

CITY OF SASKATOON COUNCIL POLICY

NUMBER
C09-006

POLICY TITLE <i>Residential Lot Sales – General Policy</i>	ADOPTED BY: <i>City Council</i>	EFFECTIVE DATE <i>September 9, 1991</i>
		UPDATED TO <i>August 27, 2018</i>
ORIGIN/AUTHORITY <i>Land Bank Committee Report No. 6-1991, with amendments up to and including Standing Policy Committee on Finance Report to City Council, Item 8.2.3. – August 27, 2018</i>	CITY FILE NO. <i>CK. 4110-36, 4214-0, 4215-1 and 1500-1</i>	PAGE NUMBER <i>1 of 6</i>

1. PURPOSE

To allow the City to be competitive in marketing City-owned residential lots.

2. DEFINITIONS

2.1 Newly-Created Lots - new lots developed under the City's Land Development Business Line and sold through Saskatoon Land, Asset and Financial Management Department.

3. POLICY

Lot Draws

Newly-created lots will, subject to the terms and conditions outlined in this policy, be sold to individuals and contractors through a public lot-draw process. The draw will be advertised twice in the local newspaper prior to the lot-draw taking place. Any lots which are not sold at the completion of the draw will be sold on a first-come, first-served basis.

3.1 Use of Lots - Lots sold to individuals are to be used only for construction of personal residences. Lots sold to contractors are to be used for the construction of homes for resale.

3.2 Number of Lots - The City will determine the number of lots which will be drawn for by both individuals and contractors.

a) Individuals are entitled to purchase only one City-owned residential lot every three years.

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- b) The number of lots to be sold to an individual contractor will be governed by City Policy No. C09-001 - “Residential Lot Sales - Contractor Allocations.”
 - c) Lots sold during the public lot-draw process are to be allocated on the ratio of 90% for Eligible Contractors and 10% for Individuals.
- 3.3 Bulk Lot Grouping Sale - Groupings of newly created lots can be sold to Eligible Contractors in good standing through a competitive public tender process or open market (standard terms) approach.
- 3.4 Payment Terms - A minimum down-payment of 13 percent of the purchase price together with all applicable taxes is required at the time of purchase.
- 3.5 Transferring Down-payments - At any time prior to issuing the Transfer of Title, a purchaser may, upon the approval of the Director of Saskatoon Land, transfer the down-payment from one lot to another.
- 3.6 Assignments - Agreements for sale can be assigned upon approval of the Director of Saskatoon Land.
- 3.7 Cancellations
- i) Prior to Agreement for Sale: When a cancellation occurs before the Agreement for Sale has been signed, the purchaser’s down payment and GST will be fully refunded less an administration fee.
 - ii) Purchaser Initiated Cancellation: When a cancellation occurs after the Agreement for Sale has been signed, the purchaser, after 30 days, will be charged a penalty of 1 percent per month of the lot selling price for the period during which they possessed the lot, plus an administration fee. If applicable, the purchaser will receive a refund equal to the difference between the down payment and the cancellation fees. The purchaser is required to pay the difference in situations where cancellation fees are greater than down payments received.

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- iii) Administration Initiated Cancellation: When all other efforts to conclude the agreement have failed, the Administration may negotiate the cancellation of the Agreement for Sale based on what is most favourable to the City in consideration of, but not limited to, the following factors:
- Administrative time and effort;
 - Ability to successfully re-offer and market the lot;
 - Consistent treatment of similar files;
 - Litigation risk; and
 - Business relationship with the purchaser.

All Administration initiated cancellations must be approved by the CFO/General Manager, Asset and Financial Management Department.

- 3.8 Residency Requirement – Individual purchasers are required to maintain the property for their personal residence for a period of four years, commencing upon the time of Title transfer.
- 3.9 Time Frame to Build Requirement – Purchasers are required to build a substantially completed dwelling as determined by Saskatoon Land within three years, commencing upon the possession date of the lot pursuant to the Agreement for Sale.
- 3.10 Enforcement of Residency and Time Frame to Build Requirements
- a) Individual Purchasers - A \$50,000 forgivable mortgage related to both requirements will be registered against each lot sold to an individual purchaser. Forgiveness will be granted for the residency requirement in equal monthly instalments over the final thirty-six months of the four year term that the requirement has been met. No forgiveness will be granted during the first twelve months of the residency term or during the complete term of time frame to build requirement.

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The Administration, at its discretion, may consider an extension of up to one year, on the condition the individual adds a year to their residency requirement. The following criteria would be used to determine whether the extension would be granted:

- i) the site has passed inspection at the framing stage of construction;
 - ii) the timeline of construction has increased past the original Three Year Time Frame to Build Requirement due to illness, death, marriage breakdown, job transfer, or seasonal construction limitations; and
 - iii) that the individual submits a written request to Saskatoon Land.
- b) Eligible Contractors - Violators of the Time Frame to Build Requirement will be temporarily suspended from participating in new public release of lots through draws, tenders or open market methods, until such time as the violation has been rectified in full. Responsibility of the build requirement remains with the original purchaser unless change in ownership was approved by assignment under section 3.6 of this policy in which an extension can be granted.
- c) In order to be eligible for an extension of the Three Year Time Frame to Build Requirement an Eligible Contractor must provide the following:
- i) a written request for the extension, providing sufficient explanation and supporting documentation identifying the reason for the request and indicating the proposed steps to complete construction; and
 - ii) all amounts owing on the lot have been paid and title transferred.

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- d) Provided an Eligible Contractor is in compliance with 3.10(c), the Administration, at its discretion, may extend the Three Year Time Frame to Build Requirement for an Eligible Contractor up to six years, under the following circumstances:
- i) the Eligible Contractor has no more than 10% of their five-year purchase history from the City in violation of the Three Year Time Frame to Build Requirement; or
 - ii) the Eligible Contractor demonstrate the lot(s) is of a type that is suited for construction of a high-end custom home build as determined by Saskatoon Land and that they are actively marketing the lot to potential new home buyers.
- e) City Mortgage Appeals Board – A Review Board will consider all requests for forgiveness of City Mortgages. All decisions of the Board are final. Forgiveness may be granted where the owner must sell the mortgaged property due to any of the following:
- i) Marriage breakdown;
 - ii) Job transfer involving a move out of Saskatoon;
 - iii) Change of employment involving a move out of Saskatoon;
 - iv) Death of a signatory; and
 - v) Any other unanticipated event which, in the Board's view, make it fair and reasonable to forgive the indebtedness under the mortgage (e.g. serious illness, loss of employment).

Should a request for an extension on the Three Year Time Frame to Build Requirement be denied by the Administration, the individual would be permitted to appeal this decision in front of the Mortgage Appeals Board, whose decision would be final. The Board would consider other unanticipated events and provide up to a one year extension when in the Board's view, it is "fair and reasonable."

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4. RESPONSIBILITIES

4.1 Saskatoon Land

- a) Administer the sale of City-owned residential lots in accordance with the terms and conditions set out in this policy.
- b) Recommend changes to this policy, when required, to City Council through the Standing Policy Committee on Finance.

4.2 Standing Policy Committee on Finance

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

4.3 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.