

## Vacant Lot and Adaptive Reuse Incentive Program – Proposed Policy Amendments

### ISSUE

Administration has been asked to review Council Policy C09-035, the Vacant Lot and Adaptive Reuse Incentive Program Policy, to address the eligibility of several types of uses. New targeted incentives to support priorities, such as affordable housing, corridor development and the Downtown Event and Entertainment District, are being reviewed by Administration. Until new incentives are developed, amendments to Council Policy C09-035, the Vacant Lot and Adaptive Reuse Incentive Program Policy, are being proposed.

### RECOMMENDATION

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

1. That the proposed amendments to Council Policy C09-035, the Vacant Lot and Adaptive Reuse Incentive Program Policy, as outlined in this report, be approved; and
2. That the City Clerk be requested to make necessary amendments to Council Policy C09-035, the Vacant Lot and Adaptive Reuse Incentive Program Policy.

### BACKGROUND

City Council, at its Regular [meeting](#) on March 7, 2011, approved [Council Policy C09-035, the Vacant Lot and Adaptive Reuse Incentive Program Policy](#) (Incentive Program). The Incentive Program was designed to encourage infill development on chronically vacant sites and adaptive reuse of vacant buildings within Saskatoon's established neighbourhoods.

City Council, at its Regular Business [meeting](#) on August 28, 2017, received the report titled Market Sounding Results for a Downtown Grocery, and resolved:

“That the Administration be directed to review Vacant Lot and Adaptive Reuse Incentive Program Policy No. C09-035 for potential options to further incentivize residential development, and grocery store locations in the identified food deserts including the city centre.”

City Council, at its Regular Business [meeting](#) on June 25, 2018, resolved, in part:

“That the Administration be directed to report back to Committee, prior to the end of 2018, following consultation with the Saskatoon Regional Economic Development Authority (SREDA) and a review of both the Vacant Lot and Adaptive Reuse Incentive Program Policy and the Business Development Incentives Policy for possible revisions to the policies to include consideration of major retail projects and other major projects.”

This resolution was the result of a request from Midtown Plaza for incentives to support their extensive renovation project. Retail projects were not identified within the Incentive Program and their request required an exception to the policy.

Numerous amendments have been made to the Incentive Program since its inception:

- 2012 – increased minimum vacancy requirement to be eligible for incentives throughout program area;
- 2014 – incentives added for Downtown office and structured parking, based on the City Centre Plan;
- 2016 – amended to allow for garden use on a vacant site to be eligible for a grant equivalent to 50% of taxes (Municipal/Library) for a maximum of five years; and
- 2017 – removed minimum vacancy requirement for all new residential or office development in the Downtown and City Centre and added conditions to allow Municipal Heritage Properties, which are properties included in “Schedule A” of [Bylaw No. 6770, the Demolition Permit Bylaw](#), or are buildings listed on the Saskatoon Register of Historic Places, to have access to incentives for adaptive reuse.

An overview of the approved projects and financial impacts of the Incentive Program, since its approval in 2011, is included (see Appendix 1).

### **DISCUSSION/ANALYSIS**

#### Incentive Priorities

A comprehensive review of this current Incentive Program has not been completed to date. Administration has identified the need for targeted incentives to support a number of emerging priorities, such as affordable housing, corridor development and the Downtown Event and Entertainment District (DEED). The following activities are currently underway:

- Explore the creation of new, targeted incentives to align with the Corridor Planning Program;
- Through the Housing Strategy project, incentives targeted to supportive and affordable housing will be identified and further developed; and
- Through the DEED project, additional consideration will be given to potential incentives which can support that project, while limiting the impact to potential revenue streams.

Administration sees the above actions as targeted and more directly aligned with current priorities. The proposed focus on these actions is likely to result in clearer alignment between incentives and desired outcomes. The results of this additional work on potential new targeted incentives will be presented in future reporting.

As Administration works to identify targeted incentives, the Vacant Lot Incentive Program will continue operating. In the interim, policy amendments are recommended to provide efficiencies to program administration and focus on continuing to incentivize larger projects, which are more likely to rely upon accessing available incentives when a developer is considering the economic viability of proceeding with a proposed project.

Recommended Amendments to the Incentive Program

In summary, the proposed amendments to the Incentive Program are as follows:

- Remove One and Two-Unit Dwellings from eligibility.
  - Incentives for one- and two-unit dwellings no longer appear to be required. In most cases, these types of infill developments are occurring without incentives.
- ~~Update the definition of Completion of Construction.~~
  - ~~Project completion has been defined as the closure of all Building Permits. As the Incentive Program bases all tax abatement and grant calculations on the increment generated between assessed pre- and post-construction property taxes, it is proposed that project completion be defined as when the City Assessor has completed the full post-construction assessment and updated property taxes have been calculated.~~
- Establish specific start dates for tax abatements on future projects when the application is approved by City Council.
  - Based on the scale of the proposed development, a start date for the five-year tax abatement will be identified, up to a maximum of three calendar years, following approval of the application by City Council. This will incentivize developers to maintain proposed construction timelines for project completion or risk not benefiting from the full five years of the tax abatement. Establishing the start date will also provide efficiencies for administrating the abatement internally and with the Ministry of Education, where approval from the Province of Saskatchewan is required if the education tax portion to be abated exceeds \$25,000 for a property. All five-year tax abatements will continue to begin on January 1.
- Address several Housekeeping changes.
  - Minor policy clean-ups, such as spelling/punctuation errors and updating “Community Services Department” to “Community Services Division” as well as provide clarity to the definition of Completion of Construction.

The proposed amendments are provided (see Appendix 2).

Available Incentives

Incentives are available for parking structures and temporary garden uses, as well as mixed-use, commercial and retail developments. Applicants developing mixed-use, commercial, retail or parking structure projects may choose a five-year tax abatement, approved by City Council, or a one-time grant, approved by the General Manager of Community Services, with a maximum incentive amount calculated based on the increment between existing municipal taxes and taxes owing upon completion, multiplied by five years. Adaptive reuse projects are eligible for a grant in lieu of one year’s annual municipal and library taxes. Temporary garden uses on vacant lots are eligible for an annual grant equal to 50% of the existing municipal taxes, for up to five years. Applications for mixed-use, commercial, retail and adaptive reuse projects are scored using 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 a project determines the proportion of the incentive amount it will receive, up to a maximum of 100% of the incentive amount. For projects which score 100 points or more, the incentive amount awarded is 100%.

The proposed amendments will result in one- and two-unit dwellings being removed from eligibility under the program.

### **FINANCIAL IMPLICATIONS**

The financial implications of new incentive programs will be explored through further review of targeted incentive options. Future reporting will be brought forward to present options for incentives which target affordable housing, corridor planning and DEED priorities.

### **OTHER IMPLICATIONS**

There are no other implications identified at this time.

### **NEXT STEPS**

If the proposed amendments are approved, Administration will update the relevant Incentive Program application forms and program website.

As new targeted incentives are created for the identified priorities noted in this report, the continuation of the Incentive Program will be evaluated.

### **APPENDICES**

1. Project and Financial Overview of VLAR Program
2. Proposed Policy Amendments - City of Saskatoon Council Policy C09-035

### **REPORT APPROVAL**

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