
Development Incentives for Heritage Buildings in the City Centre

Recommendation

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

Topic and Purpose

The purpose of this report is to amend Vacant Lot and Adaptive Reuse Incentive Program Policy No. C09-035 to provide heritage buildings with access to incentives for adaptive reuse through the Vacant Lot and Adaptive Reuse Incentive Program.

Report Highlights

1. The Administration is recommending amendments to the Vacant Lot and Adaptive Reuse Incentive Program (Incentive Program) to ensure heritage buildings, including Municipal Heritage Properties; properties included in “Schedule A” of Demolition Permit Bylaw No. 6770; or buildings listed on the Saskatoon Register of Historic Places (Register) have access to incentives for adaptive reuse.
2. New adaptive reuse projects involving heritage buildings, including those in the City Centre area, will not be required to meet a vacancy requirement of one year or comply with a change in use as outlined in the existing definition of adaptive reuse in Vacant Lot and Adaptive Reuse Incentive Program Policy No. C09-035 (Policy).

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 the Policy, in principle. The original intent of the Incentive 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.

At its March 27, 2017 meeting, City Council approved amendments to Zoning Bylaw No. 8770 to add requirements for a Heritage Impact Statement to be provided in situations where a proposed development or demolition includes a heritage resource, where appropriate. This would include any Municipal Heritage Properties, buildings included in “Schedule A” of Demolition Permit Bylaw No. 6770, or buildings listed on the Register.

At its September 25, 2017 meeting, City Council approved amendments to the Policy to remove the vacancy requirements for new developments in the City Centre area. The Administration committed to bring forward additional amendments to specifically address heritage buildings.

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, 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 a point 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.

Report

Heritage Buildings and Incentives

The Register is an official listing of heritage resources identified by the City as having significant heritage value or interest. Each Register listing is written in the form of a Statement of Significance. The Register lists properties of various types and various levels of protection, including those without legal protection. The property types have incentives currently available as follows:

1. Those without legal protection are not eligible for heritage incentives.
2. Designated Municipal Heritage Properties are currently eligible for a property tax abatement or a grant for up to 50% of the costs, up to a maximum of \$150,000 for taxable properties and \$75,000 for tax-exempt properties.
3. Demolition Permit Bylaw No. 6770, commonly called the Holding Bylaw, provides short-term protection of a heritage resource from demolition by providing for a 60-day holding period in the event an application for a Demolition Permit is received. Within that 60-day holding period, heritage designation is considered by City Council. There are no inherent incentives available to properties included in the Holding Bylaw.
4. Provincial Heritage Properties, National Historic Sites, and Federal Heritage Railway Stations are also included in the Register. Municipal incentives are not provided specifically for these properties unless they are also a Municipal Heritage Property.

The proposed amendments would provide for any of these types of properties to be eligible through the Incentive Program if the proposed developments were to meet the Policy criteria for adaptive reuse projects.

Recommended Amendments to the Incentive Program

The Administration is proposing amendments to the Incentive Program to provide greater clarity for heritage buildings. The proposed amendments are highlighted in Attachment 1.

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

1. Creating an exception to the requirements for adaptive reuse projects for heritage buildings. This exception would remove the requirement that heritage buildings be vacant for at least one year, or change the use in the building.
2. Clarifying that heritage buildings are only eligible for incentives through the Incentive Program for adaptive reuse projects. This will restrict the ability of sites with heritage buildings to be eligible for incentives that involve removal of the heritage building.
3. Addressing the proposal evaluation in Appendix C of the Policy, points would be allocated to heritage properties proposing adaptive reuse in accordance with a Heritage Impact Statement.

The effect of these changes will allow owners of heritage buildings access to funds for significant renovation projects as an adaptive reuse project. Depending on the scale of the renovation, some projects may only be eligible for a one-year tax abatement. This would occur when the renovation does not trigger an increase in the property taxes. For a larger renovation, which would result in an incremental tax increase, the proposal would be evaluated according to the evaluation matrix, gaining points for the adaptive reuse component.

Options to the Recommendation

The option exists to not approve the proposed amendments. The Administration would not recommend this as there may be negative impacts to existing heritage buildings as a result.

Public and/or Stakeholder Involvement

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

Following consideration by the Standing Policy Committee on Planning, Development and Community Services, this report will be forwarded to the Municipal Heritage Advisory Committee for information.

Communication Plan

The addition of these new incentives will be communicated to the Downtown Saskatoon Business Improvement District, the Saskatoon Regional Economic Development Authority, and the Developers' Liaison Committee, and posted 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.

Financial Implications

Amendments to the Policy will not result in an immediate financial impact. Upon approval of applications, either administratively in the case of a grant, or through City Council for a tax abatement, the financial implication is identified. In either case, it results in foregone revenue for the City. However, the longer-term impact of new development is an increase in revenue for the City.

Other Considerations/Implications

There are no 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.

Attachment

1. Proposed Amendments to Vacant Lot and Adaptive Reuse Incentive Program Policy No. C09-035

Report Approval

Written by: Lesley Anderson, Director of Planning and Development

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

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