



2018 SASKATOON LAND ANNUAL REPORT

Message from the Team

The Saskatoon Land team is pleased to provide the 2018 Saskatoon Land Annual Report, which provides a summary of major accomplishments and outlines financial and operating results for the year.

Despite the challenges presented by a recent moderation of growth in Saskatoon over the past few years, Saskatoon Land continues to generate solid investment returns for Saskatoon citizens from its self-financing land development operation. In 2018, land sales revenue of \$48.9 million generated a net income of \$15.8 million. These positive financial contributions provide City Council with additional funds to invest in what matters to the citizens of Saskatoon.

The Saskatoon Land team takes pride in building sustainable innovative communities that provide valued amenities, enhanced quality of life, community identity and lasting value to the investors and families that choose our developments. Over the next few years, we will strive to continue meeting our mandate objectives and those of the City of Saskatoon's (City) Growth Plan, which will result in Saskatoon Land unlocking value in many City-owned land assets located in the downtown and other infill areas throughout the city.

We are proud of the accomplishments noted in this year's report and look forward to continuing to improve our land development business model in the years ahead.

A handwritten signature in white ink, appearing to read 'Frank Long', with a stylized, flowing script.

Frank Long
Director of Saskatoon Land





Contents

Saskatoon Land Mandate.....	3
2018 Highlights	4
2018 Capital Project Allocations.....	5
Sales/Inventory Review.....	7-14
<i>Single-Family</i>	8-9
<i>Multi-Family</i>	10
<i>Industrial</i>	11
<i>Sales Summary</i>	12-14
Financial Reporting	15-19
<i>Consolidated Statement of Earnings</i>	16-18
<i>Operating Statement of Earnings</i>	19
Financial Benefits.....	21-23
2018 Accomplishments.....	25-29
Infill Projects	31-37
Risk Mitigation	39-41





Saskatoon Land Mandate

Responsibilities of the Saskatoon Land team include land development planning and design, project management for land development enhancements, marketing and sale of property owned by the City of Saskatoon (City), and provision of corporate real estate services (advice, negotiations, leasing, acquisitions, dispositions).

The core mandates of Saskatoon Land are to:

- provide an adequate supply of residential, institutional and industrial land at competitive market values;
- facilitate the sale of serviced City-owned property assets in support of Growth Plan objectives;
- provide innovation and leadership in design for new growth;
- ensure timely and financially responsible acquisitions of all land requirements for the Corporation's various departments and ensure a sufficient long-term supply of future development lands in support of the City's Growth Plan;
- provide financial returns at competitive rates of return on investment to the City for allocation to civic projects and programs;
- provide professional real estate services and expertise on behalf of the Corporation;
- coordinate and oversee the ongoing maintenance and leasing of all City-owned future development lands; and
- operate on a level playing field with other land development interests in Saskatoon.

2018 HIGHLIGHTS

136
Single-Family
Lot Sales



Average Lot Price

\$151,000

23.50 acres

(12 parcels) industrial land in the South West released



114

New Lots
Released



Total Land Sales

\$48,988,284



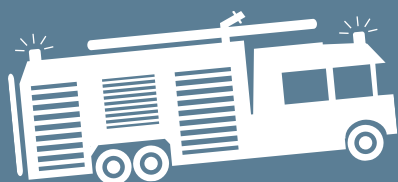
39.8%

Gross Profit Margin

2018 CAPITAL PROJECT ALLOCATIONS

\$18,811,497

Land Development Profits Allocated



Replacement of
Fire Station No. 5

\$4.3 million

\$500,000

Affordable Housing

\$500,000

Northeast Swale Enhancements

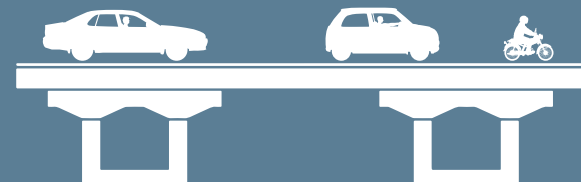


Reserve for Capital Expenditures Funding

\$360,000

Chief Mistawasis Bridge and
North Commuter Parkway Project

\$10 million



Civic Operations Centre

\$3.1 million





SALES/INVENTORY REVIEW

Saskatoon Land is helping shape Saskatoon. We take pride in building innovative communities that offer valued amenities, enhanced quality of life and lasting value for investors and families.

SALES/INVENTORY REVIEW

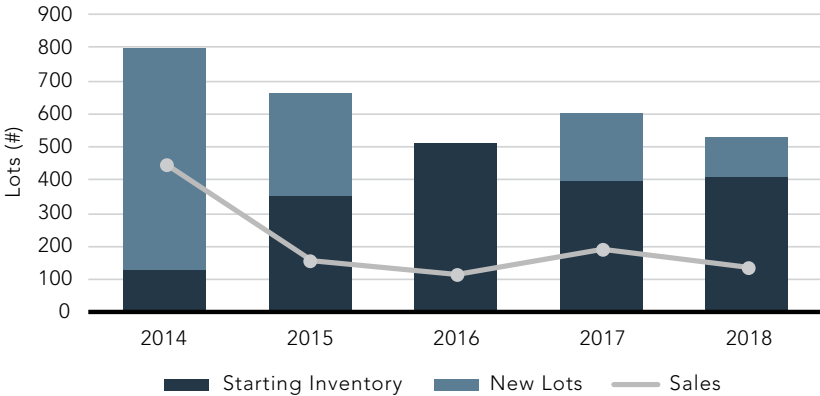
Single-Family

To achieve serviced land supply objectives for single-family lots, Saskatoon Land plans infrastructure installations to ensure enough lots are serviced at the end of each construction season (October 31) to meet anticipated demand in the following year. Inventory levels continue to be monitored closely to ensure a balanced supply. In 2018, a partial release of Kensington Phase 4 was undertaken in order to provide a supply of rear-detached lots for which inventory was low. New lot allocations in the Aspen Ridge neighbourhood were deferred in 2018 pending successful remediation of water mains and fire hydrants in the area.

Figures 1, 2 and 3 respectively identify Saskatoon Land single-family lot inventory as of December 31, 2018, based on geographic distribution and price point.

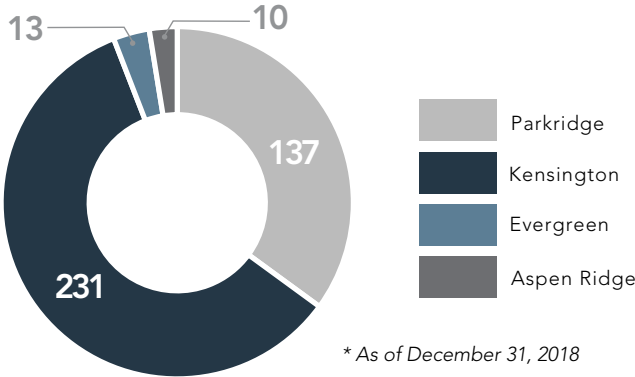


FIGURE 1: Single-Family Residential - Inventory vs. Sales



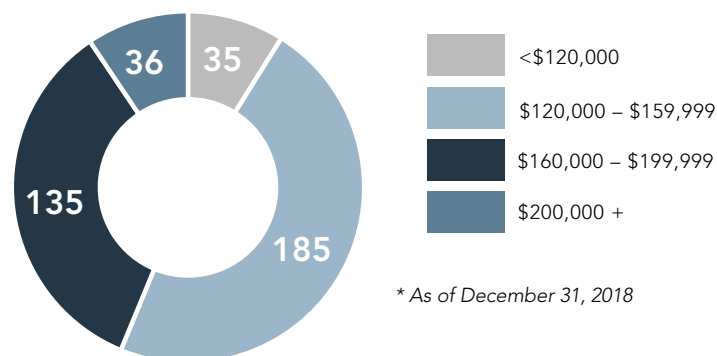
As of December 31, 2018, Saskatoon Land held 391 single-family lots in inventory. The majority of these lots were in west Saskatoon, including 231 lots in Kensington and 137 lots in Parkridge.

FIGURE 2: Single-Family Inventory* - Geographic Distribution



* As of December 31, 2018

FIGURE 3: Single-Family Inventory* - Price Point



Saskatoon Land has inventory with multiple price points in order to meet demand for a variety of households. The majority of inventory accommodates new homes for first-time buyers.

As referenced in Table 1, between 2019 and 2021, Saskatoon Land plans to begin servicing approximately 1,089 single-family lots in the Aspen Ridge, Brighton and Kensington neighbourhoods. Of these lots, only 566 will be completely serviced and ready for sale over the 2019-2021 timeframe. The majority of planned servicing will occur in east Saskatoon neighbourhoods, accounting for approximately 977 single-family lots. Further servicing in the Blairmore sector will be dependent on absorption of existing inventory.

TABLE 1: Planned Single-Family Servicing & Development 2019-2021

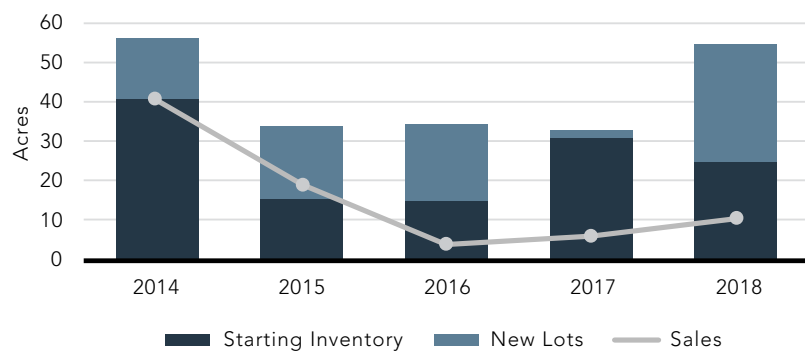
Development Area	Scope	2019	2020	2021
Aspen Ridge Phase 4 (261 lots)	Roads/Shallow Utilities			
	Sale			
Aspen Ridge Phase 5 (125 lots)	Roads/Shallow Utilities			
	Land Sale			
Aspen Ridge Phase 6 (180 lots)	Deep Services			
	Roads/Shallow Utilities			
	Sale			
Aspen Ridge Phase 7 (198 lots)	Deep Services			
Kensington Phase 5 (112 lots)	Deep Services			
Brighton Phase 1 (213 lots)	Deep Services			

SALES/INVENTORY REVIEW

Multi-Family

Figure 4 identifies inventory and sales of multi-family, commercial and institutional land. In 2018, nine multi-family parcels (three in Aspen Ridge, four in Evergreen and two in Kensington) totaling 28.6 acres were released to the market. The release included the first multi-family sites in Aspen Ridge and group townhouse sites in Kensington. The four parcels in Evergreen were the remaining sites in the neighbourhood's Phase 8 area. All other parcels had been previously sold to developers.

FIGURE 4: Multi-Family, Commercial & Institutional Sales



Industrial

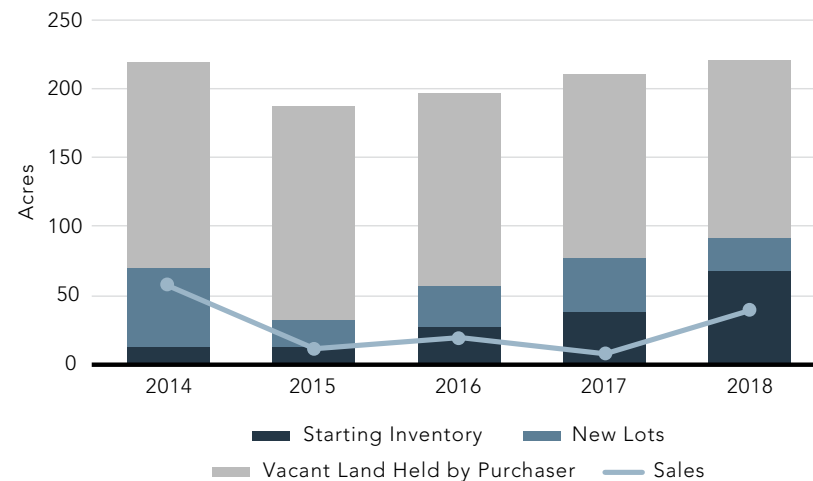
Over the last decade, the majority of Saskatoon Land's industrial servicing has been in the Marquis Industrial Area. With the completion of the Circle Drive South Project, surplus land in the South West Industrial Area was made available. In December 2018, 12 parcels and 2702 Lorne Avenue were released by public tender.

Figure 5 identifies Saskatoon Land's industrial inventory, new servicing and vacant land inventory held by recent purchasers of industrial land in the Marquis Industrial and South West Industrial Areas. Between 2014 and 2018, Saskatoon Land's inventory in the Marquis Industrial Area ranged from 12 acres to 68 acres, with the majority of vacant land parcels being held by recent purchasers.

In addition to providing investment returns, Saskatoon Land's role in industrial development is to facilitate opportunities for economic development in the areas of business attraction and expansion. This is accomplished by having a suitable inventory of fully serviced shovel-ready sites that are available to potential new businesses considering a location in Saskatoon. Much of the current inventory held by Saskatoon Land can facilitate these employment-generating opportunities if and when they arise. The City's Industrial Land Incentive Program provides further benefits that are available for new or expanding businesses considering Saskatoon Land industrial sites.



FIGURE 5: Marquis Industrial – Inventory vs. Sales

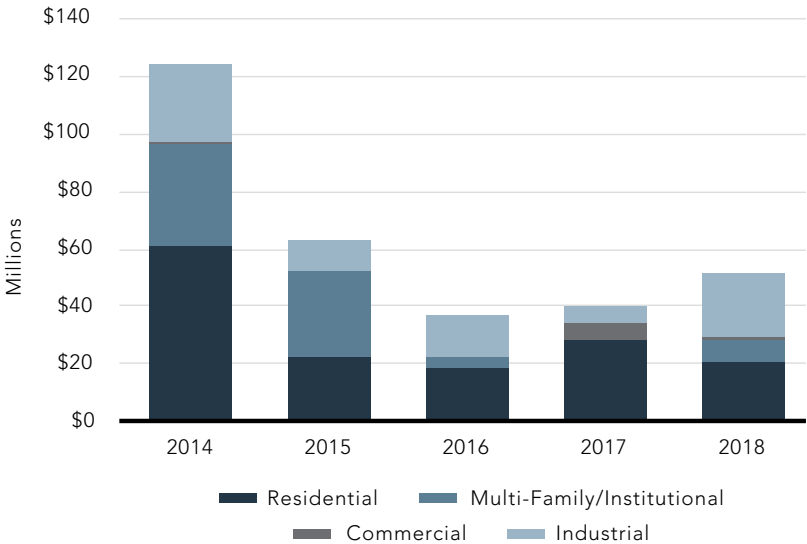


SALES/INVENTORY REVIEW

Sales Summary

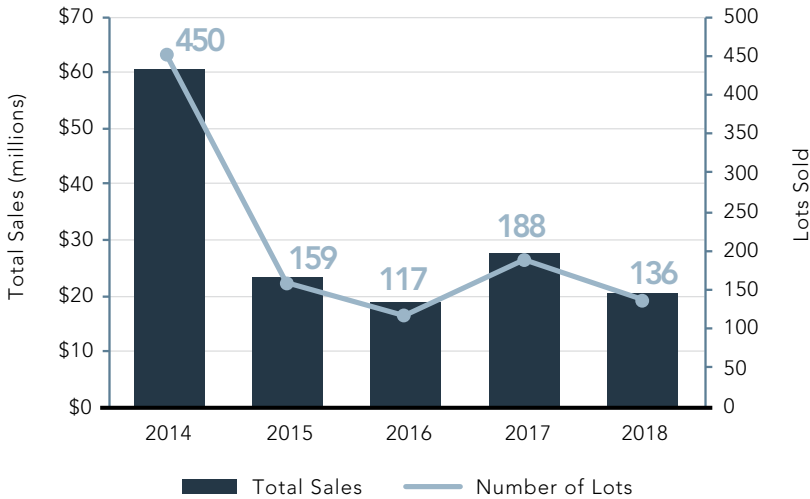
As seen in Figure 6, total land sales increased slightly in 2018 to \$48,988,284. A significant increase in industrial sales over 2017 accounted for most of the increase.

FIGURE 6: Sales Summary



Kensington Phase 4 was released to the market as a trial multi-lot allocation, followed by the regular lot draw. Six builders participated in the multi-lot allocation for a total of 34 lot sales and three builders participated in the regular lot draw for a total of five lot sales. Average price of Saskatoon Land lots sold in 2018 was \$151,000, up from the 2017 average of \$147,000. This increase was a result of a large number of higher end lots sold through the open market process in Evergreen and Rosewood.

FIGURE 7: Single-Family Residential Lot Sales

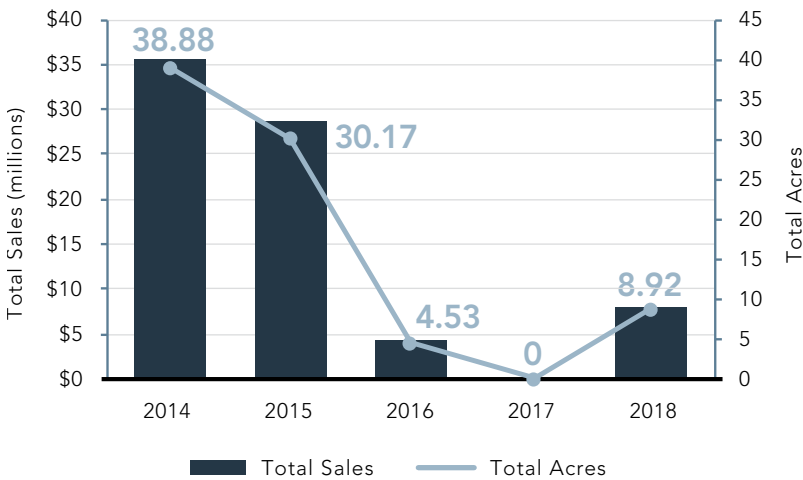


Average price of Saskatoon Land lots sold in 2018 was **\$151,000.**



As seen in Figure 8, multi-family sales increased over the zero sales recorded in 2017.

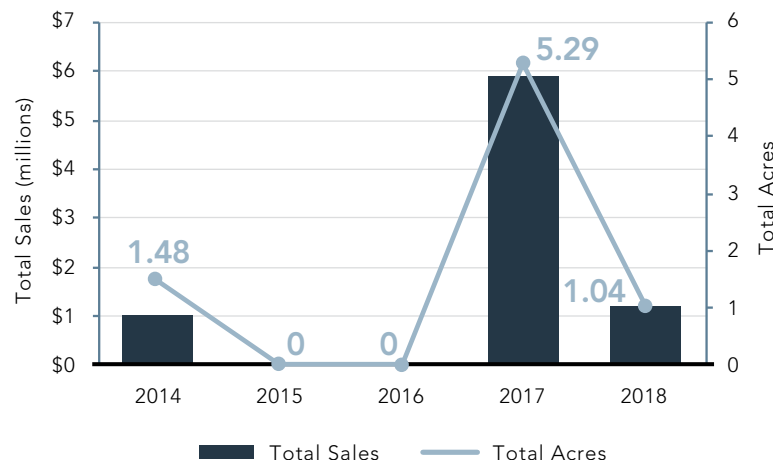
FIGURE 8: Institutional/Multi-Family Sales



The first commercial site in Evergreen Village Square sold in 2018 for \$1.17 million (see Figure 9). The site will accommodate several commercial tenants, including Leopold’s Tavern, Swan Pizza and a medical clinic, offering conveniently located amenities to Evergreen residents.

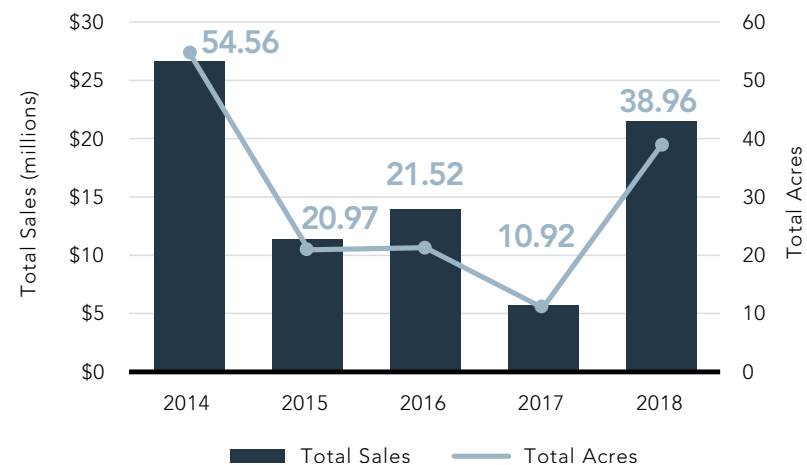
SALES/INVENTORY REVIEW

FIGURE 9: Commercial Sales



Industrial sales consist of sales and new leases under the Industrial Land Incentive Program. Industrial land sales returned to a positive incline from last year's decline. A majority of the sales that took place in 2018 were to end users considering relocating or expanding their current operations. The increase in industrial sales activity can be partially attributed to the completion and opening of Chief Mistawasis Bridge. The new bridge connects the northeast side of the city to the Marquis Industrial Area, which is a major employment district. Figure 10 shows the five-year history of industrial lots sales and leases.

FIGURE 10: Industrial Sales & Leases



The increase in industrial sales activity can be partially attributed to the completion and opening of Chief Mistawasis Bridge. The new bridge connects the northeast side of the city to the Marquis Industrial Area, which is a major employment district.

A photograph of a modern, multi-story apartment building. The building features a mix of light grey and dark grey exterior panels. Several balconies are visible, each with a black metal railing and a flower box filled with colorful flowers. The sky is blue with some light clouds. A dark blue horizontal bar is positioned across the middle of the image, serving as a background for the text.

FINANCIAL REPORTING

Saskatoon operates one of the largest self-financed municipal land development programs in Canada. Self-financed means the cost of all business operations (including land development levies, fees, staff salaries, overhead costs, marketing and administration) is covered by the revenue generated by land sales and not through property taxes collected by the City.

FINANCIAL REPORTING

Consolidated Statement of Earnings (Unaudited)

The following consolidated statement of earnings consists of Saskatoon Land's development activities, leasing activities and operating expenses.*

		2018	2017
LAND SALES	Residential/Mixed Use ⁽¹⁾	\$ 29,735	\$ 33,541
	Industrial/Commercial ⁽²⁾	\$ 19,253	\$ 7,143
		\$ 49,988	\$ 40,684
COST OF LAND SOLD	Residential/Mixed Use	\$ 18,070	\$ 21,522
	Industrial/Commercial	\$ 11,439	\$ 4,666
		\$ 29,509	\$ 26,188
NET SALES ⁽³⁾		\$ 19,479	\$ 14,496
OTHER REVENUE	Rock Sales ⁽⁴⁾	\$ —	\$ 104
	Cost Recoveries ⁽⁵⁾	\$ 6	\$ 198
	Property Lease	\$ 2,647	\$ 2,561
	Interest ⁽⁶⁾	\$ 324	\$ 343
		\$ 2,977	\$ 3,206
NET REVENUE		\$ 22,456	\$ 17,702

* In thousands of dollars

FINANCIAL REPORTING

		2018	2017
EXPENSES	Salaries & Benefits ⁽⁷⁾	\$ 1,535	\$ 1,448
	Operating Expenses	\$ 575	\$ 642
	Grants in Lieu of Taxes ⁽⁸⁾	\$ 1,303	\$ 1,075
	Maintenance ⁽⁶⁾	\$ 236	\$ 242
	Interest	\$ 850	\$ 978
	Marketing ⁽⁹⁾	\$ 1,192	\$ 894
	Contribution to Reserves ⁽¹⁰⁾	\$ 961	\$ 748
		\$ 6,652	\$ 6,027
NET EARNINGS (Loss)		\$15,804	\$11,675

* In thousands of dollars

- ⁽¹⁾ 2018 single-family sales declined by 56 lots compared to 2017. The only new land release of single-family lots was a partial release of Kensington Phase 4 in the fall of 2018. The reduction in revenue from this decline was offset by greater sales of higher end type lots as well as the sale of three multi-family parcels compared to no multi-family sales in 2017.
- ⁽²⁾ Strong industrial sales occurred in the Marquis Industrial Area, partially attributable to the completion and opening of the North Commuter Parkway and Chief Mistawasis Bridge. Industrial sales include purchases and the exercise of options under the Industrial Land Incentive Program, but not new leases under the program.
- ⁽³⁾ A gross margin of 39.8% was realized in 2018, up from 35.6% in 2017. This change was mainly due to higher end single-family lots being sold, as well as sales of inventory that had lower servicing costs due to being serviced several years ago. Additionally, the sale of highly visible industrial parcels adjacent to arterial roadways was a contributing factor in this increase.
- ⁽⁴⁾ Existing rock piles were sold; new piles will continue to be sold in the future as development proceeds in the Aspen Ridge neighbourhood.
- ⁽⁵⁾ Cost recoveries were substantially less in 2018 due to no additional administration fee being received for the sale of tax title properties and the City-owned property assets.

FINANCIAL REPORTING



- ⁽⁶⁾ Lower interest revenue is a result of the payment terms introduced in 2016 as part of the single-family lot sales incentive program.
- ⁽⁷⁾ Increased salaries and benefits are a result of filling full-time equivalent positions that were previously held vacant.
- ⁽⁸⁾ Grants in Lieu of Taxes increased in 2018 due to servicing completion of the Evergreen Commercial District.
- ⁽⁹⁾ Increased marketing costs are a result of driveway and landscaping incentives.
- ⁽¹⁰⁾ Contribution to reserves are based on excess of revenue over expenses in Saskatoon Land's operating cost centre and transfers from City-owned property.

Operating Statement of Earnings (Unaudited)

The following statement of earnings consists of lands operating revenue and expenses, including that of future development land.*

		2018	2017
REVENUE	Administration Fees ⁽¹⁾	\$ 2,905	\$ 2,425
	Lease Revenue ⁽²⁾	\$ 2,542	\$ 2,490
		\$ 5,447	\$ 4,915
EXPENSES	Salaries & Benefits	\$ 1,536	\$ 1,448
	Operating Expense	\$ 480	\$ 542
	Maintenance	\$ 72	\$ 108
	Building Costs	\$ 132	\$ 124
	Marketing ⁽³⁾	\$ 101	\$ 33
	Contribution to Reserves ⁽⁴⁾	\$ 961	\$ 748
		\$ 3,282	\$ 3,003
NET EARNINGS (Loss)		\$ 2,165	\$ 1,912

* In thousands of dollars

⁽¹⁾ A 6% administration fee is included in all sales which covers Saskatoon Land's annual operating costs.

⁽²⁾ Lease revenue consists of short-term leases, parking revenue and farm leases on future development land, as well as lease revenue from the Industrial Land Incentive Program.

⁽³⁾ Increased marketing costs due to a market research report undertaken to determine consumer preferences.

⁽⁴⁾ Contribution to reserves are based on excess of revenue over expenses in Saskatoon Land's operating cost centre and transfers from City-owned property.





FINANCIAL **BENEFITS**

Financial returns from land development operations stay in Saskatoon and through a dividend to the City of Saskatoon are allocated for use in capital projects that would otherwise be funded through the mill rate or borrowing.

FINANCIAL BENEFITS

Financial returns from land development operations stay in Saskatoon and are allocated for use in various capital projects that would otherwise be funded through the mill rate or borrowing. Since 2007, Saskatoon Land has generated \$133.3 million in net proceeds from the sale of property in the Hampton Village, Willowgrove, Rosewood and Evergreen neighbourhoods.

In 2018, the land development operation continued to deliver financial returns. City Council allocated \$18.8 million for various projects, including:

\$10 million

*Chief Mistawasis Bridge and
North Commuter Parkway*

\$4.3 million

Replacement of Fire Station No. 5

\$3.1 million

Civic Operations Centre

\$0.5 million

Northeast Swale Enhancements

\$0.5 million

Affordable Housing Program

\$0.4 million

*Various capital projects funded from
the Reserve for Capital Expenditures*

City land holdings continued to generate annual contributions to general revenue. In 2018, \$2.5 million was generated from short-term leases, farm leases and long-term lease payments collected through the Industrial Land Incentive Program.

In addition, several civic programs and projects have benefited from contributions or financing provided by the Property Realized Reserve (PRR), including: interim financing of land purchases for civic purposes such as buildings, roadways, intersection improvements, trunk sewer outfalls, future snow dump/material handling and future land development projects.

The PRR also provides yearly transfers to the Reserve for Capital Expenditure when funds within the reserve exceed \$24 million. These funds are allocated to various community priorities through the annual budget cycle, thereby reducing the potential for mill rate increases to fund programs and projects.

Over time, the City's involvement in land development has proven to be a financial asset that would be difficult to replace. Contributions made by returns from the investment in, and subsequent sale of, development lands have resulted in significant savings for Saskatoon taxpayers.

\$133.3 million

Amount Saskatoon Land has generated in net proceeds from the sale of property in the Hampton Village, Willowgrove, Rosewood and Evergreen neighbourhoods since 2007.







2018 ACCOMPLISHMENTS

Since 1954, Saskatoon Land has been successfully shaping urban growth while generating revenue through a dividend to the City of Saskatoon for municipal improvements. Building better roads, funding affordable housing, renovating aging leisure amenities—these are just a few of the quality of life improvements made possible by Saskatoon Land in recent years.

2018 ACCOMPLISHMENTS

Multi-Lot Allocation

In order to provide additional flexibility and opportunity for builders to acquire lot inventory, Saskatoon Land introduced a new multi-lot allocation process in 2018. This process takes place prior to the typical lot draw. Builders who commit to purchasing a minimum number of single-family lots are granted access to lots in closer proximity and a larger volume of lots that may not otherwise be available through the typical lot draw. This new sales process has resulted in Saskatoon Land realizing more sales than would have been possible through a typical lot draw. As shown in the recent Kensington Phase 4 allocation, 35 lots were sold through

the multi-lot allocation and only four lots sold through the typical lot draw.

Evergreen Village Square Commercial

The first of two commercial parcels in Evergreen Village Square were sold in 2018. The site was purchased by Cascatta Developments and construction is currently underway. Confirmed tenants include Leopold's Tavern, Swan Pizza and a medical clinic.



Saskatoon Land Internal Audit

The Saskatoon Land Audit Implementation Progress Report was received by the Standing Policy Committee on Finance at its meeting on August 7, 2018. To date, 19 of the 21 recommendations have been fully implemented/completed. The two remaining recommendations involve segmented financial reporting for Saskatoon Land and possible changes to the budgeting process. These matters will be fully addressed during the implementation of the new Enterprise Resource Planning system currently being led by the Finance Division.

Further to the audit, last year Saskatoon Land introduced a new format for its Annual Report. The new format provides greater financial transparency on Saskatoon Land's operations by including a consolidated statement of earnings as well as an operating statement of earnings, neither of which were previously reported.

Incentive Carryover

The front driveway and landscaping incentives were carried over into 2018 and continue to have a high participation rate. A total of 94 driveway rebates and 76 landscaping rebates were issued from sales that occurred in 2016, 2017 and 2018. The rebates have contributed to increased sales and other benefits, such as improved street appeal and reduced silt runoff into storm water catch basins.



LANDSCAPING INCENTIVE REBATE



¹ Completion within one year of building permit issuance date.

² Completion within two years of building permit issuance date.

FRONT DRIVEWAY INCENTIVE REBATE



³ Completion of driveway surfacing within one year of building permit issuance date.

⁴ Completion of driveway surfacing within two years of building permit issuance date.

2018 ACCOMPLISHMENTS

Discover Kensington

In partnership with the Saskatoon and Region Home Builders' Association's Parade of Homes Family Day, an event was held at the North Prairie Show Home adjacent to George H. Clare Park. The event featured a variety of family friendly activities, including Disney characters, snow cones and crafts. The event was held to draw increased attention to the Kensington neighbourhood and the homes that are available from local builders.



Single-Family Open Market Release

In January 2018, Saskatoon Land began to accept offers on single-family lots in Evergreen, Hampton Village, Rosewood and Parkridge under the open market sales approach. This sales approach provides Saskatoon Land with additional opportunity to negotiate land sales with comparable sales and current market conditions taken into consideration. The process resulted in the sale of 37 lots that had been in inventory for a significant period of time.

Landscaping and Streetscaping Projects

In 2018, Saskatoon Land led the development of several streetscaping, landscaping and park development projects, including:

- completion of landscaping for Richards and Lacoursiere Parks;
- completion of the remainder of the Evergreen buffer landscaping;
- 90% completion of the Aspen Ridge Greenway;
- completion of design for landscaping around the entrance sign at 33rd Street and Kensington Road; construction is planned for 2019; and
- installation of a mid-block crossing including bulbing and bollards on Diefenbaker Drive to create a safe and attractive crossing between the central and south wet ponds in Kensington.

Real Estate Services' 2018 Accomplishments

Acquisition of the Former Saskatchewan Transportation Company (STC) Property at 88 King Street

Real Estate Services negotiated a Purchase Agreement with Crown Investments Corporation to acquire the former STC property in the North Downtown. The property consists of 6.39 acres of land with a 49,063 square foot two-storey office/maintenance building, plus a 19,416 square foot vehicle storage building.



Acquisition of this property is of strategic significance to the City, as it addresses an immediate requirement for indoor vehicle storage and additional office space. The onsite improvements are also well-suited for interim uses in advance of North Downtown redevelopment reaching the area. Furthermore, the purchase secures land for future redevelopment and facilitates

a smooth transition of the City Yards to alternate locations while implementation of the North Downtown Master Plan is initiated.

Acquisition of 46 Acres of Land from the Ministry of Highways and Infrastructure

Real Estate Services negotiated a Purchase Agreement with the Ministry of Highways and Infrastructure to acquire approximately 46.25 acres of land to accommodate development of a material handling facility in the southwest area of the city. From an operational perspective, the site is well-situated as it has good highway access and is not in close proximity to residential properties and will serve as a complimentary location to the Central Avenue material handling site.

Completion of Fit-up of 2nd Floor at Civic Square East (CSE)

As project lead, Real Estate Services completed the fit-up of the 2nd floor of CSE to accommodate the relocation of the Transportation and Construction & Design work groups from City Hall. The modern and efficient design of the office space promotes collaboration and captures varying needs such as touch-down stations, open-concept workstations, privacy booths, closed door offices and a variety of meeting space options.







INFILL PROJECTS

Infill development helps build sustainable communities by encouraging residential growth in established areas where infrastructure is already in place.

INFILL PROJECTS

The City's Growth Plan Summary Report (April 2016) identified opportunities for the redevelopment of strategic areas that could substantially alter Saskatoon's overall growth pattern, shifting the balance of growth to 50% suburban and 50% infill. Figure 11 compares various growth scenarios based on current and future growth patterns in the city.

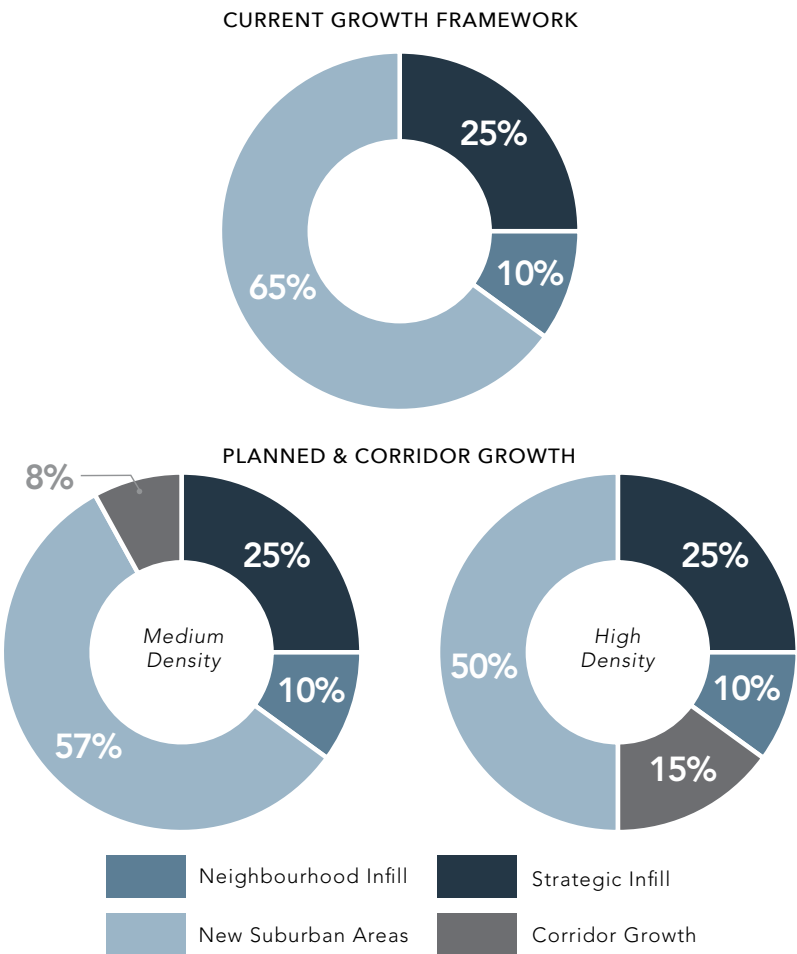
Achieving the 50/50 growth ratio is a long-term plan that is dependent on the redevelopment and development of a number of linear (e.g. 22nd Street, 8th Street) and nodal (e.g. Confederation Suburban Centre) growth areas identified in the City's Growth Plan Summary Report, as shown in Figure 12.

The target supports the success drivers of sustainable growth, neighbourhood quality, balanced land use, multiple transportation options and it can also contribute significantly to the availability of land for development.

The supply of serviced residential land in the City's suburban growth areas is entirely a market-driven investment. Demand for suburban single-family homes will continue to be a popular choice by new home buyers.

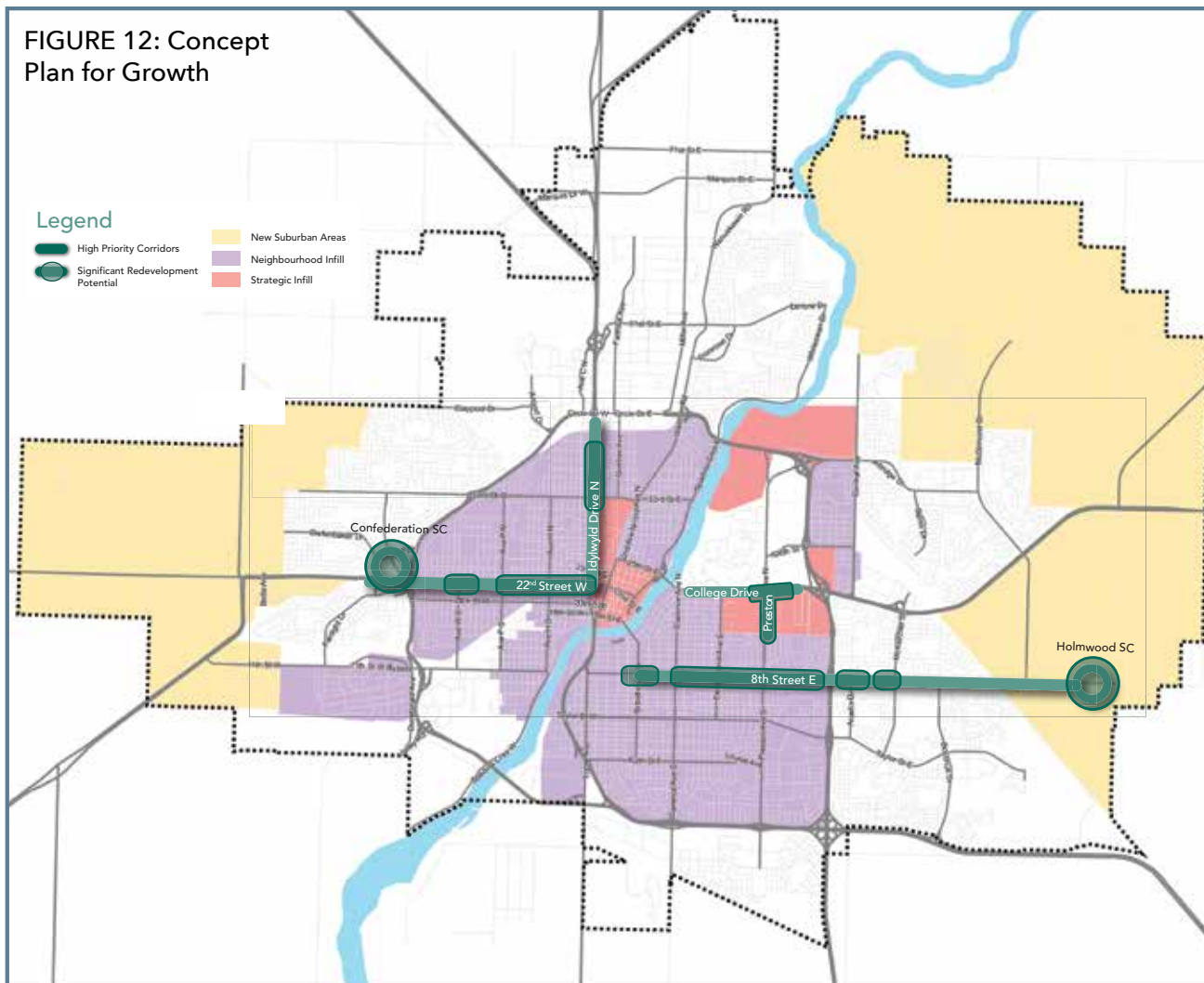
The Administration has identified a target of at least 25% of residential development within infill neighbourhoods by 2023.

FIGURE 11: Distribution of Population (Current Growth Framework vs. Priority Growth Corridors)



INFILL PROJECTS

FIGURE 12: Concept Plan for Growth



Saskatoon Land has historically focused on suburban land offerings in its planned developments. The focus has recently changed to activate more infill development opportunities in support of the Growth Plan which was approved by City Council in 2016.

To help achieve the goal, the Administration has identified a target of at least 25% of residential development within infill neighbourhoods by 2023. Some of the accomplishments or projects undertaken by Saskatoon Land in support of this new direction are listed on the following pages.

INFILL PROJECTS



South Caswell

In October 2018, Saskatoon Land issued a Request for Proposals (RFP) for the purchase, rehabilitation and adaptive re-use of the former Saskatoon Transit Building located at 321 Avenue C North within the South Caswell Concept Plan (SCCP) area. The RFP closed in December 2018 and negotiations with the selected proponent are expected to take place through the spring/summer of 2019.

The future sale of these lands will represent an important step in moving ahead with the redevelopment of the former Transit facilities in a way that aligns with the SCCP and benefits the Caswell neighbourhood and Saskatoon as a whole.

Dundonald Avenue, Avenue P North, and Avenue R South

In 2018, Saskatoon Land engaged the services of a real estate agent to help publicize, market and sell two single-family lots and one single-family property, which were in inventory for an extended period. One lot was acquired as a tax title property, one to accommodate intersection upgrades and one to accommodate the Circle Drive South Project. The properties are somewhat unique in Saskatoon Land's inventory of residential lots as they are located in established neighbourhoods. The increased exposure gained through an agent and MLS will expedite the sale of these properties, reduce ongoing maintenance costs and generate tax revenue for the City.

The target supports the success drivers of sustainable growth, neighbourhood quality, balanced land use, multiple transportation options and it can also contribute significantly to the availability of land for development.

INFILL PROJECTS

410 - 5th Avenue North

Rendering courtesy of
Baydo Development Corporation



410 - 5th Avenue North

The former Saskatoon Police Service's surface parking lot was offered to the market in 2017 and was sold conditionally in 2018 to Baydo Development Corp. Plans for the site include two 23-storey towers with approximately 364 rental units and four levels of underground parking spaces. The parcel is conveniently located along the future Bus Rapid Transit corridor near Downtown and the University of Saskatchewan. The completed project will be a significant, positive step forward in achieving the goals and vision of the City Centre Plan. To encourage timely development, the site was sold with a commitment from the developer for commencement of construction within 36 months. Current plans for the project may see ground breaking on the site in 2019.

The completed project will be a significant, positive step forward in achieving the goals and vision of the City Centre Plan.

INFILL PROJECTS



River Landing Phase II

Saskatoon Land, in coordination with the City's Planning and Development Division, conducted a market sounding with various commercial real estate brokerages to gauge the configuration, potential values and timing for release of City parcels in River Landing Phase II. To ensure the successful development of this parcel, a build time commitment requiring foundations to be completed within 36 months has been imposed to ensure development takes place on this important site within an acceptable timeframe. The City has created strong conditions for favourable private investment in the area through high standard public realm improvements intended to further facilitate the success of private infill development within River Landing Phase II.



25th Street Development Sites (across from Saskatoon Police Service Headquarters)

In 2018, Saskatoon Land engaged consultants to undertake environmental background studies on three parcels identified for future development along 25th Street. The purpose of these environmental studies is to investigate any potential environmental issues and how, or if, the parcels may need to be remediated before the sale to private developers. Following the completion of these studies, the parcels can be released to the market in 2019/2020 for development.



Infill development allows a greater number of people to live within a given area. It encourages walking; may provide a wider range of affordability; establishes opportunities for supplementary rental housing income; allows diversification of the housing stock; makes better use of existing infrastructure; and contributes to neighbourhood renewal which if undertaken appropriately can improve the quality and character of established neighbourhoods.

– City of Saskatoon Neighbourhood Level Infill Development Strategy, November 2013





RISK MITIGATION

Land development is a dynamic, complex and generally long-term process impacted by a myriad of factors, including market demand, pricing, consumer choice and cost.

RISK MITIGATION

Land development is a dynamic, complex and generally long-term process impacted by a myriad of factors, including market demand, pricing, consumer choice and cost. Developers, such as Saskatoon Land, are required to navigate a number of risks in order to realize a desired return, including permitting risks, construction risks, marketing and pricing risks, changing consumer preferences and general economic conditions.

Due to the uncertainties encountered, the land development process has inherent risk which is documented in the City's Corporate Risk Registry as a medium priority strategic risk (see below information excerpted from the *City of Saskatoon Corporate Risk Annual Report 2018*).

As with any project, understanding and managing this risk is critical for success. In the recently completed audit of Saskatoon Land, the internal auditor noted that risk mitigation in land development is generally undertaken through a combination of the following:

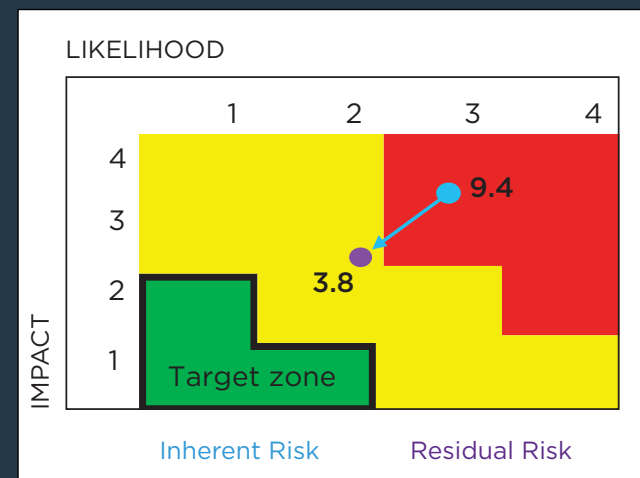
- upfront due diligence;
- continual market monitoring;
- development phasing; and
- cost monitoring/management.

Saskatoon Land's approach to risk mitigation was evaluated by the internal auditor in 2017 and was found to be consistent with industry best practices. The following examples of risk mitigation in

The City's infrastructure investments may not correspond to growth trends and forecasts for the local or regional economy.

Key current risk mitigation activities:

- *Growth Plan to Half a Million* approved by City Council; major infrastructure investments are being aligned with the Plan's directions and strategies
- Frequent and ongoing monitoring of market conditions, economic indicators and financial resources
- Long-term infrastructure plans developed and funding commitments secured
- Regional plans, concept plans and community plans developed



RISK MITIGATION

support of these factors are performed by Saskatoon Land staff on a regular basis:

- significant upfront due diligence in the development of detailed land proforma projections of each development project, which are presented annually to the Standing Policy Committee on Finance;
- monitoring of population/employment growth data (Conference Board of Canada, Stats Canada, and Planning Department estimates);
- continual serviced land inventory analysis of all land categories through semi-annual reports to the Standing Policy Committee on Finance for monitoring of inventory and serviced land supply;
- monthly review of serviced land absorption (City building permits and Canada Mortgage and Housing Corporation's housing start data);
- review of annual land development servicing plans (Three-Year Land Development Report to determine development phasing and annual capital budget requirements);
- surveys of builder customers to identify home and lot size preferences, community amenity preferences and household formation trends;
- continual housing market analysis to determine changing consumer preferences and preferred marketing methods; and
- Saskatoon Land Annual Report presented to the Standing Policy Committee on Finance outlining yearly land sales and financial performance.

Most of the above analysis is presented to the Standing Policy Committee on Finance or City Council and is available to the public.







PREPARED BY

Saskatoon Land Division
Corporate Financial Services Department

Printed May 2019