
Vacant Lot and Adaptive Reuse Incentive Program – 504 Avenue L South

Recommendation

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

1. That a five-year tax abatement, equivalent to 73% of the full incremental taxes for the development of 504 Avenue L South, be approved;
2. That the five-year tax abatement on the incremental taxes be applied to the subject property, commencing the next taxation year following the completion of the project; and
3. That the City Solicitor be requested to prepare the appropriate agreement, and that His Worship the Mayor and the City Clerk be authorized to execute the agreement under the Corporate Seal.

Topic and Purpose

The purpose of this report is to request approval for a five-year tax abatement for the incremental property tax for development of the property located at 504 Avenue L South, under the Vacant Lot and Adaptive Reuse Incentive Program.

Report Highlights

1. The estimated incremental property tax abatement for 504 Avenue L South, based on the 2018 tax rates, is \$11,358 annually or \$56,790 over five years. This development qualifies for 73% of this amount based on the Vacant Lot and Adaptive Reuse Incentive Program (Incentive Program) evaluation system.
2. The Administration recommends approval of a five-year tax abatement of the incremental property taxes for the development of a two-storey building, located at 504 Avenue L South, to include a clay/pottery private school at grade level with office space on the second floor; onsite parking; rooftop solar panels; and a publicly accessible space, including sculpture garden.

Strategic Goal

This report supports the City of Saskatoon's (City) Strategic Goal of Sustainable Growth by increasing and encouraging infill development.

Background

During its March 7, 2011 meeting, City Council approved the Incentive Program. The Incentive Program is designed to encourage infill development on chronically vacant sites and adaptive reuse of vacant buildings within Saskatoon's established neighbourhoods.

Applicants have the choice of a five-year tax abatement or a grant with the maximum incentive amount calculated based on the increment between the existing municipal taxes and the taxes owing upon completion, multiplied by five years. Applications are scored against an evaluation system where points are awarded for features included in a project that meets a defined set of policy objectives. A score out of 100, which the project earns, determines what proportion of the maximum incentive amount it will receive. Any residual portion of the maximum incentive amount on projects that earn less than 100% will be redirected into the Vacant Lot and Adaptive Reuse Reserve (Reserve) during the abatement period.

Report

Estimated Incremental Property Tax Abatement

On February 10 2018, the Neighbourhood Planning Section, Planning and Development Division, received an application under the Incentive Program from Saskatoon Clayworks for the development of a two-storey not-for-profit pottery studio. The project, located at 504 Avenue L South in the West Industrial Area, includes a pottery studio at grade level with an office on the second floor, onsite parking, rooftop solar panels, and a publicly accessible space containing a sculpture garden. The sculpture garden and landscaping onsite will be xeriscaped, designed to contain rainwater that falls onsite, and provides visual improvements to an area that is mainly industrial. The site is zoned MX1 – Mixed-Use District 1. The property, 504 Avenue L South, was once part of 502 Avenue L South, and has been subdivided by the applicant. This proposal will be constructed upon the existing vacant parking lot. The estimated total project cost of the development is approximately \$900,000.

The application was reviewed using the Incentive Program’s evaluation system. The project received a total of 73 points resulting in an earned incentive amount equaling 73% of the maximum incentive amount. The awarding of points is outlined as follows:

a)	Base Points:	50/50
b)	Mixed-Use Development, live/work units:	0/5
c)	Mixed-Use Development, no residential:	0/10
d)	Mixed-Use Development, with residential:	0/15
e)	Parking Facilities, secure bicycle parking:	5/5
f)	Parking Facilities, structured parking:	0/10
g)	Adaptive Reuse of Building:	0/20
h)	Contributes to Public Realm:	10/10
i)	Environmental Remediation, commercial standard:	0/15
j)	Environmental Remediation, residential/park standard:	0/25
k)	Energy-Efficient Design, Green Building Certification:	0/20
l)	Energy-Efficient Design, other energy efficient features:	8/10
m)	Heritage, restoration/preservation of heritage features:	<u>0/5</u>
	Total:	<u>73</u>

The applicant is applying for a five-year tax abatement of the incremental property taxes. According to the Assessment and Valuation Section, Corporate Revenue Division, the incremental increase in annual property taxes (city, library, and education) for the project is estimated to be \$11,358 based on the 2018 tax year. Therefore, the estimated maximum incentive amount over five years would total \$56,790. The value of this abatement over the five-year period, based on the earned incentive amount of 73%, is estimated to be \$41,456.70, or \$8,291.34 annually. The calculations are based on 2018 tax rates and will change with any alterations to the design plans, the 2021 reassessment, and annual mill rate adjustments. An actual assessment value will be determined upon final inspection of the completed project.

Administration Recommendation

After a review of this application, the Administration has concluded that this project is consistent with the intent of Policy No. C09-035, Vacant Lot and Adaptive Reuse Incentive Program. The Administration is recommending that City Council approve the five-year property tax abatement commencing in the next taxation year after completion of the project.

Options to the Recommendation

City Council could choose to not approve the recommendation. This option would represent a departure from Policy No. C09-035, Vacant Lot and Adaptive Reuse Incentive Program. The Administration is not recommending this option.

Public and/or Stakeholder Involvement

The need for public/stakeholder involvement is not deemed necessary at this time.

Financial Implications

The incremental property tax abatement for the project at 504 Avenue L South is forgone revenue and will not require funding from the Reserve. The residual portion of the taxes, in the amount of \$15,333.30 (estimated), will be redirected to the Reserve. Therefore, the City will forgo an estimated total of \$56,790 of tax revenue over five years, of which \$41,456.70 (73%) will be abated to the owner, and the residual of \$15,333.30 (27%) will go to the Reserve.

Other Considerations/Implications

There are no policy, environmental, privacy, or CPTED implications or considerations; a communication plan is not required at this time.

Due Date for Follow-up and/or Project Completion

The redevelopment of the property located at 504 Avenue L is expected to be completed in the summer of 2018. The property tax abatement, if approved, will begin the year following project completion and continue for five years.

Public Notice

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

Attachment

1. Location Map – 504 Avenue L South

Report Approval

Written by: Holden Blue, Planner, Neighbourhood Planning Section

Reviewed by: Lesley Anderson, Director of Planning and Development

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

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