



## **STANDING POLICY COMMITTEE ON PLANNING, DEVELOPMENT AND COMMUNITY SERVICES**

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### **Development Incentives for Heritage Buildings in the City Centre**

#### **Recommendation of the Committee**

That the proposed amendments to Vacant Lot and Adaptive Reuse Incentive Program Policy No. C09-035, as outlined in the October 30, 2017 report of the General Manager, Community Services Department, be approved.

#### **History**

At the October 30, 2017 meeting of the Standing Policy Committee on Planning, Development and Community Services, a report of the General Manager, Community Services dated October 30, 2017 was considered. Your Committee is also forwarding the report to the Municipal Heritage Advisory Committee for information.

#### **Attachment**

October 30, 2017 Report of the General Manager, Community Services Department

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## Development Incentives for Heritage Buildings in the City Centre

### Recommendation

That the Standing Policy Committee on Planning, Development and Community Services forward this report to the Municipal Heritage Advisory Committee and recommend to City Council that the proposed amendments to Vacant Lot and Adaptive Reuse Incentive Program Policy No. C09-035, as outlined in this report, be approved.

### Topic and Purpose

The purpose of this report is to amend Vacant Lot and Adaptive Reuse Incentive Program Policy No. C09-035 to provide heritage buildings with access to incentives for adaptive reuse through the Vacant Lot and Adaptive Reuse Incentive Program.

### Report Highlights

1. The Administration is recommending amendments to the Vacant Lot and Adaptive Reuse Incentive Program (Incentive Program) to ensure heritage buildings, including Municipal Heritage Properties; properties included in “Schedule A” of Demolition Permit Bylaw No. 6770; or buildings listed on the Saskatoon Register of Historic Places (Register) have access to incentives for adaptive reuse.
2. New adaptive reuse projects involving heritage buildings, including those in the City Centre area, will not be required to meet a vacancy requirement of one year or comply with a change in use as outlined in the existing definition of adaptive reuse in Vacant Lot and Adaptive Reuse Incentive Program Policy No. C09-035 (Policy).

### Strategic Goals

This report supports the City of Saskatoon’s (City) Strategic Goals of Sustainable Growth and Moving Around by supporting the City Centre Plan, increasing incentives for infill development, and furthering implementation of the Growth Plan to Half a Million. This initiative also supports the goal to reduce or remove “red tape” from City processes by providing a simpler, standardized requirement for development eligibility.

### Background

At its August 18, 2010 meeting, City Council approved the Policy, in principle. The original intent of the Incentive Program was to provide incentives to spur development on chronically vacant sites in the established areas of Saskatoon. Originally, the program included a 12-month vacancy requirement. However, this time period appeared to result in a number of property demolitions in order to be eligible for incentives the following year. In 2012, the vacancy requirement was increased to 48 months.

At its March 27, 2017 meeting, City Council approved amendments to Zoning Bylaw No. 8770 to add requirements for a Heritage Impact Statement to be provided in situations where a proposed development or demolition includes a heritage resource, where appropriate. This would include any Municipal Heritage Properties, buildings included in “Schedule A” of Demolition Permit Bylaw No. 6770, or buildings listed on the Register.

At its September 25, 2017 meeting, City Council approved amendments to the Policy to remove the vacancy requirements for new developments in the City Centre area. The Administration committed to bring forward additional amendments to specifically address heritage buildings.

Under the Incentive Program, a development project is evaluated against a number of criteria and policy objectives. A Maximum Incentive Amount will be determined by the Corporate Revenue Division, and will be equivalent to the increment between the existing property taxes and the taxes paid upon completion, multiplied by five years. The amount of the final grant or tax abatement is determined through a point evaluation system and verified by the Corporate Revenue Division upon project completion. The points are used to determine the percentage of the total Maximum Incentive Amount. The system evaluates development proposals to achieve the outlined development features, scored to a maximum of 100 points.

### **Report**

#### Heritage Buildings and Incentives

The Register is an official listing of heritage resources identified by the City as having significant heritage value or interest. Each Register listing is written in the form of a Statement of Significance. The Register lists properties of various types and various levels of protection, including those without legal protection. The property types have incentives currently available as follows:

1. Those without legal protection are not eligible for heritage incentives.
2. Designated Municipal Heritage Properties are currently eligible for a property tax abatement or a grant for up to 50% of the costs, up to a maximum of \$150,000 for taxable properties and \$75,000 for tax-exempt properties.
3. Demolition Permit Bylaw No. 6770, commonly called the Holding Bylaw, provides short-term protection of a heritage resource from demolition by providing for a 60-day holding period in the event an application for a Demolition Permit is received. Within that 60-day holding period, heritage designation is considered by City Council. There are no inherent incentives available to properties included in the Holding Bylaw.
4. Provincial Heritage Properties, National Historic Sites, and Federal Heritage Railway Stations are also included in the Register. Municipal incentives are not provided specifically for these properties unless they are also a Municipal Heritage Property.

The proposed amendments would provide for any of these types of properties to be eligible through the Incentive Program if the proposed developments were to meet the Policy criteria for adaptive reuse projects.

### Recommended Amendments to the Incentive Program

The Administration is proposing amendments to the Incentive Program to provide greater clarity for heritage buildings. The proposed amendments are highlighted in Attachment 1.

In summary, the proposed amendments to the Incentive Program are as follows:

1. Creating an exception to the requirements for adaptive reuse projects for heritage buildings. This exception would remove the requirement that heritage buildings be vacant for at least one year, or change the use in the building.
2. Clarifying that heritage buildings are only eligible for incentives through the Incentive Program for adaptive reuse projects. This will restrict the ability of sites with heritage buildings to be eligible for incentives that involve removal of the heritage building.
3. Addressing the proposal evaluation in Appendix C of the Policy, points would be allocated to heritage properties proposing adaptive reuse in accordance with a Heritage Impact Statement.

The effect of these changes will allow owners of heritage buildings access to funds for significant renovation projects as an adaptive reuse project. Depending on the scale of the renovation, some projects may only be eligible for a one-year tax abatement. This would occur when the renovation does not trigger an increase in the property taxes. For a larger renovation, which would result in an incremental tax increase, the proposal would be evaluated according to the evaluation matrix, gaining points for the adaptive reuse component.

### **Options to the Recommendation**

The option exists to not approve the proposed amendments. The Administration would not recommend this as there may be negative impacts to existing heritage buildings as a result.

### **Public and/or Stakeholder Involvement**

Public and external stakeholder involvement was not required in preparation of this report.

Following consideration by the Standing Policy Committee on Planning, Development and Community Services, this report will be forwarded to the Municipal Heritage Advisory Committee for information.

### **Communication Plan**

The addition of these new incentives will be communicated to the Downtown Saskatoon Business Improvement District, the Saskatoon Regional Economic Development Authority, and the Developers' Liaison Committee, and posted on the City's website.

Marketing material for the Incentive Program will be updated to reflect the new incentives.

**Policy Implications**

Upon City Council approval, Vacant Lot and Adaptive Reuse Incentive Program Policy No. C09-035 would be updated, as outlined in this report.

**Financial Implications**

Amendments to the Policy will not result in an immediate financial impact. Upon approval of applications, either administratively in the case of a grant, or through City Council for a tax abatement, the financial implication is identified. In either case, it results in foregone revenue for the City. However, the longer-term impact of new development is an increase in revenue for the City.

**Other Considerations/Implications**

There are no environmental, privacy, or CPTED implications or considerations.

**Due Date for Follow-up and/or Project Completion**

Amendments to the Incentive Program are pursued as necessary. As part of the measures to address infill challenges, the Administration will continue to evaluate the Incentive Program to ensure policy goals are being met.

**Public Notice**

Public notice, pursuant to Section 3 of Public Notice Policy No. C01-021, is not required.

**Attachment**

1. Proposed Amendments to Vacant Lot and Adaptive Reuse Incentive Program Policy No. C09-035

**Report Approval**

Written by: Lesley Anderson, Director of Planning and Development

Approved by: Randy Grauer, General Manager, Community Services Department

S/Reports/2017/PD/PDCS – Development Incentives for Heritage Buildings in the City Centre/lc

**Proposed Amendments to  
Vacant Lot and Adaptive Reuse Incentive Program Policy No. C09-035**

\*\*Please note that highlighted **bolding** denotes proposed additions and highlighted **strikethroughs** denote proposed deletions\*\*

**CITY OF SASKATOON  
COUNCIL POLICY**

**NUMBER**  
C09-035

<b>POLICY TITLE</b> <i>Vacant Lot and Adaptive Reuse Incentive Program</i>	<b>ADOPTED BY:</b> <i>City Council</i>	<b>EFFECTIVE DATE</b> <i>March 7, 2011</i>
		<b>UPDATED TO</b> <i>June 27, 2016</i>
<b>ORIGIN/AUTHORITY</b> <i>Planning and Operations Committee Reports 3-2011, 8-2012, 10-2014 and Standing Policy Committee on Planning, Development and Community Services - Item 8.1.2.</i>	<b>CITY FILE NO.</b> <i>CK. 4110-45 and PL. 4110-35-13</i>	<b>PAGE NUMBER</b> <i>1 of 16</i>

1. PURPOSE

To encourage infill development on vacant sites and adaptive reuse of vacant building space in Established Neighbourhoods, including the City Centre, by providing financial and/or tax-based incentives to owners of eligible properties.

2. REFERENCE

This Policy supports the direction established in the Official Community Plan Bylaw No. 8769.

3. DEFINITIONS

For the purposes of this program, the following definitions shall be used:

- 3.1 Adaptive Reuse – where a building formerly used for industrial or commercial uses has been vacant for at least one (1) consecutive year and involves the conversion or re-purposing to a different category of use (e.g. conversion from industrial or commercial to residential or from industrial to commercial). **Exceptions to this provision for Municipal Heritage Properties, buildings included in “Schedule A” of Demolition Permit Bylaw No. 6770, or buildings listed on the**

# CITY OF SASKATOON COUNCIL POLICY

NUMBER

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POLICY TITLE	EFFECTIVE DATE	UPDATED TO	PAGE NUMBER
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**Saskatoon Register of Historic Places may be granted at the discretion of the General Manager, Community Services Department.**

- 3.2 Approval Date – the date the project was approved by the General Manager of Community Services or City Council, as set out in Section 4.7.
- 3.3 Brownfield Site – an abandoned, vacant, derelict or underutilized commercial or industrial property where past activities on the land have resulted in actual or perceived contamination and where there is an active potential for redevelopment.
- 3.4 Cash Grant – a non-repayable incentive as calculated by this policy.
- 3.5 Completion of Construction – the date on which all Building, Development and Plumbing Permits are officially closed by the City of Saskatoon or as determined by the City of Saskatoon.
- 3.6 Derelict Vacant Building – a principal building that has been vacant for at least 12 consecutive months, and is inhabitable or structurally unsound and the subject of a property maintenance order, fire order, public health or safety hazard, or has a history of public complaints, and is intended to be demolished for the purpose of redevelopment.
- 3.7 Earned Incentive Amount – that portion of the Maximum Incentive Amount earned through the proposal evaluation.
- 3.8 Existing Housing – currently occupied buildings and structures that contain residential dwelling units.
- 3.9 Existing Property Taxes – the property tax payable in a given year on the assessed value of an eligible property prior to any development.
- 3.10 Heritage Impact Statement - a study that evaluates the impact a development may have on a heritage resource or resources. A Heritage Impact Statement may be required as outlined in Zoning Bylaw No. 8770. Developments can include alterations, additions, partial demolitions, demolitions, relocations, or new construction.**
- 3.10 Incremental Property Taxes – the amount of property tax payable in a given year on the increase in assessed value of the property as a result of new construction.

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- 3.11 Maximum Incentive Amount (MIA) – the increment between the existing property taxes (City portion) and the taxes upon completion, multiplied by five (5) years.
- 3.12 New Construction – includes new development of permanent structures on vacant lots, redevelopment of existing structures that have been vacant or used for non-residential purposes for at least one (1) year prior to application to this program, or the conversion of non-residential property to residential use.
- 3.13 Proposal Evaluation – a system that evaluates development proposals to achieve the outlined development features (See Appendix C) and which is scored to a maximum of 100 points.
- 3.14 Residential – any structure or portion thereof consisting of self-contained housing units and support amenities, provided to residents as rental, life-lease or ownership, but not hotel accommodation provided on a day-to-day basis.
- 3.15 Residential Conversion – any conversion project which changes the use of any former commercial or industrial building space for the purpose of developing residential multiple-unit dwellings.
- 3.16 Structured Parking – a parking facility with at least one level above or below grade.
- 3.17 Vacant Site/Building – existing sites, formerly used for an urban use on which there exists no building, or where a building contains mainly vacant space.

#### 4. POLICY

The City may offer financial or tax-based support to projects that meet the following criteria:

##### 4.1 General Eligibility Criteria

- a) Projects supported by the policy must be located within the Established Neighbourhoods Map (see Appendix A) or the City Centre Boundary Map (see Appendix B).



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- b) Projects supported by the policy under the Vacant Lot and Adaptive Reuse Incentive Program must be located on a vacant site, contain a derelict principal building, or be within a vacant building and meet the following conditions:
  - i) If within the Established Neighbourhoods Map, be vacant for a period of at least 48 consecutive months;
  - ii) If within the City Centre Boundary Map, no vacancy period is required.
- c) Special projects developed for the purpose of creating developable vacant sites are not eligible for incentives under this program. Exceptions to this provision may be granted at the discretion of the General Manager, Community Services Department.
- d) River Landing is excluded from the vacant lot incentive program. However, any housing development within River Landing is eligible for a five-year tax abatement equal to the Maximum Incentive Amount.
- e) Except for the rebate of existing property taxes paid during construction (adaptive re-use only), cash incentives under this policy are paid following completion of construction.
- f) Projects assisted under this policy may be eligible for support under other incentive policies or programs (i.e. affordable housing).
- g) Projects that do not incur a tax increment upon completion may receive a grant equal to no more than one year's worth of existing taxes.
- h) Properties that are in tax arrears or under an Order to Remedy with the City of Saskatoon are not eligible for support under this policy. Exceptions to this provision may be granted at the discretion of the General Manager, Community Services Department.
- i) Property taxes will be assessed each year of the program. Properties that are deemed to be in arrears by the City of Saskatoon will immediately be terminated from this program.

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- j) Any housing project located in the City Centre, which does not otherwise meet the criteria of this policy, is eligible for a five-year tax abatement equal to the Maximum Incentive Amount.
- k) Any office project located in the City Centre, which does not otherwise meet the criteria of this policy, is eligible for a five-year tax abatement equal to the Earned Incentive Amount.
- l) Any Structured Parking located in the City Centre, which does not otherwise meet the criteria of this policy, is eligible for a five-year tax abatement equal to the Maximum Incentive Amount.
- m) Properties that have been subject to a Heritage Impact Statement are only eligible for the Adaptive Reuse Incentive under this policy. Exceptions to this provision may be granted at the discretion of the General Manager, Community Services Department.**

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## Appendix C – Proposal Evaluation

All eligible proposals will automatically be granted 50 base points. Additional points will be provided when a proposal includes development features that achieve a range of policy objectives defined in the following table:

	<b>Residential - Development Feature</b>	<b>Additional Points</b>
<b>Housing</b>	OULD(s) / TUD(s)	10
	Multi-unit Housing	20
	City Centre Housing (greater than 4 Storeys)	30
<b>Mixed Use Development</b> (combines two or more different types of land uses, such as residential, commercial, and office uses)	Live/Work Units	5
	Mixed Use (no residential use)	10
	Mixed Use (with residential)	15
<b>Parking Facilities</b> (excludes residential under six-units)	Secure Bicycle Parking Facility	5
	Structured Parking	10
<b>Adaptive Reuse of Building</b>	A building that has been vacant for at least one year and will be repurposed to fit another use.	20
	<b>For Heritage Properties, sensitive adaptive reuse subject to approval of a Heritage Impact Statement</b>	<b>20</b>
<b>Contributes to Public Realm</b>	Provide publicly accessible open space on private property. (applicant may contribute money to appropriate streetscape reserve in lieu of on site improvements)	10
<b>Environmental Remediation (site and/or building)</b>	To Commercial Standard	15
	To Residential/Park Standard	25
<b>Energy Efficient Design</b>	Third Party recognized Green Building Certification	20
	Other energy efficient features, above industry standards	10
<b>Sustainable Development</b>	<b>Transit Oriented Development</b> - located within 175m from an existing transit stop	5
	<b>Walkable Community</b> - A minimum Walk Score of 70	5
	<b>Legal Secondary Suite</b>	5
	<b>Communal Garden</b> - designated area and appropriate facilities for a Communal Garden	5

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Primary use non-residential - Development Feature		Additional Points
<b>Mixed Use Development</b> (combines two or more different types of land uses, such as residential, commercial, and office uses)	Mixed Use (no residential use)	10
	Mixed Use (with residential)	15
<b>Parking Facilities</b>	Secure Bicycle Parking Facility	5
	Structured Parking	10
<b>Adaptive Reuse of Building</b>	A building that has been vacant for at least one year and will be repurposed to fit another use	20
	<b>For Heritage Properties, sensitive adaptive reuse subject to approval of a Heritage Impact Statement</b>	<b>20</b>
<b>Contributes to Public Realm</b>	Provide publicly accessible open space on private property. (applicant may contribute money to appropriate streetscape reserve in lieu of on site improvements)	10
<b>Environmental Remediation (site and/or building)</b>	To Commercial Standard	15
	To Residential/Park Standard	25
<b>Energy Efficient Design</b>	Third Party recognized Green Building Certification (example LEED)	20
	Other energy efficient features, above industry standards	10
<b>Heritage</b>	Restoration of Heritage Features	5

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City Centre Office Building - Development Feature		Additional Points
<b>Parking Facilities</b>	Secure Bicycle Parking Facility	5
	Structured Parking	10
	Minimum 10% of Parking Available to Public	15
<b>Mixed Use Development</b> (combines two or more different types of land uses, such as residential, commercial, and office uses)	Mixed Use	10
<b>Adaptive Reuse of Building</b>	A building that has been vacant for at least one year and will be repurposed to fit another use	20
	<b>For Heritage Properties, sensitive adaptive reuse subject to approval of a Heritage Impact Statement</b>	<b>20</b>
<b>Contributes to Public Realm</b>	Provide publicly accessible open space on private property. (applicant may contribute money to appropriate streetscape reserve in lieu of on site improvements)	10
<b>Environmental Remediation (site and/or building)</b>	To Commercial Standard	15
	To Residential/Park Standard	25
<b>Energy Efficient Design</b>	Third Party recognized Green Building Certification (example LEED certified)	20
	Other energy efficient features, above industry standards	10
<b>Heritage</b>	Restoration of Heritage Features	5

City Centre Structured Parking - Development Feature		Points
<b>Parking Facilities</b>	2 or more levels, with at least <b>one level above or below</b> grade	<b>100</b>