

## Vacant Lot and Adaptive Reuse Incentive Program – 522 Avenue N South

### ISSUE

Tamarack Ventures Inc. has applied for a five-year tax abatement of the incremental property taxes for the development of 522 Avenue N South, 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 66.5% of the incremental municipal, library and education taxes for the development of 522 Avenue N South, 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; and
3. The five-year tax abatement on the incremental taxes be applied to the subject property, commencing the next taxation year following the completion of the project.

### BACKGROUND

City Council at its Regular Business [meeting](#) held on March 7, 2011, approved the Vacant Lot and Adaptive Reuse Incentive Program (VLAR Program). The VLAR Program is designed to encourage infill development on vacant sites and the adaptive reuse of vacant buildings within established neighbourhoods in Saskatoon.

Applicants have an incentive choice of a five-year tax abatement 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 meet a defined set of policy objectives. The total points scored for the project determines what portion of the incentive amount it will receive, up to a maximum of 100%. Projects scoring 100 points or more are eligible for 100% of the incentive. Any residual portion of the maximum incentive amount on projects which 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 522 Avenue N South

Neighbourhood Planning received an application under the VLAR Program from Tamarack Ventures Inc. for the development of 522 Avenue N South, located in the West Industrial Area (see Appendix 1). An automobile salvage yard was formerly located at this IH – Heavy Industrial zoned property. VLAR projects within the program boundary have a minimum four-year vacancy requirement for eligibility to receive a development incentive. Demolition of all existing structures at 522 Avenue N South was completed in 2016.

The proposed development is a commercial building, with six bays that are approximately 2,200 sq. ft. each, with outdoor storage provided for each unit. The applicant has indicated the estimated investment in the project is approximately \$1,600,000 (see Appendix 2).

### Estimated Incremental Property Tax Abatement

The application was reviewed using the VLAR Program's evaluation system. The project received a total of 66.5 points, resulting in an earned incentive of 66.5% of the maximum incentive amount (see Appendix 3).

The project received points for a variety of design features, such as secured bicycle parking, rainwater barrels to use for irrigation, upgraded wall insulation, triple pane low e windows, LED lighting, Energy Star kitchenette appliances and low water usage fixtures.

Due to the previous use of the property as an auto salvage yard, environmental site remediation was necessary. Based on information provided by the applicant, the results-based objectives for the soil at the site have been reached. Soil remediation via source removal has occurred in the area which had the worst contamination. The Corrective Action Plan and Risk Management Plans are being followed with Province of Saskatchewan Ministry of Environment approved extensions into 2023. Groundwater monitoring and light non-aqueous phase liquid (LNAPL) extraction is still ongoing at the site. In recognition of the significant efforts from the developer, while also noting that LNAPL extraction continues because natural attenuation has not yet occurred, the VLAR application received 7.5 points of a possible 15 points for Environmental Site Remediation.

The applicant is applying for a five-year tax abatement of the incremental property taxes for the development of 522 Avenue N South. According to Corporate Financial Services, the incremental increase in annual property taxes (municipal, library and education portions) for the project is estimated to be \$23,901; therefore, the estimated maximum incentive amount over five years totals \$119,505.

The estimated actual abatement amount is \$79,470.83, which is 66.5% of the maximum incentive amount. This includes an estimated \$10,153.89 in municipal and library property taxes and \$5,740.28 in education property taxes annually, for five years. As

the education property tax portion for the site did not exceed \$25,000 per tax year, no further approval from the Provincial Government (Province) is required in order to exempt or abate the education tax revenue. The calculations are based on 2022 tax rates and would change with any alterations to the design plans and annual mill rate adjustments. An actual assessment value will be determined upon final inspection of the completed project.

#### Administration Recommendation

After review of this application, Administration has concluded this project is consistent with the intent of Council [Policy](#) C09-035, Vacant Lot and Adaptive Reuse Incentive Program and is recommending approval.

#### **FINANCIAL IMPLICATIONS**

The incremental property tax abatement for the project at 522 Avenue N South is forgone revenue and will not require funding from the Reserve. The City will forgo an estimated total of \$50,769 and the Province will forgo an estimated total of \$28,701 of education tax revenue over five years, which will be abated to the owner.

#### **OTHER IMPLICATIONS**

There are no other implications.

#### **NEXT STEPS**

Development of 522 Avenue N South is planned to begin in 2023 and expected to be complete in 2024. The incremental property tax abatement, if approved, will begin the calendar year following project completion and continue for five years.

#### **APPENDICES**

1. Project Location – 522 Avenue N South
2. Project Rendering and Photos – 522 Avenue N South
3. VLAR Project Evaluation – 522 Avenue N South

#### **REPORT APPROVAL**

Written by: Mark Emmons, Senior Planner  
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Approved by: Lesley Anderson, Acting General Manager, Community Services  
Division