

Request to Receive Proposals for Sale of City-Owned Land – Housing Accelerator Fund

ISSUE

An initiative outlined in the City of Saskatoon’s Housing Action Plan for the Housing Accelerator Fund (HAF) will make City-owned land available for development to increase the supply of affordable housing. This report requests approval to issue a call for proposals for the sale of four sites with the goal of supporting the development of affordable housing projects and outlines financial and other implications related to the sale of the sites.

RECOMMENDATION

That the Standing Policy Committee on Finance recommend to City Council:

1. That Administration be authorized to receive proposals to sell Lots 1 to 4, Plan G238, ISC Parcel Nos. 120091362, 1200900642, 120090631, 120090620 (2401 Broadway Avenue) through an open market (with criteria) sales approach;
2. That the Administration be authorized to receive proposals to sell Parcel XX, Plan 102111253, ISC Parcel No. 202996918 (25 25th Street East) through a non-market (with criteria) sales approach;
3. That the Administration be authorized to receive proposals to sell Lot 35, Blk 150, Plan 99SA32572, ISC Parcel No. 120283062, and Lot 36, Blk 150, Plan 99SA32572, ISC Parcel No. 120283107 (231 23rd Street East and 155 3rd Avenue North through a non-market (with criteria) sales approach;
4. That the Administration be authorized to prepare a Bylaw as necessary to remove the existing Municipal Reserve designation, and receive proposals to sell a 1.40 acre portion of Parcel MR1, Plan 89S08942, ISC Parcel No. 120222177 (portion of Lakewood Civic Centre site) through an open market (with criteria) sales approach with a nominal value list price and subject to offers as part of the proposal process;
5. That the Administration be authorized to negotiate sales terms and conditions with the proponent that submits the highest-ranking affordable housing proposal for each site during the offer period;
6. That if an acceptable proposal for any of the above sites is not received through the original offer period, proposals continue to be received on a first-come, first-served basis until an acceptable proposal consistent with the overall goal of selling City-owned land to support affordable housing units under the Housing Accelerator Program is received, and
7. That the City Solicitor be requested to prepare the appropriate agreements and that His Worship the Mayor and the City Clerk be authorized to execute the agreements under the Corporate Seal.

BACKGROUND

During its Regular Business [meeting](#) on [September 12, 2022](#), the Standing Policy Committee on Planning, Development and Community Services received an information report on the [Potential Role and Responsibilities for the City of Saskatoon in Housing](#) which outlined a preliminary overview of options that could be considered for the City’s future role and responsibility in housing. The following motion was approved:

“That Administration report further on how Saskatoon Land can potentially become a more active leader in the development of housing solutions, including in the category listed on [Appendix 2](#) of “create/explore new models (Community Land Trust, cooperative housing)” or other roles listed in Appendix 2.”

During its Regular Business meeting of [March 27, 2024](#), City Council considered the [Housing Accelerator Fund – City-owned Land](#) report which outlined options for the sale of five City-owned sites to support the HAF Program. City Council resolved:

- “1. That Administration be authorized to consider all of the options presented in the report based on the final sites selected and the incentives developed for affordable housing on city owned land under the Housing Accelerator Program.
2. That Administration be directed to expedite bringing forward a proposal for consideration of sale of one site for no cost for affordable housing subject to the applicable council reporting and approval process including financial implications.
3. That Administration report further on the preferred option for all sites including financial implications to the appropriate Standing Policy Committee.”
4. That the Administration develop the policy framework for the development of City-owned land with a focus on affordable housing, including, but not limited to, sites that are shovel ready, underutilized City-owned land and other City-owned sites and buildings appropriate for additional development. This policy frameworks should include the long-term-lease option for future sites.”

Incentives for Housing Development on City-owned Land

At its regular business meeting on [May 8, 2024](#), the Standing Policy Committee on Planning, Development, and Community Services, considered a report which outlined the [HAF incentives](#) including incentives that apply specifically to the sale or lease of City-owned land to be developed for affordable housing, as noted below:

Capital grants of up to \$50,000 per unit based on criteria including size, type and accessibility of the units. Eligibility criteria would include the applicant’s organizational status (qualified non-profit or Indigenous organization) and target population as well as the level and term of affordability.

City-owned sites would be released through an open market (with criteria) sales approach which gives Administration the ability to request submissions for affordable housing projects (including mixed-market) targeting specific criteria, including considerations such as number of bedrooms, accessibility requirements, and/or supports. As these types of units can be more complex to develop, greater incentives were identified to achieve desired outcomes.

In addition to the capital grant noted above, these projects would be eligible for a five-year incremental tax abatement subject to City Council approval. In the case of mixed market developments which contain both market and affordable units, the tax abatement would be pro-rated by the percentage of units, in the project, that are affordable.

Administration has allocated approximately \$15M of the HAF funding to this initiative. Some of this funding will be needed to cover costs such as titling, registration, and site preparation.

DISCUSSION/ANALYSIS

In response to City Council's resolutions and the HAF funded incentives, Administration has undertaken further analysis of four City owned subject sites and made recommendations for list pricing and criteria for the sale of the sites.

Sale approach recommendations are intended to maximize the development of affordable rental units and have considered the size, configuration, and location of each site; existing land use designations and amendments required prior to development; impacts on existing uses; servicing considerations; incentive packages and financial implications.

Under all options, the City would include the following items for evaluation criteria as part of the open market public offering:

- Status of organization (non-profit, Indigenous, etc.);
- Non-market housing management experience;
- Development/construction experience;
- Ability to leverage financial support;
- Partnerships (financial, operating, etc.);
- Project details including number and type of units being offered;
- Project Proforma including long-term operating strategy; and
- Proposed purchase price.

With the goal of achieving affordable units on each City-owned site, the Administration will customize the above evaluation criteria and weighting for each site offered based on site characteristics, development potential, constraints, and overall development goals.

City Owned Property Listings

Appendix 1 provides an overview of each of the four sites being recommended for release. Additional site specific and financial information for each of the four sites is provided below.

2401 Broadway Avenue

- Located at the Southeast intersection of Broadway Avenue and Ruth Street East.
- Used by Saskatoon Light and Power as an electrical substation until the site was decommissioned in 2021 and deemed surplus for sale.
- Zoned R2 – One and Two-Unit Residential District.
- Site will require amendments to Bylaw No. 8770, Zoning Bylaw, 2009 (Zoning Bylaw) permitting the site to be developed as a low-medium density multi-unit development.

2401 Broadway Ave	
Type of Transaction	Market Sale Offering
Size (Square Foot)	11,440
Zoning	TBD
ISC Surface Parcel #s	120091362, 120090642, 120090631 & 120090620
Estimated # of Units	6-20
Market Value per Square Foot	\$51.62
Market Value & Sale Price	\$591,000.00
Administrative Fees	\$33,452.83
Est. Expenses to prepare land for sale	\$23,730.00

Administration is recommending this site be offered at a market value list price as it is a smaller site adjacent to low density single-family homes and may be best-suited to a mix of affordable and market-rate dwelling units. Rezoning of the site will be required with the appropriate Zoning Bylaw amendments being determined by the successful proposal received.

Expenses incurred to prepare the site for sale will be funded by the Property Realized Reserve with net proceeds received from the sale retained within the Reserve.

155 - 3rd Avenue N & 231 - 23rd Street East

- The site is located on the southwest corner of 3rd Avenue and 23rd Street and is currently use for civic staff parking.
- The location is adjacent to the Saskatoon Transit main hub and is well suited to the development of affordable housing and overall strategic goal of increasing residential development in the Downtown.
- The property was obtained through tax enforcement in 2001 and retained for civic use as a staff parking lot. The property has \$757,313 in tax arrears and

expenses owing that would typically be recovered in the disposition of the property.

- Redevelopment could require relocation of the existing 66 civic parking stalls to other City-owned sites in the Downtown.
- Environmental and geotechnical studies are required which may result in some level of site remediation.
- Given the location at a busy intersection adjacent to the Saskatoon Transit hub and the possible presence of existing foundations underground, construction complexities and costs are unknown at this time.

155 - 3rd Ave & 231 - 23rd Street (LOT 10 Parking)	
Type of Transaction	Non-Market Offering
Size (square foot)	22,783
Zoning	B6
ISC Surface Parcel #s	120283062 & 120183107
Estimated # of Units	100-200
Market Value per Square Foot	\$115.00
Market Value	\$2,620,000.00
Discount Amount (% of Market Value)	50%
Recommended Non-Market List Price	\$1,310,000.00
Administrative Fees	\$74,150.94
Expenses to prepare land for sale	unknown
Tax arrears owing on the site	\$757,313.00
Estimated City Contribution	\$1,310,000.00
In-Kind Contribution (reduced admin fee)	\$74,150.94

Administration is recommending this site be offered at a 50% discount. The location and size of the site is desirable for supporting the City’s Downtown growth objectives and is close to current transit mall and future Bus Rapid Transit routing and other amenities for future residents. The potential for a large number of units will support the HAF goal of increasing the number of affordable units.

The discounted price is intended to make the site more attractive to housing providers and takes into account greater project complexity due to the infill location and existing site conditions. Outstanding tax arrears for the property would be paid out of the sale price with net proceeds directed to the City’s General Revenue Account. Environmental and geotechnical studies will be funded through the HAF funding.

25 - 25th Street East

- The land was originally acquired from CP Rail in 2001.
- Site was created through the subdivision and development of 25th Street East extension to Idylwyld Drive.

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- Site currently generates annual revenue of \$47,500 for the City as a pay and display parking lot.
- Remediation involving the removal, hauling and potential replacement of 490m3 of Polycyclic Aromatic Hydrocarbons (PAH) impacted soil is estimated to cost \$73,500 (2019 prices).

25 - 25th Street East	
Type of Transaction	Non-Market Offering
Size (square foot)	19,544
Zoning	MX2
ISC Surface Parcel #	202981147
Estimated # of Units	125-250
Market Value per Square Foot	\$85.00
Market Value	\$1,664,000.00
Discount Amount (% of Market Value)	50%
Recommended Non-Market List Price	\$832,000.00
Administrative Fees	\$47,094.34
Est. Expenses to prepare land for sale	\$157,456.00
Estimated City Contribution	\$832,000.00
In-Kind Contribution (reduced admin fee)	\$47,094.34

Administration is recommending a non-market list price at a 50% discount. The location and size of the site are well-suited to the development of affordable housing. The discounted price is intended to make the site more attractive to housing providers considering complexities related to existing environmental site conditions. Remediation of soil conditions on the site is expected to occur as part of the development project. All expenses incurred to prepare the land for sale including soil remediation will be funded by the HAF.

1635 McKercher Drive

- Proposed site is located at the intersection of McKercher Drive and Heritage Crescent within the Lakewood Civic Centre property currently designated as Municipal Reserve.
- Location is well-suited for the development of higher density residential development given the current M3 Zoning designation.
- Removal of the Municipal Reserve designation, subdivision, and relocation of the existing parking lot and community garden will be required.
- Creation of the development site at this location will have no impact on current park programming or open space activities. There will be no impacts on the community garden during the 2024 growing season and most the impacted existing gravel parking spaces will be replaced with a more efficient layout within the Lakewood Civic Centre site. These changes will be funded using HAF funding.

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Note: Municipal Reserve plays an important role in providing access to green and open spaces for the community. Administration has found limited opportunities where a reduction in this space is viable for new residential development while not unduly impacting community recreation needs. The preservation of Municipal Reserve will continue to be prioritized by Administration.

1635 McKercher Drive	
Type of Transaction	No-Cost / Nominal Value
Size (Square Foot)	60,747
Zoning	M3
ISC Surface Parcel #	120222177 site to be subdivided
Estimated # of Units	75-150
Market Value per Square Foot	\$57.39
Market Value	\$3,486,398.00
Nominal Value List Price	\$1.00
Estimated City Contribution	\$3,486,397.00
Est expenses to prepare land for sale	\$849,932.00
In-Kind Contribution (reduced admin fee)	\$197,343.23

Administration is proposing to proceed with accepting proposals for the sale of this site with a no-reserve Nominal Value sale price. In this approach, proponents will be able to assess the criteria and offer a price that meets their development goals and financial targets. This site is expected to be desirable for housing providers, being located on an arterial street with transit service and being immediately adjacent to parks and a leisure centre. Estimated expenses to prepare the site for sale include: subdivision/surveying, costs incurred to relocate the existing parking and community garden and costs to bring shallow buried utilities to the site, which would be funded via the HAF.

Saskatoon Land's Future Role in Housing Solutions

In addition to the recommendations in this report to support affordable housing, Administration is in the final phases of development of a new Housing Strategy (Strategy). When the new Strategy is presented to Committee and City Council for consideration in the coming months, additional exploratory options will be presented on how the City through Saskatoon Land can continue to be an active leader in the development of affordable housing opportunities in Saskatoon. These options will include analysis on community land trusts, cooperative housing and long-term leases.

FINANCIAL IMPLICATIONS

A summary of cumulative financial implications resulting from the sale of these sites as recommended by the Administration is as follows:

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Property	Market Value	Discounted List Price	City Contribution*
2401 Broadway Avenue	\$ 591,000.00	\$ 591,000.00	n/a
1635 McKercher Drive	\$3,486,398.00	\$ 1.00	\$3,486,397.00
3rd & 23rd (Lot 10)	\$2,620,000.00	\$1,310,000.00	\$1,310,000.00
25 - 25th Street East	\$1,664,000.00	\$ 832,000.00	\$ 832,000.00
Reduced Parking Revenue			\$ 47,500.00
In-Kind Contributions			\$ 318,588.51
Total City Contribution			\$5,994,486.51
Estimated HAF funding required for site preparation**			\$1,007,388.00

*Based on proposed list price

** Does not include estimated costs for site preparation at 3rd & 23rd Street as they are unknown at this time

Total expected revenue received from the release of all sites based on list pricing is \$2,733,001.

OTHER IMPLICATIONS

Aside from the goal of increasing the overall supply of affordable housing in the city, the sale of these City-owned sites will have additional long-term benefits. The sale of these sites will result in residential infill development, increase economic and social activity, and increase the City’s tax base over the long-term. The approach being used to sell the sites and engage housing providers will provide both the City and affordable housing providers with guidance on future housing partnership approaches.

NEXT STEPS

Administration will finalize development of criteria and evaluation metrics based on this report and proceed with site-specific calls for proposals for those sites approved for sale.

For the 1635 McKercher Drive site, the Administration will proceed with removal of the Municipal Reserve designation from the lands and a subdivision prior to proceeding with a call for proposal. The removal of the Municipal Reserve designation requires public notice, and consideration of a proposed bylaw by City Council to approve the removal.

Based on the outcome of these parcel offerings for affordable housing, the Administration will develop a policy framework for the development of surplus City-owned land with a focus on affordable housing, including, but not limited to, sites that are shovel ready and other City-owned sites and buildings appropriate for development. The policy framework would be ready for City Council consideration prior to the conclusion of the HAF program.

APPENDICES

1. Site Marketing Information for Each of the Sites

REPORT APPROVAL

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Lynne Lacroix, General Manager of Community Services
Approved by: Clae Hack, Chief Financial Officer

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