

CITY OF SASKATOON COUNCIL POLICY

NUMBER

C09-001

POLICY TITLE <i>Residential Lot Sales – Contractor Allocations</i>	ADOPTED BY: <i>City Council</i>	EFFECTIVE DATE <i>March 30, 1981</i>
		UPDATED TO <i>February 27, 2017</i>
ORIGIN/AUTHORITY <i>Planning and Development Report 16-1981; Land Bank Committee Report No. 6-1991; and all amendments up to and including The Standing Policy Committee on Finance, Item 8.2.4 – February 27, 2017</i>	CITY FILE NO. <i>CK. 4110-36</i>	PAGE NUMBER <i>1 of 6</i>

1. PURPOSE

To assist in fostering competition and diversity in the home building industry in Saskatoon by ensuring a fair and equitable allocation of City-owned lots to contractors.

2. DEFINITIONS

2.1 Contractor - a homebuilder who constructs complete homes for the purpose of resale.

3. POLICY

The City may, from time to time and subject to the criteria outlined in this policy, offer residential lots for sale to contractors who are in the house-building business in Saskatoon.

3.1 The City will not sell lots to a contractor who does not meet the Eligibility Criteria and who does not provide sufficient information to satisfy the City that the criteria is met in spirit and in fact.

3.2 The City reserves the right to:

- a) Determine contractor eligibility and to sell lots to only those who are in good standing under the criteria;
- b) Remove any contractor from its eligibility list at any time; and

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- c) Determine the number of lots it shall offer to any contractor at any time.

3.3 Criteria

To be eligible for lot allocations, a contractor must meet the following criteria:

- a) Relationship to Other Contractors

No allocation will be made to any contractor or company known to have officers or shareholders in common with any other contractor or company otherwise eligible, until both or all contractors or companies so involved have designated only one of the contractors or companies as being the one eligible for allocations.

- b) Business Tax/License

The applicant must have paid a business tax or license fee for the purpose of operating a home building business in Saskatoon.

- c) Individuals Representing Contractor

Any contractor or company which has individuals buy, or permits individuals to buy on behalf of the contractor or company will be removed from the City's eligibility list. This does not apply however, when officers or shareholders of the company or contractor purchase lots as individuals for their own personal residence, subject to the sales policies applicable to individuals.

- d) Contractor Activity

In order to maintain eligible status, Contractors must purchase one lot every two years or demonstrate that they are actively engaged in the construction or marketing of new homes in Saskatoon over the same two year period. Acceptable measures for determining if a builder has been actively engaged in new home building include but are not limited to:

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- i) Approved construction of new dwelling unit(s) in the city of Saskatoon and demonstrated progress through the building inspection process (e.g. backfill and framing inspections complete).
- ii) Active marketing or listing of new homes on the Saskatoon MLS listing.
- iii) Other evidence of new home building activity approved by the Director of Saskatoon Land.

e) Mandatory Training

Completion of the seven modules under the Certified Professional Home Builder Program, offered to both members and non-members of the Saskatoon & Region Home Builders' Association, or a course(s) approved by the Director of Saskatoon Land.

f) Safety Training

Contractors must complete an approved safety training course approved by the Director of Saskatoon Land.

g) Home Warranty

Each Eligible Contractor is required to maintain membership in a City-recognized Home Warranty program and to register and provide an individual home warranty certificate for a dwelling on each purchased lot.

h) Insurance Coverage

Each Eligible Contractor is required to have Workers' Compensation and insurance coverage with a minimum of two million dollar liability insurance coverage on each build.

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3.4 Probationary New Applicants

New Eligible Contractor applicants that can demonstrate proven experience in the new home building industry as per internal office procedure “New Applicants”, and meet criteria noted in Section 3.3 may purchase lots from inventory or participate in new lot allocations and bypass the probationary process.

Applicants with limited new home building experience will be classified as probationary and will need to provide reasonable evidence to indicate they wish to become a Probationary Contractor with the City.

~~The City may, from time to time, classify as probationary, an applicant who provides reasonable evidence to indicate that they will become a homebuilder once they have been offered a lot on which to build.~~

The City reserves the right to limit the number of lots offered to a Probationary Contractor and to offer no more lots until proof has been received that the contractor now meets all other criteria.

The City requires such applicants to demonstrate their commitment to being or becoming an Eligible Contractor **by meeting the conditions set in the Probationary Applicant Procedure.**

- ~~a) — Paying a deposit on the initial lot purchase of a minimum of 50 percent of the lot purchase price, as well as all applicable taxes;~~
- ~~b) — Paying the remaining balance of the purchase price within one calendar year from the date of purchase;~~
- ~~c) — Agreeing to complete construction including all deficiencies within one calendar year from the date of purchase;~~
- ~~d) — Agreeing to purchase their initial City-owned lot from only available inventory and not from a lot draw offering;~~
- ~~e) — Providing a minimum of two quality industry references.~~

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- ~~f) Providing a credit check on the company and its shareholders.~~
- ~~g) Providing a complete business plan.~~
- ~~h) Completion of one course under the Certified Professional Home Builder Program, or completion of safety training. Remaining courses are to be completed within one year of initial lot purchase.~~

3.5 Time to Build Requirement

The Time Frame to Build Requirement will be governed by City Policy No. C09-006 on “Residential Lot Sales – General Policy”.

3.6 Violations

Violations of this Policy will result in the contractor being removed from the Eligibility List.

3.7 Inventory

Each Eligible Contractor is allowed to have a maximum of 40 lots purchased from the City within their current inventory. Inventory is defined as all lots that have not been completed to the backfill stage of construction.

~~3.8 Home Warranty~~

~~Each Eligible Contractor is required to maintain membership in a City recognized Home Warranty program and to register and provide an individual home warranty certificate for a dwelling on each purchased lot.~~

3.9 Outstanding Accounts

- a) Eligible Contractors are required to ensure that their accounts are in good standing. Any outstanding accounts will **temporarily** suspend the company from purchasing further lots over-the-counter and ~~exclude entry into the proceeding lot draw~~ **from purchasing through new public lot allocations.**

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b) **Over-the-counter purchases may be allowed under the following conditions:**

- i) **Eligible Contractor has signed contract with customer for construction of a home;**
- ii) **All interest is paid up on outstanding accounts;**
- iii) **A payment plan is agreed to by Saskatoon Land and the purchaser on the outstanding accounts; and**
- iv) **Upon approval of the Director of Saskatoon Land.**

3.10 Annual Eligible Contractor Application

Eligible Contractors must file their annual application by February 28 in order to participate in activities for that year. **new public lot allocations from Saskatoon Land.**

~~3.11 Insurance Coverage~~

~~Each Eligible Contractor is required to have Workers Compensation and insurance coverage with a minimum of two million dollar liability insurance coverage on each build.~~

4. RESPONSIBILITIES

4.1 Applicant

- a) Demonstrate that they are a homebuilder and meet all criteria.
- b) Provide a copy of the business license or a receipt showing that the business tax has been paid.
- c) Provide, if requested, such information as in the City's opinion, is necessary to establish the status of the applicant as a homebuilder.
- d) Provide the City with an affidavit, sworn before a Commissioner for Oaths, that swears that the application is accurate and true.

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4.2 Saskatoon Land

- a) Administer lot allocations to contractors in accordance with this policy.
- b) Review and, where appropriate, recommend changes in policy to City Council, through the Standing Policy Committee on Finance.

4.3 Standing Policy Committee on Finance

- a) Receive and consider recommendations from the Saskatoon Land for amendments to this policy; and
- b) Provide recommendations to City Council for amendments to this policy.

4.34 City Council

- a) Receive and consider recommendations from the Standing Policy Committee on Finance for amendments to this policy.
- b) Approve amendments to this policy when and as required.