

CITY OF REGINA UNDERUTILIZED LAND STUDY

Report Submitted to City Council – September 10, 2018

V3 Companies of Canada Ltd.

In Association with Praxis Consulting & Trace Associates



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Table of Contents

1.0 Introduction.....	1	5.0 Business Case Examples	44
1.1 Purpose of the Underutilized Land Study.....	1	5.1 Business Case #1: 1341 Retallack Street.....	48
1.2 Putting Intensification (Infill) in Context	2	5.2 Business Case #2: 2151 Broad Street	54
2.0 Understanding Current Conditions.....	4	5.3 Business Case #3: 1802 Rose Street.....	60
2.1 Municipal Best Practices	5	6.0 Policy Directions.....	68
2.2 Brownfield Legislative & Regulatory Requirements	10	6.1 Directions for Improving Regulatory Issues	68
2.3 Roles and Responsibilities.....	16	6.2 Directions for Improving Process.....	70
2.4 Funding & Incentive Programs.....	17	6.3 Directions for Addressing Brownfields.....	71
2.4 Regina’s Tax Policy, OCP, & SAF/DL Policy	22	6.4 Directions for Improving Financial Issues.....	72
2.5 City of Moose Jaw – Taxable Sub-Class.....	23	6.5 Directions for Improving Infrastructure & Public Perception ..	73
3.0 Underutilized Land Inventory Analysis	27	6.6 Directions for City Strategy and Leadership	74
3.1 Underutilized Land Maps	29	7.0 Outline of Incentive Program Design	75
3.2 Summary and Analysis of Underutilized Maps.....	32	7.1 Summary of Incentive Program Design.....	77
3.3 Infill Potential within City Centre and Study Area	32	7.2 Summary of Incentive Program Process	78
4.0 Stakeholder Engagement.....	34		
4.1 External Stakeholder Engagement	34		
4.2 Internal Stakeholder Engagement.....	40		

Glossary of Terms

EBIT – earnings before interest and tax.

EBITDA – earnings before interest, taxes, depreciation and amortization.

Environmental Site Assessment (ESA) – a report that identifies potential or existing environmental contamination and risk.

Federation of Canadian Municipalities (FCM) – an advocacy group representing over 200 Canadian municipalities that negotiates with the federal government on behalf of municipalities.

Greenfield – land not previously developed or contaminated.

Green Municipal Fund – a fund of the FCM to support initiatives that offer environmental benefits, and that can generate new models of development in all regions of Canada.

Hard Costs – tangible assets that are required to complete a construction project.

Intensification Boundary – a boundary established by the City of Regina to represent the containment for the area in which infill development will be promoted by various planning initiatives.

Intensification Work Plan – an initiative created by the City of Regina that involves several projects to work towards Design Regina's goal to support intensification.

Mill Rate – the amount of tax payable per dollar of the assessed value of a property.

Mill Rate Factor – also known as the tax rate, is a tool to redistribute the total amount of taxes paid by each property class and subclass.

Net Income – total income minus the cost of goods sold, expenses and taxes for a reporting period.

Operating Expenses – an expenditure that is incurred as a result of performing normal functions.

Servicing Agreement Fees/Development Levies (SAF/DL) – types of development charges that the City of Regina uses for the recovery of growth costs that are imposed when any new development requires more servicing capacity than is currently provided for infill sites.

Soft Costs – an expense item that is not considered a direct construction cost and include architectural, engineering, financing, and legal fees, and other pre- and post-construction.

Tax Abatements – incentive in the form of a reduction or exemption of property taxes granted by a local government for a specified period.

Taxable Assessment – the assessed value of a property, that when multiplied by the mill rate and the mill rate factor determine the amount of property tax on a given property.

Tax Incremental Financing (TIF) – a public financing tool used as a subsidy for redevelopment, infrastructure, and other community-improvement projects.

Underutilized Land – locations that are chronically vacant and do not contribute services or amenities to the City of Regina. Underutilized land can take the form of vacant lots, vacant buildings, and surface parking lots, and has the following sub-classes:

Brownfield – An undeveloped or previously developed property that may be contaminated. There are usually, but not exclusively, former industrial or commercial properties that may be underutilized, derelict or vacant.

Bluefield – The site of an institutional or community facility that is no longer in use. This may include former schools, hospitals, long-term care facilities, religious institutions, courthouses or similar uses.

Vacant Lots – An existing property that was formally in use but where there is no building.

Surface Parking Lots – A commercial surface parking lot located in the City Centre that does not contain a principle building.

Vacant Buildings – A building located in the City Centre that was formerly used for industrial, commercial or residential purposes but has been totally vacant for at least one year and is not current available for rent or lease.

Underutilized Land Improvement Strategy (ULIS) – the strategy to improve vacant lands, to be developed upon completion of this study.

1.0 Introduction

Regina has a vision for its future. The adoption of *Design Regina: Official Community Plan (OCP)* in late 2013 by Regina City Council set out a new course for Regina's growth and development. A realistic population growth to 300,000, and ultimately half a million, is expected and Regina is preparing for that sustainable future. However, growth needs a framework and structure to achieve City adopted goals and ambitions which will not only make Regina bigger, but a city of choice among many very good choices in Canada. A goal has been set to see 30 percent of Regina's next 65,000 new residents residing within the intensification boundary. It is estimated that approximately 20,000 to 25,000 new residents could live within the intensification boundary. The Underutilized Land Study is one component of a series of initiatives to help make this happen. According to the Saskatchewan Plan for Growth, the Province of Saskatchewan wants to grow to 1.2 million people by 2020. Regina is doing its part by planning for sustainable growth which includes encouraging the use of hundreds of hectares of existing underutilized land.



1.1 Purpose of the Underutilized Land Study

This project aims to discover the issues surrounding underutilized land in Regina within the Intensification Boundary (Study Area). The study will provide direction towards potential solutions which will inform the Underutilized Land Improvement Strategy (ULIS) phase.

Every municipality must find a balance between supplying land for greenfield development and promoting the redevelopment of underutilized lands in the established areas of the City. There are many examples of effective infill and brownfield development policies in other jurisdictions. It has been proven that strong urban growth containment policies generate more interest in redeveloping underutilized lands. It should be noted that the purpose of the Underutilized Land Study is not to recommend restrictions on greenfield development, as outward expansion will be needed as the City of Regina continues to grow. This study is intended to provide policy directions based on extensive research and community engagement that encourage investment in redeveloping brownfield land, with the goal of making infill development as attractive as possible. Urban containment restrictions on Greenfield development is a policy decision by the City of Regina which may be considered in the Strategy phase.

It should also be recognized that some previous work has recently been completed by the City to prepare for a shift in policy to provide a better balance between greenfield and infill development within Regina. The Downtown Serviceability Study (DTSS) Report 2014, identified 7,500 new residents within the study area. Furthermore, the Open Space Management Strategy identifies open space requirements based on population growth. Intensification will trigger more open space as per the Open Space Management Strategy. Open space for recreation is an important element which will make intensification areas more attractive for development.



The Underutilized Land Study is the latest project prepared under the City's Intensification Work Plan to help move the City towards its 30 percent intensification goal.



The OCP was adopted by Regina City Council in December 2013 and received Ministerial approval in March 2014. The plan contains a new policy framework to direct Regina's growth and development to a population horizon of 300,000 and ultimately to 500,000.



Since the adoption of the OCP, the City Administration has undertaken significant and fundamental policy shifts towards development phasing, financing growth, servicing agreements and development levies. The purpose of the Underutilized Land Study is to compliment these policy directions, and to continue working towards the City's Intensification goals.

This study will help the City move towards achieving the benefits of intensification as set out in OCP pertaining to intensification, sustainability and leadership. There is no doubt that Canadian cities have grown stronger through increased infill activity, and in particular, the remediation and redevelopment of existing brownfield and underutilized sites. Many reports refer to the benefits of intensification in terms of the 3 E's – environment (less land consumption), economy (financial benefits) and epidemiology (healthy, walkable mixed-use neighbourhoods). The Underutilized Land Study provides a comprehensive outlook on Regina's current climate for intensification initiatives and explores policy directions that the City could consider to promote infill development within the intensification boundary.

1.2 Putting Intensification (Infill) in Context

Effective Infill policy and development creates many benefits to a municipality. Infill is usually cost-effective for municipalities since it uses existing services and underutilized local capacity in the water/sewer system, transit and transportation infrastructure, and education facilities. Public transit will operate more efficiently by encouraging transit supportive uses and development along existing routes (corridors). Along with encouraging transit effectiveness, infill development can contribute to public

health and community interaction by locating people closer to each other and destinations, promoting active transportation methods. Infill can be beneficial to local schools which are experiencing declining enrollment, and reverse declining enrollments by increasing confidence in an area's future. Developing underutilized land within an area can help create complete communities in which residents are located near amenities needed for everyday life. Infill also allows cities to grow while reducing the need to undertake costly and time-consuming boundary alterations, which are a contentious issue. Lastly, infill, in almost all cases, tends to place upward pressure on property values within the local area in which it is built, thus contributing to a stronger tax base.

However, many challenges stand in the way of intensification. For example, prairie attitudes towards higher-density growth, affordable land and the preference for lower density living, make achieving a 30/70 infill to greenfield ratio more challenging. In Saskatchewan, greenfield land is abundant and is relatively low-cost and easy to service. Which is why cities have been sprawling. Another challenge is infrastructure which is often insufficient, or in poor condition, and cannot accommodate substantial increases in density. This study serves as the basis for forming new policy and possibly new incentives to encourage more intensification and absorption of underutilized land.

Example of Intensification

Pictured on the right and below is "The Banks" development in Saskatoon. An underutilized surface parking lot was redeveloped into four mixed-use commercial/residential buildings. Source: Google Images.



This particular infill development is the marquee example of intensification within Saskatoon's City Centre. Located in the Riversdale neighbourhood (adjacent to Downtown), The Banks locates residents near amenities such as:

- The Downtown
- Transit stations and routes
- The Farmers Market
- Local shops and restaurants
- River Landing
- Meewasin Valley Trails

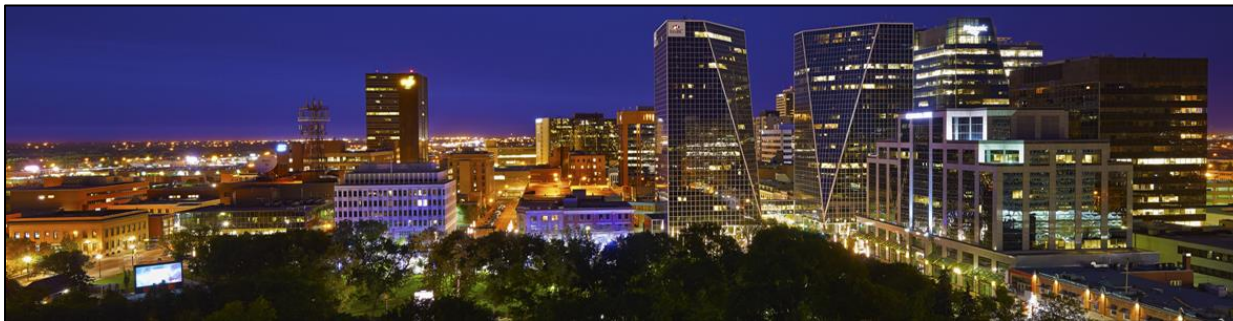
This example of intensification showcases the many benefits of effective infill development. Existing servicing and infrastructure were incorporated which provides a cost saving of extending services to greenfield development. Residents are more likely to use transit or active transportation due to their proximity to the Downtown and other amenities. Lastly, the tax base on the property increase exponentially resulting in the City being able to generate more revenue from the redevelopment of the previously underutilized surface parking lot.

2.0 Understanding Current Conditions

Every city has underutilized lands and/or buildings. What is important to consider is the trend, and the policy responses which will have the most positive impacts. This study is setting some important benchmarks in terms of data collection and the characteristics of underutilized sites in Regina. Measurements over time will identify trends and gauge the effectiveness of program and policy interventions designed to increase infill activity.

There are over 750 vacant sites located within the study area at the time of this report. Many of these sites are concentrated in the City Centre boundary and to some extent within the neighbourhoods surrounding the City Centre.

The following section of this report will look at municipal best practices, legislative and regulatory requirements, funding and incentive programs, OCP and Tax Policies and the City of Regina's Servicing Agreement Fees/Development Levy (SAF/DL) framework.



(Source: Canadian Trade Commissioner, Government of Canada)

Philosophy Behind Local Market Intervention

All Canadian cities have been given natural person powers to operate within a free market system; including buying, selling or trading: land, housing, commodities, goods and services. Municipal Governments also have the authority and responsibility to manage and direct growth, make servicing considerations for development, and to ensure residents enjoy a high quality of life by providing quality public space and urban design. Often times, when operating in a free market system, important considerations such as sustainable development, environmental stewardship, and public health take a back seat to profit-driven development which can result in a sprawling city. It is the City's job to intervene when the free market begins to steer development away from the municipality's desired direction.

2.1 Municipal Best Practices

In an ideal urban world, there would be no underutilized land and no need for market interventions by local government. However, evidence shows that local markets can benefit when local government offers minor market interventions to make the free market operate more smoothly and fairly. Incentive programs, whether financial or policy, are exercised in nearly all jurisdictions where parts of the urban economy are under-performing. Market interventions are successful in affordable housing, economic development and where land is vacant and underutilized, without distorting the overall land market.

Incentives are not give-aways or freebies. Incentives are offered in exchange for things that the city wants and needs and are not being provided by the free market. They help cities achieve difficult goals and public policy objectives.

In this regard, the Federation of Canadian Municipalities (FCM) provides a remarkable resource for collaborative learning through the sharing of best practices where local market intervention has been successful. As part of their Green Municipal Fund, the FCM created the Leadership in Brownfield Renewal Program (LiBRe), a network for municipalities that share a commitment to redevelop brownfield sites (Regina is currently enrolled). The LiBRe has developed a best practices framework that municipalities can choose to either adopt or to incorporate certain components into current planning initiatives.

The following table outlines the 7-step best practice framework:

Best Practice Framework Components
Commit to Action (<i>Design Regina</i>)
Understand the Landscape (<i>We are here</i>)
Build Partnerships
Devise a Strategy
Promote Programs and Opportunities
Manage Programs and Projects
Evaluate, Improve and Celebrate

The City of Regina is currently on the second step of this best practice framework. A commitment to action was made when council adopted the OCP, and the Underutilized Land Study will assist the City of Regina in understanding the landscape of underutilized land. The Underutilized Land Study will compliment the other components of the Intensification work plan and will aide in devising an effective strategy to encourage infill development and meet long-term growth targets identified in the OCP.

The City of Regina's Underutilized Land Strategy will eventually reflect each and every one of the components outlined in the best practice framework. A commitment to action formed the impetus for this project and the purpose of the Underutilized Land Study is to assist the City of Regina in understanding the landscape of underutilized land. Components such as building partnerships, promoting programs and opportunities, as well as managing and evaluating the project are essential for the success of this future strategy. Continual work towards relationship building with community stakeholders and the public will become a key factor in the long-term success of an eventual formal strategy of action to address infill development. Once the strategy has been created, project/program management and evaluation are tools that will be used to continually monitor the effectiveness of the strategy.

As part of an initiative to building capacity for developing brownfield sites, FCM has highlighted a few projects to serve as case studies. For the purpose of the Underutilized Land Study, a brief summary of two Canadian examples is provided below containing both the project details and impacts.



(Source: Pixabay)

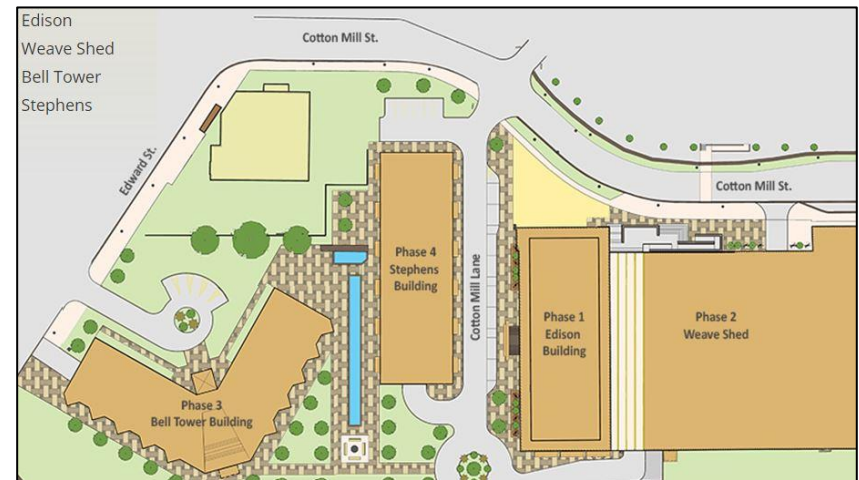
1. Cotton Mill Lofts – Cornwall, Ontario

Similar to Regina's Warehouse District, Cornwall experienced a decline in the condition of warehouses which presented an opportunity to redevelop and rehabilitate the district. One example of that redevelopment is the Cotton Mill Loft project, where an old cotton mill storage warehouse was converted into a 54-unit residential condominium by a private developer. The project value was \$15 million and took two years to complete. The impact of the redevelopment was a 3,200% increase in property tax and a 6,100% increase in property assessment.

The project was partially funded through municipal incentives, including a tax increment grant paid out over 10 years and a tipping fees grant. The private developer of the project was quoted saying that without brownfield incentives, the project would never have been completed. The success of this project created a domino effect, in which 150 new residential units were redeveloped in the surrounding area.



(Source: Cotton Mill Lofts, Edison Building, Phase 1)



(Source: Cotton Mill Site Plan, Cornwall)

Best Practice #1: Create incentives for Brownfield Development. Over the long-term, an incentive program is a low-risk investment on the part of the City, and results in higher property assessments and increases in property taxes. Local incentives can also leverage existing programs offered through provincial and national levels of government. With the unveiling of the new National Housing Strategy, additional funding opportunities are likely to become available and should be explored further. Funding will go to cities who are most prepared and have a strategy in place.

2. Cascades Casino and Coast Hotel & Convention Centre – Langley, British Columbia

The City of Langley's Brownfield Redevelopment Strategy offers a unique approach to infill development by mitigating risks to landowner and potential developers. The following measures have been adopted by the municipality and have resulted in a streamlined pace of brownfield redevelopment.

Role of the City of Langley
Establish a Municipal Development Role
Conduct Blanket Contamination Risk Assessments on all Potential Brownfields
Consider Buying and Remediating Strategic Contaminated Sites
Streamlining Rezoning and Development Approval Processes
Prioritizing Brownfield Redevelopment in the Planning Process
Promoting and Permitting Interim Uses

The City of Langley's marquee example was the redevelopment of a site into a city-owned Convention Centre. To spur the redevelopment the City:

- Purchased the site
- Navigated the provincial remediation regulatory regime
- Guided project planning
- Streamlined rezoning process
- Marketed the redevelopment vision and benefits to the community
- Informed council about the benefits and encouraged active interest



The project impacts were very positive. The property tax increased from almost zero (vacant site) to \$1million per annum, and the property assessment increased between 375% and 500%. The development improved aesthetics and promotes the city's planning vision/priorities. The community benefitted by receiving an entertainment hub and improved quality of life. This example is provided for Regina as an example of a catalyst development which is considered a strategic improvement designed to spinoff further intensification.



(Source: Cascades Casino & Coast Hotel, Langley Times)

Best Practice #2: Increase the role of the municipality to streamline and entice brownfield redevelopment. By giving the City the ability to perform functions to foster and champion redevelopment where the whole community will benefit from

Review of Similar Jurisdictions from Western Canada

Reading through other municipalities planning documents pertaining to infill redevelopment is part of the comprehensive review of best practices. We analyzed the following municipalities planning framework in regards to underutilized land redevelopment:

- Saskatoon
- Edmonton
- Calgary
- Winnipeg
- Lethbridge
- Red Deer
- Richmond
- Surrey

Based on our understanding, every municipality we analyzed utilized various components of LiBRe Best Practice Framework, or something similar. The FCM framework is an effective template from which any strategy related to brownfield redevelopment could model itself on.

When looking at specific policies from the various municipalities it appears that the presence of incentives and the municipality taking on a larger and deeper role to champion brownfield redevelopment are common. Upon completion of the City of Regina's Underutilized Land Study, information on the available incentives for brownfield redevelopment should be readily available, as well as the community benefits associated with infill development. If information and benefits are easily accessible, it provides another avenue to encourage developers.

The larger role for municipalities also includes assisting or undertaking land assembly initiatives. The City of Regina currently practices the Land Assembly approach, most notably for the Railway Renewal project.

Land assembly is the process of preparing underutilized and undesirable properties for development. Essentially, this is the process of identifying potential sites which could have a significant community-wide benefit by acting as a catalyst for more investment. Land assembly involves the following general steps:

- Identifying and acquiring, or controlling, a potential redevelopment site.
- Developing and approving a development Concept Plan for the site, with public input.
- Assessing condition of infrastructure necessary for development.
- Undertaking the necessary ESA Screening process.
- Undertaking the necessary Environmental Remediation of the site.
- Addressing any zoning or land use issues to accommodate development.
- Subdivision of property (if required) which may include closing any public lanes, rights of way, relocating infrastructure, creating necessary easements, etc.
- Offering a 'development ready' site via public tender or Request for Proposal.

Best Practice #3: Identify potential catalyst sites and development which are strategically important to the City and undertake a Land Assembly project to encourage future investment in the immediate area.

It should be noted that Land Assembly is a tool which is intended to create a “catalyst” development to lead further investment. **It is an investment, and the cost of undertaking the above steps may not be recovered in the sale of the site.**

Important Note: The Federation of Canadian Municipalities recently added a new online resource for tracking intensification best practices across Canada. Please visit: <https://fcm.ca/home/programs/green-municipal-fund/brownfield-email-series.htm>

2.2 Brownfield Legislative & Regulatory Requirements

This section is intended to outline the legal and regulatory requirements prior to development on an existing vacant site. It is intended as a guide for City staff to understand the requirements, and also provide builders with a general understanding of requirements to avoid costly surprises prior to development.

V3 Companies of Canada Ltd. (V3) contracted Trace Associates Inc. (Trace) to undertake a review of relevant federal, provincial, and local regulations concerning the remediation and reuse of brownfields in Saskatchewan. In addition, Trace led an examination of federal, provincial, and local incentive programs for brownfield development (Section 2.3).

The following scope of work was completed to meet the objective of the investigation:

- Undertake a desktop review of relevant federal, provincial, and local regulations concerning the remediation and reuse of brownfields in Saskatchewan.
- Lead a desktop examination of federal, provincial, and local incentive programs for brownfield development.

Outlined at the end of this section is a table of the respective roles of the City, Developers and other agencies in administering these requirements.



Provincial Regulatory Standards for Soil and Groundwater

The Saskatchewan Ministry of Environment (SME) has developed provincial benchmarks or indicators of environmental quality which become legally binding when referenced in Saskatchewan legislation, permits, or code (SME, 2015a). The Saskatchewan Environmental Quality Guidelines (SKEQG) are accessible online for all stakeholders to ensure responsible environmental management. The guidelines presented in this section are based solely on the SKEQG guidelines available at the time of Trace's investigation and should be rechecked upon use in the event of updates.

The SME incorporates scientifically derived guideline values from the Canadian Council of Ministers of the Environment (CCME), the Province of Alberta, and Health Canada to create the SKEQG. SKEQG is a portion of the Saskatchewan Environmental Code (GOS, 2014), which came into effect on June 1, 2015, under the 2010 Environmental Management and Protection Act. The Saskatchewan Environmental Code specifies criteria for determining the appropriate assessment guidelines using a tiered approach for contaminants. Tiers are based on general land use, soil texture, potable groundwater resource protection, and freshwater aquatic life protection.

The following is how the tiered approach is organized:

- Tier 1 Endpoints: Most Conservative Values Based on Land Use and Basic Site Characteristics.
- Tier 2 Endpoints: Pathway-Specific Values Based on Site Conditions and Exposure Pathway Elimination.
- Tier 3 Endpoints: Site-specific Risk Assessment/ Guideline Development.

A full description of the Endpoints can be found in the accompanying Attachment Report.

National Classification System for Contaminated Sites

The SME requires completion of the CCME National Classification System for Contaminated Sites (NCSCS) table as part of the environmental site assessment process. The NCSCS is a tool used to aid in the evaluation and prioritization of contaminated sites including brownfields. The tool classifies contaminated sites into categories of high, medium, or low Priority for Action according to the site's current or potential adverse impacts on human health and/or the environment (CCME, 2008). (The NCSCS Summary Tool will be included in the Brownfield Study Final Report).

A site Letter Grade is assigned which is related to the level of information available for the Site (as defined by the User) and provides an indication of completeness of information based on the level of investigation and remediation work that has been carried out at the site. Detailed descriptions of the various categories are provided below:

Site Letter Grade	Descriptions
F	Pre-Phase I ESA – No environmental investigations have been conducted or there are only partial or incomplete Phase I ESA for the Site. It is not recommended to continue through the NCSCS when insufficient data is available. In these cases, it will generally be necessary to conduct a Phase I ESA or other site investigation tasks in order to complete the NCSCS scoring. ESAs to be conducted in accordance with CSA (Canadian Standards Association). (2001, November). Z768-01 Phase I Environmental Site Assessment, Reaffirmed 2016 (Update No. 1, CAN/CSA-Z768-01, November 2001).
E	Phase I ESA – A preliminary desktop type study has been conducted, involving non-intrusive data collection to determine whether there is a potential for the Site to be contaminated and to provide information to direct any intrusive investigations. Data collected may include a review of available information on current site conditions and history of the property, a site inspection and interviews with personnel familiar with the Site. (Note: This stage is similar to "Phase I: Site Information Assessment" as described in Guidance Document on the Management of Contaminated Sites in Canada [CCME 1997]).
D	Limited Phase II ESA – An initial intrusive investigation and assessment of the property has been conducted, generally focusing on potential sources of contamination, to determine whether there is contamination present above the relevant screening guidelines or criteria, and to broadly define soil and groundwater conditions; samples have been collected and analyzed to identify, characterize, and quantify contamination that may be present in air, soil, groundwater, surface water, or building materials. (Note: This stage is similar to "Phase II: Reconnaissance Testing Program" as described in Guidance Document on the Management of Contaminated Sites in Canada [CCME, 1997]).
C	Detailed Phase II ESA – Further intrusive investigations have been conducted to characterize and delineate the contamination, to obtain detailed information on the soil and groundwater conditions, to identify the contaminant pathways, and to provide other information required to develop a remediation plan. (Note: This stage is similar to "Phase III: Detailed Testing Program" as described in Guidance Document on the Management of Contaminated Sites in Canada [CCME, 1997]). ESAs to be conducted in accordance with CSA (Canadian Standards Association). (2001, November). Z768-01 Phase I Environmental Site Assessment, Reaffirmed 2016 (Update No. 1, CAN/CSA-Z768-01, November 2001).
B	Risk Assessment with or without Remedial Plan or Risk Management Strategy – A risk assessment has been completed and, if the risk was found to be unacceptable, a site-specific remedial action plan has been designed to mitigate environmental and health concerns associated with the Site, or a risk management strategy has been developed.
A	Confirmation Sampling – Remedial work, monitoring, and/or compliance testing have been conducted and confirmatory sampling demonstrates whether contamination has been removed or stabilized effectively, and whether cleanup or risk management objectives have been attained.



The CCME NCSCS assigns a score which is determined based on the combined score of the information that is available founded on the known and potential information that is entered into individual worksheets noted below:

Contaminant Characteristics

1. Residency Media
2. Chemical Hazard
3. Contaminant Exceedance Factor
4. Contaminant Quantity
5. Modifying Factors

Migration Potential

1. Groundwater Movement
2. Surface Water Movement
3. Soil
4. Vapour
5. Sediment Movement
6. Modifying Factors

Exposure

1. Human Receptors
 - Known Impact
 - Potential
 - Land Use
 - Accessibility
 - Exposure Route
 - Direct Contact
 - Inhalation
 - Ingestion
2. Human Receptors Modifying Factors
3. Ecological Receptors
 - Known Impact
 - Potential
 - Terrestrial
 - Aquatic
4. Ecological Receptors Modifying Factors
5. Other Receptors

Once all the information is entered into the NCSCS spreadsheet, a score is assigned to the site. The site is then classified into one of the following categories to determine the Site's priority for action.

Class 1 - High Priority for Action (Total NCSCS Score greater than 70): The available information indicates that action (e.g., further site characterization, risk management, remediation) is required to address existing concerns. Typically, Class 1 sites indicate high concern for several factors, and measured or observed impacts have been documented.

Class 2 - Medium Priority for Action (Total NCSCS Score between 50 and 69.9): The available information indicates that there is high potential for adverse impacts, although the threat to human health and the environment is generally not imminent. There will tend not to be indication of off-site contamination; however, the potential for this was rated high. Therefore, some action is likely required.

Class 3 - Low Priority for Action (Total NCSCS Score between 37 and 49.9): The available information indicates that this site is currently not a high concern; however, additional investigation may be carried out to confirm the site classification, and some degree of action may be required.

Class N - Not a Priority for Action (Total NCSCS Score less than 37): The available information indicates there is **probably** no significant environmental impact or human health threats. There is likely no need for action unless new information becomes available indicating greater concerns, in which case the site should be re-examined.

Class INS - Insufficient Information (>15% of Responses are "Do Not Know"): There is insufficient information to classify the site. In this event, additional information is required to address data gaps.

Note: The term "action" in the above categories does not necessarily refer to remediation, but could also include risk assessment, risk management, or further site characterization and data collection. Descriptions of the categories are defined as follows:



Corrective Action Plan

If contaminants are present at concentrations that exceed the applicable guidelines for the proposed land use for the development of the site, preparation of a corrective action plan (CAP) is required for submittal to SME for review and approval prior to remediating the Site. The SME Guidance Document for Impacted Sites (SME, 2015b) should be followed to create the CAP to meet SME requirements. The CAP is to be completed in accordance with Chapter B.1.3 of the Saskatchewan Environmental Code and signed off by a qualified person (QP) recognized by the SME. Once complete, the CAP is to be submitted online together with the SME CAP form that is available in the following location on the Government of Saskatchewan (GOS) website: <http://www.publications.gov.sk.ca/details.cfm?p=73871>.

As noted on the form, SME will review the plan, in consultation with the owner and local officials in some cases. If the plan is not acceptable, SME will identify deficiencies and require that the plan be upgraded. When the plan is acceptable, SME will approve the proposal in writing. Four to six weeks is usually required to receive approval from the time the CAP is submitted.



The remediation is to be completed within 12 months of receiving approval. If it is at risk of not being completed within 12 months, SME is to be notified and an application to extend the remediation permit is required.

Building Demolition or Renovations

If buildings are present on site, which require demolition or renovation as part of the property redevelopment, a hazardous building materials assessment is required prior to construction or demolition to protect the public and contractors from the potential exposure to hazardous building materials. This work should be conducted by a qualified building and environmental consulting firm who is familiar with safety standards for working with hazardous building materials.

Site Remediation and Closure Reporting

Site remediation is to follow what was proposed and approved in the CAP and associated permit. Site remediation results are to be documented and reported in accordance with the SME guidance document submitted to the SME. The submission is to be provided by a QP and requires an updated NCSCS with the conditions that are present on site following remediation.

A site remediation response will be provided by the SME within four to eight weeks of submittal of the remediation report. Similar to the CAP, the SME will review the remediation report and identify remediation deficiencies that may require additional remediation or environmental risk management.

2.3 Roles and Responsibilities

The following table outlines the typical roles played by the various stakeholders and agencies involved in Brownfield screening and remediation processes.

Agency or Stakeholder	Responsibility
City of Regina	- Reviews development proposals for compliance with OCP policy and Zoning Regulations - Reviews Building proposals to ensure compliance with the National Building Code and Local Building Bylaw.
Ministry of Environment	Ensure compliance with the 2010 Environmental Management and Protection Act (Sask.)
Builder/Developer	- Obtain information and research about former use of underutilized site. - Contract and fund all required environmental assessments – Phases 1 and 2 (and undertake remediation, if required).
Environmental Consultant	- Qualified consultant undertakes Phase 1 and/or 2 ESA. - Provides detailed report concerning level and type of contamination, remediation process and risk assessment.

2.4 Funding & Incentive Programs

Federal Programs

1. Green Municipal Fund

To date, the Federation of Canadian Municipalities (FCM) established the Green Municipal Fund (GMF) with a \$550 million endowment from the Government of Canada (GOC). The GMF provides financial support to initiatives promoting sustainable community development through improvement of air, water, and soil quality, and greenhouse gas emission reduction. Projects and initiatives focused on sustainable neighbourhood and community brownfield action plans, and remediated brownfield site development, are eligible for GMF funding.

GMF grants are available for brownfield projects for up to 50% of eligible costs, to a maximum of \$175,000 for the following:

- Community brownfield strategies and plans;
- Feasibility studies, including ESAs, and remedial action planning; and
- Pilot projects.

The FCM, through GMF, provides loans for up to 80% of eligible costs for remediation and risk management activities. In most instances, funding provided by GMF can be combined with funding from federal, provincial, or municipal agencies.



2. Sustainable Development Technology Canada

The Sustainable Development Technology Canada (SDTC) is a not-for-profit foundation funded by the GOC (SDTC, 2017). SDTC funds innovative clean technologies that have the potential to provide environmental and economic benefits. These clean technologies must be pre-commercial development and demonstrate a focus on climate change or improving air, water, or soil quality. SDTC funding is only supplied to Canadian companies.

SDTC will provide funding for up to 33% of eligible project costs, typically over a five-year development period. Of eligible project costs, contribution from government entities must not surpass 75%, while private investment must be a minimum of 25%.



Federal/Provincial Programs

1. New Building Canada Fund – Provincial/Territorial Infrastructure Component

The GOC created a 10-year, \$53 billion New Building Canada Plan in 2014, including allocating \$14 billion to a New Building Canada Fund (NBCF). The NBCF is split into two sub-categories: National Infrastructure Component and Provincial-Territorial Infrastructure Component (PTIC).

The PTIC has been allocated \$10 billion to support public infrastructure for provinces, territories, and municipalities. The PTIC is divided into two components: National and Regional Projects (PTIC-NRP), which receives \$9 billion for nation and region medium-to-large scale projects, and Small Communities Fund (PTIC-SCF), which receives \$1 billion for communities of less than 100,000 residents. The PTIC allocates a minimum \$250 million (increased on a per-capita basis) to each province and territory over the duration of the NBCF program. Provinces and territories must prioritize infrastructure investments to focus on initiatives supporting safe communities, environmental improvement, economic growth, and innovation.

PTIC funding will support public infrastructure projects in a number of categories, including brownfield redevelopment. Approved projects will receive cost-shared financial support from PTIC of up to one-third of the total project costs; however, the GOS will typically match federal funding for approved projects. Saskatchewan is estimated to receive approximately \$437 million during the program duration, where \$197 million is designated for provincial infrastructure projects, and \$240 million will be administered by the GOS for other eligible PTIC initiatives (GOC, 2014). Projects focused on

public transit, highways, major roads, and disaster mitigation are eligible for up to 50%. PTIC will contribute up to 25% of the total project costs for for-profit private sector projects (GOC, 2017).

To be eligible, a recipient must be:

- A province, territory, municipal, or regional government
- A private sector entity owned by a previously mentioned government
- A band council
- A public or not-for-profit institution providing post-secondary education
- A private sector entity with for-profit organizations requiring partnership with one of the above bodies

2. Gas Tax Fund

The GOC, through the Infrastructure, Communities, and Intergovernmental Affairs department, renewed the federal Gas Tax Fund (GTF) from 2014/2015 to 2023/2024 (GOS, n.d.). The GTF provides funding to provinces and territories to be redistributed to municipalities to support local community initiatives. Saskatchewan will receive \$613 million to be used for development and rehabilitation of public infrastructure. The funding received from the GTF is permanent for the duration of the agreement period and can be pooled, banked, or borrowed against, allowing municipalities to make strategic investment decisions. Funding is provided to initiatives designed to promote economic advancement, community development, and a clean environment.

Brownfield remediation and redevelopment is eligible for GTF funding, provided the project includes the construction of public parks and infrastructure, or publicly owned housing. The GOS has allocated the City of Regina approximately \$11 to 12 million per year until 2018 to 2019.

Provincial Programs

1. Corporate Income Tax Rebate on New Rental Housing

The Saskatchewan Housing Corporation provides a tax rebate to Saskatchewan corporations, reducing corporate income tax for income earned on eligible new rental units (GOS, 2017). Corporations may qualify for a reduction of up to 10% for 10 consecutive years following project completion. The Corporate Income Tax Rebate (CTIR) requires eligible corporations to be exclusively engaged in the new housing construction and rental sector.

Local Programs

1. Housing Incentive Policy

The GOS' 2007 Planning and Development Act (2007) authorized municipal governments to create policies regarding community development, including development and rezoning incentives.

The City of Regina created the Housing Incentive Program Exemption Bylaw No.2017-5 to provide support through tax exemptions and financial grants, to property owners qualified under the City of Regina's Housing Incentives Policy (HIP) (City of Regina, 2017). Tax exemptions and capital grants are split up based on program area and type of housing unit, including number of livable units (City of Regina, 2016). Tax exemptions are provided on a five-year basis and currently include the exemption of education tax for the property. Generalized, the tax exemption includes 100% property tax exemption for city centre, inner city, and new area developments, depending on unit type. Capital grants can range from \$10,000 to \$25,000, depending on the area and type of development. An outline of the tax exemption and capital grants by program area is in the accompanying Attachment Report.

2. Heritage Incentives Policy

The City of Regina provides one-time financial assistance to rehabilitate designated heritage properties.

A tax exemption may be granted to a maximum value equivalent to:

- 50% of eligible work cost; or
- The total property taxes payable over 10 years; whichever is the lesser.

Cash grants are also available for tax-exempt properties based on the same tax exemption formula; however, these grants are limited to a maximum value of \$50,000 (subject to the availability of funds).

This program is useful for encouraging the re-use and renovation of existing underutilized buildings with cultural heritage value and contributes to intensification but does not directly pertain to Brownfield sites.



Summary of Funding Programs Available for Brownfield Development in the City of Regina			
Funding Organization	Jurisdiction	Incentive Description	Eligibility
Green Municipal Fund (GMF)	Federal	Grants of up to 50% of the project cost, to a maximum of \$175,000.	Eligible projects include brownfield development plans and studies.
		Loans for up to 80% of eligible costs.	Eligible projects include brownfield remediation activities.
Sustainable Development Technology Canada (SDTC)	Federal	Funding of up to 33% of the project cost with a minimum of 25% private sector investment.	Projects from Canadian companies, focused on innovative, clean technologies.
New Building Canada Fund – Provincial- Territorial Infrastructure Component (NBCF-PTIC)	Federal / Provincial	Funding of up to 33% of the project cost. Funding is reduced to 25% for “for-profit” private sector projects.	A project must be affiliated, to a specified degree, with a government agency. Project focus must be on public infrastructure initiatives.
Gas Tax Fund (GTF)	Federal / Provincial	Funding limit is not restricted.	Community initiatives focused on public infrastructure, including the rehabilitation of brownfields.
Corporate Income Tax Rebate New Rental Housing (CTIR)	Provincial	Reducing corporate income tax rate by up to 10%.	Saskatchewan corporations exclusively engaged in the construction and rental of rental units.
Housing Incentive Policy (HIP)	Municipal	Rental property tax exemption of up to 100% for 5 years.	Eligibility depends on area and type of development, including number of rental units.
		Rental property capital grants of \$10,000 to \$25,000.	
Heritage Incentive Policy	Municipal	50% of eligible cost, or total property taxes paid over 10 years.	Existing buildings with cultural heritage value.

2.4 Regina's Tax Policy, OCP, & SAF/DL Policy

Tax Policies with Regards to Vacant Surface Lots

Through contact with the Assessment & Taxation Department it was made known that the City does not have specific tax policy with regards to vacant surface lots. There is no base tax for the City of Regina and the amount of tax is determined using the taxable assessment, the municipal mill rate, and the mill rate factor. Each subject property will have a different taxable assessment that can be determined through contact with the city. The municipal mill rate (2017) is 7.44834 for all property classes, however, Business Improvement District (BID) Areas have different rates that apply only to commercial properties. The BID mill rates are 0.5708 for the Downtown BID, and 0.47503 for the Regina Old Warehouse District BID. The mill rate factor for any vacant surface lot corresponds with the subclass that property is in, as determined by the City Assessor.

The following table breaks down each property class and their corresponding mill rate factors:

Property Class	Mill Rate Factor (2017)
Residential	0.91152
Residential Condominium	0.91152
Multi-Family	0.91152
Commercial/Industrial	1.21040
Golf Courses	0.78654
Agricultural	1.21040
Railway/Pipelines	1.21040
Resource	1.21040

Mill rate factors are used to calculate the relative share of property tax between classes, or subclasses. Council has authority in legislation to create subclasses and a mill rate factor for each subclass. The amount of tax for a property is determined using the following formula:

(Taxable Assessment X Municipal Mill Rate X Mill Rate Factor)

1000



2.5 City of Moose Jaw – Taxable Sub-Class

V₃ contacted the City of Moose Jaw to determine if their policy to tax vacant commercial and industrial property at 2.5 times the rate of occupied property was having any positive effects on absorption. Other cities have investigated using this approach of creating a taxable sub-class (i.e. vacant land) and taxing this sub-class at a different rate than occupied or developed land.

The main drawback to using the property tax system as a 'punitive' measure to encourage development is that it casts a wide net and captures all land within the vacant land sub-class and does not distinguish between those sites which are vacant due to market conditions and those which are vacant because the owner has removed the property from the market (i.e. former gas stations).

Nonetheless, taxing a sub-class of vacant land at a higher rate does provide an incentive to those who own vacant land to develop the land when market conditions are favourable.

Moose Jaw passed a bylaw in 2014 which created a taxable sub-class called 'Commercial/Industrial – Vacant' they set the mill rate for this sub-class at 2.5 times the rate of developed 'Commercial/Industrial' land. In 2017, the City of Moose Jaw rescinded the bylaw stating that the new sub-class did not have the desired effect, and in fact was complicated by the fact that re-assessment had increased the assessed value by over 200% during the time the bylaw was in effect.

This measure is not recommended. Instead, it would be better to lobby for changes to the Provincial legislation governing property assessment to allow a more precise and deliberate approach to encourage vacant lot development.



Design Regina: Official Community Plan Policy

Section	Comments
Community Priorities: • Developing complete neighbourhoods • Supporting the availability of diverse housing options • Promoting conservation • Stewardship and environmental sustainability • Achieve long-term financial viability • Foster economic prosperity	An effective Underutilized Land Improvement Strategy will address each of these priorities by creating complete neighbourhoods with diverse housing options. Conservation and sustainability will be worked towards by increasing efficiency of infrastructure to service the infill developments. The City of Regina should benefit financially from this program by increased property taxes collected and an overall increase in property values.
Financial Policies 1.3 - Optimize the use of existing services/amenities	Infill redevelopment will make use of existing infrastructure, limiting the need to build additional municipal infrastructure.
Growth Plan 2.4 - Make use of residual capacity of infrastructure in existing urban areas	
Growth Plan Goal 3 – Intensification	All of the sections (2.7 – 2.10) under this goal apply to the Underutilized Land Study, that is to enhance the city's urban form through redevelopment of existing built-up areas.
Infrastructure 6.6.3 – Optimize use of existing infrastructure to minimize financial and environmental impact of growth	This policy relates back to the community priorities within the OCP (i.e. sustainability, conservation, and long-term financial viability).
D5) Land Use and Built Environment	This entire section can be related to the infill strategy. The underutilized land study will address many considerations including creating complete neighbourhoods, maintaining and enhancing the City Centre, focusing development along Urban Centre's and Corridors, to promote Office Development in and around the Downtown, and to raise the standards of the built form in Regina.
D6) Housing	The underutilized land study will address much of the policies in his section including: increasing housing supply, regenerating the existing housing stock, increasing the diversity and innovation of housing forms and types and to collaborate with all levels of government and community partners to advance housing initiatives.
D10) Economic Development	Part of the expressed goal of Economic Vitality and Competitiveness is providing transparent information on the incentives for infill development and the resulting community benefits.
Social Development 13.6 – Encourage intensification as a means to revitalize and renew neighbourhoods and existing community resources	This is the essence of the underutilized land study.

Impact of SAF/DL Policy

Servicing Agreement Fees and Development Levies (SAF/DL) are a type of development charge. These fees are charged by a municipality for the recovery of growth related costs, mainly the cost associated with building or expanding infrastructure capacity to accommodate new development. SAF/DL are charged to build new infrastructure supporting growth, to pay down existing debt for past growth works and to avoid taxpayers paying costs that serve growth. Without an effective SAF/DL framework the financial burden of growth falls on the resident's property tax pool, often time necessitating a substantial tax increase.

According to the new SAF Policy, the City of Regina plans to allocate the payment of development levies in 3 ways:

1. Capital costs for projects that facilitate greenfield growth should be allocated 100% to greenfield development.
2. Capital costs for projects that facilitate intensification of existing areas should be allocated 100% to infill development.
3. Capital costs for projects that support growth in general and provide city-wide benefit, should be allocated to both intensification and greenfield development based on their share of growth.

Projects are considered to provide a city-wide benefit if they meet any of the following criteria:

- Infrastructure projects that serve the majority of the City population, such as a water treatment plant or wastewater treatment plant;
- Studies or plans that consider the majority of the City;
- Transportation projects that add capacity (increase volume capacity) within the area bound by Lewvan / Pasqua and the Ring Road / 9th Avenue North or as determined by the Executive Director; or
- Parks and recreation projects that provide new municipal level services, serving most areas of the City, including infill and greenfield areas.

Basically, in the interest of fairness, the City of Regina has divided the burden of major growth-related capital infrastructure costs amongst those who benefit in a fair manner.

Assessing the impact of a new SAF/DL Policy on intensification is subject to a lot of conjecture. It has been generally accepted by developers that if there is profit to be made on a development the venture will usually proceed if the timing is right, regardless of the imposition of development charges. Developers seem willing to pay development charges, understanding that those funds will be used for infrastructure improvements that directly affect their business ventures.

There is some evidence in Saskatchewan to suggest that the imposition and collection of development charges in infill areas will not have a significant negative effect on infill growth.

For example, the City of Saskatoon has been charging off-site levies on all development, including infill development, since the late 1960s, to finance future infrastructure and growth-related capital projects. Furthermore, there is no policy allowing for any calculation of 'share' between capital costs for infill and capital costs for greenfield. The levy revenue goes into a single large 'pot' and is used mainly for capital expansion of infrastructure for greenfield development. It has been widely criticized as unfair and catches infill builders by surprise when it is discovered that they must pay the charge upon subdivision on infill projects. However, despite this, the percentage of residential growth attributed to infill development has consistently averaged 15% over the last 10 years.

Comparatively, the City of Regina has not imposed development charges within the Ring Road and is proposing to bring in a system of charges which fairly distributes the cost amongst all development. Similarly, the percentage of residential growth attributed to infill development in Regina has averaged roughly 17% since *Design Regina* was adopted in 2014 and is currently 14% in 2018.

This evidence suggests that other factors seem to have much greater impact on decisions to develop on underutilized sites. For example, current market conditions, expectations about the area's future growth and improvement, the condition of existing infrastructure, maintenance, fear of contamination and hidden costs are all significant factors which have a large influence on decisions to proceed with underutilized land development.



This observation illustrates that charging development levies on underutilized infill sites may not necessarily have a detrimental impact on the goal of increasing the overall share of infill development, as long as they are fair. That is not to say that it has no impact on decisions to develop underutilized infill sites, it is only to say that there may be other factors which have a greater influence on decisions than development levies.

What is clear in recent consultations with builders in both Saskatoon and Regina, is that builders of infill developments do not object to paying their fair share of development costs as long as the revenue is used to fund infrastructure and capital improvements and expansion within infill locations. In other words, the revenue collected from development charges in infill locations should not be used to fund infrastructure expansion and improvements in greenfield locations.

...charging development levies on underutilized infill sites does not necessarily have a detrimental impact on the goal of increasing the overall share of infill development, as long as they are fair to all developers ... there may be other factors which may have a greater influence on decisions than development levies.

3.0 Underutilized Land Inventory Analysis

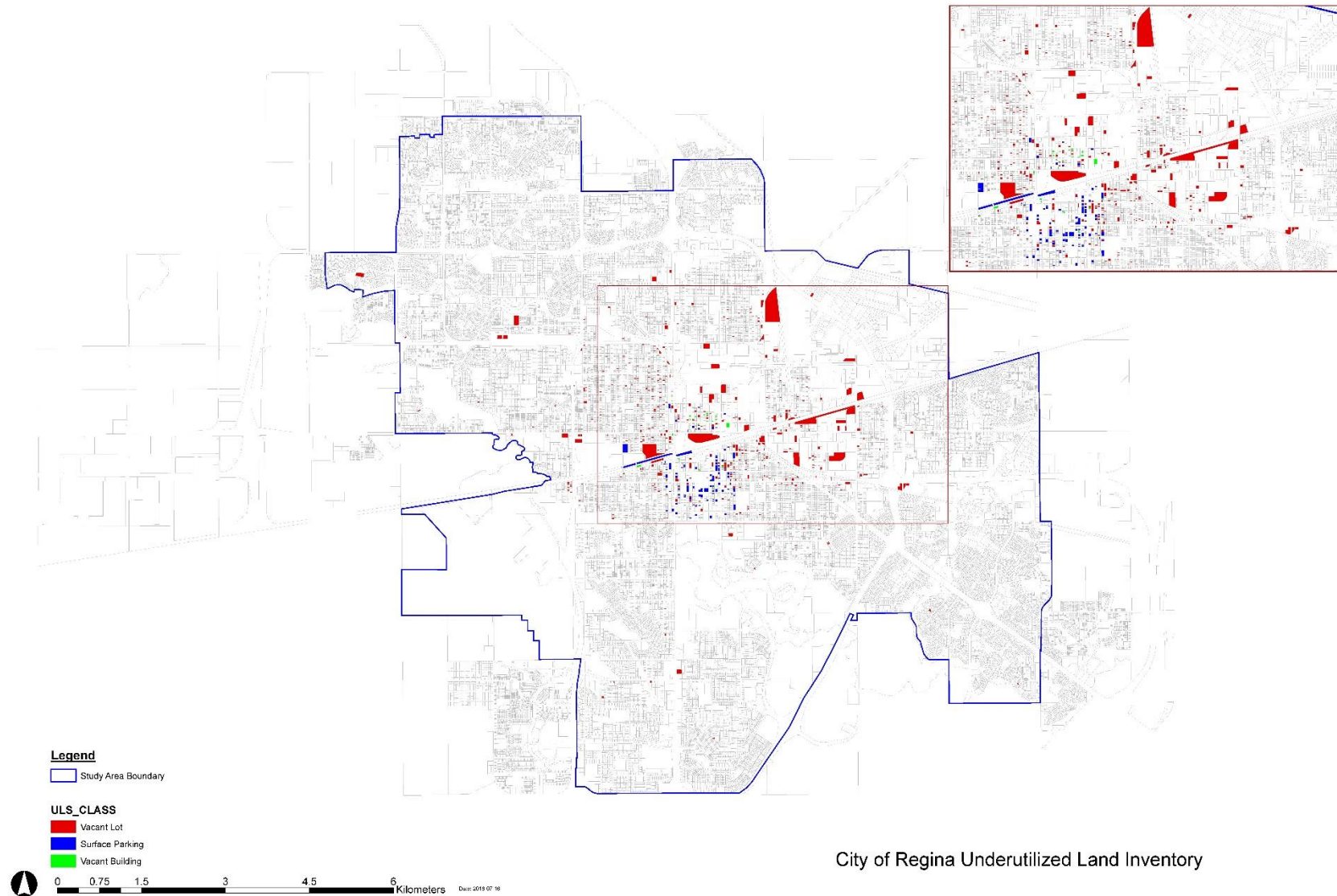
A great deal of time was devoted in this study to analyzing the current inventory of underutilized sites within Regina's Intensification Boundary. The information contained in the inventory is necessary to begin the discussion about solutions and strategies to increase intensification efforts. A geospatial analysis was undertaken to determine the location, type, and number of underutilized sites. The database, which is comprised of GIS shapefiles allows more customized analysis to be undertaken. Over time the database should be updated and maintained to remain current. The tables below break down the number of vacant lots by zoning district and growth area, including average lot size and percentage of total vacant lots, surface parking lots, and vacant buildings by growth area.

Zoning Category	Vacant Lots	Surface Parking Lots	Vacant Buildings
Residential	288 (395.67 m ² /lot)	31 (604.66 m ² /lot)	6
Commercial	155 (1022 m ² /lot)	85 (1308 m ² /lot)	15
Industrial	126 (3440 m ² /lot)	12 (610.50 m ² /lot)	16
Institutional, Open Space, Recreational, Urban Holdings	16 (12087 m ² /lot)	2 (6271 m ² /lot)	N/A
Total Vacant Sites	585	130	37

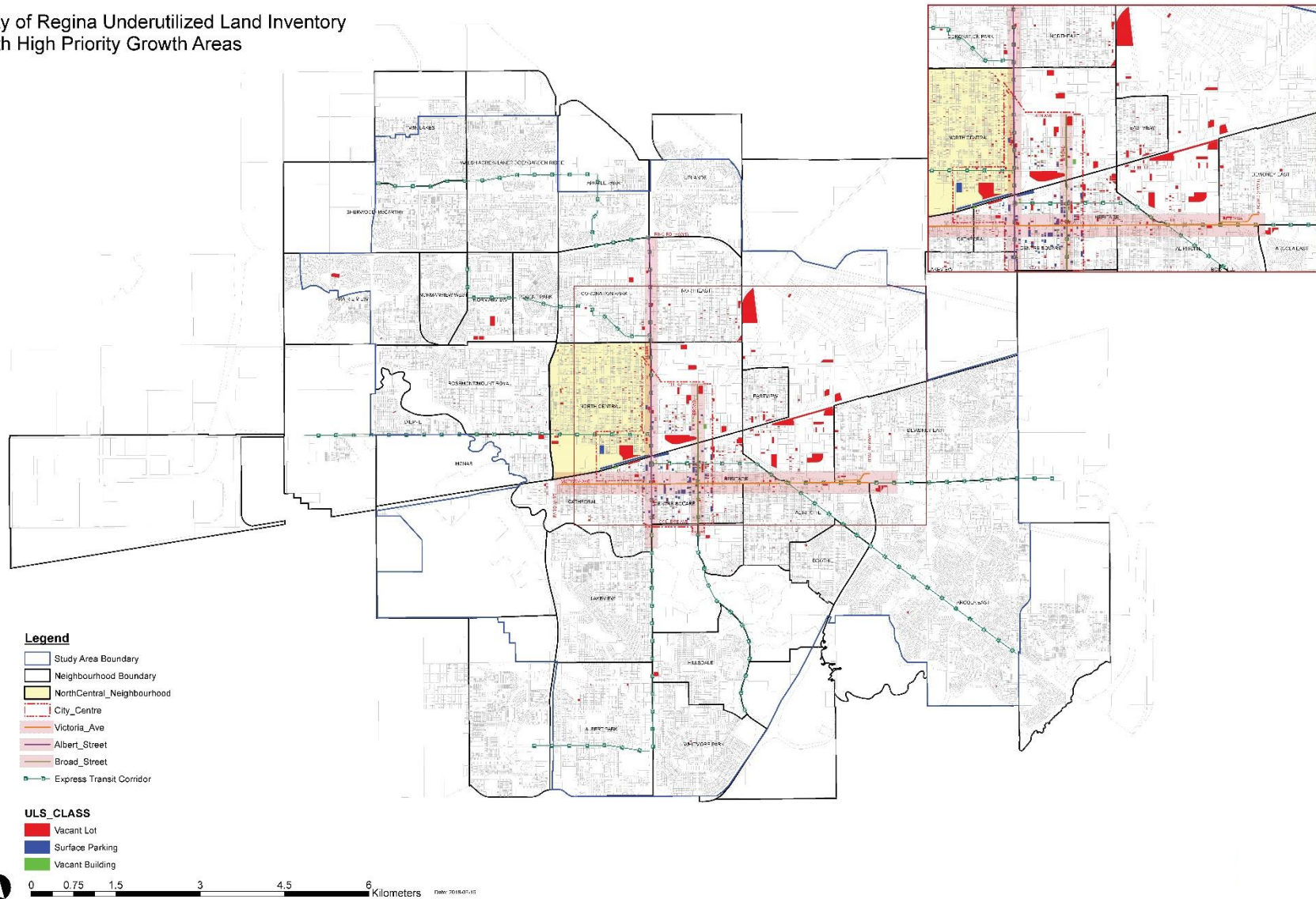
Growth Area	Vacant Lots	Surface Parking Lots	Vacant Buildings
Express Transit Corridor (within 450m radius)	377 (64.4% of total Vacant Lots)	126 (96.9% of total Surface Parking Lots)	27 (72.97% of total Vacant Buildings)
Intensification Area/Urban Corridor (within 450m radius)	268 (45.8% of total Vacant Lots)	9 (73.8% of total Surface Parking Lots)	24 (64.9% of total Vacant Buildings)
City Centre	163 (27.7% of total Vacant Lots)	130 (100% of total Surface Parking Lots)	37 (100% of total Vacant Buildings)
Existing Approved Employment Area	55 (9.4% of total Vacant Lots)	0	0
Along Victoria Ave (within 450m radius)	184 (31.5% of total Vacant Lots)	100 (76.9% of total Surface Parking Lots)	11 (29.7% of total Vacant Buildings)
Along Broad Street (within 450m radius)	110 (18.8% of total Vacant Lots)	85 (65.4% of total Surface Parking Lots)	17 (45.9% of total Vacant Buildings)
Along Albert Street (within 450m radius)	158 (27% of total Vacant Lots)	57 (43.8% of total Surface Parking Lots)	18 (48.6% of total Vacant Buildings)
North Central Neighbourhood	151 (25.8% of total Vacant Lots)	6 (4.6% of total Surface Parking Lots)	9 (24.3% of total Vacant Buildings)

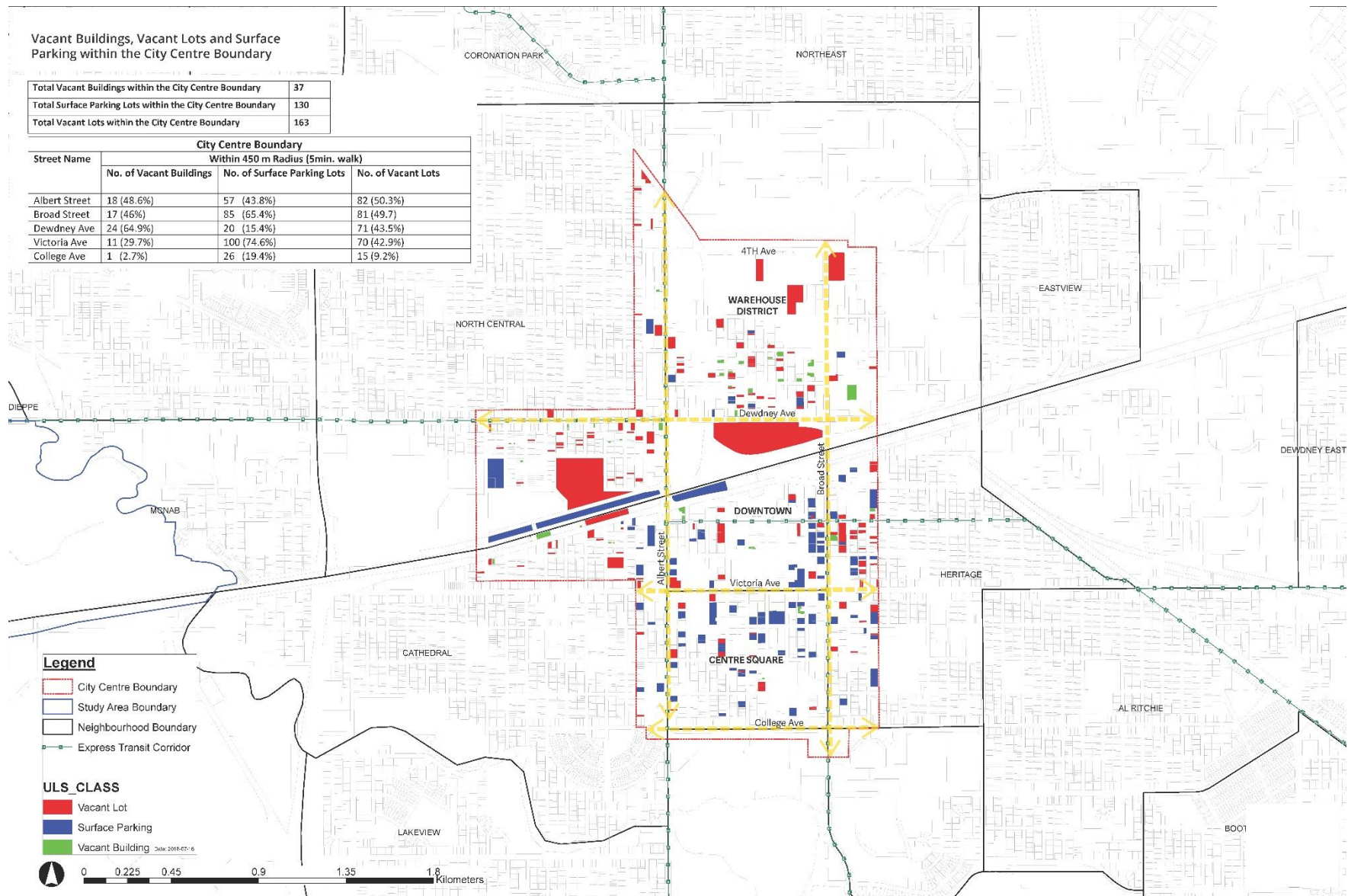


3.1 Underutilized Land Maps



City of Regina Underutilized Land Inventory
with High Priority Growth Areas





3.2 Summary and Analysis of Underutilized Maps

- 752 Underutilized Sites have been identified within the Intensification boundary.
- Distinct concentrations have been noted in the City Centre and adjacent neighbourhoods of Heritage, Centre Square and Warehouse District.
- Most underutilized sites are located within residentially zoned areas.
- Average lot sizes increase with intensity of zone – i.e. residential (small) to industrial (larger).
- The largest proportion of underutilized sites are within walking distance to an express transit corridor (450m) – 69.5%.
- The second highest proportion of underutilized sites are within walking distance to an urban corridor (major roadway) – 57.3%.
- Almost 40% of underutilized sites are contained in the City Centre.
- Victoria Avenue, from Pasqua to Ring Road has the highest number of underutilized sites (for an urban corridor), which are mainly clustered within the Downtown, particularly between Albert Street and Halifax Street.
- Broad Street shows a large cluster of underutilized sites between 11th Avenue and Victoria Avenue.
- Albert Street did not show a distinct cluster of underutilized sites; however, a small cluster was noted along Albert Street between 8th and 6th Avenue. Furthermore, the frequency of underutilized sites along Albert Street increases as you travel from Ring Road south towards the City Centre.
- The North Central neighbourhood contains 22.4% of the underutilized sites within the Intensification boundary. Within this neighbourhood, a higher frequency of

underutilized sites was detected between Robinson Street to the west and Albert Street to the east.

- Concentrations of surface parking lots are noted within walking distance of Victoria Avenue and Broad Street, within the Downtown and Centre Square neighbourhoods.
- There are concentrations of vacant buildings, within a 450m walk, along Dewdney in the Warehouse District, Albert Street mainly south of the CPR mainline, and close to Victoria Avenue and Broad Street within the Downtown and Centre Square.

Note: vacant buildings and surface parking were surveyed and documented within the City Centre Boundary only.

3.3 Infill Potential within City Centre and Study Area

City Centre

Using the above information, V3 has done a general analysis of the infill potential (in population) within the City Centre Boundary. The infill potential was derived using the following averages and assumptions:

- a. An average lot size of 0.10 hectares (average of residential and commercial lots);
- b. Each site will contain a residential component;
- c. An average of 111.2 units per hectare (will be higher or lower depending on development); and
- d. An average of 1.8 persons per dwelling unit (using Stats Can averages for persons living in a multiple unit dwelling).



The infill potential in the **City Centre** is provided in the table below:

	No. of Sites	Total Area	No. of People
Vacant Buildings	37	3.97 ha	795
Surface Parking	130	23.71 ha	4,744
Vacant Lot	163	26.08 ha	5,220
City Centre Infill Potential:	330	53.76 ha	10,759

Note: the infill potential represents the maximum population accommodation, using the assumptions and averages in this section.

Intensification boundary

The infill potential for the Intensification boundary was derived using the following averages and assumptions:

- An average lot size of 0.18 hectares (average of all lots within Intensification boundary);
- Each site will contain a residential component;
- An average of 74.1 units per hectare (will be higher or lower depending on development); and
- An average of 2.0 persons per dwelling unit (using Stats Can averages for persons living in a multiple unit dwelling).

The infill potential of the **Intensification boundary** is provided in the table below (minus City Centre):

	No. of Sites	Total Area	No. of People
Intensification Boundary Infill Potential:	422	58.36 ha	8,649

Combined Infill Potential:

	No. of Sites	Total Area	No. of People
City Centre	330	53.76 ha	10,759
Intensification Boundary (minus City Centre)	422	58.36 ha	8,649
Total Infill Potential:	752	112.12 ha	19,408

It should be noted that the above analysis is not intended to suggest that the intensification target be met solely by developing vacant lots. The target of 20,000 – 25,000 people will be met with a combination of intensification on vacant lots and redevelopment of existing low-intensity uses and sites.

4.0 Stakeholder Engagement

The consulting team undertook a significant amount of engagement as part of this study. External engagement sessions were held to gather data from stakeholders, builders, developers and property owners primarily to gather their perceptions and experiences with infill development. Their advice towards solutions were also elicited and recorded. A similar process was followed to gather input and suggestions from internal staff at City of Regina. Overall, a valuable amount of information has been gathered from both external community stakeholders and internal staff. Responses from each group have been incorporated into the Policy Directions section of this report.

4.1 External Stakeholder Engagement

Many stakeholders were involved in the project, and the City acknowledged the importance of face-to-face consultations with key stakeholders. With this, V3 and Praxis undertook the public engagement portion of the study. The findings derived from these consultations were used to further inform recommendations the City can implement to improve the viability of redeveloping underutilized land.

Engagement Objectives

The objectives of the consultations were as follows:

- to gather information regarding current barriers to the development of underutilized land within the defined boundaries. Specifically, within the areas of regulatory, processes/approvals, market, financial, social, construction and environmental; and,
- to determine what current practices are supporting underutilized land development.

Key Stakeholders

The City outlined many key stakeholders. The City wanted to ensure the recommendations considered the perspectives of the opinions of those impacted. When referencing external stakeholders, we are referring to:

- The Regina Downtown Business Improvement District
- The Regina Warehouse Business Improvement District
- The Regina and Region Home Builders' Association
- Owners of underutilized property
- Other external stakeholders (e.g., Realtors' Association)



Consultations

To meet the objectives outlined above, Praxis held five consultations, each lasting roughly three hours. The following consultations took place over the course of the project:

Stakeholder Group(s)	Date	Location	Number of Participants
The Regina Downtown Business Improvement District	November 23, 2017	Darlene Hincks Committee Room, City Hall	10
The Regina Warehouse Business Improvement District			
The Regina and Region Home Builders' Association	November 30, 2017	St. Paul's Cathedral	12
Local Developers			
Owners of underutilized property	January 23, 2018	Henry Baker Room, City Hall	35 Total
Other external Stakeholders	January 30, 2018		
	February 6, 2018		

Note: The engagement sessions in 2018 were open houses, not workshops.

External Consultation Findings

To understand stakeholder perspectives relating to underutilized lands, Praxis grouped consultation questions into seven broad categories. These categories included:

- Regulatory
- Approval Processes
- Brownfields
- Financial
- Infrastructure
- Social
- Market

The findings from all consultations have been amalgamated, and further grouped into themes. These themes represent only those comments that surfaced more than once throughout the consultations.





REGULATORY

Regulatory means any zoning regulations, building or servicing standards.

Regulations are not always clear

Stakeholders are generally confused about infill development regulations. It is not widely known where applicants can access information on regulations. Further, stakeholders have found that there are often inconsistencies in the information received. Information can vary from employee to employee and department to department based on the employee's knowledge or opinion.

Regulations can be restrictive

There are many regulations that applicants find restrictive. Participants suggest increased flexibility when dealing with infill sites as no two sites are the same.

"It would be nice to have some sort of reasonableness for working within regulation boundaries. Flexibility and adaptiveness."

Parking requirements are rigid

Many participants have found that parking regulations have no leniency and can cause issues when building on an infill site. A number of participants referenced parking regulations as being inflexible, and in many cases, unreasonable.



APPROVAL PROCESSES

Refers to the time it takes to obtain the necessary development approvals for infill site.

Perception that City departments are not in alignment

Applicants often get conflicting direction from the City. Respondents indicated that City departments seem to operate in silos, which leads to inconsistencies in the information provided. Many participants raised the idea of having a dedicated City file manager for complicated infill sites throughout the approval/building process.

Applicants should be educated on the process

To many, the approval process is not intuitive. Session participants suggested having some sort of roadmap to help applicants understand the overall process and where to enter. Alternatively, a single point of contact, or some kind of file manager, would remove frustration points in the process and ease the process for the stakeholder.

The approval process can be long

Many suggested that their experience with the approval process has involved weeks and in some cases several months of waiting. Timelines can be long, which has the potential to delay or even relinquish an investment opportunity. Participants suggested that the City set realistic timelines and expectations and abide by them.

"There is so much risk for us with timing. If approvals take too long, we could miss an investment opportunity."





BROWNFIELDS

Relates to any soil contamination.

Lack of knowledge in the marketplace

Currently, few are educated on the remediation requirements associated with brownfield sites. As a result, land purchasers are fearful of the risks. There is a need to educate potential buyers of the risks, liability transfer laws and cleaning costs associated with these sites. Education will help to reduce some of the unknowns, which will assist in making these sites more marketable to potential buyers.

Remediation incentive programs are unknown

Due to soil contamination, brownfield sites are perceived to be an expensive and risky investment. Session participants suggest implementing incentive programs and remediation grants to assist in making these sites more feasible. While some incentive programs may exist, they are not commonly known by interested buyers, thus reducing their effectiveness.

"If a landowner is willing to jump through hoops to get a site cleaned, they should be helped along the way. It can become very costly."

Lack of awareness of available sites

Many participants were surprised that brownfield sites are available for purchase in Regina. There were suggestions around making people aware of these sites, the site locations and means by which these sites can be purchased. It seems that these sites are not marketed in the same manner as others, which is an added barrier.



FINANCIAL

Financial relates to the various costs that go into pursuing redevelopment of underutilized lands, including land and construction costs, ability to get financing and government taxes and fees.

There are many unknowns associated with infill development

Infill development is expensive. The price of land tends to be high and infrastructure upgrades are often needed. Many builders report less risk building on greenfield sites, where costs are more predictable. Making the land shovel-ready, would help to reduce risk for the developers. Participants also suggested that tax breaks, capital grants and application fee rebates would reduce some of the barriers associated with infill development.

The City should be targeted with their investment

Many participants noted that the current City investment strategy appears to be scattered. The City should target incentives and infrastructure investment to specific areas. This will support land developers and increase intensification.

"Be targeted with investment – identify a high opportunity location and invest in municipal infrastructure one street at a time."

Stand-alone parking lots are a low-risk alternative to development

Infill parking lots are a favourable alternative to building. They are low cost, low risk and high revenue generating, making them a good return on investment. Further, the recent increase in parking enforcement in downtown Regina has made parking lots increasingly valuable.



INFRASTRUCTURE

Relates to the availability of public infrastructure to support redevelopment (e.g. water, wastewater capacity, road network).

Existing infrastructure is not always known

While existing infrastructure can serve as an advantage, the infrastructure does not always meet the needs of a new build. Hidden costs can be quite expensive and create considerable risk for the developer. Stakeholders suggest that this cost should be shared between the City and the builder.

Upgrading infrastructure will attract new investment

As noted above, upgraded infrastructure in targeted areas would encourage investment. Street improvements, such as sidewalks, bike lanes, and lighting, would make an area more attractive to a builder.

"If your city doesn't want to invest, why would you as an investor?"



SOCIAL

Social relates to lifestyle advantages and disadvantages and community perceptions of the targeted area.

Existing neighbourhoods offer convenience and character

Participants suggested that mature neighbourhoods are centrally located and are within close proximity to many amenities. Existing bus routes and walkability make for easy transportation and commuting. Further, many enjoy the vibrancy, character and greenery that comes with a complete neighbourhood.

"Interesting neighbourhoods promote vibrancy and successful local business."

Some mature neighbourhoods are associated with crime

Like any city, Regina has neighbourhoods that are stigmatized. Stigmas can affect property value deterring investors from pursuing an infill opportunity. Participants suggest an increased focus on safety and crime reduction in vulnerable neighbourhoods. If crime is of little concern, investment is likely to follow.



MARKET

Market means the ability to find a purchaser, tenant, lease etc. for newly constructed residential, commercial, office or industrial buildings.

Regina residents do not yet have the desire to live downtown

Many participants raised the concern that Regina is not yet large enough to make downtown living attractive. While Regina has seen substantial growth, residents still see little advantage to moving downtown for close proximity to work, nightlife, etc. Until commuting from new neighbourhoods becomes a barrier, intensification is likely to be slow.

"Either the private sector does not trust the demand, or they do not have the local expertise to pursue infill projects."

Overbuilding in new neighbourhoods is hindering infill development

Currently, there is an oversupply of rental properties in new Regina neighbourhoods. This is pulling many potential infill renters to new neighbourhoods where a large selection of units is available. Meanwhile, infill rentals remain vacant, which deters further development in these neighbourhoods.



(Source: Pixabay)

4.2 Internal Stakeholder Engagement

Objectives

The main objective of the internal engagement process was to gather information regarding current enablers and barriers to the development of underutilized land within the defined boundaries. Specifically, within the areas of regulatory, processes/approvals, market, financial, social, construction and environmental. Another intention of the internal process was to determine what current practices are supporting underutilized land development.

Approach

The first three topics were covered by an open group discussion. The final three were a “graffiti wall” format, whereby participants were invited to capture their thoughts on flipchart paper.

A handout was also provided to allow for participants to provide additional comments they may not have wanted to share with the larger group. The hand-outs were collected the week following the session and all written submissions have been included in the findings.

Consultation Findings

The following key themes were produced by coding the detailed responses given during the internal engagement process.



APPROVAL PROCESSES

Refers to the time it takes to obtain the necessary development approvals for infill site.

Question: Picture yourself in the shoes of a land developer. What would an excellent COR approval experience look like?

Key Themes:

Ideally, there would be a standardized process or “roadmap” that is well understood by both City staff and the applicant.

A City “file manager” would help to simplify the process for the applicant by making communication more effective.

Clear expectations, including responsibilities and timelines, should be set out at the beginning. A checklist of requirements would help keep both parties accountable to their roles.

Question: What about the current approval process is supporting the achievement of this optimal process?

Key Themes:

The circulation system is helping to reach deadlines by establishing target timelines.

The City has set up templates and standards for parts of the circulation process, which has helped in reducing review time.

While the new Planning and Building Software Project is not a panacea, it will provide many benefits that will increase the level of service provided to applicants.

Question: What about the current approval process is not working well?

Key Themes:

There is a desire to find a balance between consistent and flexible processes.

There can be a disconnect among City departments and a lack of understanding of respective roles within the process.

Infill rezoning applications can be more contentious than greenfield applications, which in turn can delay the review process or end in a refusal.

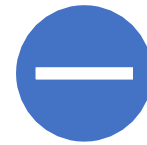
Infill Development is reviewed sequentially by internal departments with comments provided back to the applicant at one time. This prolongs the process and can be frustrating for the applicant.

Question: For each frustration point, is there a solution?

The City needs to set a standard for the decision-making process.

Departments need to review applications simultaneously so as to limit the timeframe and amount of rework required.

Clear expectations need to be set-out prior to application process beginning. This will assist the applicant in understanding their exact role in the process. There is a component of applicant education required.



REGULATORY

Regulatory means any zoning regulations, building or servicing standards.

Question: What current regulatory practices do you believe enable the development of underutilized land? (e.g., zoning, parking, height restrictions, setback restrictions, setback restrictions, land use provisions, architectural/landscaping controls)?

Key Themes:

The City is approachable and works effectively within Zoning Bylaws.

City staff have allowance for minor regulatory variances, which enables them to better meet the needs of the applicant.

Question: What do believe are frustration points in the regulations?

Key Themes:

The City is often the first point of contact, even if the matter is not within the City's control, e.g., Provincial Legislation.

Policy/standards/regulations are sometimes outdated and, therefore, result in misalignment with market trends.

The OCP and Neighbourhood Plans are not always in alignment, which can create conflict when considering a plan for new infill development.

Question: For each frustration point, is there a solution?

Key Themes:

There needs to be some more proactiveness and allowance for innovative solutions with regards to policy and regulations.

There is a need for permissive zoning that allows for more mixed-use buildings.



FINANCIAL

Financial relates to the various costs that go into pursuing redevelopment of underutilized lands, including land and construction costs, ability to get financing and government taxes and fees.

Question: Recognizing that there are financial barriers to land development, do you believe there is anything the City can do to ease this barrier? If so, what? Consider existing COR practices that could be eliminated or new ideas to help remove the barrier.

Key Themes:

The intensification levy that is in progress will add an additional barrier to infill development.

Current parking requirements can be rigid, thus creating an added financial barrier to infill development. Increase flexibility on parking regulations would increase infill feasibility.

In many cases, surface parking lots are a low-risk and low-cost alternative to building on an infill lot.

There are existing programs and incentives to assist in the development of infill lands; however, some may need to be re-evaluated. More could be done to provide more information and be partners with vacant lot developers to bring them back up to active use.



INFRASTRUCTURE

Relates to the availability of public infrastructure to support redevelopment (e.g. water, wastewater capacity, road network).

Question: When thinking about public infrastructure, what stands out as enabling the development of underutilized land?

Key Themes:

The following are infrastructure assets that position Regina well for infill development: admirable water supply, advanced wastewater treatment, a landfill that produces power from methane gas, short commutes, and a City Council that is nimble in its thinking.

Question: What is not working well with regard to public infrastructure when considering the development of underutilized land?

Key Themes:

Often, upgrades to existing infrastructure are required in order to meet the needs of a new build. This can come at a large cost to the developer.

Greenfield development is too accessible, which is affecting the demand for infill sites.

The City does not know how they can support infill development of underutilized lands. City staff have many unanswered questions regarding their role.



SOCIAL

Social relates to lifestyle advantages and disadvantages and community perceptions of the targeted area.

Question: From a social perspective, what is the City doing that supports the case for infill development (e.g., walkability, access to services)?

Key Themes:

Ease of transportation and walkability is a great benefit to infill development. The City has outlined transportation objectives in various City plans, which is promising.

Question: What could the City do in this regard that is not currently being addressed?

Key Themes:

Current density requirements may not meet the intensification objectives of the OCP.

More permissive zoning would allow for greater diversity in infill housing.

Focused infrastructure upgrades and remediation studies would make infill neighbourhoods more attractive to developers and investors.

More could be done to encourage alternative methods of transportation to vehicles (e.g. biking, public transit, etc.)



MARKET

Market means the ability to find a purchaser, tenant, lease etc. for newly constructed residential, commercial, office or industrial buildings.

Question: Is the Regina infill market different from the other cities? If so, how? What are best practices from other cities that Regina should consider? Where is Regina exceeding practices of other cities?

Key Themes:

The City should target investment to specific corridors. Currently, infill development is very scattered throughout the City.

There is a need for the City to be proactive and lead infill development either by their own examples of ideal development and/or by better policy/standards/regulations and direction.

In Regina, greenfield land is affordable, but still a short commute to downtown. This differentiates Regina from other cities, but also makes infill less valuable.

Note: at the conclusion of this ULS project, a staff empowerment session will be held to inform the City of Regina staff about the findings and solicit responses as to how staff could work to make the process of infill development more streamlined and effective.



5.0 Business Case Examples

Saskatchewan Economic Overview

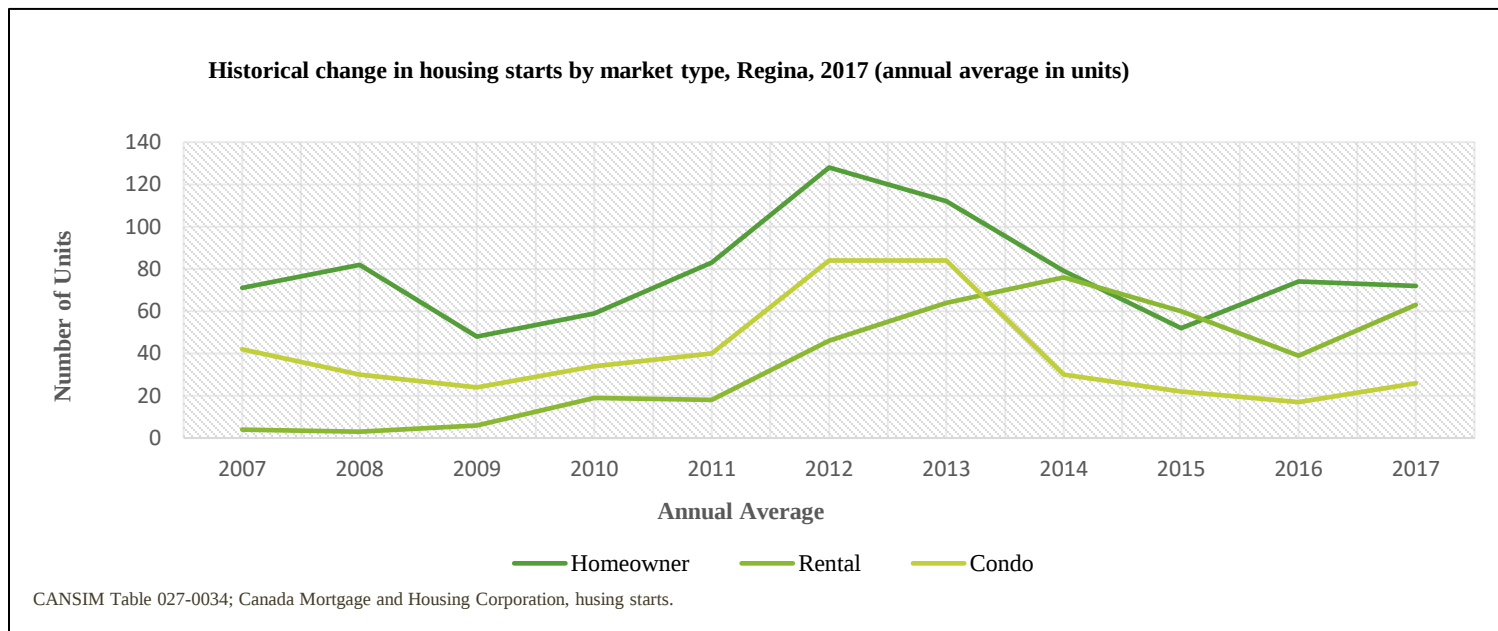
Projections for 2018 and 2019 are that the energy sector will slowly recover and, due to current building rates, the housing market will be ready to absorb the upward change. Moreover, Immigration of Canada states immigration policies will continue to stimulate population growth so that the Canadian economy will see an annual addition of 200,000 households comprised of international students and immigrants in Canada through 2021.

As per the RBC Economic Outlook issued in December 2017, Saskatchewan GDP will lead overall Canadian growth at 2.1 per cent in 2017, 1.9 per cent in 2018, and 1.6 percent in 2019. The RBC Economic Outlook further suggests the province is expected to rebound through increased activity in agriculture, mining, investment spending, and new secured contracts for potash exports to China and India. A 0.5 per cent rise in the employment rate and fall in the unemployment rate to 5.7 per cent is expected in 2018. Housing starts are expected to remain steady due to these impacts with a projection of approximately 5,000 housing starts a year.

Regina's General Economic Overview and Impacts on Housing Supply and Demand

Mainly due to the energy sector slump, new housing starts spiralled downward by 39.2 per cent in 2015 and 2.2 per cent in 2016 but rebounded in 2017 with a 9.13 per cent increase. Further market correction will be seen over 2018, reducing housing starts by 2.99 per cent, followed by a projected small increase of 4.02 per cent in 2019.

The largest decreases were seen in condominium starts between 2013 and 2016. Rental market housing starts saw growth from 2012 to 2014, slumped over 2015 and 2016, and rebounded with growth of 38 per cent in 2017. This compares to homeowner-based market housing starts, which steadily decreased from 2013 to 2015, then grew by 29.7 per cent in 2016 and fell again by 2.8 per cent in 2017. This historical change in housing starts by market type from 2007 to 2017 is displayed in the graph below.



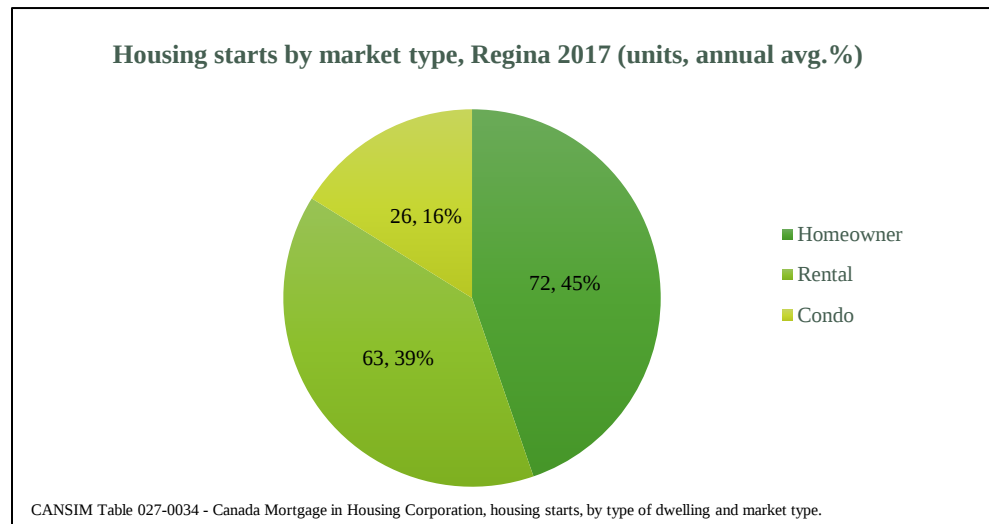
Due to the current market oversaturation, resale prices in Regina dropped slightly in 2017 but are expected to increase by 0.44 percent in 2018 and 0.86 percent in 2019.

On average, the Regina rental market saw a vacancy rate of 5.5 percent in 2017 and will continue to linger around 5 percent in 2018. Rental vacancy is expected to drop slightly in 2019 to an average of 4 per cent. The average rent of a two-bedroom unit in October 2017 is \$1,100 per month and is expected to remain at this price until 2019, when it is projected to increase by 1.33 percent to an average of \$1,125 dollars per month. The City of Regina will see a modest annual change in employment levels of 1.2 per cent over 2018 and 2019. Mortgage rates will continue to rise annually from a low-end average of 4.6 per cent in 2017, 4.9 per cent in 2018, and 5.2 per cent by the 2019; to a high-end average of 5.0 per cent in 2017, 5.70 per cent in 2018 and 6.20 per cent in 2019. These combined conditions will help to slowly desaturate the housing supply market and, it is hoped, set the stage for growth and higher levels of activity in the construction, finance, insurance and real estate industries.

Pro Forma Introduction

The average life span of a building may be anywhere from 50 to 100 years. Over this life span, the building occupies (and may contaminate) land and consumes energy resources. Mid-life remediation and final demolition leaves behind bare, brownfield lots that, in many cases, may be situated in economically lucrative locations; but overshadowed by fear of unknown levels of contamination. As the risks of undertaking brownfield projects are not always fully known, greenfield projects can become a preferable alternative.

In Regina, many vacant lots are found in the heart of the downtown area and have remained vacant throughout the recent boom. In recent years, Regina has undertaken efforts to revitalise the downtown area; however, greenfield locations (e.g. Harbour Landing), sometimes compete with core locations and even downtown itself.



Description of Selected Pro Forma Sites and Neighbourhoods

The following three sample sites were identified for consideration:

1. A modest two-unit rental residential property in the North Central neighbourhood;
2. A mixed-use building on the eastern edge of downtown on a busy arterial street; and,
3. A mixed-use building in the heart of the downtown.

When looking to compare development of these neighbourhood with a greenfield site, Harbour Landing was the area chosen for comparison in all three sections.

PCL Construction Management Inc. was engaged to assist with the cost analysis for all three sample projects.

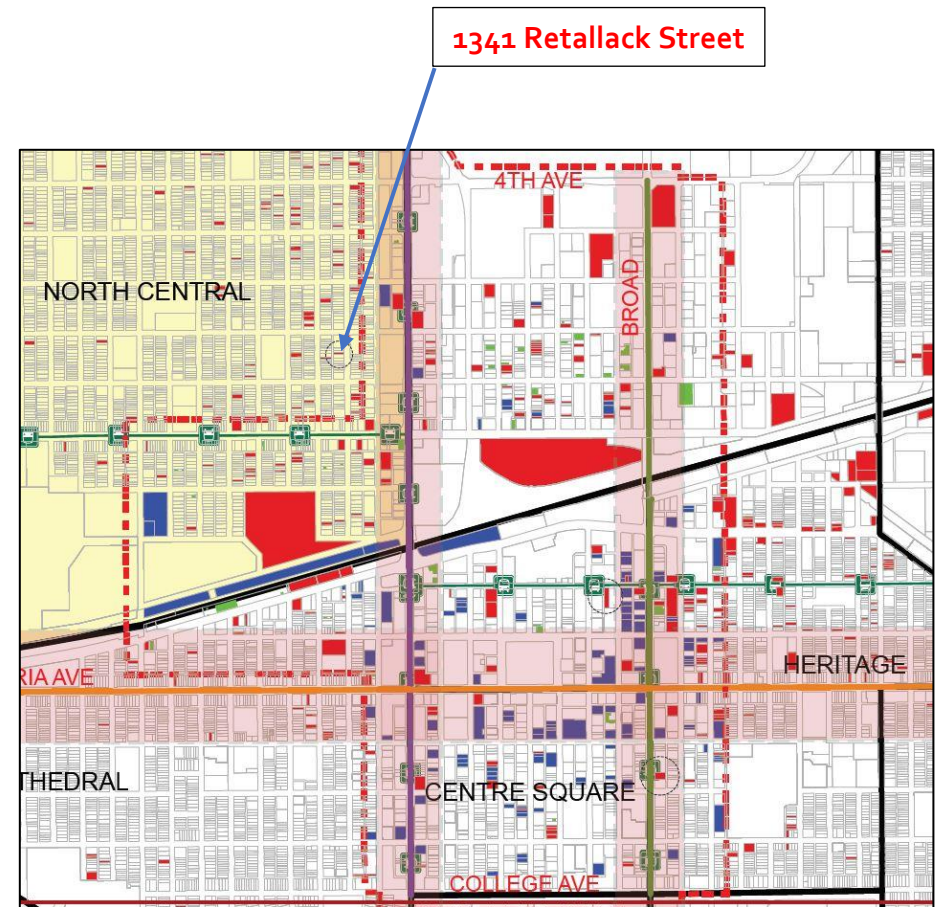
A detailed cost estimate for each site can be found in the accompanying Attachment Report.

It should be noted that this analysis did not consider any costs associated with off-site infrastructure improvements, whether the existing local infrastructure is adequate, or if upgrades are necessary. The analysis is for comparative purposes only, and assumes all infrastructure is adequate.

"The key to successfully transforming a brownfield property into an asset for the owner (private or public) as well as the community is the ability to develop an economic strategy for the property which creates a short-term and long-term value gain that more than offsets the liability."

– Alberta Brownfield Redevelopment Working Group, 2012.

5.1 Business Case #1: 1341 Retallack Street



Neighbourhood Characteristics

- One of Regina's oldest residential neighbourhood
- Well connected with the rest of the city with three elementary schools, two high schools, several shopping centres, parks, and recreational centres surrounding this neighbourhood from several directions.
- Average monthly rent for a 2-bedroom apartment was \$931 in October 2017
- Low average income
- 21.4% of dwellings need major repairs
- 26 new housing starts in 2016, 37 in 2017
- Apartment vacancy rate was 8.3 percent in October 2017

Structure Type and Cost Details

Assumptions

For the purposes of this exercise, this is assumed to not be a Brownfield site.

Land

- Lot size of 290.25 square metres at 1341 Retallack Street is estimated at \$33,585.
- Currently a vacant lot
- For the purpose of this proforma, this site is considered to be an infill site, and not a brownfield site. Costs have been estimated on this basis.

Building and Parking

- Duplex with ground floor coverage of 86.7 square metres
- Parking is a double garage
- Two floors proposed with potential for separate access to each dwelling
- One dwelling unit on each floor, each developed with two bedrooms and one bathroom
- Structure type includes standard or basic materials

Rental

- Each unit rented at \$931 per month
- Garage rent is charged an extra rental fee per month of \$80



Financial Summary

Construction

The following table provides a high-level cost comparison of building the same structure at a greenfield location. Detailed cost comparisons have been provided in the Attachment Report.

	1341 Retallack St.	Greenfield
Land Cost (\$)	33,585	145,000
Hard Costs (\$)	542,394	533,062
Soft Costs (\$)	190,174	169,664
Garage (\$)	<u>25,000</u>	<u>25,000</u>
Total Budget (\$)	791,153	872,726

Additional considerations for construction costs are mainly due to the type of land being developed. Common issues with infill sites are shoring and hauling of excavating materials off site. In addition, old foundations and old or unknown utilities are usually found at infill sites, resulting in higher costs for Phase 1 ESAs and engineering. When comparing these issues to a greenfield site, estimates for earthwork and contingency are more reliable as existing foundations or utilities do not exist. However, site services in greenfield areas are more expensive due to location and lack of existing lines. Exterior improvements for a greenfield site would also be higher due to mandated matching neighbourhood standards.

Note: Phase One ESA's are a standard requirement for development on any vacant infill site. Financing of any kind will usually require this to be done.

Operating

Assumptions:

- Required down payment is 25 per cent of the total start up
- Mortgage is amortized over 30 years at a 4.5 per cent annual nominal rate
- Discount rate of 10 per cent is incorporated in the infill site calculations due to the current saturation
- Operating expenses are assumed to be 35 per cent of the gross revenues, plus property tax, property insurance, and depreciation expenses.
- Rental income is assumed to increase by 5 per cent each year

	1341 Retallack St.	Greenfield
Required down payment (\$)	197,788	216,931
Mortgage loan (\$)	593,365	650,794
Discount rate (%)	10	0
Average vacancy rate (%)	9	5.2
Monthly rent income (\$)	1,591	2,465

Note: The monthly rent is estimated to be what the market will bear, not the average within the neighbourhood.

Five-year projections for both options are provided below.

Infill Scenario

	1341 Retallack Street				
	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Revenue	23,304	24,469	25,693	26,977	28,326
Operating Expenses	28,049	28,345	28,678	29,049	29,461
EBIT	(8,963)	(8,305)	(7,636)	(6,955)	(6,261)
Interest	26,259	25,820	25,322	24,841	24,337
Net Income	(35,222)	(34,125)	(32,958)	(31,796)	(30,599)
EBITDA	6,842	7,184	7,543	7,920	8,316

Note: all amounts reported in CAD\$.

	1341 Retallack Street				
	Year 1	Year 2	Year 3	Year 4	Year 5
Return on Assets	(4.36)	(4.31)	(4.24)	(4.17)	(4.09)
Return on Equity	(21.67)	(26.57)	(34.52)	(49.92)	(92.47)

Note: all amounts reported in %.

Greenfield Scenario

	Greenfield Location				
	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Revenue	31,200	32,760	34,398	36,118	37,924
Operating Expenses	29,843	30,297	30,794	31,336	31,926
EBIT	(265)	760	1,815	2,903	4,026
Interest	28,801	27,560	27,773	27,245	26,693
Net Income	(29,066)	(27,560)	(25,958)	(24,342)	(22,667)
EBITDA	14,570	15,298	16,063	16,868	17,709

Note: all amounts reported in CAD\$.

	Greenfield Location				
	Year 1	Year 2	Year 3	Year 4	Year 5
Return on Assets	(3.6)	(3.5)	(3.3)	(3.2)	(3)



Return on Equity	(17)	(20)	(23)	(27)	(33)
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Note: all amounts reported in %.

Conclusion

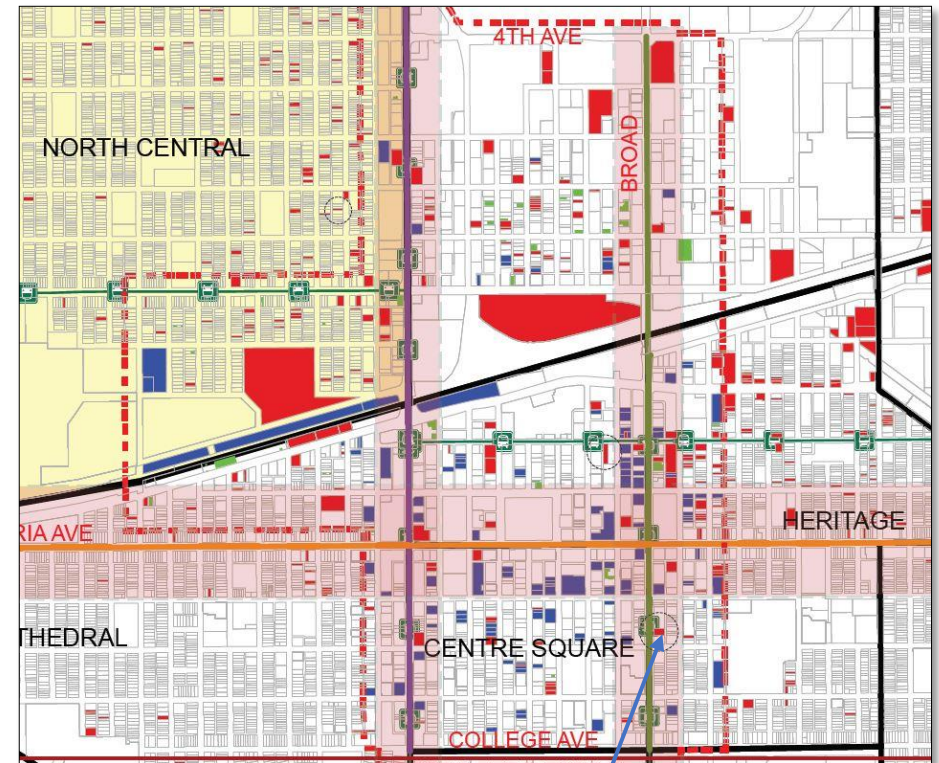
Opportunity for housing within the North Central area may be found in the evidence that the majority of homes need some sort of renovation and may continue to further decline leaving many lots available for redevelopment. An average monthly rent for a two-bedroom apartment in this area is estimated at \$931, and an unfavourable average vacancy rate of 8.3 per cent (October 2017). Average rent is not necessarily low. It is possible to make a business case for development if this level of rent can be collected consistently. Although the average vacancy rate may be somewhere around 8 per cent, this number does not account for other socio-economic dynamics of this neighborhood. Poverty and crime are two major concerns. These may cause the vacancy rate to rise. Most recent crime statistics showed that out of total 34,752 offences in Regina, 5,453 (16%) occurred in this neighborhood from January to December 2017. Moreover, the development of the area may be considered by examining various affordable housing solutions that are supported via government funding.

In conclusion, the major contributors to losses are vacancy rate, interest on mortgage and downward pressure from

socio-economic impacts on the monthly rental income. In order to generate positive annual cash flows, with all else equal, monthly rent charge must be at least at \$1,200 with a vacancy rate of around 3 per cent.

The Greenfield option is considered more economically feasible, assuming that the vacancy rate remained at 5.2 per cent and monthly minimum rent of \$1,200. Similar market conditions are found currently in the Harbour Landing area. However, due to the recent resource sector slump, even in this neighborhood, the first five years would record a net income deficit. However, growth of at least 5 per cent can be expected starting in the third year of the project going forward.

5.2 Business Case #2: 2151 Broad Street



2151 Broad Street

Neighbourhood Characteristics

- In January 2018 there were zero housing starts in this area and there were only two in January 2017.
- Vacancy rate is high at 10.7 percent in October 2017, which is an increase from 8.7 percent from October 2016.
- Average two-bedroom apartment rent was \$1,074 in October 2017 and was \$1,084 in October 2016.
- Average low income
- 18.3% of total homes in this area need major repairs

Structure Type and Cost Details

Assumptions

For this exercise, this site is assumed to be a Brownfield site and includes the adjacent 7-11 site.

Land

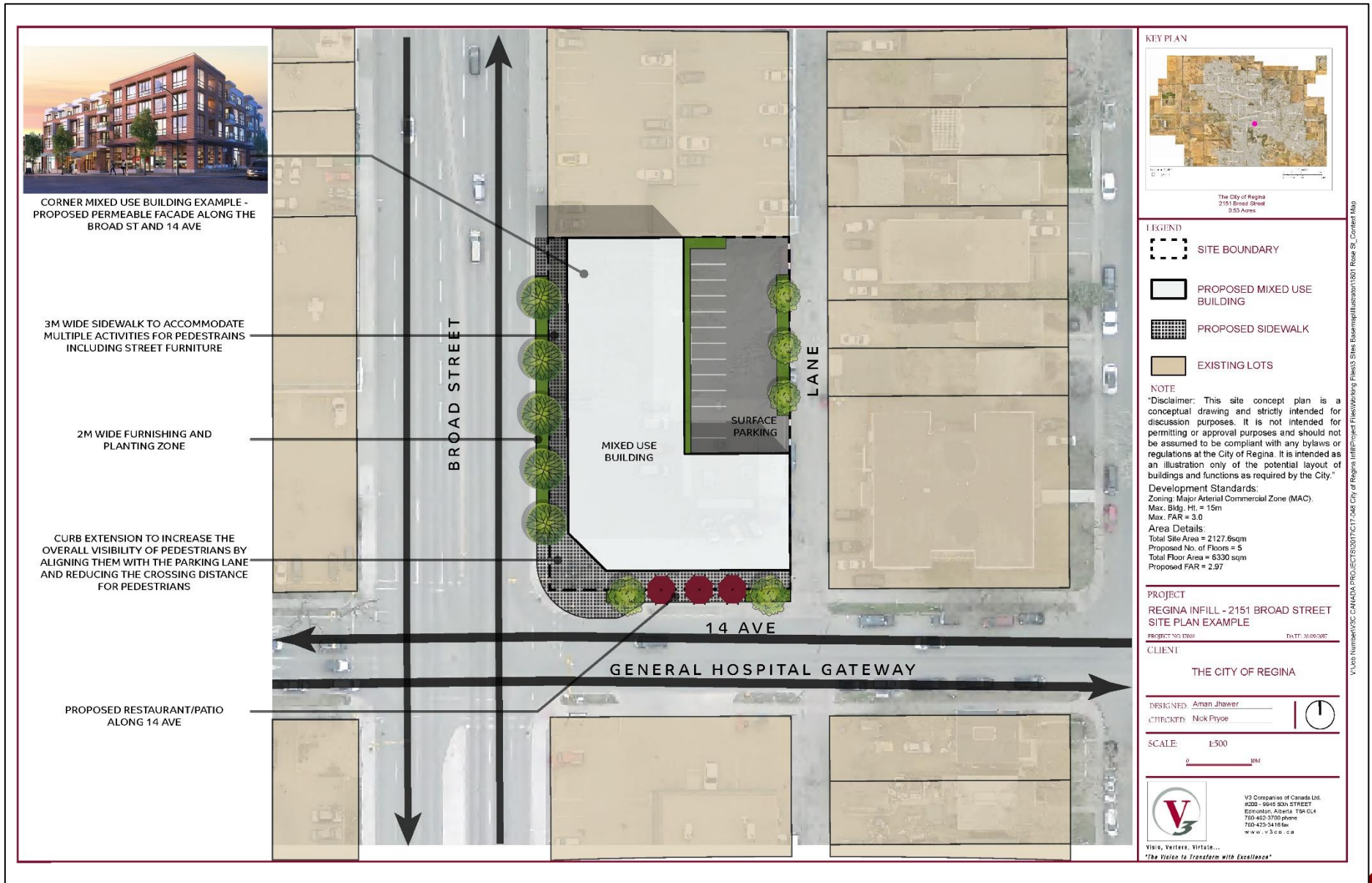
- Lot size of 2,127.6 square meter on 2151 Broad Street is estimated at \$664,138.
- Currently a vacant lot
- For the purpose of this proforma, this site is considered to be a brownfield site. Costs have been estimated on this basis.
- The lot directly east of 2151 Broad Street (currently a convenience store) has been included in the identified lot size.
- Demolition of existing convenience store on lot has been included.

Building and Parking

- Five floors
- First floor is commercial development with no tenant improvements with concrete superstructure and concrete ceiling (approx. 14,000 sqft).
- Main floor commercial area has 10 commercial spaces
- Floors two to five are residential units with wood construction finished to a medium standard (56,000 sqft total).
- 42 dwelling units; 4 upper floors with potentially 10 two-bedroom units on two floors, and 11 two-bedroom units on the other two floors. Size of each unit is approximately 1135 sqft.
- Lower underground parkade for minimum 42 underground parking stalls in a one and a half floor parkade (21,000 sqft).
- Parking is 1.25 spaces per unit
- 13 parking stalls outside the building

Rental

- 42 two-bedroom rental units at \$1,074 per month per unit
- 10 commercial units; rented on average at \$2,000 per month.
- \$250 can be charged per underground parking stall for all regular tenants
- Daily \$15 charge per outdoor stall over the 261 working days



Financial Summary

Construction

The following table provides a high-level cost comparison of building the same structure at a greenfield location. Detailed cost comparisons have been provided in the Attachment Report.

	2151 Broad St.	Greenfield
Land Cost (\$)	664,138	2,144,773
Hard Costs (\$)	15,797,228	14,802,449
Soft Costs (\$)	4,595,566	3,890,577
Total Budget (\$)	21,056,932	20,837,799

Consistent in all infill/brownfield projects, old foundations and old or unknown utilities are usually found at infill sites, which could result in higher costs for Phase 1 ESAs and engineering. Items such as these are typically covered by contingency. Underground parking is not included in the greenfield comparison; however, additional 1.62 acres of land was added to the greenfield site to account for 42 surface parking spaces.

Additional charges such as the SAF Intensification levies, are added to infill sites, whereas the SAF levies are included in Greenfield land costs. It cannot be considered an extra charge since both scenarios will pay their proportionate share of these charges.

Important Note: It was estimated that remediation of soil could exceed 6m in the Broad Street. In this case, excavation for underground parking would remove the impacted soil, however, there are additional charges for disposal which could be factored into the cost estimates. These were not factored in the

ProForma due to uncertainty. However, full lot remediation costs are estimated (high estimate) at:

Full Lot (approx. 4120 m²)

Depth (m)	Volume (m ³)	Tonnes	Disposal Fee
6	24,720	49,440	\$1,087,680

Earthwork charges would defray some of these costs.

Operating

Assumptions:

- Required down payment is 25 per cent of the total start up.
- Mortgage is amortized over 30 years at a 3.9 per cent annual nominal rate.
- Operating expenses are assumed to be 30 per cent of the gross revenues, plus property tax, property insurance, and depreciation expenses.

	2151 Broad St.	Greenfield
Required down payment (\$)	5,264,233	5,209,450
Mortgage loan (\$)	15,792,699	15,628,349
Average vacancy rate (%)	11	11
Monthly rent income (\$)	71,468.94	112,830

Five-year projections for both options are provided below.

Infill Scenario

	2151 Broad Street				
	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Revenue	941,226	988,287	1,037,702	1,089,587	1,144,066
Operating Expenses	869,431	875,392	391,705	383,871	376,193
EBIT	(28,916)	7,149	44,445	83,047	123,031
Interest	698,897	687,217	673,964	661,150	647,753
Net Income	(727,813)	(680,069)	(629,519)	(578,103)	(524,722)
EBITDA	378,940	406,847	436,150	466,918	499,224

Note: all amounts reported in CAD\$.

	2151 Broad Street				
	Year 1	Year 2	Year 3	Year 4	Year 5
Return on Assets	(3.5)	(3.4)	(3.2)	(3.0)	(2.7)
Return on Equity	(16.0)	(17.6)	(19.5)	(21.8)	(24.7)

Note: all amounts reported in %.

Greenfield Scenario

	Greenfield Location				
	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Revenue	1,386,330	1,421,658	1,492,741	1,567,378	1,645,747
Operating Expenses	968,967	972,088	986,085	1,001,295	1,017,768
EBIT	269,026	297,453	346,933	398,374	451,884
Interest	691,623	680,066	666,950	654,270	641,012
Net Income	(422,597)	(382,613)	(320,018)	(255,896)	(189,128)
EBITDA	642,887	663,836	705,988	750,248	796,721

Note: all amounts reported in CAD\$.

	Greenfield Location				
	Year 1	Year 2	Year 3	Year 4	Year 5
Return on Assets	(2.0)	(1.9)	(1.6)	(1.3)	(1.0)
Return on Equity	(8.7)	(8.6)	(7.7)	(6.6)	(5.1)

Note: all amounts reported in %.



Conclusion

The brownfield property is not expected to generate sufficient cash flows to make an investment requiring such significant capital outlay attractive. The brownfield project's expected average EBITDA (earnings before interest, taxes, depreciation and amortization) over 5 years is not sufficient to cover interest payments on the loan alone and automatic default would be unavoidable. Loan repayments (principal + interest) are a major source of the cash deficit to be realized on this property. The vacancy rate of 11% is well above the city average and a second contributor to the cash deficit. The cash deficit per year is expected to gradually decline as the mortgage balance decreases, thus decreasing the interest expense.

Comparing gross revenues with the total interest on the loan, rental income is insufficient to bear the rest of the operational costs.

Trying to make this project viable, we assumed the following optimistic conditions for analysis:

- Vacancy rate of 3%
- Zero-discount rate
- Monthly rent of \$1,174 for a residential two-bedroom unit and \$2,300 per one unit of commercial rental
- 3.9% interest rate
- Operating expenses are assumed to be 25 per cent of the gross revenues, plus property tax, property insurance, and depreciation expenses

Income is negative over the five years. However, it is not beyond manageable with strong management control of the expenses.

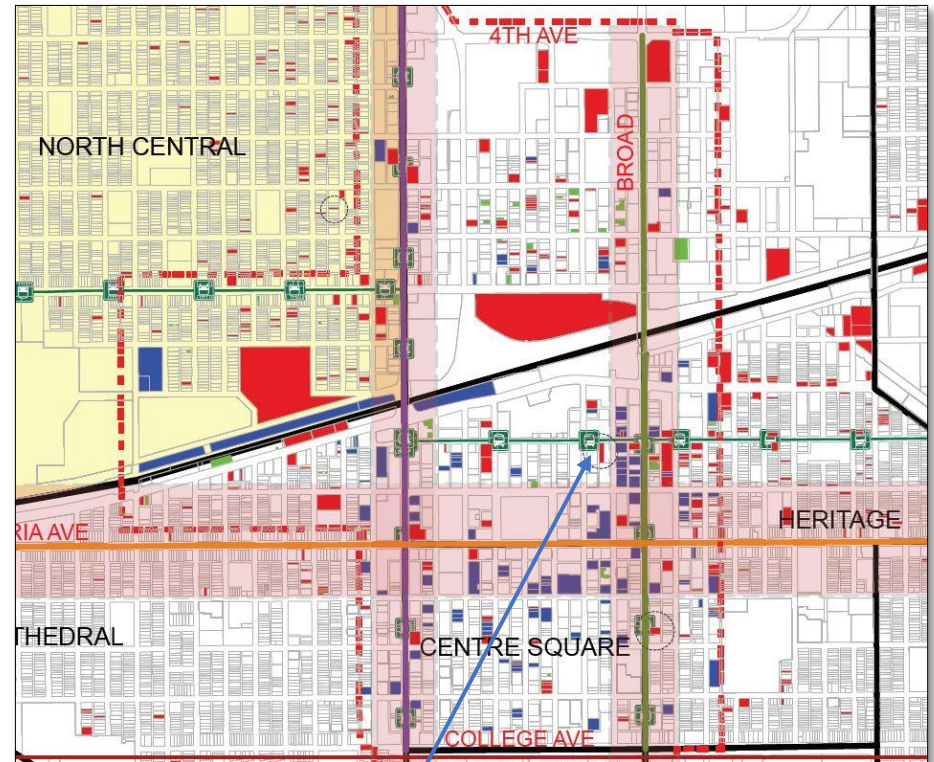
Given these details, some improvements in net income over the five years can be expected. However, a five-year

deficit is unavoidable even under these more favourable conditions due to its location.

Return on assets is still recorded at negative 2 per cent over the first five years and is expected to grow under improved conditions. Return on equity starts at the negative average of 7 per cent and continues to record losses over five-years due to the constant annual income deficit. This project, under the above conditions, would require additional revenues (higher rental charges) to achieve positive returns. In order to attract a higher-end customer where rental charges can reach over \$2000 per month, one would need to build an attractive project that involves certain levels of creativity which creates a popular destination. However, this again may increase the cost of the construction.

The sample project on Broad is Street not recommended as the vacancy rate is currently too high. Investment represents too large a risk in current market conditions, especially given market conditions may push interest rates higher. A potential recommendation is to acquire the land during the downturn of the housing market and to delay the construction until market conditions and socio-economic conditions of the location have improved.

5.3 Business Case #3: 1802 Rose Street



Neighbourhood Characteristics

- Surrounded by major downtown businesses
- Vacancy rate in this area was 3.7 percent in October 2016, but rose to 6 percent by October 2017
- In October 2017, the average rent of a two-bedroom apartment was \$1,094
- 10.5% of dwellings need major repairs

Structure Type and Cost Details

Assumptions

For this exercise, this site is not considered a Brownfield site.

Land

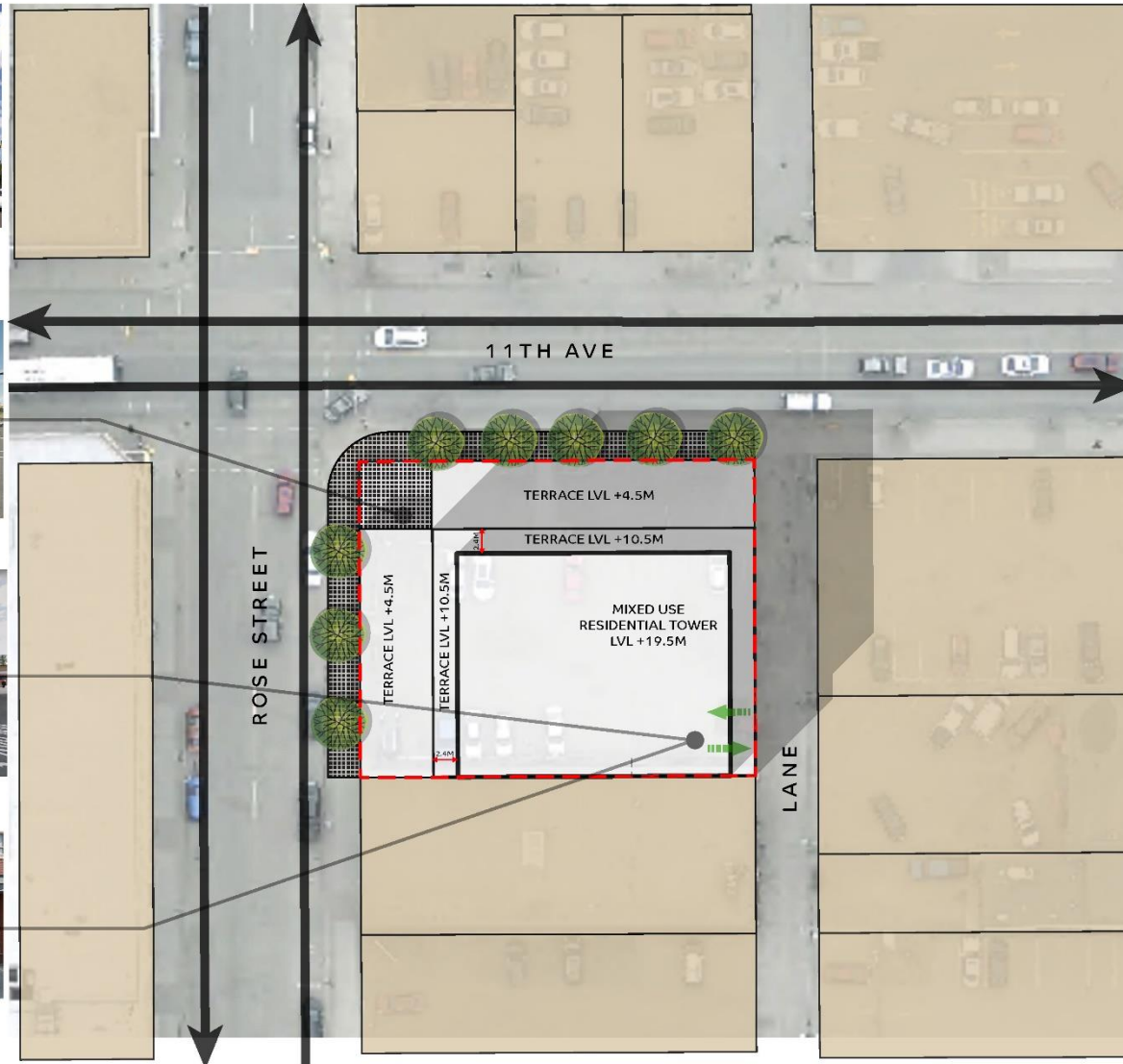
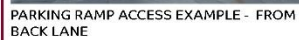
- Lot size of 2,128 square metres

Building and Parking

- Underground parking with proposed 30 parking spots on two levels, 1.00 spaces per unit (7,539 square feet).
- No parking stalls are proposed outside the building due to the limited lot size.
- Total ground floor area is 1,116 square metres
- Commercial area on main floor with a concrete superstructure and concrete ceiling, no tenant improvements.
- Eight commercial spaces on main floor (1,501 square feet per unit).
- Six upper floors with 5 two-bedroom apartment units on each floor for a total of 30 dwelling units (approximately 927 square feet per unit).
 - Residential rental units with wood construction finished to a medium standard (37,695 square feet).

Rental

- Current average residential rent is \$1,074 per month in this neighbourhood; however, \$2,200 is estimated due to location attractiveness and consideration that this is a brand-new building
- 30 two-bedroom rental units at \$2,200 per month
- 8 commercial units at \$3,200 per month
- 30 underground parking stalls at \$275 per month



KEY PLAN



The City of Regina
1801 Rose Street
0.29 Acres

LEGEND

-  SITE BOUNDARY
-  BUILDING FOOTPRINT
-  PROPOSED SIDEWALK
-  EXISTING LOTS
-  PARKING RAMP

NOTE

Disclaimer: This site concept plan is a conceptual drawing and strictly intended for discussion purposes. It is not intended for permitting or approval purposes and should not be assumed to be compliant with any bylaws or regulations at the City of Regina. It is intended as an illustration only of the potential layout of buildings and functions as required by the City.

Development Standards:

Zoning: Downtown Zone(D)
Proposed No. of Floors = 6
Calculated FAR = 3.71

Area Details:

Total Site Area = 1162sqm
Total Floor Area = 4308.05 sqm
Ground Floor Coverage Area = 1116.22sqm

PROJECT

REGINA INFILL - 1801 ROSE STREET
SITE PLAN EXAMPLE

PROJECT NO. 17008

DATE: 26/10/2017

CLIENT

THE CITY OF REGINA

DESIGNED: Aman Jhawar

CHECKED: Nick Pryce

SCALE: 1:400

0 100



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Financial Summary

Construction

The following table provides a high-level cost comparison of building the same structure at a greenfield location. Detailed cost comparisons have been provided in the Attachment Report.

	1801 Rose St.	Greenfield
Land Cost (\$)	1,188,228	1,443,590
Hard Costs (\$)	11,940,652	11,328,549
Soft Costs (\$)	3,832,807	3,299,719
Surface Parking	0	300,000
Total Budget (\$)	\$16,961,687	16,371,857

Underground parking has been included in the cost of both projects. The brownfield lot is located in primarily a downtown business area and should be considered for development of a mixed-use building. The other option is to build only office space on all floors with underground parking. A project like this on a greenfield site would include additional surface parking space; therefore, an additional 1.62 acres of land was added to the greenfield site to account for 42 surface parking spaces.

Some costs for these types of projects are inherent to infill sites such as shoring, excavation, disposal, soil testing, and service upgrades. While these are major drivers for the infill development, greenfield costs are affected mainly by the cost of land.

Operating

Assumptions:

- Required down payment is 25 per cent of the total start up.
- Mortgage is amortized over 30 years at a 4.5 percent annual nominal rate.
- Operating expenses are assumed to be 30 percent of the gross revenues, plus property tax, property insurance, and depreciation expenses.
- Rent is assumed to increase 5% each year.

	1801 Rose St.	Greenfield
Required down payment (\$)	4,240,422	3,732,067
Mortgage loan (\$)	12,721,265.09	12,639,791
Average vacancy rate (%)	6	6
Monthly rent income (\$)	99,850	110,500

Five-year projections for both options are provided below.

Infill Scenario

	1801 Rose Street				
	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Revenue	1,198,200	1,258,110	1,321,016	1,387,066	1,456,420
Operating Expenses	695,979	707,643	720,331	734,087	748,955
EBIT	430,329	474,981	521,423	569,755	620,080
Interest	562,972	553,564	542,889	532,567	521,775
Net Income	(132,643)	(78,584)	(21,465)	29,007	76,678
EBITDA	745,798	784,140	824,400	858,491	889,432

Note: all amounts reported in CAD\$.

Greenfield Scenario

	Greenfield Location				
	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Revenue	1,326,000	1,392,300	1,461,915	1,535,010	1,611,761
Operating Expenses	717,415	731,334	746,367	762,561	779,966
EBIT	529,025	577,428	627,833	680,350	735,090
Interest	559,367	550,019	539,412	529,156	518,433
Net Income	(30,342)	21,379	68,969	117,931	112,661
EBITDA	827,590	863,992	895,123	928,094	906,482

Note: all amounts reported in CAD\$.

	1801 Rose Street				
	Year 1	Year 2	Year 3	Year 4	Year 5
Return on Assets	(0.8)	(0.5)	(0.1)	0.2	0.5
Return on Equity	(3.2)	(2.0)	(0.5)	0.7	1.9

Note: all amounts reported in %.

	Greenfield Location				
	Year 1	Year 2	Year 3	Year 4	Year 5
Return on Assets	(0.2)	0.1	0.4	0.7	0.7
Return on Equity	(0.7)	0.5	1.6	2.7	2.5

Note: all amounts reported in %.



Conclusion

The infill property is expected to generate an average EBITDA of \$820,452 per year for the next 5 years and to stabilize at above \$1M per year for the next 10 years. Interest on loan repayments are the contributing factor to a potential cash deficit over the first three years. This property is; however, expected to start generating surplus cash flows from year four going forward.

Return on assets and return on equity is expected to reach positive return in year four and going forward. When comparing gross revenues with the total interest on loan, it is clear that the rental income is sufficient to bear interest and the rest of operational costs. However, net returns are low and a conservative investor may decide not to pursue.

We assumed the following optimistic conditions for analysis:

- Vacancy rate of 3%
- Zero-discount rate
- Monthly rent of \$2,500 for a residential two-bedroom unit and \$3,500 per one commercial unit rental
- 3.9% interest rate
- Operating expenses are assumed to be 30 per cent of the gross revenues, plus property tax, property insurance, and depreciation expenses

Under these favourable conditions, net income would be positive for 4 years, starting at \$115,417 in year 1. Return on assets is recorded at a modest average of 1 per cent over the first five years. However, return on equity is a positive average of 12.9 per cent in five years. Under these conditions the project is feasible and is recommended.

In summary, this project is economically feasible given current conditions and the economic potential of its location and multi-purpose use. The low vacancy rate and projected population growth due to inflow of newcomers to the downtown area makes this project desirable. In fact, developing this project on a greenfield site is slightly less desirable compared to the optimistic scenario above for a similar project on Rose Street. This is primarily due to the extra land costs for surface parking in the greenfield location.

The infill location would benefit from new commercial and residential buildings, as many downtown renters currently occupy outdated buildings containing issues tied to outdated standards of plumbing, heating, ventilation, etc. Furthermore, as parking is one of the major issues in downtown, the convenience of living close to work becomes almost essential for some. In cases where parking stalls are not used, they can be easily rented out, as there is high demand for parking in downtown Regina.

Overall, a modern, attractive design will secure a higher rental margin. However, the costs of construction must be kept low.

Summary Comments Concerning ProFormas

Would the Retallack and Broad Street projects work under different conditions?

1. Retallack Project – yes, but needs significant improvement of physical neighbourhood conditions to change first, followed by more favourable economic conditions.
2. Broad Street Project - yes, but economic conditions need to change, and to a lesser extent, it is affected by some negative physical neighbourhood conditions.

Three major factors that have a direct financial impact on the profitability of a rental business are taken into consideration:

- the vacancy rate,
- cost of financial instruments and
- cost of developing properties, including acquisition of land.

The vacancy rate is a variable that can move up and down quickly, depending on various factors. While some factors may be short-lived instances, others, such as the overall state of the economy, population growth, housing market saturation, average income, general socio-economic state and demographics of the neighbourhoods are major drivers. The Canadian Mortgage and Housing Corporation recorded the average vacancy rate in Regina at 7 per cent in October 2017. Vacancy in north-central was 8.3 per cent, 10.7 percent in downtown-east (2151 Broad street location), and 6 per cent in the downtown-west (1801 Rose Street).

The cost of financing was estimated based on current and future anticipated announcements provided by the Central Bank of Canada. As indicated in recent reports, their intention is to continue with gradual increases in interest rates. Current borrowing conditions are the following: 30-year term fixed rate is 3.99 per cent and 75 per cent loan-to-value ratio while the annual percentage is 4.264 per cent. **For simplicity, 5 per cent mortgage rates, 75 per cent loan-to-value ratio over 30 years are applied in this study.** The Canadian Mortgage and Housing Corporation applies zero fees for the projects that involve down payments of 20 per cent and higher.

Costs of development were discussed in the previous sections. Overall, the cost of construction is, due to the current housing market saturation, not expected to pose a major risk. Hence, current market prices were incorporated in the calculations under the assumption that the development of projects and land would happen in the near future and/or during current market conditions.

A pro-forma forecast was developed for all three projects. The income pro-forma was based on examining potential revenues versus expenses, as was the pro-forma balance sheet.

One factor to consider moving forward towards an underutilized land implementation strategy is the attractiveness of major competing neighbourhoods. For example, the major competing neighbourhood for downtown infill spreads out on the south side of Dewdney Avenue into the southwest of downtown and the Cathedral Village area. This neighbourhood is the major competing area due to its near proximity to downtown. It has seen rapid inflow of investments over the past ten years.



Other attractive areas are the new greenfield neighbourhoods growing in the south-east and north-west direction of the city. They have quickly become very attractive as a substantial number of consumers look for location options with a variety new housing, commercial venues, new schools, and playgrounds.

Sources

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Estimates provided by:

- Nick Friesen, Westridge Construction Limited, Regina, Saskatchewan, January, 25.2018.
- Eric Kristjansson, PCL, Regina, Saskatchewan, April, 18, 2018.
- Al Dublanko, RMS Building Incorporated, Edmonton, Alberta, December 6, 2017.
- Sali, Barb, Manager Residential Assessment, Assessment and Taxation Department, Regina, Saskatchewan, January 9, 2018.
- Mwale, Chimoso Goodson, Senior Market Analyst, Canada and Housing Corporation, Saskatoon, Saskatchewan.

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6.0 Policy Directions

Following the completion and receipt of this report, the next step in the intensification process will be to create a new Underutilized Land Improvement Strategy (ULIS). Based on the findings in this report, the following section is provided to guide the City of Regina towards an effective ULIS. This report recommends that the new ULIS be centred around six key themes, as illustrated below.



6.1 Directions for Improving Regulatory Issues

Zoning Considerations (Derived from feedback with external stakeholders both in Saskatoon and Regina)

Re-zoning land is sometimes required for infill development to increase the economic viability of development and to adapt to changing development trends. Rezoning is a major source of risk, cost, time and uncertainty, and is viewed as a deterrent by most builders. There are a few ways in which the City of Regina may consider reducing this deterrent.

Pre-Zoning and Use of the Holding Symbol (Derived from feedback with external stakeholders both in Saskatoon and Regina)

'Pre-zoning' land to accommodate the land use that is ultimately desired (increase density), in conjunction with the Holding Symbol (H). This has the effect of increasing the certainty that the site can be developed in a certain way but must meet specified conditions for removal of the 'H' (e.g. remediation, design review, construction timing, infrastructure upgrades, etc....). Leaving the rezoning process up to a builder or developer creates a hurdle and increases uncertainty and is a major concern and discourages infill development.

Site Specific Zoning (Derived from feedback with external stakeholders)

Site specific zoning is another potential direction and may work to encourage redevelopment of former service station sites (or contaminated sites in general). Spot zoning is normally discouraged, for valid reasons, however, it may have some benefit where specific uses are restricted due to known contaminants, thereby allowing uses which are not affected by the contaminants to proceed. An overlay district or contract zoning arrangement is often the best tool for local and more specific developments.

Contextual Zoning (Derived from feedback with external stakeholders)

Zoning in infill areas needs to be more contextual. In other words, zoning regulations and standards are often applied across the city, regardless of local context. For example, suburban parking regulations and standards are often applied to non-suburban locations. Each zone in an infill location should allow more context to be considered. Again, the use of overlay districts is one tool which may be used to allow for more location-specific or contextual zoning to be applied to infill.

Note: it is recognized that zoning in the Downtown is often very permissive and allows a wide range of uses to encourage development. The above directions are aimed primarily at infill sites outside of the downtown, but within the Intensification Boundary.

Demonstration Projects (Derived from Consultant Experience and Best Practice)

Support demonstration projects and encourage creative design. A demonstration project is a development process intended to introduce new development trends to an area by reducing risk and providing incentives. They are usually competitive in nature.

Once a successful demonstration project is designed, zoning regulations, or amendments, are developed around the successful design. A demonstration project is useful in areas where development is desired as a catalyst for further development. Demonstration or Design Competition could also offer incentives to the winning competitive design, such as a lower cost for the site. Edmonton has encouraged design competitions to show how infill can be compatible for a variety of different forms of development.

<http://www.edmontoninfilldesign.ca/competition-details/>

Mid-Rise Development (Derived from Current Trends and Best Practice)

There is a very low likelihood that a city can rely on high-rise or low-density development to fill under-utilized sites. A development form which is gaining in popularity is mid-rise development. Mid-rise development is usually six to eight stories in height. The City could support mid-rise development in zoning and identify key areas where mid-rise development can occur 'as-of-right'.

Regina Building Bylaw should be amended to allow for the permitting of 6-storey wood frame construction, in advance of adopting new national standards.

Keep Zoning Current (Derived from feedback with external stakeholders)

Work to remove unnecessary, outdated, regulations and processes (where they exist). There is a perception that zoning regulations do not keep up with policy and some standards have existed for a considerable period of time in infill areas without change. For example, Parking standards are changing across North America. Winnipeg, MB and High River, AB have both implemented lower minimum parking standards (from 1.5 spaces per dwelling to 0.8 spaces per dwelling), and in some cases a maximum parking standard in their zoning bylaws.

It should be noted that many stakeholders expressed during consultations that although zoning regulations were sometimes an issue, the City staff were approachable and seemed committed to providing assistance.

6.2 Directions for Improving Process

Process Improvements (Derived from feedback with external stakeholders both in Saskatoon and Regina)

Business does not like uncertainty, for obvious reasons. The majority of infill development is undertaken by small to medium-sized businesses who do not regularly work with the City's processes for change. The process for infill development is not the same as greenfield development.

During the formation of the ULIS the City of Regina should consider these four major performance factors when trying to improve the process for infill development:

1. Time – the length of time it takes from idea to completed development.
2. Co-ordination – a coordinated response from City departments to streamline the information gathering and approval processes.
3. Cost – all costs known, or at least accurately estimated, early in the process. Fees and charges should be related to the cost of providing the service.
4. Information – key information and simpler process, to increase certainty, needs to be addressed. It is not possible to know the outcome of any rezoning process, but the process should be clear and the City's position should be clear.

The very best role for the City to play to assist in meeting City goals and targets for Infill Development, is to reduce uncertainty as much as possible, and play a pro-active role by offering more assistance to builders to intensify land use in established areas.

One way to do this is to assist with the process of obtaining approval. A straightforward, comprehensible, co-ordinated process is more valuable than most financial incentives. It is important that, within the Administration, everyone understands that balanced growth, and more infill development is good for the City, financially, socially (stronger neighbourhoods), functionally (city works better).

The process can sometimes be plagued by poor communication between departments, un-coordinated responses between departments, and attitudes of some staff who treat all development in the same manner.

Co-ordination between City staff needs to be improved by someone who has authority to make changes to processes which cross between civic departments. An **infill co-ordinator** who has both private development and municipal experience is ideal. Furthermore, this position would have authority to implement changes across departments. (e.g. position could be based within the City Manager's office).

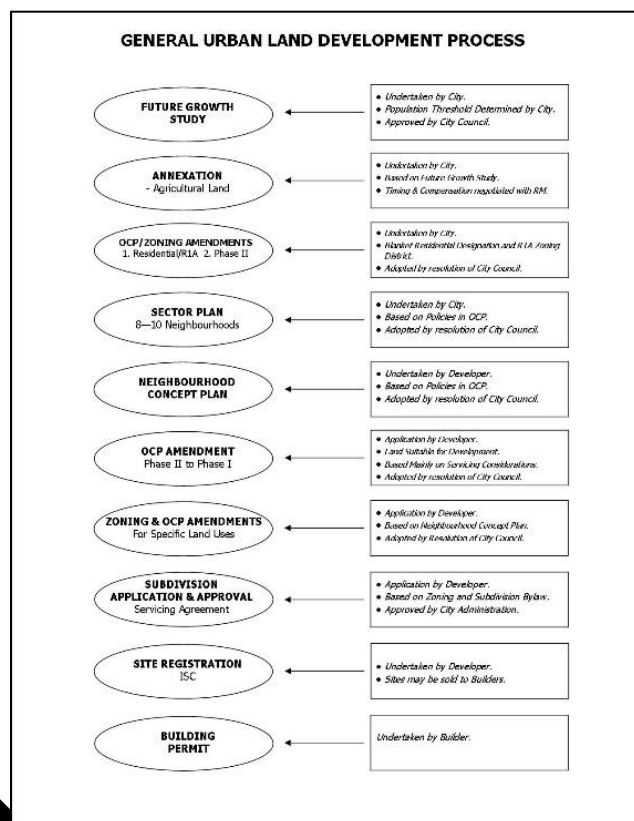
The very best role for the City to play...is to reduce uncertainty... and play a pro-active role by offering more assistance to builders...



Access to Information (Derived from feedback with external stakeholders both in Saskatoon and Regina)

Builders need to have key information early. Like what fees and charges are going to be levied for the project.

Builders need information which allows them to do business planning and make decisions early (i.e. prior to site purchase). Providing as much online access to key information would allow builders to do much of the initial information gathering themselves, which saves time and money. For example, an online calculator with all city fees and charges estimated for a particular site. It would also be helpful to put all servicing agreements online for reference.



6.3 Directions for Addressing Brownfields

All underutilized, existing sites are potential Brownfield sites. Brownfields are only determined after a screening process described in Section 2.2.

Legislative Change (Derived from Consultant Experience)

The City of Regina could sponsor a new SUMA resolution to lobby for new Saskatchewan legislation to allow site-specific tax measures which penalize owners of underutilized sites who have removed their site from the marketplace (i.e. former gas stations). This could be similar to new legislation recently adopted for this purpose in Alberta and Manitoba.

Development Levies (Derived from feedback with external stakeholders both in Saskatoon and Regina)

Builders often over-pay for infill sites. They pay market price for the lot, plus the added costs of off-site development levies, and required surface improvements (i.e. sidewalks) usually on top of expected screening and remediation costs. Off-site development levies are already included in the cost of greenfield sites. To reduce this deterrent, the development levies for each vacant and underutilized site should be posted on-line and updated annually.

Allow Temporary Uses (Derived from Consultant Experience)

Subject to the results of a Phase 1 ESA, some brownfields may be suitable for temporary uses. Rather than sit vacant, if the owner is willing, some sites may be used for pop-up retail, local food production, event space, dog runs, etc. These sorts of uses are temporary while larger issues or market conditions change to allow more permanent uses on site.

All underutilized, existing sites are potential Brownfield sites.



6.4 Directions for Improving Financial Issues

Incentives do not make or break a development proposal. They are intended as a public policy tool to 'assist' in drawing attention to areas where private investment is desired, and to defray extra costs. Financial incentives should be provided to cover costs which are inherent to infill/brownfield redevelopment (e.g. screening costs, remediation, uncertainty, etc.). It also sends a signal that the municipality is willing to participate by taking on a modest level risk to help intensify uses and absorb underutilized sites in a particular area.

It is important to recognize that many underutilized lots are often a write-off with zero or negative market value.

Screening Incentive (Derived from feedback with external stakeholders)

A new incentive program could be developed aimed at decreasing the cost to investigate the status of sites. The incentive could increase in value the further along a development proceeds. Covered costs could include Phase 1 ESAs, Phase 2 soil test and Remediation costs.

Cover Added Costs (Derived from feedback with external stakeholders)

Incentives could be designed around providing support for extra costs associated with providing more material which may be required for infill developments, which are not required for greenfield developments. For example:

1. Extra Drawings (for public meetings)
2. Renderings (for public meetings)
3. Traffic Impact Assessments (not required in greenfields)
4. Shadow Analysis (not required for greenfields)
5. Solar Protection (not required for greenfields)
6. Environmental Screening Costs (not required for greenfields)



Tax Abatements & Public Realm Investments (Derived from feedback with external stakeholders)

Incremental tax abatements (not tax increment financing) are limited by law to a maximum of five years. This type of financial incentive is usually not large enough by itself to attract development. Tax abatement incentives are more effective if they are offered in combination with a larger strategy to improve public realm surface improvements and infrastructure upgrades.

Incentives do not make or break a development proposal. They are intended as a public policy tool to 'assist' in drawing attention to areas where private investment is desired and defray extra costs.

Self Financing Grants (Derived from best practices)

A popular alternative to a tax abatement is to offer a grant equal to the value of a tax abatement. This is attractive to those builders who plan to sell the development upon completion. It is self-financing by re-directing the property taxes back into a dedicated reserve to re-pay the grant. The grant program only needs seed money to get started.

Waiver of Tax Arrears (Derived from best practices)

A significant impediment to developing on an underutilized site can be any municipal taxes which are in arrears. Under certain conditions, it may be desirable to include the waiver of tax arrears in a 'package' of incentives designed for a specific project. A blanket policy of waiving tax arrears is often not desirable since it may encourage owners of underutilized sites to stop paying property taxes on vacant land.

Note: Section 7 provides a general outline of a suggested incentive program design. It is based on an earned points system - the level of incentive rises with the points earned by adding desirable elements. The points can be lowered or raised based on the financial gaps identified between greenfield and infill development in the ProFormas.

6.5 Directions for Improving Infrastructure & Public Perception

Infrastructure Condition (Derived from feedback with external stakeholders)

As much as possible and practical, the condition and capacity of all critical infrastructure within the Intensification Boundary should be known prior to development occurring. This would put infill development on par with greenfield development. For greenfield development, the capacity and condition of all infrastructure is known to all builders ahead of development. A full condition and capacity assessment for the Intensification boundary is recommended for areas where that the City has identified as 'strategic' and may be 'catalysts' for spinoff development.

Redevelopment Levy (Derived from feedback with external stakeholders)

It would be helpful to implement a development levy system which recognizes that not all infill development is the same. The proposed levy structure recognizes two forms of development – greenfield and infill. A third type of development where there are multiple existing land owners and the land is in various degrees of development, could be beneficial to encourage redevelopment.

Tax Increment Financing (Derived from best practices)

Use TIFs (tax increment financing and funding) to fund local public infrastructure improvements to encourage and support further infill development. This tool is best suited in these situations:

1. Applied to areas of the city with strategic importance;
2. Applied to areas where redevelopment is likely; and,
3. Applied to areas where infrastructure, or surface improvements are needed to catalyze development.

Put infill development on par with greenfield development. In greenfield areas, the capacity and condition of all infrastructure is known to all builders ahead of development. This same condition does not always exist in infill locations.

Concentrated Maintenance (Derived from consultant experience)

It is a common complaint heard from residents and business owners in established infill neighbourhoods that the condition of mainly surface infrastructure is not on par with new greenfield neighbourhoods.

The City could consider a concentrated 'Maintenance Campaign', where the City of Regina elevates the effort and staff resources towards maintenance of the surface and sub-surface infrastructure in proximity to areas of strategic importance. A concentrated maintenance campaign may help to change the public perception of areas which need new sidewalks, roadways, better pedestrian amenities, etc. and ultimately attract new investment. This program is intended to serve as a catalyst to attract investment and would be run as a temporary program.

Clean-up Campaign (Derived from best practices)

The City could offer funding assistance for annual clean-up campaigns for inner city neighbourhoods. This could take the form of direct funding to community associations, or temporarily reducing or eliminating landfill fees for community clean-ups. If pursued, support would be coordinated through the Community and Cultural Development Branch.

6.6 Directions for City Strategy and Leadership

Leadership (Derived from consultant experience, best practices)

The policy desire to shift the balance of growth must be lead from the very top and 'championed' by the Mayor, City Council and the City's top administrators. With enough support from local leaders, the culture of the community begins to change and support for infill grows.

Empowerment (Derived from consultant experience, best practices)

Senior Administrators must encourage and empower individual departments and work units to work collaboratively on intensification applications. Individually, each step or policy in the development application review makes sense in the department where it comes from. However, when put together with other requirements from other departments, the overall communication is often confusing, or inconsistent, and does not include a complete picture of the entire process.

Planners need to arm themselves with facts about infill and be prepared to lead discussion and correct public misconceptions about infill development.

Policy Disconnect (Derived from external stakeholder feedback)

It has been observed and stated by stakeholders during the consultations, that there seems to be a disconnect between the publicly adopted civic goals contained in Design Regina, the rules and regulations (zoning, etc.) pertaining to site development. The high-level strategies did not seem to permeate down to the regulatory level. An examination of this issue in more detail is required.



Providing Facts About Infill (Derived from consultant experience, best practices)

Planners need to arm themselves with facts about infill and be prepared to lead discussion and correct public misconceptions about infill development. For example, in many public meetings, where infill is a contentious issue, the following three issues are raised frequently:

1. Property Values will fall – this is not factual. In the vast majority of cases, infill development has a positive impact on surrounding values.
2. Traffic will become a problem – this is also not often factual. In the majority of cases the streets which serve the development has design capacity which is under-utilized.
3. Larger buildings (density) will make the area less attractive – evidence shows that larger buildings do not lead to vacancy or less demand within a neighbourhood.

Correcting misconceptions does not mean 'siding with developers'. It is the duty of civic staff to offer and present facts when confronted with speculation, misinformation or distorted truths.

Bus Rapid Transit (Derived from best practices)

One of the most proven methods to encourage intensification is to implement a Rapid Transit System through Downtown and along key corridors. Regina is close to a size and with a ridership level which could support a rapid transit system. Bus Rapid Transit (BRT) has been credited for increasing investment in housing and mixed-use development in many cities along BRT corridors. For example, in Winnipeg, their BRT has spurred 12 major development projects, and 4,000 new dwellings near BRT routes. This should be considered a long-term city-wide strategy which will require considerable study, public consultation and funding.

7.0 Outline of Incentive Program Design

Purpose

Incentives can take many forms. Usually they are financial in nature and are offered in exchange for development which meets public policy objectives. They are usually short-term with an average length of five years, after which the incentive expires.

This section provides an outline of a potential new incentive program which could offer a suite of variable incentives administered in a single-intake process. This is not a detailed program design, only an outline.

Financial incentives will never overcome or compensate for an onerous, complex or uncertain development process. Builders have indicated during consultation that there is more value to a builder to create a better business climate for infill by improving the approval process. However, this does not mean that the City of Regina should not include a new incentive program as part of its overall strategy.

Important Program Design Considerations

Below are a series of points to consider when designing a new incentive program for intensification and infill development:

- Offer an Incentive program based on an 'earned-points' system. Earned points provides clarity on what is important to the City of Regina and entices the developer to offer more desirable elements in their development (see Example: Earned Points System).
- Offer a choice of both grants and abatements. Grants are more desirable to developers who intend to sell their property after construction. Abatements are more desirable to developers who intend to lease and may offer the abatement as a marketing tool.

- During the design of any new incentive programs, it is highly recommended that it be reviewed by key leaders or representatives within the business community first.
- Grants can be self-financing if the incremental property tax upon completion is redirected towards grant repayment (need to make the grant equal to the value of a multi-year tax abatement). The municipal portion of the property tax would be collected and re-directed into a new 'Intensification Reserve' until the total grant amount is repaid.
- Grant amounts should be varied based on the amount of 'earned points' totaled in the grant application, but the total grant amount should be capped at a maximum (e.g. \$200,000).
- Consider offering property tax deferral during construction in areas where redevelopment is more difficult or costly (i.e. Downtown or building conversions). Collection of deferred taxes could occur upon sale of completed units, or lease of space.
- Alternatively, property tax could be waived during construction for a specified maximum time period (e.g. up to 24 months). The funding source for this incentive would be a new infill reserve.
- Consider waiving parking bagging fees (if any) during construction (e.g. for up to 24 months) in areas where metered on-street parking exists.
- The Intensification Boundary is currently too large to apply and administer an effective incentive program. Would suggest undertaking a series of Local Area, Neighbourhood Improvement Plans, or Secondary Plans for key strategic areas which have strategic importance, and which have a high likelihood of redevelopment and infill growth. For example, high frequency transit routes, areas which link key destinations, etc. Builders have indicated that they would like the City to identify 'catalyst' areas, or strategic areas where public realm improvements will be focused. The catalyst areas would be strategic for the long-term growth of the City – for example, where transit usage

is likely to increase, patronage of key civic facilities is high, and/or the likelihood of private investment and revitalization is most likely to occur.

- Focus support in high priority areas – make these areas and the process for developing in these areas as certain as Greenfields. An incremental, piece by piece approach may not yield large enough results to turn areas around.
- Financial incentives should continue to be offered to affordable housing projects where the clients are means tested, similar to the Housing incentive program. Additional incentives may be offered where affordable housing projects contribute to intensification objectives.
- Process incentives should be offered for intensification projects. For example, a 'Priority Review Process' could be adopted where projects which meet intensification goals are moved to the front of the queue for faster processing.
- Intensification may result in 'unintended consequences' such as the loss of character homes, displacement, loss of heritage buildings, etc. The City will need to look at incentives and programs for intensification which are also aligned with heritage goals and objectives as well. The City of Calgary offers good examples of incentives which minimize impacts on heritage character areas and homes.
- City could look at developing a new Urban Design Program, utilizing non-mill rate funding through a TIF funding strategy. Urban Design would be staffed, or external resources contracted, to work on streetscaping plans and capital improvements in high priority areas.
- Allow applicants to 'stack' incentive programs. If a development is able to secure funding from other sources, it would be recommended that they be allowed to stack incentives. This reduces administrative costs and provides more value to the builder.

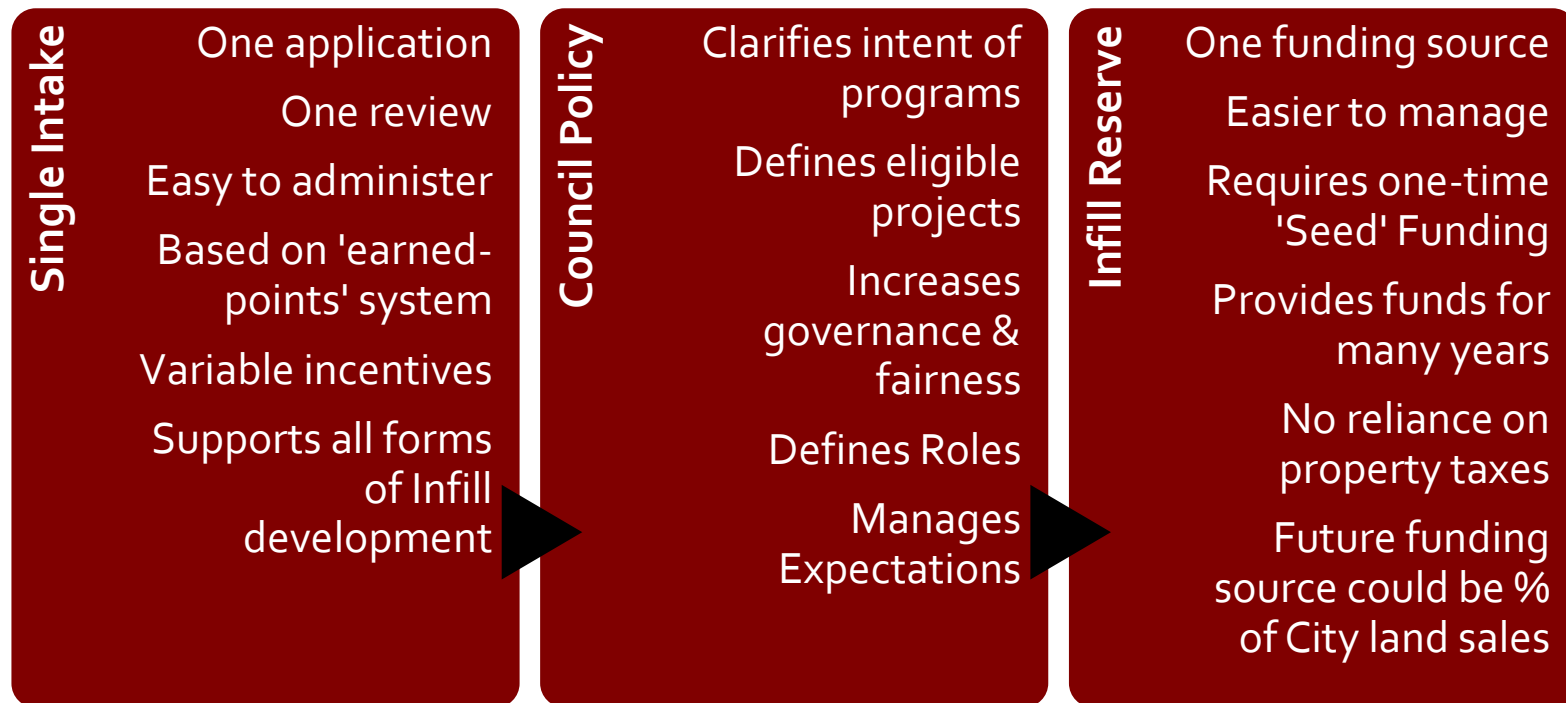
- Avoid conditions where 'claw-backs' are necessary. These are time consuming and costly to monitor and administer. It should be assumed at the outset that market conditions can change and incentives should be designed to get development started.

ULS Policy Priority	Criteria or Policy Objective	Earned Amount of Grant/Tax Abatement
Base Incentive Amount	All Infill projects qualify for a 'base' amount within incentive policy area.	50 percent
Structured Parking	Reduce surface parking in Intensification boundary	10 percent
Adaptive Re-use of Vacant Building	The City wishes to increase the absorption and re-use of chronically vacant building space	10 percent
Site Remediation	The City wishes to encourage the clean-up and re-use of Brownfield sites in the Intensification boundary	10 percent
Energy Efficiency	The City encourages builders to consider increasing the efficiency of buildings and reducing energy needs	5 percent
Public Realm Improvements	The City encourages builders to improve the public space adjacent to their property for public enjoyment: • New sidewalk • More Landscaping • Improved Lighting • Bicycle Parking	5 percent



7.1 Summary of Incentive Program Design

The following chart illustrates the recommended design of a new intensification incentive program.



An Intensification Reserve will need to be established with enough seed money to ensure that annual self-financing grants can be provided, and the funding 'revolves' by recouping funds through property taxes from recipient projects.

7.2 Summary of Incentive Program Process

Below is a chart which illustrates how a new incentive program could be administered.

