

City-Owned Land Incentives 2025

ISSUE

The City of Saskatoon's (City) Housing Action Plan aims to increase the supply of affordable housing by developing City-owned properties. A Call for Proposals closed on December 13, 2024, for four City-owned properties. This report requests approval for incentive support to develop 256 new affordable rental units on three of the City-owned properties.

RECOMMENDATION

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

1. Five-year incremental tax abatements for three projects, for the development of 256 new affordable rental units, estimated at a total of \$1,938,067.30, as outlined in Appendix 1, be approved;
2. Corporate Revenue be requested to submit an application under the Provincial Government's Education Property Tax Exemption/Abatement Program seeking approval for a five-year tax abatement, equivalent to 100% of the incremental Education property taxes, for the development of affordable housing units at 231 23rd Street East and 155 3rd Avenue North and a portion of 1635 McKercher Drive;
3. An exception to Council Policy No. C09-002 Innovative Housing Incentives to waive all offsite levies for a portion of 1635 McKercher Drive, as outlined in this report, be approved; and
4. The City Solicitor be requested to prepare the appropriate agreements and that Her Worship the Mayor and City Clerk be authorized to execute the agreements under the Corporate Seal.

BACKGROUND

City Council, at its Regular Business meeting held on June 26, 2024, considered the report [Request to Receive Proposals for City-Owned Land – Housing Accelerator Fund](#) and authorized Administration to receive sale proposals for the four City-owned properties located at:

- 2401 Broadway Avenue;
- 25 25th Street East;
- 231 23rd Street East and 155 3rd Avenue North; and
- a portion of 1635 McKercher Drive (adjacent to Lakewood Civic Centre) to support this initiative.

The report authorized Administration to negotiate sales terms and conditions with the proponent that submits the highest-ranking affordable housing proposal for each

site during the offer period. In addition, the report outlined the affordable housing units for these projects would be eligible for a five-year incremental tax abatement, subject to City Council approval.

Capital Grants for City-Owned Land

City Council, at its Regular Business meeting held on May 29, 2024, considered a report titled [Housing Accelerator Fund - Incentives](#). The report outlined the proposed incentive programs offered through the Housing Accelerator Fund (HAF) program funding to boost housing supply. It was identified that approximately \$15M of HAF funding has been allocated to incentives for housing development on City-owned land including capital grants of up to \$50,000.00 per unit based on criteria such as size, type and accessibility of the units. Information about the capital grants being provided is outlined in Appendix 1.

DISCUSSION/ANALYSIS

A Call for Proposals was issued on September 23, 2024, for the sale of the four identified City-owned properties. The application window closed on December 13, 2024. A total of eight eligible applications were received through the offer period, including:

- Five applications for a portion of 1635 McKercher Drive (adjacent to Lakewood Civic Centre);
- Two applications for 2401 Broadway Avenue;
- One application for 231 23rd Street East and 155 3rd Avenue North; and
- No eligible applications were received for 25 25th Street East.

Applications were reviewed by Administration for completeness and eligibility, which included the following requirements:

- Projects must involve construction of new affordable rental units, which may include affordable rental units within mixed-market developments;
- Projects must meet HAF timelines;
- Affordability of units must be maintained for a minimum of 20 years;
- All affordable units must be rented to low-income households, with incomes at or below the [Saskatchewan Household Income Maximums](#), while spending no more than 30% of their income on housing or set at the maximum funding available under the shelter benefit; and
- Enter into an agreement with the City of Saskatoon (City) for the term of affordability including providing income screening and reporting on rental rates on an on-going basis.

Priority was given to registered non-profits, housing co-operatives, Indigenous organizations and/or governments and First Nations. Applications were evaluated and scored based on weighted categories with criteria.

The [City website](#) provides brochures that contain site specific details for each property, a supplementary package outlining the terms and conditions of sale, as well as frequently asked questions. This information was made available during the City-Owned Land Call for Proposals.

PROPERTY TAX ABATEMENTS

In accordance with *The Cities Act*, tax abatements are subject to City Council approval. Incremental taxes are the additional property taxes directly related to property improvement; abatements of these incremental taxes do not require a funding source because they are foregone revenue. According to the Corporate Financial Services Division, if all three eligible projects are approved, the incremental taxes are estimated to total \$1,281,198.30 of Municipal and Library property tax revenue over five years. The table below shows the incremental tax abatement including Municipal, Library and Education tax.

Overview – Estimated Incremental Tax Abatements						
No. of Projects	No. of Affordable Units	Municipal Tax	Library Tax	Education Tax	One-Year Total	Five-Year Total
3	256	\$232,395.61	\$23,844.05	\$131,373.80	\$387,613.46	\$1,938,067.30

Calculations are based on current 2024 tax rates and will change with any alterations to design plans or annual mill rate adjustments. As well, it is noted that 2025 is a reassessment year, which may result in changes from the estimates provided. Abatements will be based on the actual assessment value determined upon final inspection of the completed projects.

For eligible projects exceeding \$25,000.00 per year in Education property tax, the City must request an exemption or abatement from the Province of Saskatchewan. Projects which are less than the threshold do not require Provincial approval. As the estimated Education property tax for the proposed developments located at 231 23rd Street East and 155 3rd Avenue North and a portion of 1635 McKercher Drive, will exceed \$25,000.00 per tax year, if approved by Council, applications requesting Provincial approval will be submitted.

All projects are eligible for a full five-year incremental tax abatement on the affordable units. Any proposed non-residential use within these projects is not eligible for a property tax abatement under [Council Policy No. C09-002, Innovative Housing Incentives](#) (Policy).

EXEMPTION OF OFFSITE LEVIES FOR AFFORDABLE HOUSING

The Policy permits City Council, at its discretion, to waive the payment of offsite levies payable as a result of the development of affordable housing in specific circumstances. As per the Policy, waiving the payment of offsite levies applies only to the portion related to affordable housing and does not apply to housing at market rate or other types of uses such as commercial units.

The only site with offsite levies payable at this time is the site located on a portion of 1635 McKercher Drive. The offsite levy for this site is \$269,723.32. The proposal for that site includes both affordable housing units and commercial units designed to provide services for the residents of the building and surrounding area.

Administration is recommending that the portion of levies associated with affordable housing units be waived in accordance with the Policy. Additionally, Administration is recommending a one-time exception to the Policy to waive the remaining offsite levy amount for the proposed commercial units.

OTHER IMPLICATIONS

There are no other implications.

NEXT STEPS

Should City Council approve the recommendations, each applicant will be required to enter into a sale/purchase agreement and an incentive agreement with the City.

Property tax abatements, if approved, will begin the calendar year following project completion and will continue for five years.

The three sites will be prepared for sale as required by Administration, including a rezoning process for 2401 Broadway Avenue, potential site remediation for 231 23rd Street East and 155 3rd Avenue North, and subdivision and titling for a portion of 1635 McKercher Drive. The fourth site located at 25 25th Street East that did not receive any eligible applications will be the subject of future reporting.

Financial assistance for affordable housing projects outlined above is conditional upon the negotiation and signing of purchase/sale agreements and meeting all regulations and requirements for development of the sites.

Based on lessons learned from these parcel offerings for affordable housing, Administration will develop a policy framework for future development of City-owned land and buildings with a focus on affordable housing. The policy framework is anticipated to be ready for City Council consideration prior to the conclusion of the Housing Accelerator Fund program in December 2026.

APPENDICES

1. Incentives Summary

REPORT APPROVAL

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