

## **Vacant Lot and Adaptive Reuse Incentive Program – 880 Broadway Avenue**

### **ISSUE**

880 Broadway Holdings Ltd. has applied for a five-year tax abatement of the incremental property taxes located at 880 Broadway Avenue, under the Vacant Lot and Adaptive Reuse Incentive Program.

### **RECOMMENDATION**

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

1. A five-year tax abatement, equivalent to 100% of the incremental municipal and library taxes for the development of 880 Broadway Avenue, be approved;
2. The Neighbourhood Planning Section be requested to submit an application under the Provincial Government's Education Property Tax Exemption/Abatement Program seeking approval of a five-year tax abatement, equivalent to 100% of the incremental education taxes, for the development of 880 Broadway Avenue;
3. 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; and
4. The five-year tax abatement on the incremental taxes be applied to the subject properties, commencing the next taxation year following the completion of the project.

### **BACKGROUND**

At its March 7, 2011 meeting, City Council approved the Vacant Lot and Adaptive Reuse Incentive Program (VLAR Program). The VLAR Program is designed to encourage infill development on vacant sites and the adaptive reuse of vacant buildings within established neighbourhoods in Saskatoon.

Applicants have an incentive choice of a five-year tax abatement or a cash grant. The maximum incentive amount is calculated based on the increment between the existing taxes and the taxes owing upon completion of the project, multiplied by five years. Applications are scored against an evaluation system where points are awarded for features included in a project which meet a defined set of policy objectives. The total points scored for the project determines what proportion of the incentive amount it will receive, up to a maximum of 100%. Projects scoring 100 points or more are eligible for 100% of the incentive. Any residual portion of the maximum incentive amount on projects that earn less than 100% will be redirected into the Vacant Lot and Adaptive

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Reuse Reserve (Reserve) during the abatement period. The residual portion redirected to the Reserve excludes the education portion of property taxes.

### **DISCUSSION/ANALYSIS**

#### Description of Development at 880 Broadway Avenue

Neighbourhood Planning received an application under the VLAR Program from 880 Broadway Holdings Ltd. for the development of 880 Broadway Avenue, which is located in the Nutana Neighbourhood (see Appendix 1). This development lies within the eligibility boundary under the VLAR Program. The project is a 10-storey mixed-use development that will include 8 storeys of residential development with 68 units, 2 storeys of commercial space, and 2 levels of underground structured parking with a total of 72 parking spaces. The applicant has noted the residential component of the development will be rental units.

The site is zoned B5B – Broadway Commercial District and falls within the AC2 – B5B Architectural Control Overlay District. It has been vacant since the demolition of a commercial building in 2016. The applicant has indicated the estimated investment in the project including the land is approximately \$23,500,000. See Appendix 2 for a proposed rendering of the project.

#### Estimated Incremental Property Tax Abatement

The application was reviewed using the VLAR Program's evaluation system. The project received a total of 120 points, resulting in an earned incentive amount of 100% of the maximum incentive amount. See Appendix 3 for project evaluation.

The applicant is applying for a five-year tax abatement of the incremental property taxes for the development of 880 Broadway Avenue. According to the Corporate Financial Services Department, the incremental increase in property taxes (municipal, library and education portions) for the project is estimated to be \$157,707, based on the 2019 tax year; therefore, the estimated maximum incentive amount over five years would total \$788,535, which includes \$484,200 in municipal and library property taxes and \$304,335 in education property taxes. The calculations are based on the 2019 tax rates and will change with any alterations to the design plans, the 2021 reassessment and the annual mill rate adjustments. An actual assessment value will be determined upon final inspection of the completed project.

#### Education Property Tax Exemption/Abatement

As of January 1, 2018, approval from the Provincial Government (Province) is required to exempt or abate education property tax revenue that is \$25,000 or more for a single property or parcel of land in the tax year. Applications are submitted by the municipality and are considered under three main categories: Economic Development, Housing and Non-Profit/Community-based Organizations. According to the application, the goal is to inform the municipality of the decision to approve/deny within 15 business days.

The incremental increase in annual education property taxes for the project is estimated to be \$60,867, based on the 2019 tax year. As the incremental annual education

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property tax abatement for 880 Broadway Avenue is expected to exceed \$25,000, approval from the Province will be required.

The Province does have the option to deny an application to abate the incremental education property taxes. Should the Province deny an application, the City of Saskatoon (City) has the option to appeal the decision to the Minister, based on information from the original request. If the final decision is to deny the request, the property owner would be required to pay the education property tax calculated following completion of the project at 880 Broadway Avenue.

### Administration Recommendation

After review of this application, Administration has concluded 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 incremental municipal and library property tax abatement and request that the Neighbourhood Planning Section apply to the Province for the five-year incremental education property tax abatement, commencing in the next taxation year after completion of the project.

### **FINANCIAL IMPLICATIONS**

The incremental property tax abatement for the project at 880 Broadway Avenue is forgone revenue and will not require funding from the Reserve. The City will forgo an estimated total of \$484,200 and the Province may forgo an estimated total of \$304,335 of tax revenue over five years, which will be abated to the owner. Abatement of the Education Property Tax portion is subject to approval by the Province.

### **NEXT STEPS**

Development of 880 Broadway Avenue is expected to be complete in spring 2021. The incremental property tax abatement, if approved, will begin the calendar year following project completion, and continue for five years.

### **APPENDICES**

1. Project Location
2. Proposed Project Rendering
3. VLAR Project Evaluation for 880 Broadway Avenue

### **Report Approval**

Written by: Holden Blue, Planner, Neighbourhood Planning Section  
Reviewed by: Paul Whitenect, Manager, Neighbourhood Planning  
Reviewed by: Darryl Dawson, Acting Director of Planning and Development  
Approved by: Lynne Lacroix, General Manager, Community Services Department

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