



# City of Prince Albert

**RPT 2024-158**

**TITLE:** \$1 Lot and Derelict Property Demolition Incentive Programs

**DATE:** May 15, 2024

**TO:** City Council

**PUBLIC:** X

**INCAMERA:**

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## **RECOMMENDATION:**

1. That the following changes be made to the \$1 Lot Program:
  - a. That the \$10,000 retainer requirement be removed, and
  - b. That the quit claim and build commitment requirements be at the discretion of Administration;
2. That a Derelict Property Demolition Incentive be established, providing up to a \$10,000 grant in the form of a waiver of City Land Fill fees, to be funded by the Housing Reserve; and
3. That the tax revenue generated from properties that benefit from the Derelict Property Demolition Incentive be directed to the Housing Reserve until the value of each grant has been recouped;

## **EXECUTIVE SUMMARY:**

The purpose of this report is to approve changes to the City's \$1 Lot Program and create a new Derelict Property Demolition Incentive Program.

## **BACKGROUND:**

At the Executive Committee meeting held on April 9, 2024, Administration presented information regarding the cost of managing the City's \$1 lots and privately owned boarded and derelict properties. See attached for the previous report.

In summary, summer maintenance of the \$1 lots costs the City an estimated \$12,000 to \$15,000 annually for mowing alone, and these properties do not generate any tax revenue.

The management of boarded and derelict properties comes at a significant cost in terms of City resources, with Bylaw managing, on average, 8 to 10 boarded or derelict properties in one neighbourhood, at all times. When one Order is concluded, there is typically another to take its place. This means that of the 155 hours biweekly that the City's two (2) Officers are at work, one

Officer's entire day, every day, is spent managing 8 to 10 properties. The time spent by City Police, Fire and others is in addition to this.

## **PROPOSED APPROACH AND RATIONALE:**

### \$1 Lot Program

With the current housing market, it's unlikely that the \$1 lots will be sold to the general public for immediate construction due to several factors:

- construction costs,
- financing reluctance,
- high mortgage interest rates, etc.

Removing some of the barriers to selling the \$1 lots will help to sell them to those who may use them, whether for development or not. To do this, Administration recommends:

- Eliminating the required \$10,000 refundable retainer (refundable once a building permit is issued or the final inspection is completed), and
- Have the Quit Claim and build commitment requirements be at the discretion of Administration.

With the new sale criteria, Administration will review each lot for its future potential and work to sell as many as possible. If a lot cannot be sold with a reasonable expectation that it will not become a nuisance to the neighbourhood, it will be retained in the City's inventory.

### Derelict Property Demolition Incentive Program

The process of managing derelict properties - seeing them boarded, repaired, having the boards removed, and finding through numerous bylaw complaints that they've been damaged again, especially in the case of a handful of property owners - is a perpetual cycle.

The goal of the demolition incentive program will be to provide owners of boarded and derelict homes with an incentive to tear them down. A \$10,000 credit to the City Landfill may encourage some property owners to proactively demolish their problem property, especially when the alternative is a lengthy legal battle that will result in even greater fees, sometimes double or triple the cost to demolish.

With the continued, bylaw-ordered demolition of boarded and derelict properties, many of which we may take through tax enforcement, the City will continue to add properties to the \$1 lot inventory. The above-noted changes will allow Administration some flexibility in considering sale options and the properties stand a better chance of changing hands quickly, providing some benefit to the City and the neighbourhood they are located in.

## **CONSULTATIONS:**

For this report, Planning and Development Services discussed these issues internally, and with the Community Services and Finance Departments to ensure a clear understanding of each Department and division's mandate and issues.

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**COMMUNICATION AND/OR ANNOUNCEMENT PLAN:**

In order to broadcast the information on these incentives to a wider audience, Administration will seek to distribute it through several methods. Should additional opportunities be brought forward or present themselves, further public communication will be undertaken.

**BUDGET/FINANCIAL IMPLICATIONS:**

Considering the costs associated with managing boarded and derelict buildings, as well as the costs associated with keeping a considerable vacant land inventory, any short term investment that results in the transfer of ownership or the removal of boarded or derelict homes is highly recommended.

The new Derelict Property Incentive Program will be funded from the Housing Reserve, so Administration will review the policy to ensure that the requirements are met and report on the balance of the reserve annually. Please see attached for the projects recently approved from the Housing Reserve and its current balance.

**OTHER CONSIDERATIONS/IMPLICATIONS:**

There are no privacy or financial implications, or options to the recommendation to consider with this report.

**STRATEGIC PLAN:**

In 2024, Administration was tasked with achieving organizational effectiveness wherever possible to mitigate or reduce the financial burden that ratepayers may bear from a considerable tax increase. With that in mind, while each agency, department and division has an important mandate and is already working lean, efficiencies can still be achieved when we think more globally about certain issues. In this case, zooming out on the issue of boarded and derelict homes, housing incentives, vacant land, and how each is managed, may result in additional cost savings and efficiencies.

**OFFICIAL COMMUNITY PLAN:**

Goal: Encourage the redevelopment or rehabilitation of functionally obsolete or vacant residential, commercial, industrial and institutional land and buildings where economically feasible and where compatible with prescribed existing land uses.

- ii. Explore incentives to encourage renovations, upgrades, and infill development in the Downtown and surrounding neighbourhoods such as tax breaks/abatements, incentives, grants, etc.;

**PUBLIC NOTICE:**

Public Notice pursuant to the Public Notice Bylaw No. 24 of 2015 is not required.

**ATTACHMENTS:**

1. Derelict Property Demolition Incentive Program Poster and Application

2. \$1 Lot Program Information
3. Housing Reserve Balance

**Written by:** Kristina Karpluk, Planning Manager

**Approved by:** Director of Planning and Development Services and City Manager