

Proposed New Development Incentives Policy Overview

([Report Link](#))

The proposed policy (see [appendix 1](#)) provides for two development incentive programs: Affordable Housing Incentives Program and the City Centre and Corridor Growth Incentive Program.

Overview of Proposed Incentive Programs

1. Affordable Housing Incentive Program

- 5-Year Tax Abatements (100% of Incremental Taxes)
 - o Pro-rated to the number of affordable units (including spaces which provide support services).
 - o A full-site abatement for mixed market projects within the City Centre and Corridor Growth Areas in the [Established Neighbourhoods](#). These projects must include a minimum of 15% affordable units (min 5 units).
- Waiver of Off-Site Levies – Pro-rated to the number of affordable units plus spaces which provide support services.
- To reflect evolving community needs and funding availability, specific incentive programs are planned to be brought forward for Council's consideration as these new incentive programs are developed.

2. City Centre and Corridor Growth Incentive Program (*Incentives for Market Development*)

- 5-Year Tax Abatements (Incremental Taxes)
 - o Phased-out tax abatement (100% in year 1 of the incremental taxes, 80% in year 2, 70% in year 3, 60% in year 4 and 50% in year 5) for projects on vacant sites, derelict buildings or adaptive reuse projects in the City Centre and Corridor Growth Area within Established Neighbourhoods.
 - Residential and mixed use projects in the Corridor Growth Areas (Established Neighbourhoods)
 - Residential, mixed use and commercial projects in the City Centre
- Projects not generating a development-related property tax increment upon completion can qualify for a one-time grant of one year's annual property tax in lieu of 5-year tax abatement (max \$250,000 grant).

Note: Following C. Jeffries' December 2025 Council motion directing Administration to develop an approach for secondary corridors, the upcoming secondary corridor report will also outline implications for potential future incentives.

Engagement on the Proposed Incentive Programs (See engagement feedback in [appendix 6](#) of the report)

1. Affordable Housing Incentives

- E-blast and Engage Page

Note: Targeted engagement with affordable housing providers, landlords and tenants will take place as the new affordable housing incentive programs are developed.

2. City Centre and Corridor Growth Incentives

- Engage Page
- Saskatoon and Region Home Builders' Association, Saskatchewan Realtors Association, Saskatchewan Rental Housing Association
- Business Improvement Districts
- Development Community (15 local developers who have recently submitted applications under the previous Vacant Lot and Adaptive Reuse Incentive Program or have discussed upcoming development projects with Administration that may qualify under the new program were individually contacted for their input)

Feedback for the proposed **City Centre and Corridor Growth Incentive Program** was generally supportive of the proposed approach. Some concerns raised included:

- Developers favoured a full 100% abatement on incremental taxes for five years.
 - In the case of the tax abatement, the City forgoes collecting that tax revenue, meaning it receives less income than it otherwise would during the abatement period. Administration is proposing the phased-out incentive approach to preserve the program's role as an incentive for development and to limit the impact on City tax revenues;
- Stakeholders recommended broadening the eligibility area to include properties along arterial and collector roads.
 - The proposed eligibility area reflects the City's strategic growth priorities.
 - Following C. Jeffries' December 2025 Council motion directing Administration to develop an approach for secondary corridors, the upcoming secondary corridor report will also outline implications for potential future incentives.
- Stakeholders highlighted the need for a brownfield incentive program.
 - The City will launch a pilot program in 2026, which will be supported by \$250,000 from the Housing Accelerator Fund. The pilot program will run until mid-2027 or may end sooner if available funds have been depleted. If the pilot program proves successful, a new incentive policy to support brownfield redevelopment, along with a proposed funding plan will be brought to City Council for consideration.

Key Changes to Affordable Housing Incentives

Topic	Existing Program (Innovative Housing Incentives Policy)	Proposed Program
Eligibility Area	City Wide	City Wide
Eligible Projects	Projects which provide for affordable units	Projects which provide for affordable units
Tax Abatements	5-year tax abatements (100% of incremental taxes)	5-Year Tax Abatements (100% of incremental taxes) <ul style="list-style-type: none"> - Pro-rated to the number of affordable units (including spaces which provide support services) - A full-site abatement for mixed market projects within the City Centre and Corridor Growth Areas (Established Neighbourhoods) and which include a minimum of 15% affordable units (min 5 units)
Other Incentives Programs (non-abatement incentives)	Affordable Housing <ul style="list-style-type: none"> - Capital Grant - max 10% total capital costs plus maximum contributions Purpose Built Rental Housing <ul style="list-style-type: none"> - Grant up to \$5,000 per rental unit Garden, Garage and Secondary Suites <ul style="list-style-type: none"> - Partial permit rebates Mortgage Flexibilities Support Program <ul style="list-style-type: none"> - Grant equal to a 5% down payment towards the purchase of an affordable housing unit for homeownership purposes 	To reflect evolving community needs and funding availability, specific incentive programs are planned to be brought forward for Council's consideration as these new incentive programs are developed.
Grant Hold Backs	Hold back maximum of 10%, with a reduction of as little as 5% if there is other financial security in place.	The new policy introduces flexibility in managing grant holdback payments to better align with current administrative practices. Updates are required to ensure alignment with on-the-ground realities and to improve flexibility in program delivery.

Topic	Existing Program (Innovative Housing Incentives Policy)	Proposed Program
Affordability Terms	Affordable housing projects receiving financial support under this Policy must be affordable to low-income households for a minimum of five years.	Flexibility added for affordability terms.
Monitoring / Reporting Requirements	None	Monitoring / Reporting requirements added to the new Policy.
Off-Site Levy Waiver	Subject to Council approval, waiving of off-site levies for affordable units only (pro-rated to the number of units), and subject to specific criteria.	Subject to Council approval, waiving of off-site levies for affordable units and services which support the affordable units.
Approvals	Standing Policy Committee on Planning, Development and Community Services / City Council	Standing Policy Committee on Planning, Development and Community Services / City Council

Key Changes to the Vacant Lot and Adaptive Reuse Incentive Program

Topic	Existing Program (Vacant Lot and Adaptive Reuse Incentive Program Policy)	Proposed Program
Eligibility Area	Established Neighbourhoods	<p>City Centre and Corridor Growth Area (within Established Neighbourhoods only) Map</p> <p>Note: Following C. Jeffries' December 2025 Council motion directing Administration to develop an approach for secondary corridors, the upcoming secondary corridor report will also outline implications for potential future incentives.</p>
Eligible Projects	New developments on vacant sites, derelict buildings or adaptive reuse projects in eligible areas.	<p>Projects on vacant sites, derelict buildings or adaptive reuse projects in eligible areas.</p> <p><u>In All Eligibility Areas</u> New residential and mixed-use developments (minimum 5 residential units).</p> <p><u>In the City Centre Only</u> New residential and mixed-use developments (minimum 5 residential units) and commercial developments.</p>
Incentives	<p>Option of:</p> <ul style="list-style-type: none"> - Tax abatement on 100% of the incremental taxes for 5 years; or - Cash grant <ul style="list-style-type: none"> o Commercial, Industrial and Mixed use: max cash grant \$200,000 o Mixed Use Development: max cash grant \$75,000 	<p>Phased out 5-year tax abatements - 100% in year 1 of the incremental taxes, 80% in year 2, 70% in year 3, 60% in year 4 and 50% in year 5.</p> <p>For projects that do not incur a tax increment, a cash grant of 1 year of property taxes (up to a max \$250,000).</p>

Topic	Existing Program (Vacant Lot and Adaptive Reuse Incentive Program Policy)	Proposed Program
Programs	<p>Programs to Be Discontinued: Due to low uptake, the following incentive programs will be discontinued:</p> <ul style="list-style-type: none"> - City Centre Housing Renovation Incentive - City Centre Housing Conversion Incentive - City Centre Office Building Incentive - City Centre Structured Parking Incentive - Gardens as an Interim Use Incentive 	
Evaluation Process	<p>Points based system evaluated by Administration that determined the % of the maximum incentive value the project qualified to receive. Projects typically received full points based on the existing system.</p>	<p>Projects which are eligible as per the Policy will be eligible for the incentive.</p>
Vacancy Requirements	<p>City Centre has no minimum vacancy requirements.</p> <p>For projects outside the City Centre – Sites must be vacant for 4 years before being eligible.</p>	<p>No minimum vacancy requirements (all vacancy requirements have been removed).</p>
Delegated Grant Approval	<p>Tax abatements and grants are approved by Council.</p>	<p>Tax abatements are approved by Council.</p> <p>Approval of grants (up to \$250,000) would be approved by the General Manager, Community Services.</p>