
Downtown Development Incentives

Recommendation

That the Standing Policy Committee on Planning, Development and Community Services recommend to City Council that the proposed amendments to Vacant Lot and Adaptive Reuse Incentive Program Policy No. C09-035, as noted in this report, be approved.

Topic and Purpose

The purpose of this report is to amend the Vacant Lot and Adaptive Reuse Incentive Program to improve clarity for Downtown developments by providing access to a five-year tax abatement or a cash grant for all new residential or office developments, without a vacancy requirement.

Report Highlights

1. The Administration is recommending amendments to the Vacant Lot and Adaptive Reuse Incentive Program (Incentive Program) to remove the vacancy requirement for all developments Downtown.
2. New office or residential developments would be eligible for a five-year tax abatement or a cash grant. The amount of the incentive is determined through an evaluation process and is applied upon project completion.

Strategic Goals

This report supports the City of Saskatoon's (City) Strategic Goals of Sustainable Growth and Moving Around by supporting the City Centre Plan, increasing incentives for infill development, and furthering implementation of the Growth Plan to Half a Million. This initiative also supports the goal to reduce or remove "red tape" from City processes by providing a simpler, standardized requirement for development eligibility.

Background

At its August 18, 2010 meeting, City Council approved, in principle, Vacant Lot and Adaptive Reuse Incentive Program Policy No. C09-035. The original intent of the program was to provide incentives to spur development on chronically vacant sites in the established areas of Saskatoon. Originally, the program included a 12-month vacancy requirement. However, this time period appeared to result in a number of property demolitions in order to be eligible for incentives the following year. In 2012, the vacancy requirement was increased to 48 months.

The last amendments to the Incentive Program were completed in 2014, as a result of the City Centre Plan. The amendments added incentives for Downtown office buildings and structured parking, in accordance with the goals of the City Centre Plan. The amendments to the Incentive Program included:

- a) waiving the 48-month vacancy requirements for both office buildings and parking structures in the Downtown;

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- b) adding a section specific to Downtown office buildings, applied only to the increase of office space;
- c) adding the definition of “Structured Parking”;
- d) adding a section specific to Downtown structured parking;
- e) adding points that would be awarded to projects that include structured parking available to the public, as part of an office or retail development;
- f) earning maximum points for a stand-alone parking structure; and
- g) expanding Appendix C to include criteria specific to each type of development proposal.

At its May 29, 2017 meeting, the Standing Policy Committee on Planning, Development and Community Services received an information report regarding a variety of measures to incentivize infill development. One of the items raised within that report was amendments to the Incentive Program to improve clarity for Downtown developments by providing a five-year tax abatement for all developments, without a vacancy requirement.

Report

Recommended Amendments to the Incentive Program

The Administration is proposing amendments to the Incentive Program to provide greater clarity and consistency for all types of development in the Downtown. These changes support the goal of cutting “red tape” in administrative processes. The proposed amendments are highlighted in Attachment 1.

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

- a) removing the 48-month vacancy requirement from the definition of Vacant Site/Building;
- b) adding the 48-month vacancy requirement to the eligibility criteria for projects within the Established Areas;
- c) clarifying that the 48-month vacancy requirement does not apply to projects within the Downtown;
- d) adjusting Section 4.2, Vacant Lot and Adaptive Reuse Incentive, to include Downtown, in order to allow development projects to access either a tax abatement or a grant;
- e) adjusting Section 4.5, Downtown Office Building Incentive, to remove the reference to “the increase” in office space on a site, so that the incentive applies to the total office development; and
- f) amending Section 5.2 to update the Office of the City Assessor to its current name, Corporate Revenue Division, and clarify its role in the process; and
- g) amending Appendix C to include a 5% incentive for a “Secure Bicycle Parking Facility” in the Downtown Office Building scoring table.

Available Incentives

The amendments result in the ability for any new residential or office development in the Downtown to be eligible for a five-year tax abatement or a cash grant, with no vacancy requirement. Cash grants are paid out upon project completion, once all building permits are closed and the property has been assessed by the Corporate Revenue Division. Tax abatements begin in the year following project completion.

Projects approved for a cash grant will be eligible, based on their proposal evaluation, for up to the following amounts:

- a) Commercial, Industrial, and Mixed Use: \$200,000;
- b) Multiple-Unit Dwellings: \$75,000; or
- c) One- and Two-Unit Dwellings: \$15,000.

These maximums have been set to maintain an adequate balance in the Vacant Lot and Adaptive Reuse Incentive Reserve.

Under the Incentive Program, a development project is evaluated against a number of criteria and policy objectives. A Maximum Incentive Amount will be determined by the Corporate Revenue Division (Taxation and Assessment Administration Section) and will be equivalent to the increment between the existing property taxes and the taxes paid upon completion, multiplied by five years. The amount of the final grant or tax abatement is determined through an evaluation system, and verified by the Corporate Revenue Division upon project completion. The points are used to determine the percentage of the total Maximum Incentive Amount. The system evaluates development proposals to achieve the outlined development features, scored to a maximum of 100 points.

Options to the Recommendation

At this time, the Administration is recommending that the proposed policy amendments apply to the Downtown only, in order to further incentivize and promote development within the Downtown. However, the following option could also be considered:

- The area could be expanded to encompass the City Centre area (see Attachment 2). In this case, all references to the Downtown would be changed to refer to the City Centre, and Appendix B would be replaced with the map shown in Attachment 2.

Public and/or Stakeholder Involvement

Public and external stakeholder involvement was not required in preparation of this report.

Communication Plan

The addition of these new incentives will also be communicated to the Downtown Saskatoon Business Improvement District, Saskatoon Regional Economic Development

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Authority, Developers' Liaison Committee, and on the City's website. Marketing material for the Incentive Program will be updated to reflect the new incentives.

Policy Implications

Upon City Council approval, Vacant Lot and Adaptive Reuse Incentive Program Policy No. C09-035 would be updated, as outlined in this report.

Other Considerations/Implications

There are no financial, environmental, privacy, or CPTED implications or considerations.

Due Date for Follow-up and/or Project Completion

Amendments to the Incentive Program are pursued as necessary. As part of the measures to address infill challenges, the Administration will continue to evaluate the Incentive Program to ensure policy goals are being met.

Public Notice

Public notice, pursuant to Section 3 of Public Notice Policy No. C01-021, is not required.

Attachments

1. Proposed Amendments to Vacant Lot and Adaptive Reuse Incentive Program Policy No. C09-035
2. Downtown and City Centre Boundaries Map

Report Approval

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Approved by: Randy Grauer, General Manager, Community Services Department

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