse Supported Living Inc.	Cen. Bus. District	29	0	126,151	0
HeadStart on a Home Program, Saskatoon Urban Design Homes Ltd.	Erindale	47	0	0	0
Housing Units Counted for 2014		542	\$1,228,948	\$609,828	\$854,323
<u>Units Counted for 2015 (complete at year end)</u>					
Baydo Development Corporation	Stonebridge	56	\$221,637	\$ 0	\$124,117
Innovative Residential Investments Inc.	Kensington	1	0	11,994	7,920
NewRock Developments (Sask) Inc.	Evergreen	51	0	0	144,890
Innovative Residential Investments Inc.	Evergreen	15	0	0	37,635
Central Urban Metis Federation Inc. (CUMFI)	Westmount	1	0	17,000	0
Secondary Suites	Various	62	0	22,683	0
Equity Building Program	Various	9	0	0	0
***HeadStart on a Home Program, NewRock Developments (Sask) Inc.	Evergreen	29	0	0	0
HeadStart on a Home Program, Meridian Development Corp.	Evergreen Sequoia Rise	69	0	0	0

Housing Provider	Neighbourhood	Units	*Provincial RCI Funding	City Funding	**Tax Abatement or Tax Redirection
HeadStart on a Home Program, Northridge Development Corp.	Silverspring Daxton II	66	0	0	0
***HeadStart on a Home Program, Innovative Residential Investments Inc.	Evergreen	23	0	0	0
Total Units Complete at Year End		382	\$221,637	\$51,677	\$314,562
Units Counted for 2015 (under construction at year end)					
Villa Royale Residential Group	Hudson Bay Park	56	\$166,158	\$ 0	\$ 93,048
Baydo Development Corporation	Stonebridge	56	228,287	0	127,841
Elim Lodge Inc.	Lakeview SC	15	0	255,000	37,235
Westgate Attainable Housing Inc.	Pacific Heights	40	0	750,000	62,020
Stewart Property Holdings Ltd.	King George	7	0	67,782	7,345
Saskatoon Downtown Youth Centre (EGADZ)	City Park	4	0	19,125	0
Total Units under Construction at Year End		178	\$394,445	\$1,091,907	\$327,489
Housing Units Counted for 2015		560	\$616,082	\$1,143,584	\$642,051
Units Counted for 2016 (approved projects under construction)					
New Summit Partners, Willis Crescent Project – Phase Two	Stonebridge	172	\$ 711,198	\$ 0	\$341,449
Luther Care/Meridian	Stonebridge	159	347,225	0	243,083
Innovative Residential Investments Inc.	Kensington	30	0	58,200	113,724
Innovative Residential Investments Inc.	Evergreen	6	0	0	15,270
Saskatoon Housing Coalition	Confederation S.C.	20	0	276,548	19,880
HeadStart on a Home Program, Northridge Development Corp.	Stonebridge Serenity Pt IV	51	0	0	0
***HeadStart on a Home Program, Innovative Residential Investments Inc.	Kensington	33	0	0	0
HeadStart on a Home Program, Meridian Development Corporation	Evergreen	69	0	0	0
HeadStart on a Home Program, North Prairie Developments	City Park	94	0	0	0
***HeadStart on a Home Program, Innovative Residential Investments Inc.	Evergreen	26	0	0	0
****Housing Units Approved for 2016 (It is probable that some of these projects will be delayed to 2017)		660	\$1,058,423	\$334,748	\$733,406

Table 3: Housing Units Approved To Date for 2017

Housing Provider	Neighbourhood	Units	*Provincial RCI Funding	City Funding	**Tax Abatement or Tax Redirection
Broadstreet Properties/ Seymour Pacific	Evergreen	141	0	0	\$329,702
HeadStart on a Home Program, Northridge Development Corp.	Stonebridge	24	0	0	0
HeadStart on a Home Program, VJ Management Inc.	Lakewood S.C.	112	0	0	0
HeadStart on a Home Program, Brixton Development Corporation	Evergreen	124	0	0	0
****Housing Units Approved for 2017 (purpose-built rental and entry-level only)		401	No Allocation for 2017 and beyond	No Allocation for 2017 yet	\$329,702

Notes for Tables 2 and 3:

- * The Province of Saskatchewan has been providing funding to the City under their Rental Construction Incentive (RCI) program. These funds match the City's contribution, which comes in the form of a five-year incremental property tax abatement. The Provincial RCI funds flow through the City's accounts, and the City provides the incentives to the builders of purpose-built rental housing. The Provincial RCI contract expires on March 31, 2016, and there is no funding for 2017 and beyond.
- ** Many projects qualify for a five-year incremental property tax abatement. Affordable home ownership projects approved under the Mortgage Flexibilities Support Program (MFSP) receive down payment grants that are financed through the redirection of property tax to the Affordable Housing Reserve to recover the cost of the grant. This right-hand column shows the total estimated foregone tax revenue over five years that the City has given up in support of these projects.

The Mortgage Flexibilities Support Program Finances Itself

In 2015, the City redirected taxes totaling \$477,170 from affordable home ownership units back into the Affordable Housing Reserve. This was slightly more than the \$461,402 advanced in down payment grants in 2015. The first 67 homes sold under the program have finished tax redirection. These homes will contribute approximately \$70,000 to the City's general revenues starting in 2016.

- *** Units counted in these projects under the Land Predesignation and HeadStart on a Home Programs only include those units that were not already counted as affordable ownership units under the City's Mortgage Flexibilities Support Program (MFSP).

- ****The Provincial HeadStart on a Home Program has approved 483 entry-level units for expected completion in 2016 and 2017. Additionally, a number of the entry-level units completed in 2015 remain unsold. Therefore, given the absorption in recent years, it is likely that some of these units may remain available unit 2018.

Financial Summary on Next Page

Financial Summary - Affordable Housing Reserve (2013 to 2016):**Revenue:**

Unallocated Balance (January 1, 2013):	\$ 130,504
2008 to 2012 Funding Allocated for 2013 Projects:	1,848,731
2008 to 2012 Funding Allocated for 2013 Contracts:	92,138
Transfers from the Neighbourhood Land Development Fund (for 2014 and 2015):	2,000,000
Transfers from the Neighbourhood Land Development Fund (for 2016):	500,000
Operating Budget Contribution (2013 to 2016):	1,000,000
Transfer from Pleasant Hill Village Reserve (2014):	500,000
Provincial Grant from RCI Program:	3,754,022
Operating Surplus from Saskatoon Housing Authority:	3,177
Total Revenue:	\$9,828,572

Expenses:

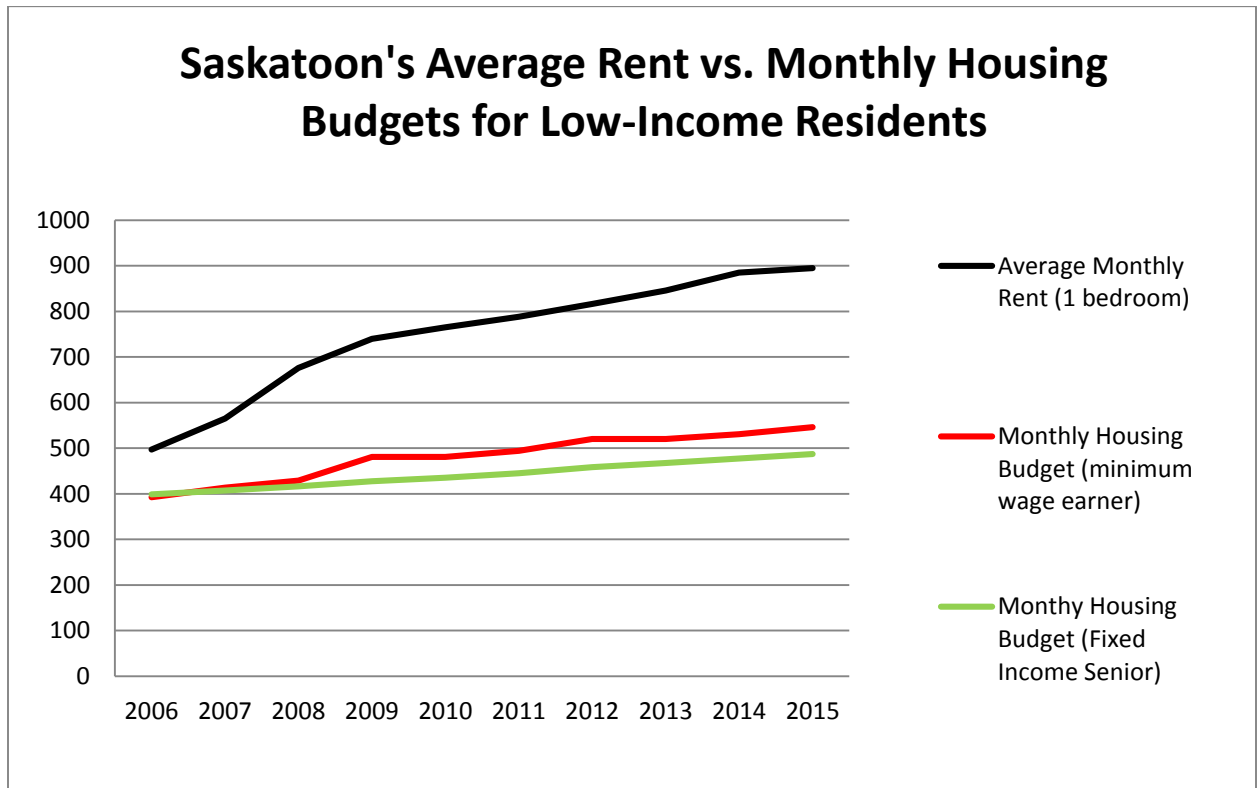
Additional City Contributions to 2008 to 2012 Projects:	\$ 25,720
City Contributions to New Housing Units (2013 Projects):	1,886,281
Provincial RCI Contributions (2013 Projects):	850,569
City Contributions to New Housing Units (2014):	609,828
Provincial RCI Contributions (2014):	1,228,948
City Contributions Committed to New Housing Units (2015):	1,143,584
Provincial RCI Contributions Committed to Rental Units (2015):	616,082
City Contributions Committed to New Housing Units (2016):	334,748
City Contributions Allocated to Secondary Suite Rebates (2016):	47,873
Provincial RCI Contributions Committed to Rental Units (2016):	1,058,423
Unallocated Funding Available for Affordable Housing Grants:	478,207
Salaries and Administration:	658,958
Contracts (Business Planning, Research, and Housing First Projects):	704,999
Total Expenses:	\$9,644,220

Contingency:	\$184,352
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Increasing the Supply of Affordable Rental Housing to Meet the Needs of Low Income Households

1. Affordability Challenges for Low-Income Households

Rental rates are leveling off, but at price points that are beyond the reach of low-income households. Seniors on fixed incomes, minimum wage earners, single parents, and those with mental or physical health challenges are some of the segments in Saskatoon that are not able to pay full market rent. The chart below illustrates the gap between what two common groups of low-income households can afford to pay and what the market is charging for rent.



A minimum wage earner working full time (40 hours per week) earned \$1,820 per month in 2015. Spending 30% of their income on housing, a minimum wage earner has \$546 per month for rent, which is well below Saskatoon's average rent for a one bedroom apartment of \$895. Events, such as a minor illness or the loss of a roommate, can leave them homeless.

Seniors on a fixed income can also have trouble finding housing they can afford. A senior receiving the maximum benefit from the Canada Pension Plan, as well as Old Age Security, received \$1,624 per month in 2015, and if they were to rent an average one bedroom apartment in Saskatoon for \$895, they would be spending 56% of their income on rent and have little left for other necessities.

These low-income tenants depend on 28 agencies in Saskatoon that operate more than 4,500 subsidized rental units. The vacancy rate for these units remains

around zero, as tenants needing subsidized housing often find themselves on waiting lists for housing they can afford.

To qualify for affordable rental housing, low-income households must be below the Saskatchewan Household Income Maximums (SHIMs), as shown in the table below:

Saskatchewan Household Income Maximums (SHIMs)

	Minimum Size Home Required by Household			
	One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom
No Disability	\$38,000	\$46,000	\$55,000	\$66,500
Disability	\$43,700	\$52,900	\$63,300	\$76,400

2. Increasing the Supply of Affordable Rental Housing

Affordable rental housing serves the needs of Saskatoon's most vulnerable residents and comes in many forms, including temporary shelters, transitional housing, supported housing, rent-geared-to-income units, and units that are only slightly below market rates.

Affordable rental units require the largest financial investment of all the types of attainable housing. Creating new affordable rental units requires grants from the government and charitable sectors to cover 30 to 70% of the cost of construction. The level of capital grants required is dependent on the types of units, how low the rents will be below market rates, and how many years the owner commits to keeping the rent affordable.

The City of Saskatoon's (City) grants of up to 10% do not stimulate the construction of affordable rental units on their own, but when combined with grants from other levels of government, the City is able to create additional units by stretching the available funding.

The major funder of affordable rental housing is the Saskatchewan Housing Corporation (SHC) through their Rental Development Program. Proposals were accepted for this funding in January 2016, and the Administration is aware of four Saskatoon housing providers that have applied for this funding.

The successful applicants for the SHC funding will be looking to the City for additional funding of up to 10% of the total capital cost of these projects. Due to the limited funding allocation of \$500,000 to the Affordable Housing Reserve in 2016, some of these projects may get delayed until additional City funding is available.

3. Ensuring People can Transition out of Affordable Rental Housing

Given the high cost of creating affordable rental housing, it is important to ensure that tenants can move on to market priced housing if their income goes up. The City's efforts at creating attainable housing for those with moderate income helps ensure that tenants move on when their income rises.

When the housing shortage was acute in 2008, tenants were staying in affordable rental housing for as long as they could qualify simply because they had nowhere else to go. This City's affordable ownership and purpose-built rental programs have increased the supply of housing that people can transition to from affordable rental housing thus freeing up needed spaces for those with lower incomes.

Attainable housing is a continuum and the City's work to increase the supply across the continuum has helped ensure that affordable rental units are going to those who most need it.

Housing for those with Moderate Income

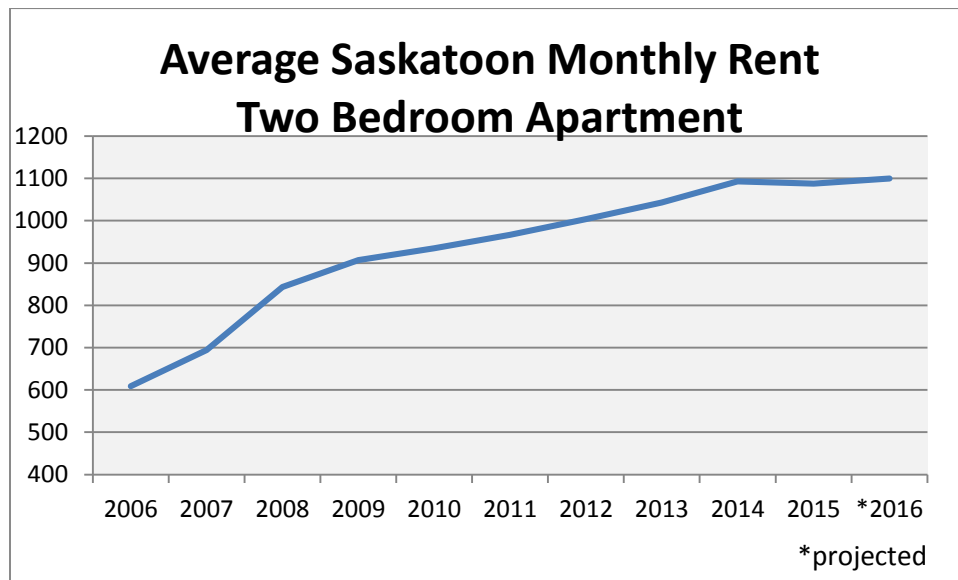
1. Definition of Moderate Income

Households with moderate income have income that is below Saskatoon's average income, but above the income limits for affordable rental housing (see attachment 2). An accurate definition of moderate income takes into account the size of home needed. For a typical Saskatoon household requiring a two bedroom home, moderate income would range between \$46,000 and \$84,000.

Saskatoon's median income of \$66,600 is right in the middle of the moderate-income range, indicating that a large portion of Saskatoon's population would be considered moderate income.

2. The Rental Market is Leveling Off

Moderate-income earners make up a large part of the demand for rental housing and this income group has been affected by significant rental increases in recent years. Rental rates are leveling off, as shown in the chart below. The average rent for a two bedroom apartment fell by \$5 per month in 2015, to \$1,088 after nine years of sharp increases. The Canada Mortgage and Housing Corporation (CMHC) is predicting that rental rates will remain relatively stable in 2016 and 2017.

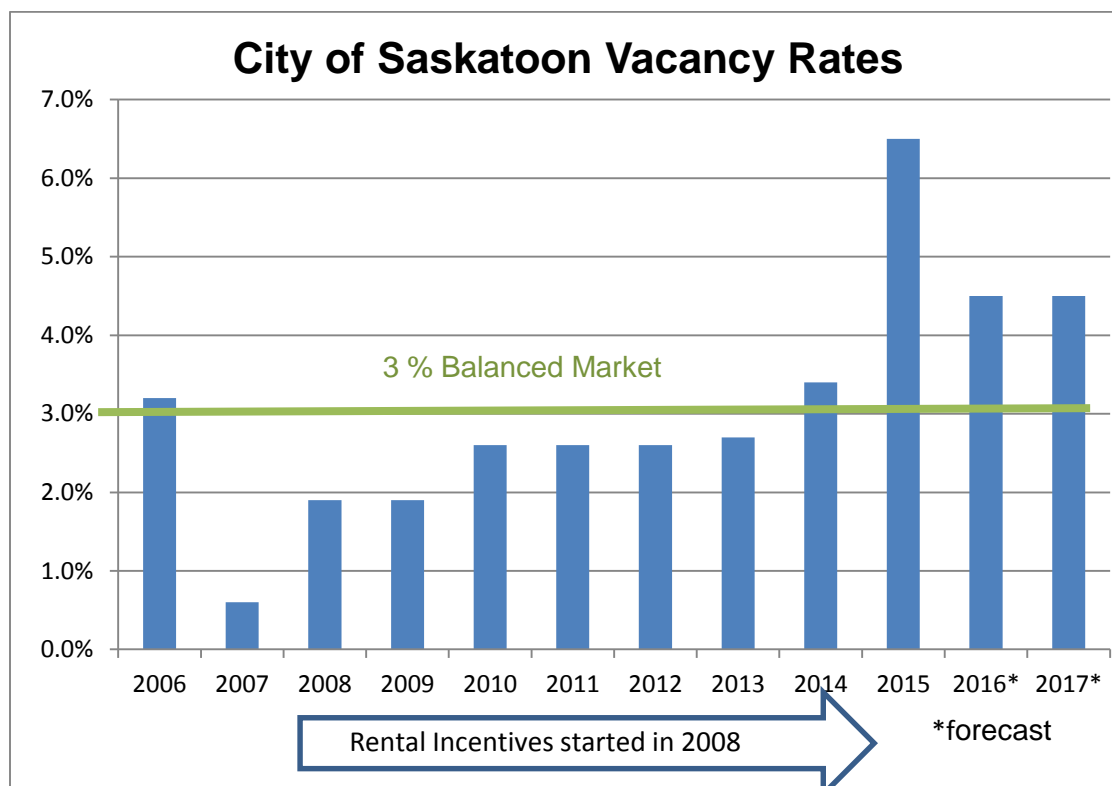


Rental rates are closely related to the city's vacancy rate, which rose significantly in 2015, as shown in the chart on the next page. The CMHC attributes the increase in vacancy rates partially to a reduction in the migration of temporary workers to Saskatoon in 2015.

On the supply side, an additional 351 new purpose-built rental units came on the market in 2015. Most of these new units received incentives under the City of

Saskatoon's (City) New Rental Land Cost Rebate Program and would not likely have been built without the City's program.

A final factor affecting the current high vacancy rate is that CMHC is reporting that 2,184 condominium units were rented out in 2015. These units could become owner occupied at any time putting additional tenants in the rental market and lowering the city's vacancy rate.



As shown in the chart above, the City's New Rental Construction Land Cost Rebate Program provided incentives for six years, from 2008 to 2014, before the rental market returned to a balanced level in 2014.

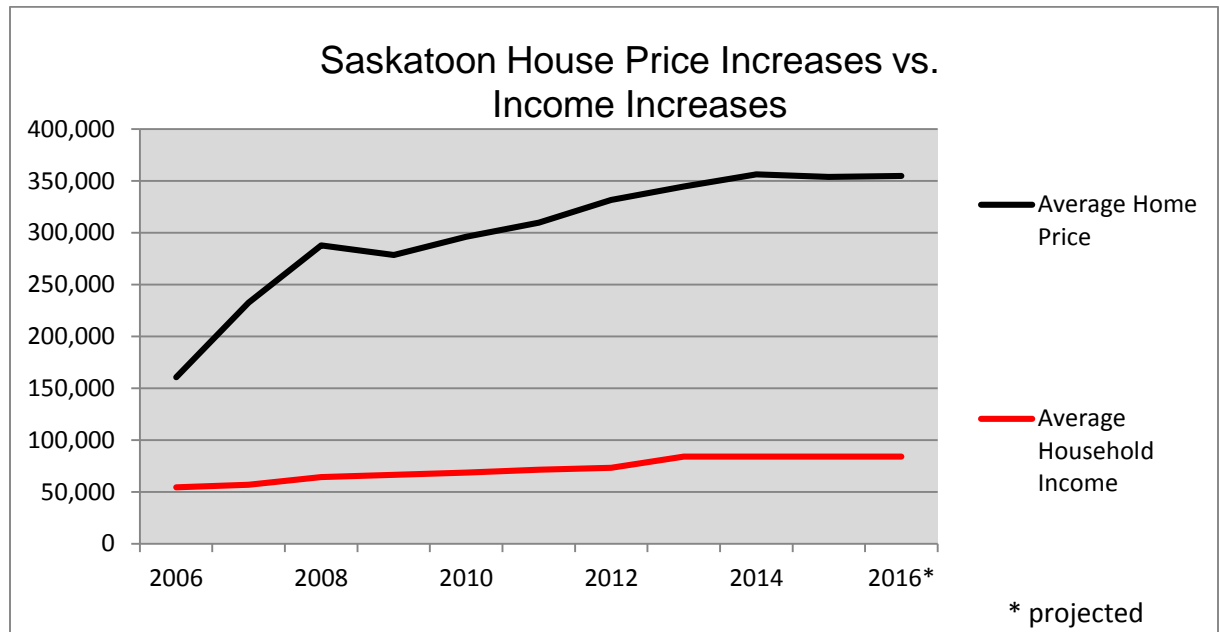
A long-term approach must be taken when allocating resources for purpose-built rental housing. While the supply is currently more than adequate, shortages of rental housing can appear suddenly, as was the case in 2007 when the vacancy rate dropped from 3.2% to 0.6% in a matter of months.

The City has no further capacity to support new purpose-built rental projects. The Saskatchewan Housing Corporation's cost-sharing program has expired and the 2,000 unit quota set by City Council for tax abatements have been fully allocated.

3. Housing Prices Stable

As the chart on the next page illustrates, average house prices have leveled off after nine years of steady increases. In 2015, the average price of a Saskatoon home sold through the MLS system dipped by less than 1% to \$353,972. The

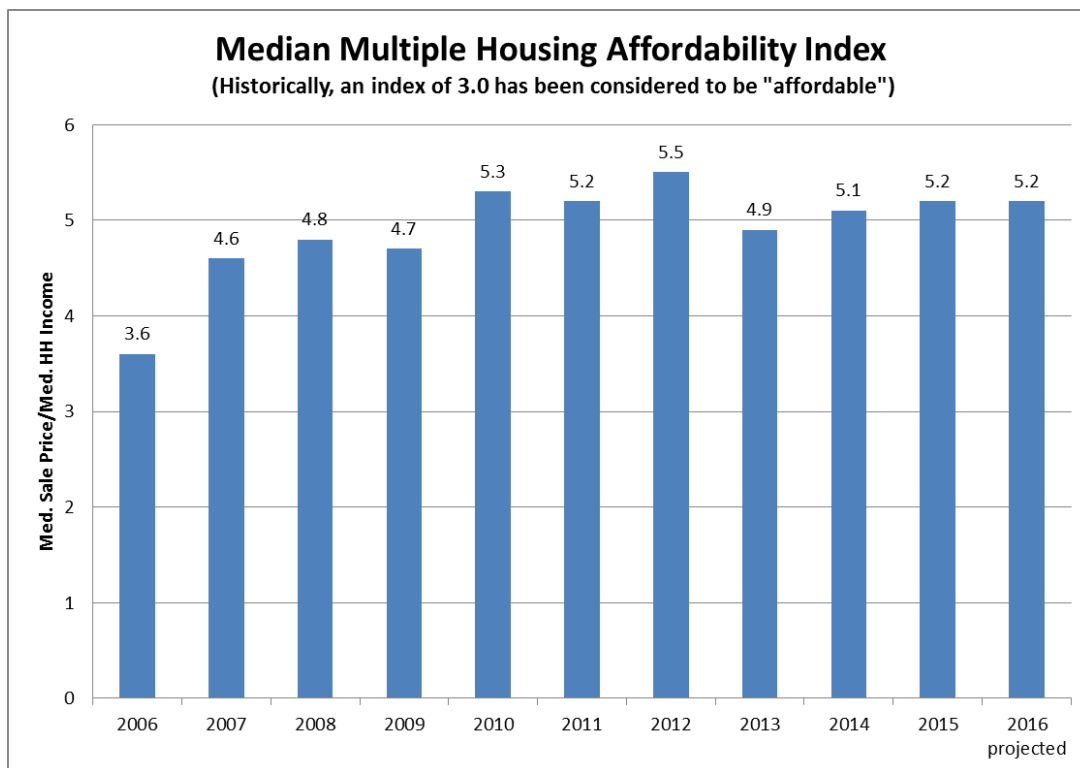
CMHC is predicting that prices will remain relatively stable throughout 2016 and 2017.



Household incomes have also leveled off in Saskatoon, as shown in the bottom line of the chart. A household income of at least \$85,000 is required to purchase the average Saskatoon home. While the average Saskatoon household income is estimated to be approximately \$84,000, the median household income is much lower and estimated to be \$66,600. Therefore, it is evident that many Saskatoon households with moderate income find it a challenge to purchase a home.

The chart on the next page compares median household incomes and median home prices in Saskatoon. The Median Multiple is leveling off just above 5.0. This means it takes over five times the median household income to purchase the median priced Saskatoon home.

Historically, a Median Multiple below 3.0 has indicated a reasonably affordable housing market. Low interest rates in recent years has allowed many households to purchase a home priced at up to four times their income, but purchasing a home priced at five times income is generally not feasible.



4. Availability of Housing Priced Below Average and Median Price Points

The charts in the section above show that many moderate-income homebuyers in Saskatoon can only afford homes that are priced well below the average and median prices for the city. The City's support for affordable and entry-level housing has made home ownership possible for this group. The average and median prices for affordable and entry-level homes is approximately \$270,000; well below the city-wide numbers.

In 2015, home buyers purchasing under the City's Mortgage Flexibilities Support Program (MFSP) had an average household income of \$60,173, and a median household income of \$61,000. These income groups are considered moderate and need the City's programs to enter the ownership market.

Entry-level and affordable ownership homes are essentially the same product with the main difference being that the affordable buyers qualify for a 5% down payment grant under the City's MFSP program.

At the end of 2015, the supply of entry-level and affordable ownership homes had caught up with the demand with 54 affordable units and over 100 entry-level units complete and available for purchase. With an additional 273 entry-level units scheduled for completion in 2016, there is now adequate supply in this market.

Targets for the City's MFSP were reduced to 50 units in 2016, due to the expiration of provincial funding for the program and the City's need to cover the provincial contribution through extended tax redirection. A capacity of 50 new units is sufficient for 2016, due to the unsold inventory at the beginning of the year; however, the City's capacity for 2017 will need to be reviewed.

Creating Attainable Housing in All Areas of the City

1. Moderate-Income Housing is Well Distributed Across the City

An important priority of the Housing Business Plan is that attainable housing be created in all areas of the city. The charts below show that new attainable housing projects are being built on both sides of the river, with recent projects mostly being on the east side of the river. This trend is compensating for the years prior to 2014 when most of the attainable housing was being built west of the river.

The tables indicate that purpose-built rental, affordable ownership, and entry-level housing, targeted at moderate-income earners, are adequately distributed across the city. However, affordable rental housing for low-income residents is still being concentrated on the west side of the river.

Table 1: Location of Attainable Housing Units Supported By Year

	2013	2014	2015	2016	Total
East Side of River	92	446	428	483	1,449
West Side of River	537	67	132	177	913
Downtown	0	29	0	0	29
Total Units	629	542	560	660	2,391
Inside Circle Drive	42	96	111	90	339
Outside Circle Drive	587	446	449	570	2,052
Total Units	629	542	560	660	2,391

Table 2: Location of Housing Units by Housing Type

Housing Type	East	West	Downtown	Total
Purpose-Built Rental	734	268	0	1,002
Affordable Ownership	106	143	0	249
Affordable Rental	27	158	29	214
Secondary Suites	99	47	0	146
Entry-Level Ownership	483	297	0	780
Total Units	1,449	913	29	2,391

2. Housing for Low-Income Households is Being Built in Appropriate Locations

The table on the next page shows all affordable rental projects built for low-income households in the 2013 to 2016 period. Most of these projects are located on the west side of the river; however, all projects have been built in appropriate locations.

Four projects (61 units) built during this period were located in areas with a low concentration of affordable rental housing addressing the City's priority of creating affordable rental housing in all areas of the city. Two of these projects were able to choose the location they did because the City provided a supplemental grant of 5% under the Land Cost Differential Incentive to offset the higher cost of land in these locations. The other two were able to address the City's priority without a supplemental grant.

Most of this affordable rental housing created in the 2013 to 2016 period has been located in west-side locations with a medium concentration of affordable rental housing – specifically in or adjacent to the Confederation Suburban Centre. Suburban centers tend to be good locations for affordable rental housing as they have the necessary amenities that low-income households depend upon, including transit, community centers, shopping, and medical services.

In this same four-year period, the City has only supported ten new affordable rental units in areas with a high concentration of affordable rental housing, generally defined as the neighbourhoods between Idylwyld Drive and Circle Drive. The location for these ten units was chosen specifically to be near needed supports for the client group being housed.

Affordable Rental Projects Supported 2013 to 2016			
	Concentration of Affordable Rental Units		
Neighbourhood	Low	Medium	High
Blairmore Suburban Centre	20	0	0
Pacific Heights	0	74	0
Confederation Suburban Centre	0	40	0
Mount Royal	0	0	2
City Park*	14	0	0
Greystone Heights*	12	0	0
Central Business District	0	29	0
Lakewood Suburban Centre	15	0	0
Westmount	0	0	1
King George	0	0	7
Total Projects	61	143	10

*project received a supplemental grant under the Land Cost Differential Incentive.

Given the limited funding available for supplemental grants under the Land Cost Differential Incentive, housing providers have been effective in addressing the City's priority of creating affordable rental housing in all areas. Much of this success can be attributed to three providers (Saskatoon Housing Coalition, Westgate Attainable Housing, and Elim Lodge) that had purchased land for their projects prior to 2007 when land prices started to increase rapidly.

In the future, the City may need to allocate more resources to the Land Cost Differential Incentive to ensure that affordable rental housing is built in areas that lack it, particularly on the east side of the river.

It is important to note that the City does not impose punitive measures to housing projects located within areas of high concentration. Instead, the City offers an extra 5% toward the capital construction costs, if the housing is located in areas with a low concentration of affordable rental housing.