

# CITY OF SASKATOON COUNCIL POLICY

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| <b>NUMBER</b><br>C09-015 |
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| <b>POLICY TITLE</b><br><i>Real Estate Commissions – Sale of City-owned Land</i>  | <b>ADOPTED BY:</b><br><i>City Council</i>            | <b>EFFECTIVE DATE</b><br><i>December 16, 1991</i> |
|  |  | <b>UPDATED TO</b><br><i>June 25, 2018</i>         |
| <b>ORIGIN/AUTHORITY</b><br><i>City Commissioner Report No. 33-1991; Land Bank Committee Reports 7-2011 and 1-2013; Item 8.2.5, SPC on Finance Report – June 25, 2018</i> | <b>CITY FILE NO.</b><br><i>CK. 4214-0 and 1600-4</i> | <b>PAGE NUMBER</b><br><i>1 of 4</i>               |

1. PURPOSE

To allow the City to be competitive in marketing City-owned land by paying appropriate real estate commissions.

2. DEFINITIONS

2.1 Real Estate Commission - fee paid to a licenced real estate agent for selling City-owned land. The commission is paid only upon completion of the sale in accordance with the terms of this policy.

3. POLICY

The City may, subject to Section 3.1 below, pay a real estate commission on the sale of City-owned land. Real estate commission will not be paid on the sale of City-owned residential land.

3.1 Commission Rates

The amount of the real estate commission shall be based on the zoning of the land and shall be the following percentages of the selling price:

- a) Industrial/Commercial zoned land - 5% on the first \$1 million
- 3% on the second \$1 million (on portion of sale price from \$1 million to \$2 million); and

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- 1% on the balance (on portion of sale price above \$2 million) to a maximum commission payment of \$150,000.
  
- b) Other zoning classifications - (except residential)      To be determined when the land is approved for sale. If payment of a commission is recommended, the proposed rate is to be considered and approved by the Standing Policy Committee on Finance.
  
- c) Residential zoned land      -      No real-estate commission paid.

Notwithstanding the foregoing, the City has the right to use alternate commission rates for any specific City-owned properties that are offered to the market and/or engage the services of a Licenced Real Estate Brokerage firm to assist in marketing City-owned land. Alternate commission rates and the engagement of a licenced brokerage firm will be considered and approved by the Standing Policy Committee on Finance.

### 3.2 Negotiation Through Licenced Real Estate Agent(s)

To be eligible to receive a commission, a purchaser must notify the City of an appointed real estate agent at the time their bid or offer to purchase is submitted. All subsequent communication must take place through the licenced real estate agent for the agent to be eligible to receive a commission, unless otherwise agreed to by the parties in advance.

### 3.3 Related Companies

Licenced real estate agents involved in the transaction that are directors, shareholders, or immediate family members of the company or individual(s) purchasing the property will not be eligible to receive a commission.

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## 3.4 Financing

The real estate commission shall be financed from the Property Realized Reserve or the Neighbourhood Land Development Fund.

## 3.5 Industrial Land Incentives Program

Real estate commissions under the Industrial Land Incentives Program are paid only upon completion of a building foundation consistent with the nature of the lessee's operations.

## 4. RESPONSIBILITIES

### 4.1 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.

### 4.2 Standing Policy Committee on Finance

- a) Approve commission rates in accordance with Section 3.1 when required.
- b) Receive and consider recommendations from Saskatoon Land for amendments to this policy.
- c) Recommend changes to this policy, when required, to City Council.

### 4.3 Saskatoon Land Branch

- a) Recommend to the Standing Policy Committee on Finance the proposed commission rates to be offered on specific land sales, in accordance with Section 3.1.

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- b) Administer the payment of sales commissions to licenced real estate agents in accordance with the terms and conditions set out in this policy.
- c) Recommend changes to this policy, when required, to City Council through the Standing Policy Committee on Finance.