

Vacant Lot and Adaptive Reuse Incentive Program – 802B Avenue P North

ISSUE

Liberty Ventures applied for a five-year tax abatement of the incremental property taxes for the development of a one-unit dwelling and secondary suite located at 802B Avenue P North, in the Mount Royal neighbourhood, under the Vacant Lot and Adaptive Reuse Incentive Program.

RECOMMENDATION

That the Standing Policy Committee on Planning, Development and Community Services recommend to City Council that:

1. A five-year tax abatement equivalent to 79% of the incremental municipal, library, and education taxes for the development of 802B Avenue P North, be approved.
2. The City Solicitor be requested to prepare the appropriate agreement, and that His Worship the Mayor and the City Clerk be authorized to execute the agreement under the Corporate Seal.
3. The five-year tax abatement on the incremental taxes be applied to the subject property, commencing January 1, 2022.

BACKGROUND

The Vacant Lot and Adaptive Reuse Incentive Program (VLAR Program) is designed to encourage infill development on vacant sites and adaptive reuse of vacant buildings within established neighbourhoods in Saskatoon.

Applicants have an incentive choice of a five-year tax abatement on the incremental property taxes or a cash grant. The maximum incentive amount is calculated based on the increment between the existing taxes and the taxes owing upon completion of the project, multiplied by five years. Applications are scored against an evaluation system where points are awarded for features included in a project, which meets a defined set of policy objectives. The total points scored for the project determines what proportion of the incentive amount it will receive, up to a maximum of 100%. Projects which score 100 points or more are eligible for 100% of the incentive. Any residual portion of the maximum incentive amount on projects that earn less than 100% will be redirected into the Vacant Lot and Adaptive Reuse Reserve (Reserve) during the abatement period. The residual portion redirected to the Reserve excludes the education portion of property taxes.

DISCUSSION/ANALYSIS

Description of Development at 802B Avenue P North

Neighbourhood Planning received an application under the VLAR Program from Liberty Ventures for the development of a one-unit dwelling with secondary suite at

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802B Avenue P North, located in the Mount Royal neighbourhood (see Appendix 1 for Project Location).

Construction began in summer 2019, with the final building permit closed in fall 2021. The primary residence measures 917 square feet and secondary suite is 429 square feet.

The estimated investment in the project including the land is approximately \$300,000 (see Appendix 2 for Project Images).

Estimated Incremental Property Tax Abatement

The application was reviewed using the VLAR Program's evaluation system. The project received a total of 79 points, resulting in an earned incentive amount of 79% of the maximum incentive amount (see Appendix 3 for Project Evaluation).

Liberty Ventures requested a five-year tax abatement of the incremental property taxes for the development of 802B Avenue P North. According to the Corporate Financial Services Division, the incremental increase in property taxes (municipal, library and education portions) for the project is \$2,484 based on the 2021 tax year. The maximum incentive amount totals \$12,420 (\$7,860 in municipal and library property taxes and \$4,560 in education property taxes). If the education property tax portion for the site exceeded \$25,000 per tax year, approval from the provincial government would be required to exempt or abate the education tax revenue.

The final abatement amount equals \$1,962.36 per year over 5 years, for a total abatement of \$9,811.80, which is 79% of the maximum incentive amount. This calculation is based on the 2021 tax rates and actual assessment values.

Administration Recommendation

After a review of this application, Administration concluded that this project is consistent with the intent of Policy No. C09-035, Vacant Lot and Adaptive Reuse Incentive Program. Administration is recommending that City Council approve the five-year incremental property tax abatement equal to the earned incentive amount (\$9,811.80) for the development of 802B Avenue P North, commencing January 1, 2022.

FINANCIAL IMPLICATIONS

The incremental property tax abatement for the project at 802B Avenue P North is forgone revenue and will not require funding from the Reserve. The City will forgo an estimated total of \$6,209.40 and the provincial government will forgo an estimated total of \$3,602.40 of education tax revenue over five years, which will be abated to the owner.

OTHER IMPLICATIONS

There are no other implications.

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NEXT STEPS

Construction of the project at 802B Avenue P North is complete, with all applicable building permits closed in fall 2021. The incremental property tax abatement, if approved, will begin January 1, 2022, and continue for five years.

APPENDICES

1. Project Location
2. Project Images
3. Project Evaluation

REPORT APPROVAL

Written by: Nik Kinzel-Cadrin, Planner, Neighbourhood Planning
Reviewed by: Paul Whitenect, Manager of Neighbourhood Planning
Lesley Anderson, Director of Planning and Development
Approved by: Lynne Lacroix, General Manager, Community Services

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