

Vacant Lot and Adaptive Reuse Incentive Program – 115 Adolph Crescent

ISSUE

National Affordable Housing Corporation has applied for a five-year tax abatement of the incremental property taxes for the development of 115 Adolph Crescent, 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 100% of the incremental Municipal and Library property taxes for the development of 115 Adolph Crescent, be approved, commencing in 2027;
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 taxes, for the development of 115 Adolph Crescent; and
3. The City Solicitor be requested to prepare the appropriate agreements, and that Her Worship the Mayor and the City Clerk be authorized to execute the agreements under the Corporate Seal.

BACKGROUND

City Council, at its Regular Business [meeting](#) on March 7, 2011, approved the Vacant Lot and Adaptive Reuse Incentive Program (VLAR Program) and [Council Policy C09-035, Vacant Lot and Adaptive Reuse Incentive Program](#) (Policy). The VLAR Program is designed to encourage infill development on vacant sites and 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 by multiplying the increment, between the existing taxes and the taxes owing upon completion of the project, 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 during the abatement period, excluding the Education portion of property taxes.

City Council, at its Regular Business [meeting](#) on December 20, 2023, approved amendments to the Policy to establish specific start dates for tax abatements on future projects when the application is approved by City Council.

DISCUSSION/ANALYSIS

An application under the VLAR Program was received from National Affordable Housing Corporation for the development of 115 Adolph Crescent, located in Sutherland (see Appendix 1). The lot is zoned RM3 – Medium Density Multiple-Unit Dwelling District and has been a long-standing vacant site.

The proposed Preston Pointe development is being built in two phases. The project includes 216 residential rental units with 337 parking stalls (see Appendix 2).

Phase 1 includes five 12-unit residential buildings, totaling 15 one-bedroom, 15 two-bedroom and 30 three-bedroom. Each three-storey building includes 9 attached garages. There are 112 parking spaces in Phase 1, with 45 garage stalls, 63 surface stalls, 3 accessible stalls and 6 visitor stalls. Construction of Phase 1 is currently underway and expected to be completed in late 2025.

Phase 2 includes three 52-unit apartment buildings, totaling 60 one-bedroom and 96 two-bedroom. Each building has 3 storeys and a basement level. Five detached 8-vehicle garages line the south side of the site, providing a buffer between the apartment buildings and the adjacent railway tracks. There are 220 parking spaces in Phase 2, with 40 garage stalls, 160 surface stalls, 4 accessible stalls and 16 visitor stalls. Phase 2 is expected to be completed in 2027.

The developer has focused on energy efficient design, resulting in a substantial reduction in projected energy consumption and Greenhouse gas emissions. A third-party energy advisor reviewed the design plans for Phase 1 and the cover letter of the assessment states:

“...the Preston Pointe sustainable housing development, built under Part 9 of the National Building Code is modelled to achieve an overall energy savings of 48.8% in addition to reducing GHG emissions by 41.0% compared to a baseline building constructed to the 2015 National Building Code (2015 NCB). The 48.8% reduction in energy consumption and 41.0% GHG emission reduction are a result of several factors, the most notable being the installation of centralized air source heat pumps that are powered by electricity fully provided (by) onsite solar generation.”

It is anticipated that Phase 2 will achieve at least 25% energy savings, which would be a significant accomplishment compared to typical apartment building design. The developer will submit the Phase 2 Energy Assessment Report to Administration when it is available to confirm the energy advisor found the design meets the stated energy savings target.

The applicant indicated the estimated investment in the project is approximately \$65,000,000. Under the VLAR Program’s evaluation system, the project received a total of 100 points (see Appendix 3), resulting in an earned incentive of 100% of the maximum incentive amount.

The applicant is applying for a five-year tax abatement of the incremental property taxes. According to Corporate Revenue, the incremental increase in annual property taxes, including the Municipal, Library and Education portions for the project, is estimated to be \$325,061. With the project earning 100% of the maximum incentive amount, the actual incentive amount is estimated to total \$1,625,305 over the five years.

The actual incentive amount includes an estimated \$214,950 in annual Municipal and Library property taxes for five years, totaling \$1,074,750, and \$110,111 in annual Education property taxes for five years, totaling \$550,555.

As the Education property tax portion for the site will exceed \$25,000 per tax year, approval from the Provincial Government is required to exempt or abate the Education tax revenue. An application requesting this approval will be submitted following this report.

As per the Policy change approved in December 2023, five-year tax abatements provided by the VLAR Program must begin within three calendar years from approval of the application and is not dependent upon the project being completed within that timeframe. The property owner will not benefit from the tax abatement until an increment exists on the annual property taxes assessed as a result of the project.

Administration and the developer have agreed the five-year tax abatement on the entire site will begin on January 1, 2027, and end on December 31, 2031.

Phase 1 is currently under construction and expected to be completed in late 2025, while Phase 2 is not expected to be completed until 2027. In addition to the base property taxes assessed to the site, the property owner will be responsible for paying the additional property taxes assessed, as a result of completing the Phase 1 development until the tax abatement begins in 2027. It is anticipated the tax abatement will be underway prior to completion of Phase 2. Once construction is completed, the additional property taxes assessed related to the Phase 2 development will be applied to the remaining timeframe of the five-year tax abatement.

FINANCIAL IMPLICATIONS

Incremental property tax abatements provided by the VLAR Program result in the deferral of the increased taxes that the new construction creates. As a result, there is no immediate impact other than deferral during the five-year period.

The City will forgo an estimated total of \$1,074,750 of Municipal and Library property tax revenue over five years that will be abated to the property owner. Over five years the Provincial Government will forgo an estimated total of \$550,555 of Education tax revenue, which will be abated to the property owner.

OTHER IMPLICATIONS

There are no other implications.

NEXT STEPS

Development of 115 Adolph Crescent is currently underway, with completion of Phase 1 expected in late 2025 and Phase 2 completion expected in 2027. Administration and the developer have agreed the five-year tax abatement on the entire site will begin on January 1, 2027, and end on December 31, 2031. Starting the five-year tax abatement is not dependent on the completion of Phase 2.

APPENDICES

1. Project Location – 115 Adolph Crescent
2. Project Renderings and Site Plan – 115 Adolph Crescent
3. VLAR Project Evaluation – 115 Adolph Crescent

REPORT APPROVAL

Written by: Mark Emmons, Senior Planner
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