

# CITY OF SASKATOON COUNCIL POLICY

NUMBER

C09-006

<b>POLICY TITLE</b> <i>Residential Lot Sales – General Policy</i>	<b>ADOPTED BY:</b> <i>City Council</i>	<b>EFFECTIVE DATE</b> <i>September 9, 1991</i>
		<b>UPDATED TO</b> <i>April 26, 2023</i>
<b>ORIGIN/AUTHORITY</b> <i>Land Bank Committee Report No. 6-1991, with amendments up to and including Standing Policy Committee on Finance Report to City Council, Item 8.2.3. – August 27, 2018 and Item 8.4.5 – Standing Policy Committee on Finance Report to Council – April 26, 2023.</i>	<b>CITY FILE NO.</b> <i>CK. 4110-36, 4214-0, 4215-1 and 1500-1</i>	<b>PAGE NUMBER</b> <i>1 of 6</i>

## 1. PURPOSE

To allow Saskatoon Land to be competitive in marketing City of Saskatoon (City)-owned residential lots and to provide Administration direction in the allocation of residential lots to a variety of customers.

## 2. DEFINITIONS

2.1 Newly-Created Lots – new lots or blocks developed under the City’s Land Development Business Line and sold through Saskatoon Land, Corporate Financial Services Division.

2.2 Eligible Contractor – a builder who constructs complete homes for the purpose of resale. Eligibility is determined by criteria referenced in City Council Policy No. C09-001 – Residential Lot Sales – Contractor Allocations.

## 3. POLICY

### 3.1 Lot Allocation Process

Newly-created lots and/or blocks will, subject to the terms and conditions outlined in this Policy, be sold through the following allocation processes:

a) Public Lot Draw Allocation:

The lot draw will be advertised publicly prior to the lot draw taking place.

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i) Number of Lots – Saskatoon Land will determine the number of lots which will be drawn for by both individuals and contractors.

- Individuals are entitled to purchase only one City-owned residential lot every three years.
- The number of lots to be sold to an individual contractor will be governed by City Council Policy No. C09-001 - Residential Lot Sales - Contractor Allocations.
- Lots sold during the public lot-draw process are to be allocated on the ratio of 90% for eligible contractors and 10% for Individuals.

b) Bulk Lot Grouping (Multi-Lot) Allocation:

Groupings of single-unit lots may, at the discretion of Saskatoon Land, be offered to eligible contractors in good standing through an advertised public offering using an open market (standard terms) or open market (with criteria) approach.

c) Low-Density Residential (Presale) Lot Block Allocation:

In phases of a new neighbourhood development, qualifying eligible contractors may be offered the ability to purchase a minimum of one block face or a portion of a block face for the purpose of constructing a variety of home model types. Contractor(s) will supply Saskatoon Land with the required lot configurations. Administration will subdivide, service and rezone these properties in accordance with the purchaser's specifications and the approved neighbourhood concept plan or amendments thereof.

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Any blocks or portion of which are not sold at the completion of this offering will, at the discretion of Saskatoon Land, be subdivided into lots and offered to eligible contractors in a multi-lot allocation or to eligible contractors and individuals through the public lot draw allocation.

Lots remaining from any public allocation will be offered for sale over the counter on a first-come, first-served basis.

- 3.2 Use of Lots – Lots sold to individuals are to be used only for construction of personal residences. Lots sold to contractors are to be used for the construction of homes for resale.
- 3.3 Payment Terms – For all allocations, a minimum deposit, together with all applicable taxes is required at the time of purchase. The deposit amount will be considered and approved by the Standing Policy Committee on Finance during consideration and approval of each residential lot/block allocation.
- 3.4 Transferring Deposits – At any time prior to issuing the Transfer of Title, a purchaser may, upon the approval of the Director of Saskatoon Land, transfer the deposit from one lot to another.
- 3.5 Assignments – Agreements can be assigned upon approval of the Director of Saskatoon Land.
- 3.6 Cancellations
- a) Prior to Agreement: When a cancellation occurs before the agreement has been signed, the purchaser's deposit and GST (if applicable) will be fully refunded less an administration fee.
- b) Purchaser Initiated Cancellation: When a cancellation occurs after the agreement has been signed, the purchaser, after 30 days, will be charged a penalty of 1 percent per month of the lot selling price for the period during which they possessed the lot, plus an administration fee. If applicable, the purchaser will receive a refund equal to the difference between the deposit and the cancellation fees. The

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purchaser is required to pay the difference in situations where cancellation fees are greater than deposits received.

- c) Administration-Initiated Cancellation: When all other efforts to conclude the agreement have failed, Saskatoon Land may negotiate the cancellation of the agreement based on what is most favourable to the City in consideration of, but not limited to, the following factors:
- i) Administrative time and effort;
  - ii) Ability to successfully re-offer and market the lot;
  - iii) Consistent treatment of similar files;
  - iv) Litigation risk; and
  - v) Business relationship with the purchaser.

All Administration initiated cancellations must be approved by the Chief Financial Officer/General Manager, Corporate Financial Services Division.

### 3.7 Residency Requirement and Time Frame to Build:

- a) Residency Requirement – Individual purchasers are required to maintain the property for their personal residence for a period of four years, commencing upon the time of title transfer.
- b) Time-Frame-to-Build Requirement – Purchasers are required to build a substantially completed dwelling as determined by Saskatoon Land within three years, commencing upon the possession date of the lot pursuant to the Agreement for Sale.
- c) Enforcement of Residency and Time Frame to Build Requirements
  - i) Individual Purchasers - A \$50,000 forgivable mortgage related to both requirements will be registered against each lot sold to an individual purchaser. Forgiveness will be granted for the residency requirement in equal monthly instalments over the final thirty-six months of the four-year term that the requirement has been met. No forgiveness will be granted

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during the first twelve months of the residency term or during the complete term of time frame to build requirement.

The Administration, at its discretion, may consider an extension of up to one year, on the condition the individual adds a year to their residency requirement. The following criteria would be used to determine whether the extension would be granted:

- the site has passed inspection at the framing stage of construction;
- the timeline of construction has increased past the original Three-Year Time-Frame-to-Build Requirement due to illness, death, marriage breakdown, job transfer, or seasonal construction limitations; and
- that the individual submits a written request to Saskatoon Land.

ii) Eligible Contractors - Violators of the Time-Frame-to-Build Requirement will be temporarily suspended from participating in new public release of lots through draws, tenders or open market methods, until such time as the violation has been rectified in full. Responsibility of the build requirement remains with the original purchaser unless change in ownership was approved by assignment under section 3.5 of this Policy in which an extension can be granted.

In order to be eligible for an extension of the Three-Year Time-Frame-to-Build Requirement an eligible contractor must provide the following:

- a written request for the extension, providing sufficient explanation and supporting documentation identifying the reason for the request and indicating the proposed steps to complete construction; and

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- all amounts owing on the lot have been paid and title transferred.

Provided an eligible contractor is in compliance with 3.7(c), Saskatoon Land may, at its discretion, extend the Three-Year Time-Frame-to-Build Requirement for an eligible contractor up to six years, under the following circumstances:

- the eligible contractor has no more than 10% of their five-year purchase history from the City in violation of the Three-Year Time-Frame-to-Build Requirement; or
- the eligible contractor demonstrates the lot(s) is of a type that is suited for construction of a high-end custom home build as determined by Saskatoon Land and that they are actively marketing the lot to potential new home buyers.

d) Saskatoon Appeal Board – The Saskatoon Appeal Board will consider all requests for forgiveness of City Mortgages. All decisions of the Board are final. Forgiveness may be granted where the owner must sell the mortgaged property due to any of the following:

- i) Marriage breakdown;
- ii) Job transfer involving a move out of Saskatoon;
- iii) Change of employment involving a move out of Saskatoon;
- iv) Death of a signatory; and
- v) Any other unanticipated event which, in the Board's view, make it fair and reasonable to forgive the indebtedness under the mortgage (e.g. serious illness, loss of employment).

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## 4. RESPONSIBILITIES

### 4.1 Saskatoon Land

- a) Administer the sale of City-owned residential lots in accordance with the terms and conditions set out in this Policy.
- b) Recommend changes to this Policy, when required, to City Council through the Standing Policy Committee on Finance.

### 4.2 Standing Policy Committee on Finance

- a) Receive and consider recommendations from Saskatoon Land for amendments to this Policy.
- b) Provide recommendations to City Council for amendments to this Policy.

### 4.3 City Council

- a) Receive and consider recommendations from the Standing Policy Committee on Finance for amendments to this Policy.
- b) Approve amendments to this Policy when and as required.