



City of
Prince Albert

RPT 2024-261

TITLE: New Home Construction Tax Incentive Agreement Assignment – 686 and 690 19th Street West

DATE: August 19, 2024

TO: City Council

PUBLIC: X

INCAMERA:

RECOMMENDATION:

1. That upon the sale of 686 and 690 19th Street West, legally described as Lots 5A and 5B, Block 20, Plan 103349188 Ext. 0 the New Home Construction Tax Incentive Agreements be assigned to a new property owner; and,
2. That the Mayor and City Clerk be authorized to execute the Agreements on behalf of the City, once prepared.

EXECUTIVE SUMMARY:

On July 27, 2020, City Council approved the New Home Construction Tax Incentive Program applications for 686 and 690 19th Street West. The goal of the tax incentive program was to encourage the development of new residential dwelling units with a five (5) year tax abatement. In the case of 686 and 690 19th Street West, the tax abatement expires in 2025. The current property owner has both properties on the market for sale and if they sell prior to 2025, the tax incentive agreements need to be assigned to the new property owner(s). The agreements indicate that assignment requires written City consent. Administration has no concern with the assignment of the tax abatement agreements as they are specific to the property. Therefore, approval is recommended.

BACKGROUND:

City Council Resolution No. 0322 dated July 27, 2020 as follows:

- “1. *That the New Home Construction Tax Incentive Program Applications for 686 and 690 19th Street West, and 831 River Street East be approved, subject to:*

- a. *The Applicants entering into New Home Construction Tax Incentive Agreements with The City; and,*
2. *That the Mayor and City Clerk be authorized to execute the Agreements on behalf of The City, once prepared.”*

The report also states as follows:

“As per Resolution No. 0093 of the February 24th, 2020, City Council Meeting, the Building Our Tax Base - New Home Construction Tax Incentive Program was renewed by City Council:

- “3. *That the Building Our Tax Base – New Home Construction Program, as described in City Council Resolution No. 0241 dated May 7, 2018, be renewed until December 31, 2020.”*

In 2019, City Council approved nine (9) applications for the New Home Construction Program. Seven (7) came into effect in January of this year, and two (2) will come into effect on January 1st, 2021.

In 2020, City Council has approved six (6) applications to date, five (5) will come into effect on January 1st, 2021, and one (1) will come into effect on January 1st, 2022.

The New Home Construction Tax Incentive Program is no longer being offered as the City has shifted its focus onto the Affordable Housing Program and other similar programs.

PROPOSED APPROACH AND RATIONALE:

With the development of new homes, especially by builders who intend to sell them, the assignment of related agreements is common practice. In this case, the property owner is selling two dwelling units, a semi-detached dwelling. Should the homes sell before 2025, the tax incentive agreements need to be assigned to the new property owner(s) to remain valid, which is recommended as they are valid until the end of 2024. In 2025, the property becomes fully taxable.

Administration has not included any purchaser’s names in the resolution as that is not currently known. Additionally, having approval of the agreement assignment in place prior to the sale will provide potential owners with the knowledge and reassurance that the tax abatement will continue with their new ownership.

CONSULTATIONS:

The Planning Division has spoken with the property owner to clarify their intent, and they wish to have both tax incentive agreements assigned to new property owners.

The Planning Division has also spoken with the Assessment and Taxation Divisions to advise that a change in ownership is expected in the short term.

COMMUNICATION AND/OR ANNOUNCEMENT PLAN:

Once approved, the current property owner will be notified. And, upon the sale of the properties, Administration will work with them and the new owner(s) to complete and execute new agreements.

These agreements will be sent to the Financial Services Department for processing, once fully executed.

BUDGET/FINANCIAL IMPLICATIONS:

The financial and budgetary implication to consider is the continuation of the tax exemption for both properties to the end of 2024. In 2025, both properties become fully taxable, meaning the program met its intended goal of increasing the tax base.

OTHER CONSIDERATIONS/IMPLICATIONS:

While not a policy, the assignment of agreements related to the Building Our Tax Base suite of incentive programs is in keeping with the overall goal because the hope is that homes are built and change hands over time.

In order to assign these tax abatement agreements, City Council approval is required. Without their assignment the new homeowners may not benefit from the temporary tax relief.

OPTIONS TO RECOMMENDATION:

There are no options to the recommendation to consider with this report.

STRATEGIC PLAN:

In keeping with the strategic priority to build a robust economy, more specifically focusing on population growth, the Building Our Tax Base suite of programs created the opportunity for a wide range of housing types and price points to be built. Seeing the assignment of the related agreements means that the program was successful, and two homes will soon be sold to two new homeowners.

OFFICIAL COMMUNITY PLAN:

Taken from the General Residential Land Use section of the Official Community Plan, Section 6.4.2, the policies support the purposeful development of a diverse range of housing types in all neighbourhoods. Similarly, with the City's population becoming more diverse, a wider range of housing types is necessary to accommodate the needs of our changing community. In the case of these tax incentives and the related properties, the home is a two-unit dwelling, specifically a semi-detached building, which is a form of housing that is becoming more and more popular for its cost-effectiveness to build and ability to buy.

PUBLIC NOTICE:

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

ATTACHMENTS:

1. New Home Construction Tax Incentive Agreement 686 19th Street West
2. New Home Construction Tax Incentive Agreement 690 19th Street West
3. Location Plan

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Approved by: Director of Community Development & City Manager