



Show Me The Green

Innovative Financing Mechanisms For Sustainability

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Land Branch





Urban Municipalities

- Front line in the delivery of programs, direct services and the provision and maintenance of municipal infrastructure to satisfy the quality of life expected by the community.
- Mid to Long Term Financial burden for cities to fund new or upgraded existing infrastructure and other programs is quite often out of alignment with its ability to raise revenues.
- Cities need to secure sustainable and predictable funding.





How a Municipal Land Bank Program Can Generate Sustained Revenues – *An innovative financing mechanism for municipalities.*

- Saskatoon's Land Bank Program is one example of Showing the Green.
- A municipally owned Land Bank can produce net profits. Several small to mid-sized cities in Western Canada operate land development businesses to help them to fund their community needs or goals. At the same time this business activity can ensure their community has the infrastructure in place and on time to promote and encourage business investment and employment within their region.
- An enterprising approach to adding value to land, facilitating economic growth and reaping net profits for re-investment. It's typically referred to as a Municipal Land Bank Program.
- Saskatoon operates the largest **self-financed** Land Bank Program in Canada and has operated this on a formal basis since 1954.





Saskatoon's Land Bank History

- By 1945 Saskatoon held title to an inventory of 8,500 building sites as a result of tough times during the previous 3 decades.
- With the end of WWII, the returning veterans and migration by many to the City created a significant housing shortage. This led to the sale of a large inventory of land.
- By 1954 City Council decided to re-invest the sale proceeds to the purchase and servicing of raw land and commence the Land Bank Program. Most other cities generally exhausted their inventory of tax title properties and used these funds for general expenditures





Saskatoon's Land Bank – 5 Directives

1. Provide an adequate supply of serviced residential lots(1 year inventory), multi-family and industrial land (2 year inventory) at competitive market values
2. Provide creativity, leadership and innovation in urban design
3. Provide financial returns for allocation to civic projects and programs – Show the Green
4. Assist in orderly urban growth
5. Ensure on-going competition within the land development sector





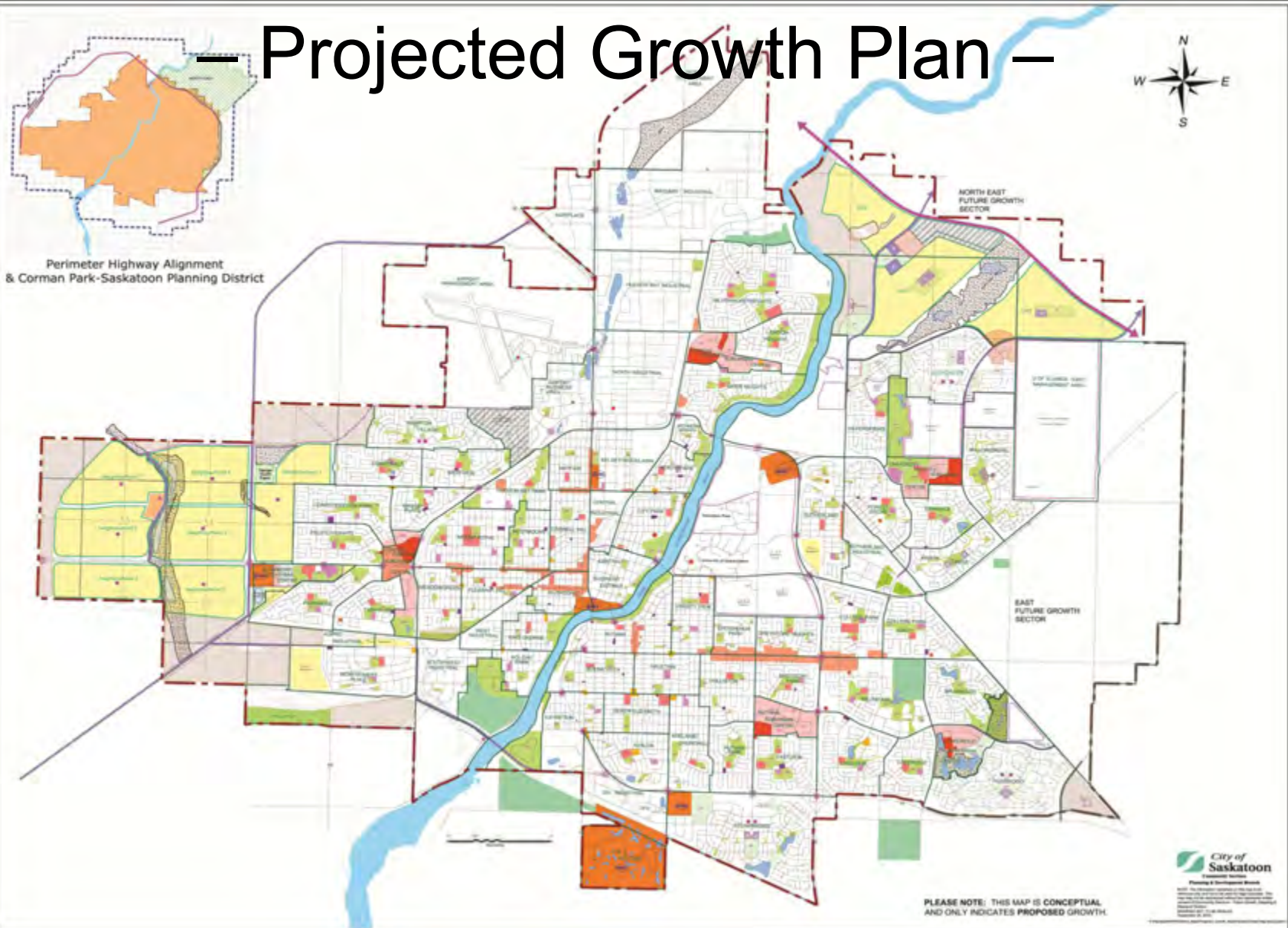
Saskatoon at a Glance

- Population of 225,000 and is forecasted to grow at an annual rate of 2.1% (25,000 in 5 years) with a Census Metropolitan Area population of 258,000.





– Projected Growth Plan –



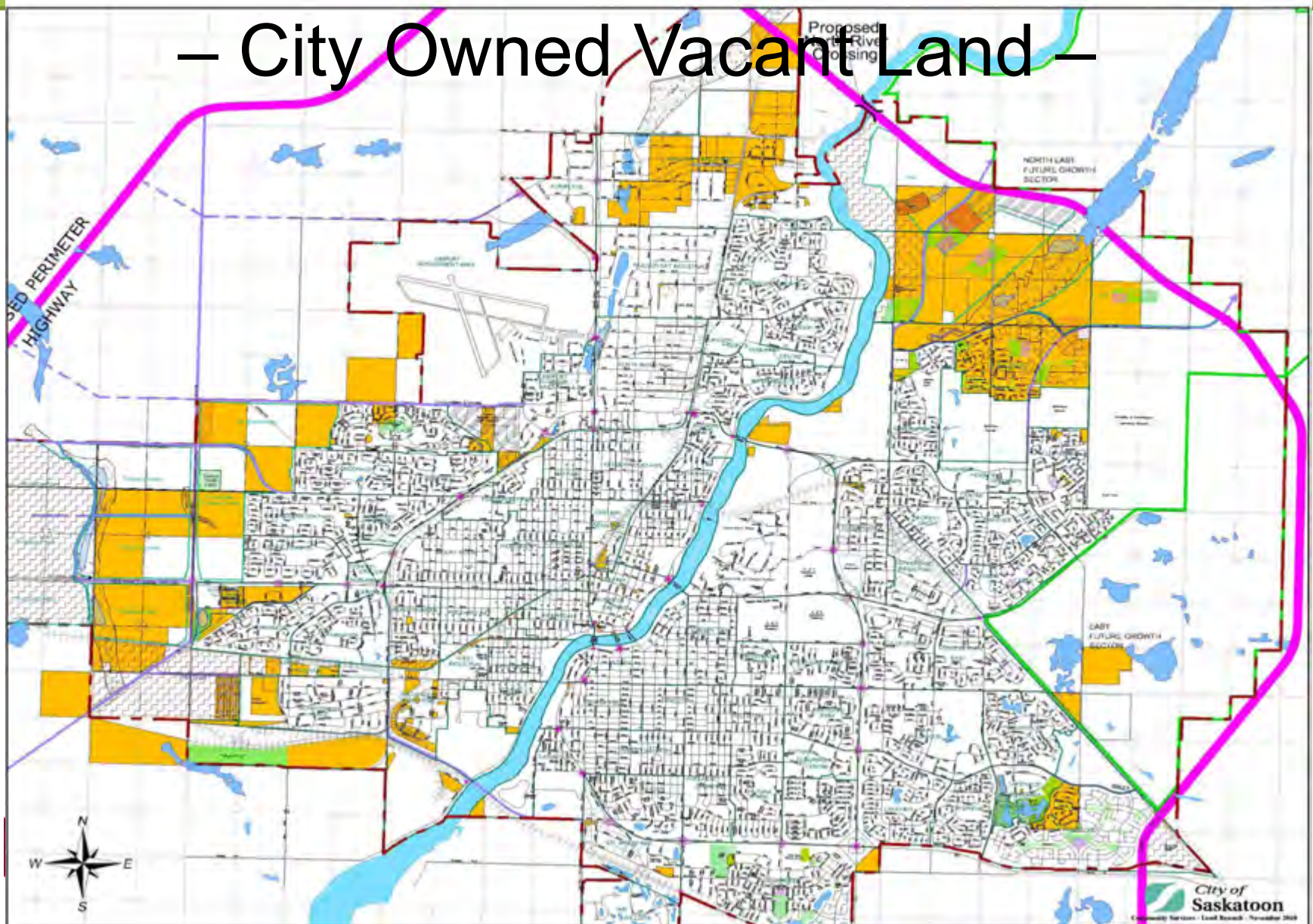


City Land Ownership

- approximately 7,500 acres of un-serviced land purchased on a continuous re-supply basis and as much as 20 to 30 years in advance.



– City Owned Vacant Land –





Saskatoon at a Glance

- Conference Board of Canada - Saskatoon's economy or GNP is the most diverse in Canada and has been growing an average annual basis of 4% for the past 15 years. Over the past 5 years Employment growth at 4.5%, population growth at 1.5% and household growth at 2.7%. Royal Bank recent forecast for Saskatchewan's GDP growth rate to lead all provinces for 2011 at 5.3%





Saskatoon's Economic Drivers

All sectors are driving the economy. Principally these are:

- as an export centre to the world of various commodities: 1/3 of world supply of potash, 20% of world supply of uranium, cereal and oil seed and other pulse crops.
- 2nd largest supplier of oil in the country and largest supplier of natural gas.
- growing creative class economy with the University of Saskatchewan , Synchrotron, and Innovation Place
- Net positive Migration – from within and outside Canada 6,590 persons in 2009.
- Residential and industrial construction expansion over the past 15 years with no end in sight.
- Industrial expansion (providing products and services within the Region and to the mining sector – potash, uranium , forestry, rare earth minerals, diamonds, gold etc.)
- Service and retail sector expansion



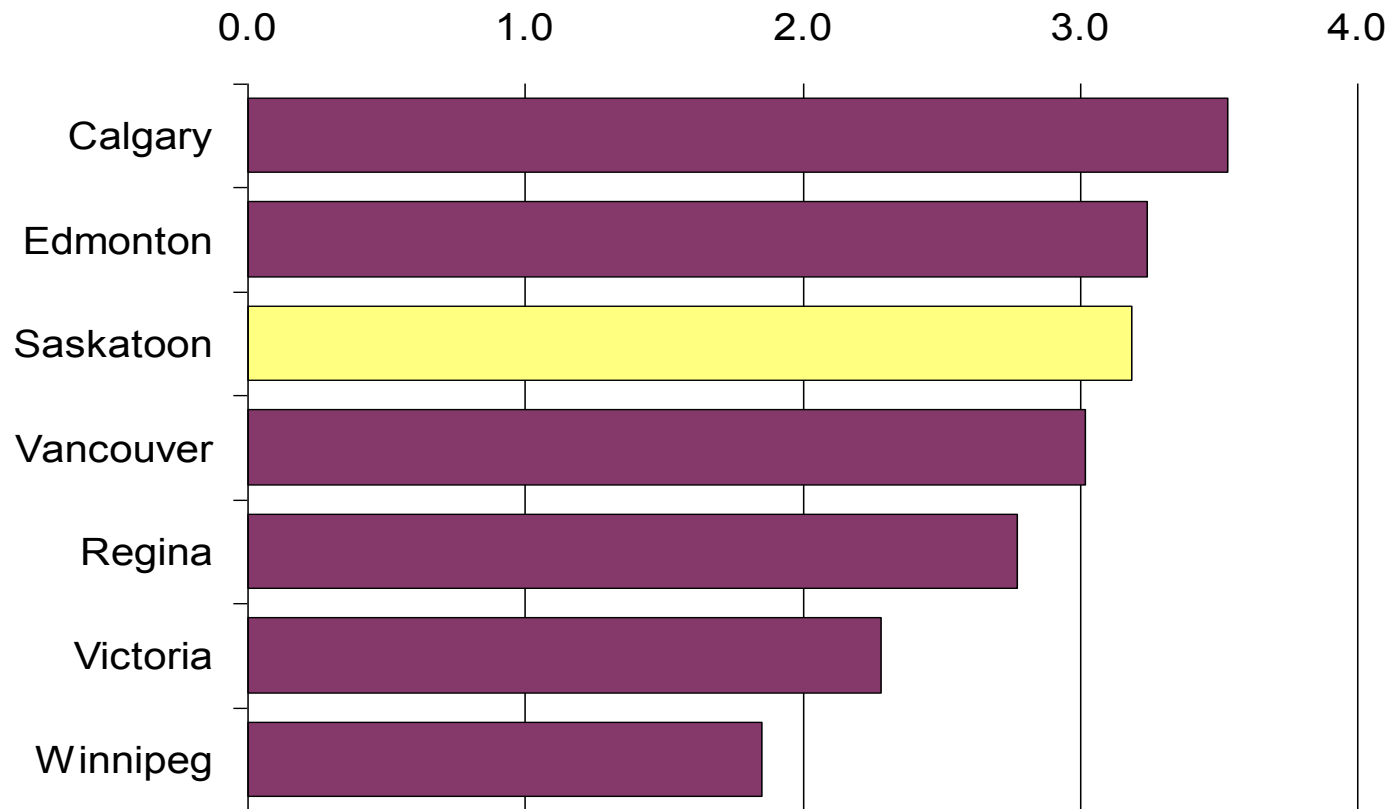


Economic Pictures of Saskatoon by Mario Lefebvre





Saskatoon vs. the West – (Real GDP Growth, 2011)

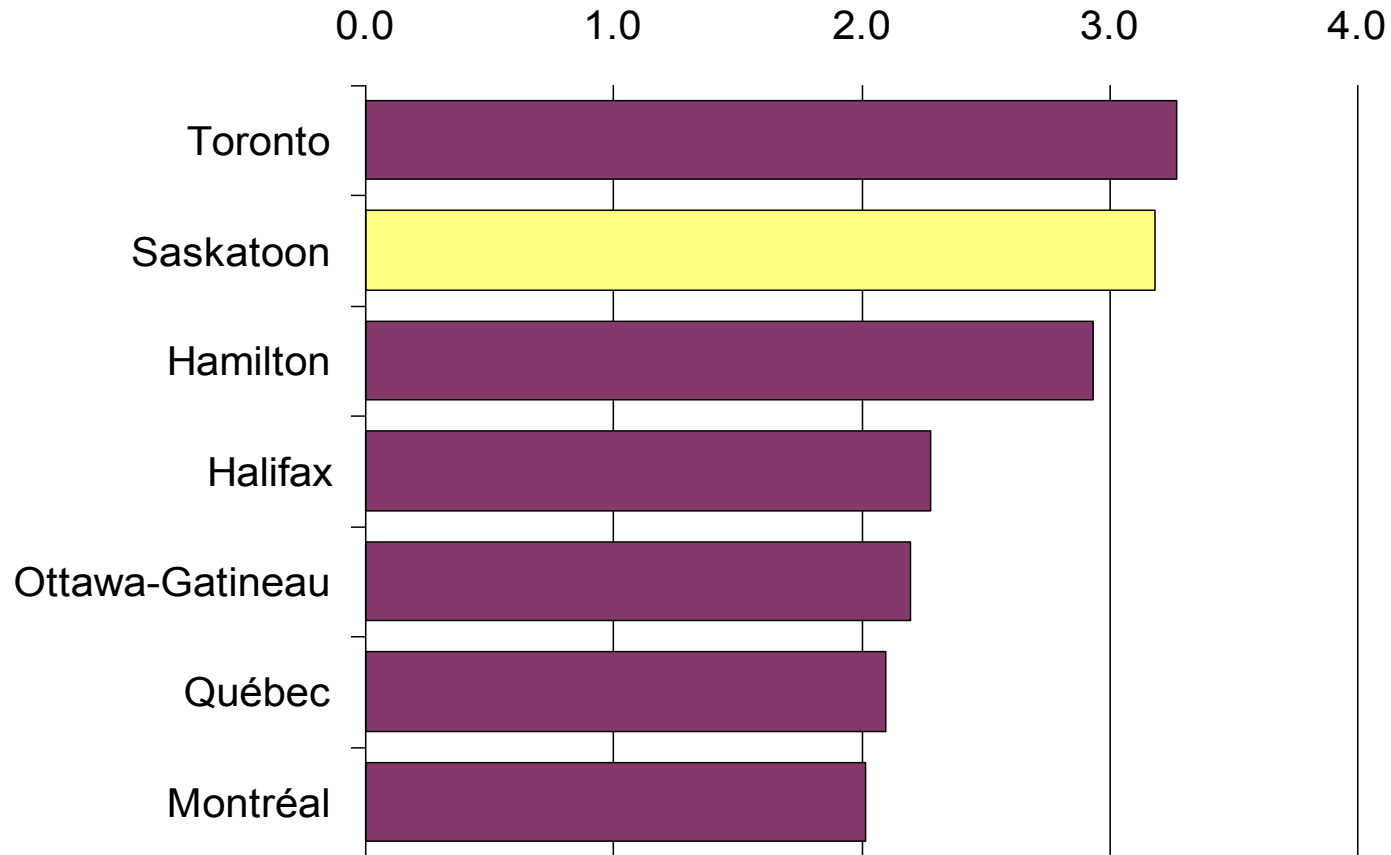


Source: The Conference Board of Canada.





Saskatoon vs. the East – (Real GDP Growth, 2011)

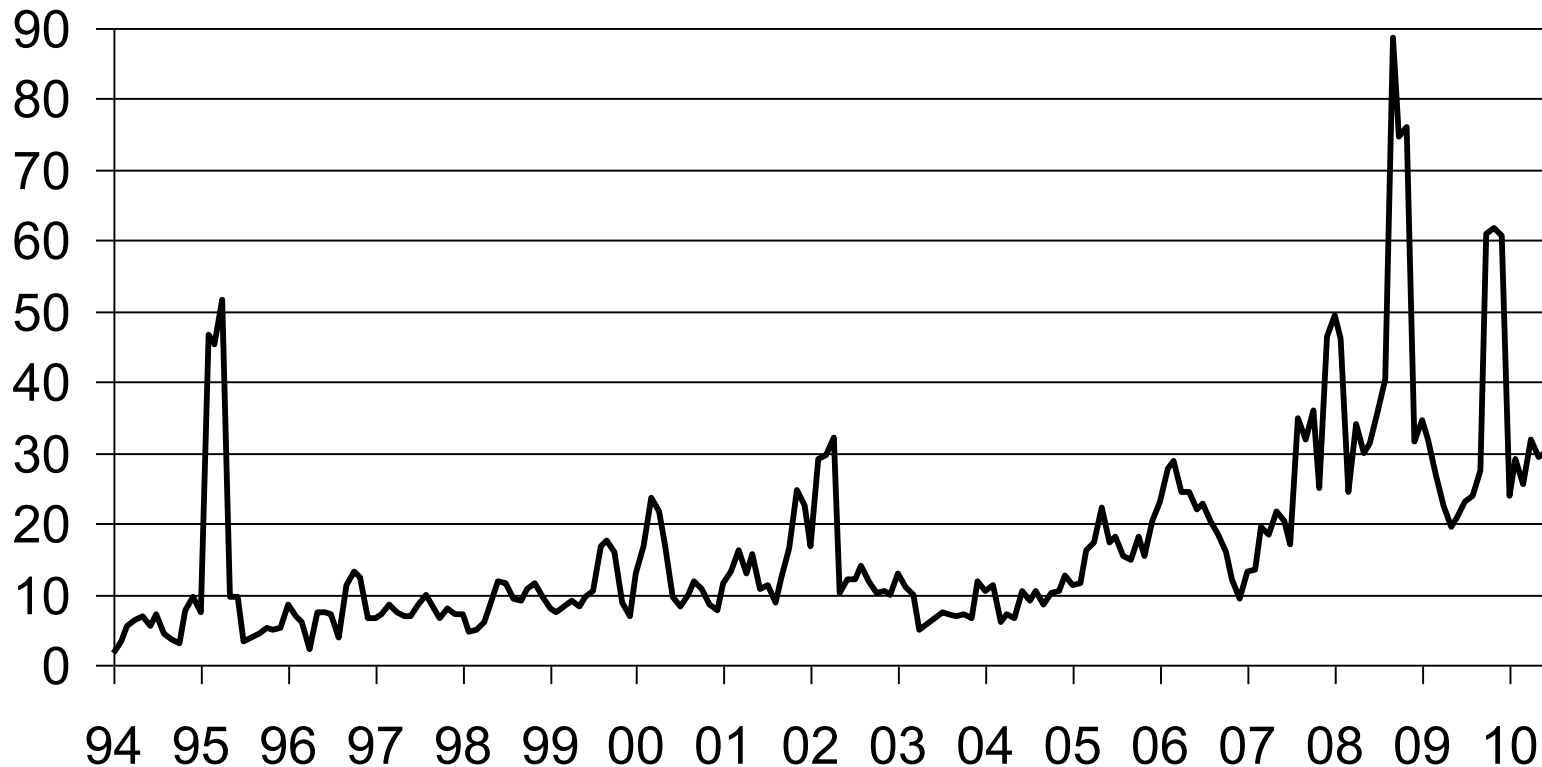


Source: The Conference Board of Canada.





Non-Residential Building Permits Saskatoon (3MMA, Millions \$)



Source: The Conference Board of Canada; Statistics Canada





Saskatoon's Land Bank Program

Success and Achievements in Meeting its Objectives Including Showing the Green:

- We design and develop neighbourhoods, suburban centres and industrial development areas.
- Our Residential development areas account for 50% to 60% of the market. Our fully serviced Industrial land development areas account for approximately 95% of the market.
- We do not attempt to compete with lightly serviced industrial parks outside of the City and we encourage large land users who do not require the full suite of urban services (such as transit and sanitary sewer treatment) to contact the providers of land within the region.
- We have attracted several new industries in this manner and have been able to retain existing and expanding industry looking for new and larger industrial parcels. We sell approximately 25 to 35 parcels (45 net acres) of industrial land each year. This enables an annual added industrial floor area of approximately 400,000 sq. ft. to 500,000 sq. ft.





Saskatoon's Land Bank Program

- In 2010 our sales exceeded \$ 123 million. This includes \$59.6 million in residential lots, \$22.8 million for commercial land, \$23.3 million for multi-family land and \$18.2 million in sales of industrial parcels. This is our highest level of activity.
- Previous annual sales were :
 - 2009 - \$52.2 million
 - 2008 – \$47.3 million
 - 2007 – \$99.2 million
 - 2006 – \$45.9 million





Saskatoon's Land Bank Program

- Prior to 2001, most neighbourhood designs undertaken by the City and private land developers were fairly conventional suburban designs with homogenous results (form, function and scale) and achieved gross densities of 3.5 to 4 units per acre.
- The Land Branch in 2001 recognized that consumer preferences had changed sufficiently to warrant a new and more creative approach.





Saskatoon's Land Bank Program

- We wanted to remain **relevant** and **stay in business**;
- We wanted to **maximize our market share**;
- We wanted to raise the bar and provide **leadership in design**;
- We wanted to **depart from old to new design measures** and in doing so densities were increased initially to 5.6 units in 2004 in Willowgrove and have moved to densities of 8.7 units per acre in our newest Evergreen Neighbourhood with our 1st phase being sold out in December.
- We also at the same **increased our risk** by spending much more money on the design details (entrance streetscape treatments, fencing, linear parks and many other enhancements).





Saskatoon's Land Bank Program

- The results have been **increased reputation in design, increased market share and increased profitability**. Also as important is the **increased staff productivity and creativity** which will only serve to motivate us to continue this business as a major profit centre for the next decade.
- City Land Development Projects Having total sales value in excess of \$1.2 billion over 20 years (2004 to 2024). Several examples include:





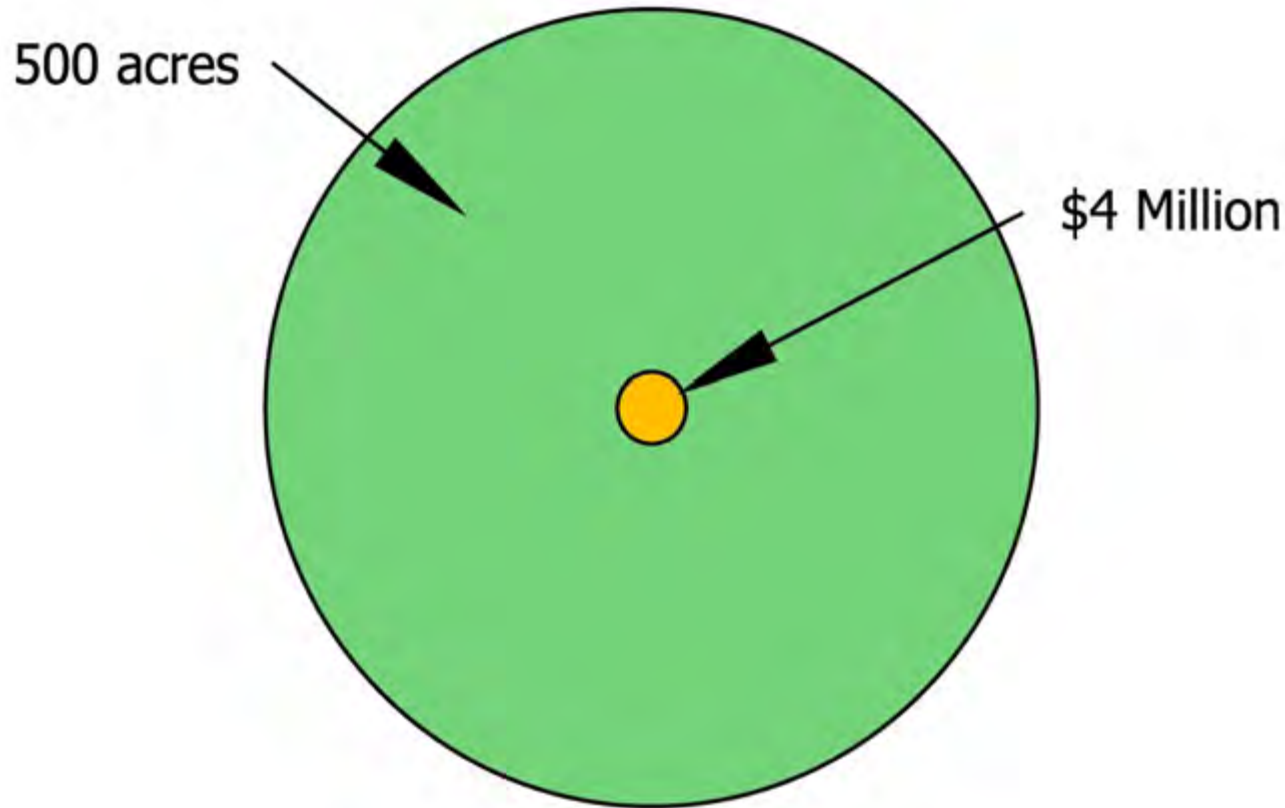
Willowgrove Neighbourhood

- 507 acres
- 5.6 units per acre
- \$197 million in sales
- 2004 to 2010



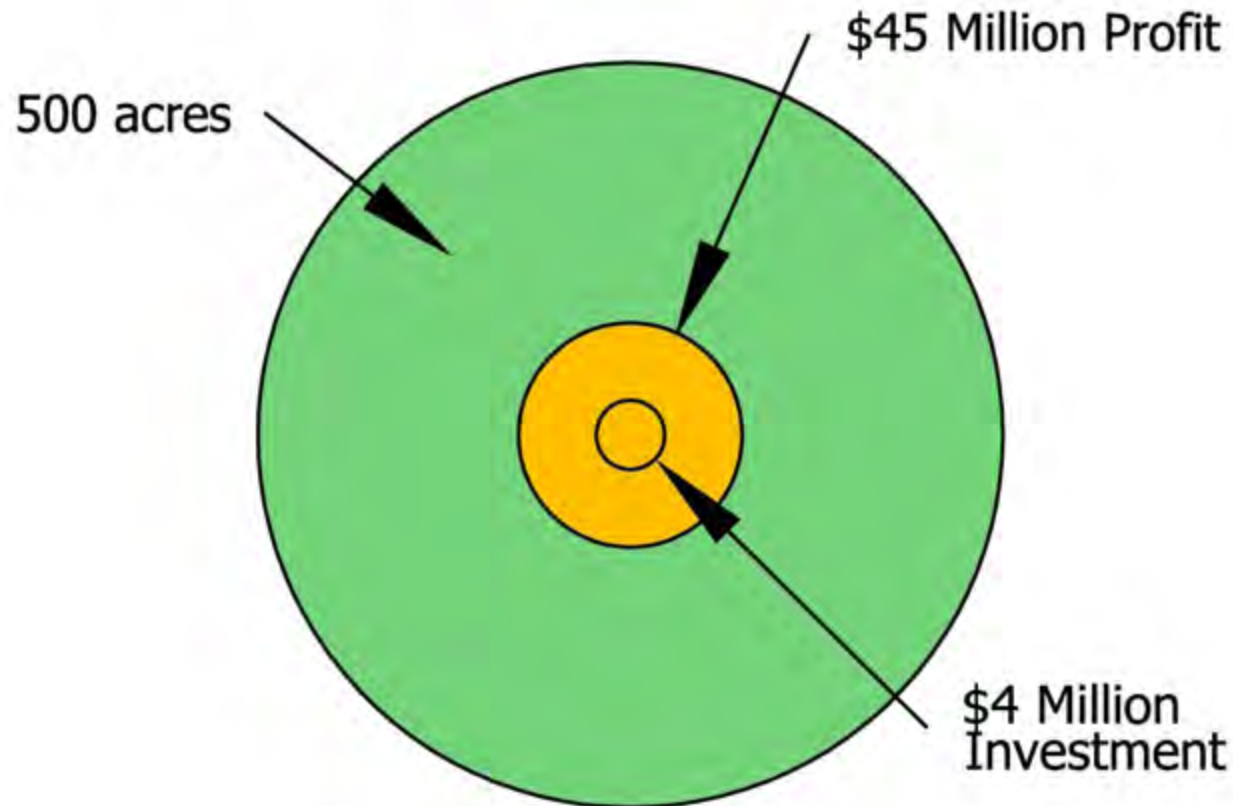


Willowgrove Neighbourhood – Initial Land Investment





Willowgrove Neighbourhood – Land Net Profits





- Hampton Village - 225 acres (5.5 units per acre – limited by Sanitary capacity) - \$94 million in sales
- Rosewood - 120 acres (5.5 units per acre- limited by Sanitary capacity) - \$50 million in sales
- Evergreen – 645 acres (8.7 units per acre) - \$287 million in sales
- Kensington – 200 acres (7.3 units per acre) - \$89 million in sales
- Blairmore Suburban Centre – 200 acres (20 to 40 units per acre) - \$60 million in sales
- Marquis Industrial – 1200 acres - \$400 million in sales

All costs for land acquisition, direct and off-site services, area enhancement costs, planning and engineering design and approval costs and cost of sales are deducted from sales value. The development is totally self-financed. The resulting net proceeds are then distributed.





Show the Green!!!!

Where does the money go?

Two Reserves Are In Place:

1. All net proceeds received from the sale of commercial and industrial properties are directed to the Property Realized Reserve. If the Cash Value of the City's **Property Realized Reserve** exceeds \$24 million, the additional funds are allocated by Council for non land development Future Capital Expenditures. (approximately \$1 to \$3 million per year.)
 - This reserve is used to fund the acquisition of land for the Land Bank Program, for internally borrowing purposes and for interim financing of land acquisitions for major capital projects. Interest accrued in this Reserve is allocated to the City's General Revenues (approximately \$1 million per year).
 - Leases revenues (approximately \$ 1 million annually) collected from leasing of city-owned land for a variety of purposes are directed to the City's General Revenues.
2. In 2007 the net proceeds from certain specific neighbourhood land development projects are being deposited to a new account referred to as the City's **Land Development Fund**.
 - Between 2007 and 2014 City Council has or will allocate a total of \$61 million in net proceeds out of the Land Development Fund from the sale of property in Hampton Village and Willowgrove Neighbourhoods.





These allocations have funded many capital projects and operating costs such as:

- \$16.3 million to fully fund the City' Affordable Housing Reserve commitments till 2011,
- \$10 million for inner city urban renewal projects,
- \$7.9 million over 5 years for operating budget contributions,
- \$2.5 million to Bridge Reserve,
- \$5 million for land acquisitions
- \$5 million over 5 years for various other Future Capital Expenditures
- \$5.2 million to replace an inner city outdoor swimming pool.
- \$8.8 million to a variety of other capital projects over 5 years.





City of Saskatoon Once Again Receives AAA Credit Rating From Standards & Poor's Report

- “The ratings on Saskatoon reflect Standards & Poor’s assessment of the City’s generally strong operating performance, strong economy, and excellent cash and investment levels that exceed its debt.”
- The City of Saskatoon has received the AAA/Stable credit rating every year for more than a decade.
- A major factor contributing to this rating is the cash flow resulting from the **City’s Land Bank Program**.





Affordable Housing Program





Continued Re-investment in Land For Both Suburban and Inner City Renewal

- We purchase land for not only suburban residential and industrial growth but also to set the stage for re-investment in the downtown and inner city neighbourhoods. There is no contribution from the City's general revenues for funding of these land purchases.
- The **Property Realized Reserve** has funded the purchase of several blocks of land in these areas over the past 40 years. Some of this land was purchased for civic purposes such as city yards and transit operations (these are now being relocated enabling 40 acres of Brownfield to be redeveloped in the downtown) or
- Purchased for specific downtown or inner city urban renewal projects.





River Landing

- The most notable project is the City's River Landing Project. The land investment was approximately \$7 million over several years of assembly. Approximately \$80 million has or is being spent for servicing and river shore amenities.
- Land sales have commenced and to date a 12 storey senior citizens housing complex and a non-profit theatre complex have been constructed and in operation.
- In 2010 City sold a riverfront parcel for a major mixed use development (office, hotel, residential and retail centre) which will be a major attraction to the downtown. This privately owned and financed project is a \$260 million investment on a 2.85 acre site.
- Other sites will be released for sale including a destination centre in Phase 1 and other housing and mixed use opportunities in Phase 2.
- In process of Developing a Master Plan for the redevelopment of the City's North Downtown Area (80 acres) which is a major Brownfield site capable of being re-planned and re-engineered to accommodate approximately 4,000 to 12,000 residents in the downtown along with other commercial and office development.
- Great opportunity to examine the use of new power generation techniques (fuel cell technology) and resulting district heating to show the Green both in terms of money and the environment.





River Landing





River Landing



North Downtown

- 80 acre redevelopment of City Yards.
- Directly adjacent to city centre.
- Estimated population of 4,000 – 12,000.
- 2,600 – 8,000 units
- \$75 - \$100 million in sales.



Saskatoon Entrance Signs

- The next time you arrive in Saskatoon by road or by air you will notice our highly visible entry signs proudly stating that Saskatoon Shines.
- PS – City Entrance Signs funded by the Saskatoon Land Bank Program





In Closing

- The **Land Bank Program** has provided significant benefits to the building of Saskatoon over the past 56 years of its operations.
- We continue to re-invest in this program through land acquisition and servicing and sales both on the suburban edge, the downtown and inner city area.
- It has been a major item in Saskatoon's tool kit to enable City Council to be responsive to residents and businesses needs in a financially accountable manner. Other municipalities have seen what we have accomplished, have consulted with us and have over the past several years started their own Land Bank Programs.
- Saskatoon's Land Bank Program has enabled the City to be entrepreneurial in creating wealth. Through the funding of many of its capital projects and programs, the City has been able to maintain competitive municipal tax rates and attract further investment in the local and regional economy. **A Municipal Land Bank Program can be an innovative mechanism to secure sustainable and predictable funding.**

