Executive Committee

Wednesday, September 22, 2021
9:00 AM

Henry Baker Hall, Main Floor, City Hall

OFFICE OF THE CITY CLERK

Public Agenda
Executive Committee
Wednesday, September 22, 2021

Approval of Public Agenda

Minutes Approval

Minutes from the meeting held on September 8, 2021

Delegations – EX21-60

- Stephen Onda, Bright Sky
- John Hopkins, Regina & District Chamber of Commerce

Administration Reports

EX21-60 City of Regina Development Charges Annual Rate Review

Recommendation
The Executive Committee recommends that City Council:

1. Approve the 2022 Servicing Agreement Fee and Development Levy rates at $297,000 per hectare for residential and commercial development and $99,000 per hectare for industrial-zoned development, effective January 1, 2022.

2. Approve the 2022 Intensification Levy rates as shown in Table 1 below, effective January 1, 2022:

Table 1: Intensification Levy Rate by Land Use Type

LAND-USE TYPE	RATE
Residential Unit Types (rate charged per unit)	
Secondary Suite	$4,500
Single-Detached Dwelling	$9,300
Semi-Detached Dwelling or Duplex	$9,000
More than Two Dwelling Units (e.g. townhouse, triplex, etc.)	$8,600
Apartment (less than two bedrooms)	$4,500
Apartment (two or more bedrooms)	$6,600
Residential Group Care Homes	$9,300
Office/Commercial/Institutional (rate charged per m^2)	$100
Industrial (rate charged per m^2)	$50

3. Instruct the City Solicitor to prepare the necessary amendments to *The Development Levy Bylaw, 2011* to give effect to the recommendations, to be brought forward to a meeting of City Council following approval of these recommendations and the required public notice.

4. Approve these recommendations at its meeting on September 29, 2021.

EX21-61 2021 Mid-Year Financial Report

Recommendation
That Executive Committee receive and file this report.

EX21-62 Tax Policy and Affordability Report

Recommendation
That Executive Committee remove item number CR20-58(2) from the list of outstanding items.

EX21-63 Utility Affordability Report

Recommendation
That Executive Committee recommends that City Council remove item number MN20-6 from the list of outstanding items.

Resolution for Private Session

AT REGINA, SASKATCHEWAN, WEDNESDAY, SEPTEMBER 8, 2021

AT A MEETING OF EXECUTIVE COMMITTEE

HELD IN PUBLIC SESSION

AT 9:00 AM

These are considered a draft rendering of the official minutes. Official minutes can be obtained through the Office of the City Clerk once approved.

Present:	Councillor John Findura, in the Chair Mayor Sandra Masters Councillor Lori Bresciani Councillor Bob Hawkins Councillor Dan LeBlanc Councillor Jason Mancinelli Councillor Terina Shaw Councillor Cheryl Stadnichuk Councillor Andrew Stevens Councillor Shanon Zachidniak
Regrets:	Councillor Landon Mohl
Also in Attendance:	City Clerk, Jim Nicol Deputy City Clerk, Amber Ackerman City Manager, Chris Holden City Solicitor, Byron Werry Executive Director, Citizen Services, Kim Onrait Executive Director, City Planning & Community Dev., Diana Hawryluk Executive Director, Financial Strategy & Sustainability, Barry Lacey Executive Director, People & Transformation, Louise Folk

(The meeting commenced in the absence of Councillor LeBlanc.)

APPROVAL OF PUBLIC AGENDA

Councillor Lori Bresciani moved, AND IT WAS RESOLVED, that the agenda for this meeting be approved, as submitted.

MINUTES APPROVAL

Councillor Bob Hawkins moved, AND IT WAS RESOLVED, that the minutes for the meeting held on August 4, 2021 be adopted, as circulated.

ADMINISTRATION REPORTS

EX21-58 City Centre Core Development Advisory Committee Terms of Reference

Recommendation
The Executive Committee recommends that City Council:

1. Approve the City Centre Core Development Advisory Committee terms of reference as outlined in Appendix A.

2. Instruct the City Solicitor to prepare the necessary bylaw amendments to Bylaw No. 2009-40, *The Committee Bylaw, 2009* to add the City Centre Core Development Advisory Committee as a secondary Committee of Council and set out its terms of reference as described in Appendix A, to be brought forward to the meeting of City Council following approval of the recommendation in this report by City Council.

3. Remove item CR21-48 from the List of Outstanding Items for City Council.

4. Approve these recommendations at its meeting on September 15, 2021.

Tim Reid, representing Regina Exhibition Association Limited and Leasa Gibbons, representing Regina Warehouse Business Improvement District addressed the Committee.

Councillor Cheryl Stadnichuk moved that the recommendations contained in the report be concurred in.

The Clerk called the vote on Councillor Stadnichuk's motion.

	In Favour	**Against**
Councillor Cheryl Stadnichuk	✓	
Councillor Bob Hawkins	✓	
Councillor Andrew Stevens	✓	
Councillor Lori Bresciani	✓	
Councillor Terina Shaw	✓	
Councillor Shanon Zachidniak	✓	
Councillor Jason Mancinelli	✓	
Mayor Sandra Masters	✓	
Councillor John Findura	✓	
	9	**0**

The motion was put and declared CARRIED.

(Councillor LeBlanc arrived at the meeting.)

EX21-59 National Day for Truth & Reconciliation

Recommendation
That Executive Committee receive and file this report.

Councillor Shanon Zachidniak moved that this report be received and filed.

The Clerk called the vote on Councillor Zachidniak's motion.

	In Favour	Against
Councillor Shanon Zachidniak	✓	
Councillor Jason Mancinelli	✓	
Councillor Terina Shaw	✓	
Councillor Dan LeBlanc	✓	
Councillor Lori Bresciani	✓	
Councillor Andrew Stevens	✓	
Councillor Bob Hawkins	✓	
Councillor Cheryl Stadnichuk	✓	
Mayor Sandra Masters	✓	
Councillor John Findura	✓	
	10	0

The motion was put and declared CARRIED.

RESOLUTION FOR PRIVATE SESSION

Councillor Shanon Zachidniak moved, AND IT WAS RESOLVED, that in the interest of the public, the remaining items on the agenda be considered in private.

RECESS

Councillor Bob Hawkins moved, AND IT WAS RESOLVED, that the Committee recess for 10 minutes.

The Committee recessed at 9:38 a.m.

Chairperson Secretary

City of Regina Development Charges Annual Rate Review

Date	September 22, 2021
To	Executive Committee
From	City Planning & Community Development
Service Area	Office of Executive Director (City Planning & Community Development)
Item No.	EX21-60

RECOMMENDATION

The Executive Committee recommends that City Council:

1. Approve the 2022 Servicing Agreement Fee and Development Levy rates at $297,000 per hectare for residential and commercial development and $99,000 per hectare for industrial-zoned development, effective January 1, 2022.

2. Approve the 2022 Intensification Levy rates as shown in Table 1 below, effective January 1, 2022:

Table 1: Intensification Levy Rate by Land Use Type

LAND-USE TYPE	RATE
Residential Unit Types (rate charged per unit)	
Secondary Suite	$4,500
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Apartment (less than two bedrooms)	$4,500
Apartment (two or more bedrooms)	$6,600
Residential Group Care Homes	$9,300
Office/Commercial/Institutional (rate charged per m^2)	$100
Industrial (rate charged per m^2)	$50

3. Instruct the City Solicitor to prepare the necessary amendments to *The Development Levy Bylaw, 2011* to give effect to the recommendations, to be brought forward to a meeting of City Council following approval of these recommendations and the required public notice.

4. Approve these recommendations at its meeting on September 29, 2021.

ISSUE

The City uses Development Charges, which include Servicing Agreement Fees, Development Levies (SAF/DL) and Intensification Levies (IL) to fund major infrastructure required for growth per the requirements of *The Planning and Development Act, 2007* (Act) and the *Development Charges Policy* (Policy).

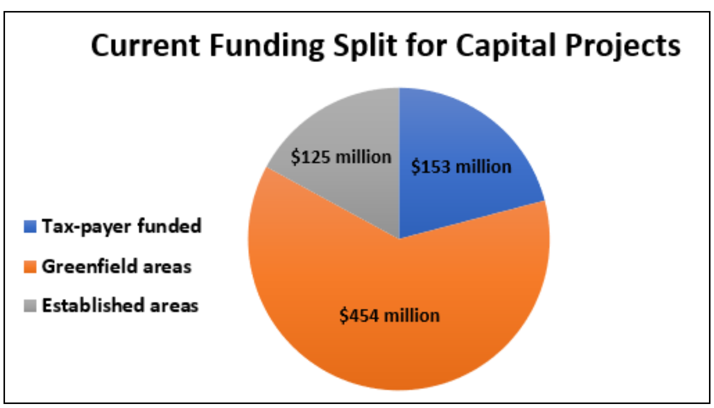
SAF/DL and IL rates are set annually following an annual rate review process as described in the Policy to apply the most current information to rate calculations. Changes to the rates as proposed in this report require amendment of *The Development Levy Bylaw, 2011* (Bylaw).

IMPACTS

Financial Impact

The establishment of SAF/DL and IL rates is an annual process that manages cashflow to deliver growth-related capital projects funded through Development Charges.

Based on this year's review, to support a population of 300,000, the total value of the remaining growth-related capital projects required is approximately $732 million. Development Charges cover $579 million of this cost, with $454 million recoverable through greenfield development and $125 million recoverable through intensified development in established areas. Since growth projects are often bundled with life-cycle replacement projects, the City is responsible for funding approximately $153 million of the total cost through taxpayer reserves to implement projects identified for growth.



All growth-related capital projects are subject to the City's annual budget process.

The Development Charges Model (Model) was approved by Council in 2015 with a maximum deficit of $60 million (CR15-138). It is expected that the Model's cashflows will be in a deficit position by 2024 and exceed $60 million in 2028 and 2029 (negative $64.7 million and negative $62.2 million, respectively). The projected deficit is caused by:

- Lower-than-average revenue assumptions from land development. This will be analyzed in more detail in 2022 when reviewing the greenfield hectares developed per year assumption in the Model.
- A need to complete projects in preparation for growth, such as the Eastern Pressure Solution which is required to restore the level of service for the water distribution system.
- Advancement of more transportation projects than planned (e.g. Dewdney Avenue, Pinkie Road, Prince of Wales Drive, Arcola Avenue).

There are risks to carrying a deficit:

- The City is financing growth-related capital projects when there is a cashflow deficit. This will reduce investment returns and result in less investment for the Asset Revitalization Reserve (ARR).
- Financing growth-related capital projects increases the need to debt-finance other City projects. The City has limited debt-financing capacity and there are many planned projects that will incur significant costs to the City.
- The City's debt limit is $450 million. As of December 31, 2020, outstanding debt is $293 million (65 per cent of limit) and is expected to be $353 million by December 31, 2021 (78 per cent of limit). Higher debt may result in a lower credit rating which causes higher borrowing costs.
- The $60 million debt limit is intended to strike a balance between these risks and the fact that it is difficult to deliver growth projects without spending in advance of development. The City risks being unable to support growth if key growth-enabling projects such as the Eastern Pressure Solution, do not proceed at the appropriate time.

Policy/Strategic Impact

The review of the rates is completed per Section 10A of the Policy (Schedule A to the Bylaw):

- *10A – The Development Charge rates set forth by Section 6.G.5 of the Policy are reviewed from time to time and presented to Council for approval. The review will include:*
    - *Consultation with development industry members*
    - *Review of the current Servicing Agreement Fee balance and interest due*
    - *Determination of pace of development to establish the Capital Projects list and developable area*
    - *The current population and population projections to calculate appropriate funding*

  - *splits for new projects added to the list*
  - *Review of intensification development Capital Projects to calculate the Intensification Levy rate*
  - *Review of greenfield development Capital Projects to calculate the greenfield rate*
  - *Review of citywide development Capital Projects to ensure cost estimates, capacity and timing are accurate to calculate both the greenfield and intensification levy rates*
  - *Review for alignment to Master Plans and OCP Growth Phasing*
  - *Adjustment, addition, and removal of Capital Projects projected over the 25-year time horizon*
  - *Indexing for inflation*

The calculation and review of Development Charge rates are supported by Policy 1.16 from *Design Regina: The Official Community Plan Bylaw No. 2013-48* (OCP):

- *1.16 – Ensure that growth pays for growth by:*
  - *1.16.1 – Ensuring Service Agreement Fees charges are based on full capital costs*
  - *1.16.2 – Regularly reviewing the rate and rate structure for Service Agreement Fees*
  - *1.16.3 – Reviewing the areas to which Service Agreement Fees apply, including the possibility of fees varying with location, density and use as necessary, except where specific and deliberate subsidies are approved to support public benefits*
  - *1.16.4 – Aligning the City's development fees, property taxes and other charges with the policies and intent of this Plan*
  - *1.16.5 – Achieving a balance of employment and residential lands*

Environmental Impact

City Council set a community goal for the City of Regina of achieving net zero emissions and sourcing of net zero renewable energy by 2050. In support of this goal, City Council asked Administration to provide energy and greenhouse gas implications of recommendations so that Council can evaluate the climate impacts of its decisions.

This report presents the costs to fund major infrastructure projects in the city based on calculations set out in the Development Charges Policy. At this time Administration is not able to determine how development charges would impact sustainability and greenhouse gas emissions. The forthcoming Energy & Sustainability Framework will identify the policies required review to ensure that they are aligned with the goals of achieving net zero emissions and sourcing of net zero renewable energy by 2050.

Other Implications

There are no accessibility or legal/risk impacts arising from this report.

OTHER OPTIONS

1. Refer the rates calculation back to Administration. If Council has specific concerns, rates may be referred to Administration to review some or all of the updates made to the Model to be considered by Executive Committee or brought back directly to City Council. Proposed rates have been calculated following the Act, Council approved Policy, and based on the results of the growth-related capital projects annual review.

2. Deny the recommendations and maintain the 2022 rates unchanged from 2021, effective January 1, 2022. Maintaining rates would defer any incremental costs associated with growth to have them incorporated into next year's calculation, but may be legally challenged.

3. Deny the recommendations. Should Council have concerns it may deny the recommendations and direct a change of policy.

COMMUNICATIONS

Recommendations within this report, as well as planned Council dates, were provided to stakeholders in advance. Stakeholders were identified as interested parties during the report process. Stakeholders and other interested parties have received a copy of the report and notification of the meeting to appear as a delegation and will receive written notification of Council's decisions. If approved, the rates on the City's website will be updated accordingly.

Should Council approve the recommendations contained in this report, an amendment to the Bylaw must be prepared and adopted for the recommendations to come into effect. Public notice of the public hearing required when Council considers the proposed bylaw will be given in accordance with *The Public Notice Policy Bylaw, 2020.*

DISCUSSION

Background
The growth of a city can offer benefits such as supporting and attracting local business, creating population thresholds necessary to support arts and culture, promoting community vibrancy and fostering the development of services such as transit and recreation.

Growth requires an investment in services and infrastructure. New neighbourhoods and employment areas require expanded or new infrastructure for services such as water and wastewater. The Policy assigns developers the responsibility for capital requirements internal to, or triggered directly by, new developments (e.g. lift station). Development Charges are used to fund major infrastructure investments to city-wide systems required due to growth or in preparation for growth (e.g.

wastewater treatment plant). Development Charges include greenfield Servicing Agreement Fees, Development Levies and Intensification Levies.

The SAF is applied when subdivision occurs in greenfield areas, while the DL is applied where no subdivision is occurring but there is a change in the intensity of land use. The IL is applied to development in established areas where there is an intensification of land use resulting in more residential units, or an increased floor area to what previously existed on the land, requiring more access to capacity in city systems than previously. By comparison, taxes and utility fees are used to operate, maintain, and fund life-cycle replacement of existing infrastructure.

The Policy is guided by legislation outlined in the Act which regulates the eligibility and calculation of these fees. The Act allows the following categories of growth-related capital projects to be eligible for funding through Development Charges:

- roads and transportation infrastructure;
- utility infrastructure, including water, wastewater and stormwater (drainage); and
- parks and recreation infrastructure.

These projects cannot include costs associated with operations, maintenance or renewal of infrastructure, nor can they be used for other growth-related costs, such as those for police, transit, landfills, libraries or firehalls.

Annual Rate Review Process

The SAF/DL and IL rates are determined annually as the Model is updated. The Model update includes review of inputs, assumptions, the growth-related Capital Project List (Appendix A) and administration fees. The Capital Project List is based on master plans and further studies, outlining projects required to service growth within the current planning horizon of a population of 300,000. Administration fees include costs related to the implementation of the Policy and delivery of projects.

The Capital Project List was reviewed by Administration and development industry stakeholders through a combination of communications, meetings and workshops. Feedback received during these sessions indicated that stakeholders were pleased with the level of communication, engagement and collaboration throughout the process and have asked that the City emulates the same process for next year. Feedback from the Regina and Region Homebuilders’ Association (Appendix B) indicated support of the rates and rationale.

Greenfield Servicing Agreement Fee/Development Levy Rate Review

The proposed greenfield SAF/DL rate of $297,000 represents a 0.67 per cent decrease from the 2021 rate of $299,000. Per the Policy, the rate for greenfield industrial development is to be calculated at one-third of the SAF/DL rate, based on this calculation the proposed rate for industrial development is $99,000 per hectare.

Intensification Levy Rate Review

As shown in the table below, the proposed land-use-specific IL rates represent an increase from the 2021 rates. The major driver for the revised rates was an increase to a cost estimate for a wastewater project (wastewater linear replacement). The project is 100 per cent funded by intensified development in established areas through ILs, with no taxpayer or greenfield cost share. These increased costs resulted in a direct increase of IL rates.

Land Use Types	Ratio	2021 (current)	2022 (proposed)	Increase+
Residential				
Secondary Suite	1.3	$4,200	$4,500	$300 (7.14%)
Single Detached	2.7	$8,700	$9,300	$600 (6.90%)
Semi-Detached (e.g. duplex)	2.6	$8,400	$9,000	$600 (7.14%)
More than 2 Dwelling Units	2.5	$8,100	$8,600	$500 (6.17%)
Apartment (Less than 2 Bedrooms)	1.3	$4,200	$4,500	$300 (7.14%)
Apartment (Two or More Bedrooms)	1.9	$6,100	$6,600	$500 (8.2%)
Residential Group Care Home	2.7	n/a§	$9,300	n/a§
Office/Commercial/Institutional (per m2)	0.02778	$90	$100	$10 (11.11%)
Industrial (per m2)	0.01333	$40	$50	$10 (25%)

+ Increase from 2021 (current) to 2022 (proposed) intensification levy land use specific rates

§ The "Residential Group Care Home" land use type is new for the 2022 rates as a result of the new Development Charges Policy approved in May of 2021 (CR21-73)

DECISION HISTORY

In October 2020, City Council (CR20-86) approved the 2021 greenfield SAF/DL and IL rates.

In May 2021, City Council (CR21-73) approved an amendment to the Development Levy Bylaw that included an updated Development Charges Policy (Schedule A to Bylaw).

Respectfully Submitted,

Michelle Forman, Manager, Integration & Stakeholder Relationships 9/9/2021

Respectfully Submitted,

Diana Hawryluk, Executive Director, City Planning & Community Dev. 9/16/2021

Prepared by: Luke Grazier, Coordinator, Integration & Stakeholder Relations

ATTACHMENTS

Appendix A - Capital Project List
Appendix B - RRHBA Ltr to City Council on 2022 Development Charge Rate Recommendation

APPENDIX A

GROWTH RELATED CAPITAL PROJECTS LIST

APPENDIX A

SAF Model Assumptions

July 2021

Calculated Greenfield SAF Rates ($/hectare)

	2022 SAF Rate	Transportation	Water	Wastewater	Drainage	Parks	Admin
Greenfield Residential & Commercial	**$297,000**	$125,000	$92,000	$42,000	$0	$13,000	$25,000
Industrial Zoning	**$99,000**	$41,670	$30,670	$14,000	$0	$4,330	$8,330

SAF Policy Variables

Numbers updated from previous models; treatment of discipline-specific inflation rates new for this year

Inflation Rate	1.99%	*This affects future project costs*
Interest Rate (Debt)	3.50%	*This affects interest on SAF reserve debt*
Interest Rate (Cash)	0.80%	*This affects interest on positive SAF reserves*

Growth Projections

Numbers updated from previous models; methodology unchanged

City Population (2016 base year)	215,106	*Based on 2016 Census data*
City Population Growth (per year)	3,954	*Growth projections based on Census data*
Expected Year at 300,000 Population	2038	
Expected Year at 310,000 Population	2040	
Greenfield Hectares Remaining	1,597	*Includes 120 hectares from West Harbour Landing*
Greenfield Hectares to be Developed (per year)	79.8	*Average to the model-end year of 2040*

Model Calculation Assumptions

Numbers and methodology unchanged

- Model end year 2040 (for expenditures) and 2042 (for revenue)
- Two years to collect on SAF Fees (derived from 30%/40%/30% payment schedule)
- Estimated year of construction based on best guess of development triggers
- Projects removed once construction begins; funding reduced each year for multi-year projects
- Senior government funding applied to estimates, where applicable
- Regional contributions applied to the cost estimates, where applicable
- Generally, transportation projects reduced by 20% where benefit accrues beyond 300K population
- Transportation projects without a recent estimate update reduced by 20%
- Funding split for projects determined as per policy 2017-2-CPD
- Greenfield/Infill growth fixed at 70%/30%
- The model is designed to have $0 balance at the end
- Final SAF Rate rounded to the nearest $1000

APPENDIX A

2022 Service Agreement Fee (SAF) Model Summary - TRANSPORTATION PROJECTS

*Note: the right-most cost estimate for each project is applied to the model

#	Category and Project Description	Estimate(s) Rationale	Cost Estimate (2021)	Cost Estimate (2021) Less Deductions	Cost Estimate (2021) Less 20% + 300K Benefit	SAF Share	City Share	SAF Cost	City Cost	Infill	Infill Share	Change Notes
3	9th Avenue N & West Leg of Regina Bypass Interchange	Transportation Master Plan (TMP) - The initial estimate of $11M was reduced by 30% based on 30-year agreement falling within this model (21/30=70%).	$11,000,000	$7,700,000		100%	0%	$7,700,000	$0	No	0%	No changes
10	Annual Roadways Completion (unused funds capped at $100K) (Annual cost of $50K)	Estimated value of growth driven new development corrections based on Lessons Learned through Servicing Agreement Outcomes - aligned estimate to cash flow.	$1,050,000			100%	0%	$1,050,000	$0	No	0%	No changes
11	Annual Traffic Signal Installation Program	TMP - The Initial estimate of $17.5M was adjusted to $16.8M to maintain our estimate of four signal installations per year, then further adjusted by 20% to $13.44M. (Year 2020)	$16,800,000	$13,440,000		100%	0%	$13,440,000	$0	Yes	29%	No changes
20	Courtney Street Extension (Sherwood Drive to 1st Avenue N - west side)	TMP - The initial estimate of $3.465M was adjusted to $3.0M, calculated as 800m @ $3,000/m + $600K for channel crossing. (Year 2020)	$3,000,000			100%	0%	$3,000,000	$0	No	0%	No changes
21	Courtney Street Flyover at CP Mainline	TMP - The initial estimate of $20M, reduced by $375K for the Global Transportation Hub (GTH) contribution, was adjusted to $11M with an additional reduction of 20%. The cost was further reduced by 20% to $8.5M to incorporate regional contributions and represent the benefit of this asset accruing to the 300K+ growth horizon. (Year 2020)	$11,000,000	$10,625,000	$8,500,000	100%	0%	$8,500,000	$0	No	0%	No changes
25	Dewdney Avenue Twinning (Pinkie Road to Fleming Road)	TMP - The Initial estimate of $12.6M, (reduced by $3M for GTH contribution), was adjusted to $9.6M and further reduced by 20% to $7.68M to incorporate regional contributions and represent the benefit of this asset accruing to the 300K+ growth horizon. (Year 2020)	$12,600,000	$9,600,000	$7,680,000	100%	0%	$7,680,000	$0	No	0%	No changes
32	Hill Avenue and West Regina Bypass	TMP - The initial estimate of $4M was reduced by 30% based on 30-year agreement falling within this model (21/30=70%).	$4,000,000	$2,800,000		100%	0%	$2,800,000	$0	No	0%	No changes
38	McDonald Street Widening (Kress Street to Fleet Street)	TMP - The initial estimate of $3.465M was reduced by 20% to $2.78M. (Year 2020)	$3,470,000	$2,776,000		100%	0%	$2,776,000	$0	No	0%	No changes
41	Pasqua Street & Ring Road Interchange Ramps	TMP - The initial estimate of $10.5M was reduced to by 20% to $8.4M. (Year 2020)	$10,500,000	$8,400,000		100%	0%	$8,400,000	$0	No	0%	No changes
42	Pasqua Street & Ring Road Interchange	TMP - The initial estimate of $31.5M was adjusted to $25M (to match recent Sask Dr. & Lewvan flyover estimate); then further reduced by 20% to $20M to incorporate regional contributions and represent the benefit of this asset accruing to the 300K+ growth horizon. (Year 2020)	$25,000,000		$20,000,000	100%	0%	$20,000,000	$0	No	0%	No changes
45	Pasqua Street Widening (Ring Rd to Rochdale Blvd)	TMP - The initial estimate of $4.1M was reduced by 20% to $3.28M. (Year 2020)	$4,100,000	$3,280,000		100%	0%	$3,280,000	$0	No	0%	No changes
46	Pasqua Street Widening (Ring Road to Sherwood Drive)	TMP - Initial estimate of $6.65M was reduced to $4.1M to match project #45 and then further reduced by 20% to $3.28M. (Year 2020)	$4,100,000	$3,280,000		100%	0%	$3,280,000	$0	No	0%	No changes

APPENDIX A

#	Category and Project Description	Estimate(s) Rationale	Cost Estimate (2021)	Cost Estimate (2021) Less Deductions	Cost Estimate (2021) Less 20% + 300K Benefit	SAF Share	City Share	SAF Cost	City Cost	Infill	Infill Share	Change Notes
51	Pinkie Road (Sherwood Drive to Dewdney Avenue)	The initial estimate of $21M was reduced to $12M and additionally reduced by 20% to $11.89M; then further reduced by 20% to $9.512M to incorporate regional contributions and represent the benefit of this assets accruing to the 300K+ growth horizon.	$12,000,000	$11,890,000	$9,512,000	100%	0%	$9,512,000	$0	No	0%	No changes
54	Prince of Wales Drive Twinning (Dewdney Avenue to Jenkins Drive)	TMP - The initial estimate $3.465M was reduced by 20% to $2.78M. (Year 2020)	$3,470,000	$2,776,000		100%	0%	$2,776,000	$0	No	0%	No changes
57	Prince of Wales Drive - Widen & Pave - (Jenkins Drive to Highway 46) - Construction	TMP - The initial estimate increased from $2.31M to $8M; distance was adjusted to Highway 46. (Year 2020)	$8,000,000			100%	0%	$8,000,000	$0	No	0%	No changes
58	Prince of Wales Drive - Widen & Pave - (Jenkins Drive to Highway 46) - Design	TMP - The initial estimate increased from $300K to $1M; distance was adjusted to Highway 46. (Year 2020)	$1,000,000			100%	0%	$1,000,000	$0	No	0%	No changes
63	Ring Road Widening (Albert Street to McDonald Street) Construction	TMP	$8,100,000	$6,480,000		100%	0%	$6,480,000	$0	No	0%	No changes
64	Ring Road Widening (Albert Street to McDonald Street) Design	TMP	$800,000	$640,000		100%	0%	$640,000	$0	No	0%	No changes
65	Ring Rd Widening (Ross Ave to Dewdney Ave)	TMP	$2,500,000	$2,000,000		100%	0%	$2,000,000	$0	No	0%	No changes
66	Ring Road Widening (Ross Avenue to Dewdney Avenue) Design	TMP	$400,000	$320,000		100%	0%	$320,000	$0	No	0%	No changes
74	Saskatchewan Drive Extension (Lewvan Drive to Schmirler Way) plus Bridge over Wascana Creek	TMP - The initial estimate of $7.875M (reduced by $880K for GTH contribution) was adjusted by 20% to $7M; then further reduced by 20% to $5.6M to incorporate regional contributions and represents the benefit of this asset accruing to the 300K+ growth horizon. (Year 2020)	$7,880,000	$7,000,000	$5,600,000	100%	0%	$5,600,000	$0	No	0%	No changes
75	Saskatchewan Drive / 13th Avenue (Schmirler Way to Courtney Street) Design	TMP - The initial estimate of $500K was reduced by 20% to $400K to represent the benefit of this asset accruing to the 300K+ growth horizon. (Year 2020)	$500,000		$400,000	100%	0%	$400,000	$0	No	0%	No changes
76	Saskatchewan Drive / 13th Avenue (Schmirler Way to Courtney Street) N1/2 Construct	TMP - The initial estimate of $5.25M increased to $8M then reduced by 20% to $6.4M to represents the benefit of this asset accruing to the 300K + growth horizon. (Year 2020)	$8,000,000		$6,400,000	100%	0%	$6,400,000	$0	No	0%	No changes
77	Saskatchewan Drive/ 13th Avenue (Schmirler Way to Courtney Street) S1/2 Construct	TMP - The initial estimate of $5.25M increased to $8M then reduced by 20% to $6.4M to represents the benefit of this asset accruing to the 300K+ growth horizon. (Year 2020)	$8,000,000		$6,400,000	100%	0%	$6,400,000	$0	No	0%	No changes
81	Saskatchewan Drive & Lewvan Drive Flyover	TMP - The initial estimate of $50M was reduced to $25M less GTH contribution of $1.85M and then further reduced to by 20% $18.52M to incorporate regional contributions and represent the benefit of this asset accruing to the 300K + growth horizon. (Year 2020)	$25,000,000	$23,150,000	$18,520,000	100%	0%	$18,520,000	$0	No	0%	No changes
82	Transportation Master Plan - Major Updates	TMP, Best practice - The estimate includes two expected updates @ $400K per update.	$800,000			30%	70%	$240,000	$560,000	Yes	29%	No changes
83	Transportation Master Plan - Minor Updates	TMP; Best practice - The estimate includes two expected updates @ $200K per update.	$400,000			30%	70%	$120,000	$280,000	Yes	29%	No changes
88	Victoria Ave East Widening (Prince of Wales to Tower)	TMP- The Initial estimate of $7.875M was adjusted by 20% to $6.3M. (Year 2020)	$7,880,000	$6,304,000		100%	0%	$6,304,000	$0	No	0%	No changes

APPENDIX A

#	Category and Project Description	Estimate(s) Rationale	Cost Estimate (2021)	Cost Estimate (2021) Less Deductions	Cost Estimate (2021) Less 20% + 300K Benefit	SAF Share	City Share	SAF Cost	City Cost	Infill	Infill Share	Change Notes
89	Wascana Parkway Eastbound Loop Ramp onto Hwy 1A Northbound	TMP - The initial cost $550K was adjusted to $3.5M and adjusted the scope from duel lefts to loop ramp. The infill share was changed to 30% at the SAF Governance meeting June 14th, 2021.	$3,500,000			100%	0%	$3,500,000	$0	Yes	29%	Adjusted infill share to 29%
91	Winnipeg Street Realignment & New Bridge	The initial estimate of $28.8M project was split as: 1/3 federal funding,1/3 province funding and 1/3 City funding. Further $9.6M was split 70/30 between City and SAF.	$9,600,000			30%	70%	$2,880,000	$6,720,000	No	0%	No changes
100	Road Network Improvements Property Purchase Program	The cost estimate of $5.0M ($250K per year to the end or year 2040) was increased to $9M (increase was attributed to Saskatchewan Drive Project).	$9,000,000			100%	0%	$9,000,000	$0	No	0%	Adjusted cost from $5M to $9M
102	Saskatchewan Drive Improvements	The estimated cost of $18M is for six combined projects (split 50:50 between City and SAF): #70 - Saskatchewan Dr & Albert St Intersection (turn lanes) Construct #71 - Saskatchewan Dr & Albert St Intersection (turn lanes) Design #78 - Saskatchewan Dr Widening (Angus St to Princess St) Construct #79 - Saskatchewan Dr Widening (Angus St to Princess St) Design #80 - Saskatchewan Dr Widening (Halifax St to Quebec St) #102 - Saskatchewan Dr Improvements -McTavish St to Winnipeg St	$18,000,000			50%	50%	$9,000,000	$9,000,000	Yes	29%	No changes
103	Intersection Improvement Program	The estimated cost of $2.1M is for seven combined projects: #1 - 13th Ave Corridor Turn Lanes (Albert St to Pasqua St) #13 - Arcola Ave & University Park Drive Intersection Enhancement (construction) #37 - Lewvan Dr & Dewdney Ave Intersection (double turn lanes) #53 - Prince of Wales & Arcola Double Lefts #68 - Ross Ave & McDonald St Intersection (N/S left turns) #69 - Ross Ave & Winnipeg St Intersection (lengthen lefts) #84 - Victoria Ave & Park St Intersection Capacity	$2,100,000			100%	0%	$2,100,000	$0	Yes	29%	No changes
104	9th Avenue N Twinning (Courtney Street to Hwy 11)	The initial estimate of $8.0M (2020) reduced by GTH contribution of $1.13M. Combined two projects: #4 - 9th Ave N Twinning (Courtney St to Pinkie Rd) #6 - 9th Ave N Twinning (Pinkie Rd to West Regina Bypass)	$8,000,000	$6,870,000		100%	0%	$6,870,000	$0	No	0%	No changes

APPENDIX A

#	Category and Project Description	Estimate(s) Rationale	Cost Estimate (2021)	Cost Estimate (2021) Less Deductions	Cost Estimate (2021) Less 20% + 300K Benefit	SAF Share	City Share	SAF Cost	City Cost	Infill	Infill Share	Change Notes
105	Southeast Regina Roadway Capacity Solution	The estimated cost of $10.3M is for three combined projects: #17 - Assiniboine Ave & Hwy 1 Bypass Interchange NB On-Ramp; #90 - Wascana Parkway/Prince of Wales Dr Extension (2-lane roadway) - Construction #101 - Arcola Ave Corridor Study (College Ave to Prince of Wales Dr) - Design	$10,300,000			100%	0%	$10,300,000	$0	No	0%	No changes
106	Courtney Street Extension (1st Avenue N to Dewdney Avenue)	New project (2021) - the cost estimate reduced from $21M by 20% to $16.8M to represent the benefit of this asset accruing to the 300K+ growth horizon.	$21,000,000		$16,800,000	100%	0%	$16,800,000	$0	No	0%	No changes
			$ 282,850,000					***$217,068,000***	***$16,560,000***			

Percentage of SAF Cost to Cost Estimate ($2021) 0.77

APPENDIX A

Service Agreement Fee (SAF) Model Summary - WATER PROJECTS

#	Category and Project Description	Estimate(s) Rationale	Cost Estimate (2021)	SAF Share	City Share	SAF Cost	City Cost	Infill	Infill Share	Change Notes
19	Transfer Pumping	The initial cost of $13M was reduced to $7.3M in 2017 as per Water Master Plan (WMP). Previously from: North Pump Station Upgraded to Pump and Piping to serve eastern pressure zone.	$7,300,000	100%	0%	$7,300,000	$0	Yes	29%	No changes
20	Buffalo Pound Water Treatment Plant Upgrade/Expansion	The initial eligible cost of $63.744M was adjusted to $14.549M based on total project cost adjustments.	$14,549,000	100%	0%	$14,549,000	$0	Yes	29%	No changes
32	Twinning of 600 mm Main from Farrell Pump Station with a new 750 mm Supply Main along Broad Street from Dewdney Avenue to Saskatchewan Drive	The cost is split between City and SAF 50:50.	$3,675,000	50%	50%	$1,837,500	$1,837,500	Only	100%	No changes
33	Downtown Water System Upgrades - Option 2 (East-West Looping)	Downtown Serviceability Study (AECOM 2014) Updated from AECOM in 2019	$8,235,000	100%	0%	$8,235,000	$0	Only	100%	No changes
50	Buffalo Pound WTP Pump Upgrades	WMP Option 2 Previously part of: Buffalo Pound Water Treatment Plant 2016-2019 Upgrade	$8,750,000	100%	0%	$8,750,000	$0	Yes	29%	No changes
51	Eastern Pressure Solution Part 1A (storage)	WMP Option 2 - The growth share is 100% of the total cost. Confirmed estimate (2020)	$36,600,000	100%	0%	$36,600,000	$0	Yes	29%	Adjusted estimate from $40.45M
52	Eastern Pressure Solution Part 1B (storage)	WMP Option 2 - The growth share is 100% of the total cost. Confirmed estimate (2020)	$30,150,000	100%	0%	$30,150,000	$0	Yes	29%	No changes
53	Eastern Pressure Solution Part 2A (mains)	WMP Option 2 - The growth share is 100% of the total cost. Confirmed estimate (2020)	$36,700,000	100%	0%	$36,700,000	$0	Yes	29%	Adjusted estimate from $34M
54	Eastern Pressure Solution Part 2B (mains)	WMP Option 2 - The growth share is 100% of the total cost. Confirmed estimate (2020)	$10,730,000	100%	0%	$10,730,000	$0	Yes	29%	No changes
55	Eastern Pressure Solution Part 3 (pumping)	WMP (Water Master Plan) Option 2 - considers the growth share is 100% of the total cost. Confirmed estimate (2020)	$29,750,000	100%	0%	$29,750,000	$0	Yes	29%	Adjusted estimated from $27.55M
56	Distribution Trunk Main - West Loop	WMP Option 2	$9,300,000	100%	0%	$9,300,000	$0	No	0%	No changes
57	Distribution Trunk Main - East Loop A	WMP Option 2	$10,000,000	100%	0%	$10,000,000	$0	No	0%	No changes
58	Distribution Trunk Main - East Loop B	WMP Option 2	$10,000,000	100%	0%	$10,000,000	$0	No	0%	No changes
59	Distribution Trunk Mains - Other Trunk Mains	WMP Option 2	$250,000	100%	0%	$250,000	$0	No	0%	No changes
60	WMP - Major Updates	$200K per update - major update every 10 years.	$400,000	30%	70%	$120,000	$280,000	Yes	29%	No changes
61	WMP - Minor Updates	$50K per update - minor update every 5 years.	$100,000	30%	70%	$30,000	$70,000	Yes	29%	No changes
62	Serviceability Study for 300K+	The cost of $500K was split evenly between Water and Wastewater. (Year 2021)	$250,000	100%	0%	$250,000	$0	Yes	29%	The cost of $500K was split evenly between Water and Wastewater
			$ 216,739,000			***$214,551,500***	***$2,187,500***			

Percentage of SAF Cost to Cost Estimate ($2021) 0.99

APPENDIX A

Service Agreement Fee (SAF) Model Summary - WASTEWATER PROJECTS

#	Category and Project Description	Estimate(s) Rationale	Cost Estimate (2021)	SAF Share	City Share	SAF Cost	City Cost	Infill	Infill Share	Change Notes
6	Wastewater Treatment Plant - Expansion to 258K population	Wastewater Treatment Plant (WWTP) P3 Contract - Gross cost estimate is the growth portion of the capital cost to accommodate growth to 258K.	$24,500,000	100%	0%	$ 24,500,000	$ -	Yes	29%	No changes
8	Downtown Wastewater System Upgrades	Downtown Serviceability Study (AECOM 2014) - Assigned cost to 100% infill.	$2,775,000	30%	70%	$ 832,500	$ 1,942,500	Only	100%	No changes
11	WWMP - Major Updates	Best practice: The estimates calculates two expected updates @ $200K per update.	$400,000	30%	70%	$ 120,000	$ 280,000	Yes	29%	No changes
12	WWMP - Minor Updates	Best practice: The estimates calculates two expected updates @ $50K per update.	$100,000	30%	70%	$ 30,000	$ 70,000	Yes	29%	No changes
13	WWTP Upgrade/Expansion, beyond 258K population	The estimate was adjusted to $30.2M (Year 2021) Existing WWTP Upgrade provides capacity to 258K this project will provide capacity to a population of 300K.	$30,200,000	100%	0%	$ 30,200,000	$ -	Yes	29%	Adjusted estimate from $35.4M to $30.2M.
14	Wastewater Linear Replacement - Growth Portion	WWMP - The estimate was assigned 100% to infill growth.	$22,500,000	100%	0%	$ 22,500,000	$ -	Only	100%	Adjusted estimate from $15M to $22.5M to support infill growth and development.
15	South Trunk Upgrades (Split from #2 "Wastewater Capacity Upgrades")	WWMP - Includes costs for pre-design, design and construction. Reduced remaining cost from $40.6M to $38.9M.	$38,900,000	30%	70%	$ 11,670,000	$ 27,230,000	Yes	29%	No changes
16	Linear Relief Storage (Split from #2 "Wastewater Capacity Upgrades")	WWMP Phase 1 - Includes costs for pre-design, design and construction.	$106,750,000	30%	70%	$ 32,025,000	$ 74,725,000	Yes	29%	No changes
17	Reibling Park Storage (Split from #2 "Wastewater Capacity Upgrades")	WWMP Phase 1 - Includes costs for pre-design, design and construction.	$3,600,000	30%	70%	$ 1,080,000	$ 2,520,000	Yes	29%	No changes
18	Serviceability Study for 300K+	The cost of $500K was split evenly between Water and Wastewater. (Year 2021)	$250,000	100%	0%	$ 250,000	$ -	Yes	29%	The cost of $500K was split evenly between Water and Wastewater
			$ 229,975,000			***$ 123,207,500***	***$ 106,767,500***			

Percentage of SAF Cost to Cost Estimate ($2021) 0.54

APPENDIX A

Service Agreement Fee (SAF) Model Summary - PARKS & RECREATION PROJECTS

#	Category and Project Description	Estimate(s) Rationale	Cost Estimate (2021)	SAF Share	City Share	SAF Cost	City Cost	Infill	Infill Share	Change Notes
4	Municipal Level Dog Parks - SE	Recreation Master Plan (RMP) - Adjusted from $160K to $220K (2020)	$220,000	30%	70%	$66,000	$154,000	Yes	29%	Project name updated
5	Municipal Level Dog Parks - NW	RMP - Adjusted from $160K to $339K (2020)	$339,000	30%	70%	$101,700	$237,300	Yes	29%	Project name updated
9	Plant Material Establishment Funding	Not a specific project, but is an extended portion of capital delivery of new assets beyond the period of the Servicing Agreements between developers and the City. The estimate cost is $137K per year for the initial care and establishment of trees in new subdivisions.	$2,877,000	100%	0%	$2,877,000	$0	No	0%	No changes
17	Victoria East (The Towns) Zone Level Park	RMP - Initial estimate of $6.67M was adjusted to $10M to include 2 athletic fields, skateboard park, basketball court and playground (2020). Land purchase and servicing is also included.	$10,000,000	100%	0%	$10,000,000	$0	No	0%	No changes
22	New Indoor Aquatic Facility (Lawson Civic Centre; Growth Portion)	RMP - Total estimate of $106M ($24M Lawson replacement, $82M growth portion). The updated estimate includes 66% of grant funding.	$27,333,333	30%	70%	$8,200,000	$19,133,333	Yes	29%	No changes
23	New Lit Artificial Turf Field	RMP - Total estimate includes artificial turf field, appropriate seating, score clock and lighting.	$4,000,000	30%	70%	$1,200,000	$2,800,000	Yes	29%	No changes
34	Rec Master Plan - Minor Update	Best practice - two expected updates @ $50K.	$100,000	30%	70%	$30,000	$70,000	Yes	29%	No changes
35	Rec Master Plan - Major Update	Best practice - one expected update @ $250K.	$250,000	30%	70%	$75,000	$175,000	Yes	29%	No changes
36	New Indoor Aquatic Facility Feasibility Study	RMP - See Project #22 for the Construction Estimate	$1,600,000	30%	70%	$480,000	$1,120,000	Yes	29%	Cost updated from $1.24M to $1.6M and name changed.
38	New Outdoor Pickleball Facility	RMP - SAF share is 30% of the estimate.	$1,200,000	30%	70%	$360,000	$840,000	No	0%	Added to 2022 Model
39	Indoor Aquatic Facility Detailed Design and Consulting Fees	RMP - SAF share is 30% of the estimate.	$3,416,666	30%	70%	$1,025,000	$2,391,666	No	0%	Added to 2022 Model
			$ 51,335,999			***$24,414,700***	***$26,921,300***			

Percentage of SAF Cost to Cost Estimate ($2021) 0.48

Regina & Region
Home Builders'
Association

100 - 1801 MacKay Street
Regina, Saskatchewan
S4N 6E7

F. (306) 569-9144

www.reginahomebuilders.com

September 8, 2021

City Council
City of Regina
Queen Elizabeth II Court
Regina, SK, S4P 3C8

Subject: 2022 Service Agreement Fees & Intensification Levy

Dear City Council,

The Regina & Region Home Builders' Association would like to thank Diana Hawryluk, Michelle Forman and their team for their work and recommendation on a 2022 Servicing Agreement Fees (SAF) rate.

The RRHBA believe the infrastructure project list on which the rate is based is accurate and the calculations have been completed properly. The process for calculating the rate has been fair and transparent. The industry appreciates Administration providing their annual report on SAF projects and spending.

The Regina & Region Home Builders' Association supports this recommendation by City Administration. We encourage City Council to support the recommendation.

Thank You,

Stu Niebergall
President & CEO

2021 Mid-Year Financial Report

Date	September 22, 2021
To	Executive Committee
From	Financial Strategy & Sustainability
Service Area	Financial Services
Item No.	EX21-61

RECOMMENDATION

That Executive Committee receive and file this report.

ISSUE

The City of Regina is committed to accountability, transparency and following best practice in its financial reporting. The Mid-Year Financial Report provides a high-level summary on how the City is performing financially in relation to its 2021 Operating and Capital budgets.

As of June 30, the mid-year forecast reflects an estimated General Fund Operating surplus of $3.3 million (0.7% from budget). The COVID-19 pandemic continues to have a negative financial impact including reduced revenues and cashflows due to the suspension or moderation of service delivery.

Through the Safe Re-Start Program, the Federal government provided $16.3 million of funds in 2020 to assist with the operating challenges and financial impact of the pandemic. The City drew $418,000 in 2020 to cover COVID-19 costs related to the Council approved Regina Economic Recovery Grant Program. The remaining $15.9 million was transferred to the COVID-19 Recovery Reserve. To keep the mill rate low, the 2021 budget was built utilizing $12 million of the COVID-19 Recovery Reserve. This draw and other commitments against the reserve leave the COVID-19 Recovery Reserve at a balance of approximately $1.8 million.

The Utility Fund is forecast to have an operating surplus of $3.5 million (2.3% from budget). The mid-year forecast also indicates the General and Utility Capital Program will be on par with planned work.

A majority of the variance from budget is due to the continued actions taken to reduce the impact of the pandemic on City finances, in particular, expenditure savings due to the hiring freeze which continued into the first quarter of 2021.

IMPACTS

While the 2021 results for the General and Utility Fund Operating are currently projected to be in a surplus position, the City remains challenged with the continued impact of the pandemic. Administration closely monitors the progress of achieving the annual business plan and as the corporation works towards delivering services to the community, a variance between the budgeted cost and the projected year-end cost is created. The variance, over or under the established budget, is the result of controllable and uncontrollable factors such as the pandemic.

The forecast is unaudited and is a point in time projection of the expected results for the City of Regina. The projected forecast at mid-year tends to vary from the final year-end results. There are several variables that can impact the year-end results that are not known at the end of June. The on-going financial impact of the pandemic, related public health orders, price differences in supplies as well as weather conditions are examples of unknown variables. It is important to have some flexibility in the budget at mid-year to manage risks, where possible.

OTHER OPTIONS

None with respect to this report.

COMMUNICATIONS

This information is shared on Regina.ca and in a public service announcement.

DISCUSSION

The 2021 Mid-Year Report provides details on the projected operating and capital revenues and expenditures for both the General Fund and Utility Fund Operating and Capital programs as of June 30, 2021. Financial projections reflect a point in time estimate and the 2021 Mid-Year Report shows that the City is effectively managing its operations within the current challenging economic climate. The City uses a conservative approach in forecasting revenues and expenditures.

Key highlights from the report include:

- General Fund Operating is projected to have a year-end surplus of $3.3 million (0.7 % from budget) as a result of expenditure savings implemented to manage the impacts of the pandemic;
- Utility Fund Operating surplus is projected to be $3.5 million (2.3 % from budget) at year-end due to increased water consumption because of dry weather;
- Projected General Capital spend is $185.8 million; and
- Projected Utility Capital spend is $57.4 million.

The COVID-19 pandemic continues to have a negative financial impact resulting in reduced revenues and cashflows due to the suspension or moderation of service delivery. These reduced revenues have been absorbed by the budget approved draw on COVID-19 Recovery Reserve and expenditure savings, including a hiring freeze initiated in 2020 and that continued into the first quarter of 2021.

The mid-year forecast is an unaudited point in time projection of the year-end results. There are a number of variables, such as further actions required due to the pandemic, supply prices and unfavorable weather conditions, that are unknown at the time of the establishment of the mid-year forecast that could influence the year-end results.

Administration has used the best information available to predict the outcomes to the end of the year. Administration will continue to monitor and manage the financial needs in the current year and look for opportunities to meet the challenges over the long term.

DECISION HISTORY

On March 26, 2021, City Council approved the 2021 General and Utility Operating Budget and the 2021-2025 General and Utility Capital Program.

Respectfully Submitted,

Respectfully Submitted,

June Schultz, Director 9/1/2021

Barry Lacey, Exec. Director Financial Strategy & Sustainability 9/16/2021

Prepared by: Irene Hrynkiw, Manager, Financial Analysis & Support

ATTACHMENTS

Appendix A - 2021 Mid-Year Financial Report

APPENDIX A

2021 Mid-Year Financial Report

BACKGROUND

The 2021 Mid-Year Financial Report provides a high-level summary of how the City of Regina is performing in relation to its 2021 Operating and Capital Budgets. Financial projections reflect a point in time estimate and can change as new information and additional actions are taken. The report shows that the City is effectively managing its operations within the current economic climate.

The mid-year forecast reflects an estimated General Fund Operating surplus of $3.3 million (0.7% from budget). The COVID-19 pandemic continues to have a negative financial impact including reduced revenues and cashflows due to the suspension or moderation of service delivery.

Through the Safe Re-Start Program, the Federal government provided $16.3 million of funds in 2020 to assist with the operating challenges and financial impact of the pandemic. The City drew $418,000 to cover COVID-19 related costs. The remaining $15.9 million was transferred to the COVID-19 Recovery Reserve. To keep the mill rate low, the 2021 budget was built utilizing $12 million of the reserve funds. This draw and other commitments against the reserve leave the COVID-19 Recovery Reserve at a balance of approximately $1.8 million.

The Mid-Year Financial Report indicates the projected revenue losses due to the pandemic to be within the $12 million as budgeted. The pandemic has negatively impacted transit revenues ($5.9 million), recreation fees and charges ($3.5 million), parking revenues ($1.8 million) and amusement tax ($475 thousand) and increased expenditures $500 thousand.

In addition to the impact of the pandemic on revenues, the City is projecting a reduction in property tax revenues and investment income. 2021 is a revaluation year for property assessments and in reassessment years there are a higher number of assessment appeals. Assessment appeals may result in a reduction to the assessment which in turn lowers the tax revenue. It is currently estimated that there will be a slight reduction to the property tax revenue (0.5 percent). Investment income is also projected to be below budget due to the current low interest rates.

Overall, the projected reduction in revenue is offset mainly by the approved use of COVID-19 Recovery Reserve funds and savings in salaries due to the hiring freeze, a measure initiated in 2020, which continued until the end of the first quarter of 2021. Overall, the Mid-Year 2021 Financial report projects the City will maintain a balanced operating budget.

The Utility Fund Operating surplus is forecast to be almost $3.5 million (2.3% from budget). The current dry weather conditions are resulting in water consumptions greater than the five-year average used to calculate the budget, resulting in a moderate surplus in revenue. In addition, reduced expenditures, mainly due to vacancy management, have a positive financial impact to the Utility Fund Operating forecast.

The forecast is unaudited and is a projection of the expected results for the City of Regina.

FINANCIAL FORECAST OVERVIEW

Throughout the year, Administration prepares and closely monitors the progress of achieving the annual budget approved by Council. The information included in this report is the budget and mid-year (June 30) financial forecast.

As the corporation works toward delivering services to the community, a variance between the budgeted and the projected year end revenue and cost is created. The variance, over or under the established budget, is the result of controllable and uncontrollable factors. These factors include, but are not limited to:

- Changes to revenue or expenditures during the year that were not anticipated at the time of developing the budget;
- Staff vacancies;
- Price differences in supplies; and
- Impact of weather conditions on capital construction.

General Fund Operating Forecast Overview

The General Fund Operating surplus is forecast to be $3.3 million. The surplus is the net result of $3.9 million reduction in revenues offset by under expenditures of $7.2 million.

As shown below, revenues are forecast to be below budget largely due to property tax assessment appeals and a reduction in investment revenues as interest rates remain low.

Table 1: General Fund Operating Financial Forecast (in $ thousands)

Financial Performance Measures June 30, 2020				
	Revenue	**Expense**	**Surplus (Deficit)**	**% of Budget**
General Fund Forecast	**$ 477,022**	**$ 473,739**	**3,283**	**0.7%**

Operating Revenue

Table 2: General Fund Operating Revenue Forecast (in $ thousands)

Financial Performance Measures June 30, 2020				
	Budget	**Forecast**	**Variance**	**% of Budget**
General Fund Revenue	**$ 480,940**	**$ 477,022**	**$ (3,918)**	**(0.8)%**

The majority of the City services are financed by General Fund Operating Revenue. About half of the General Operating Revenue comes from property taxes, and the City also charges user

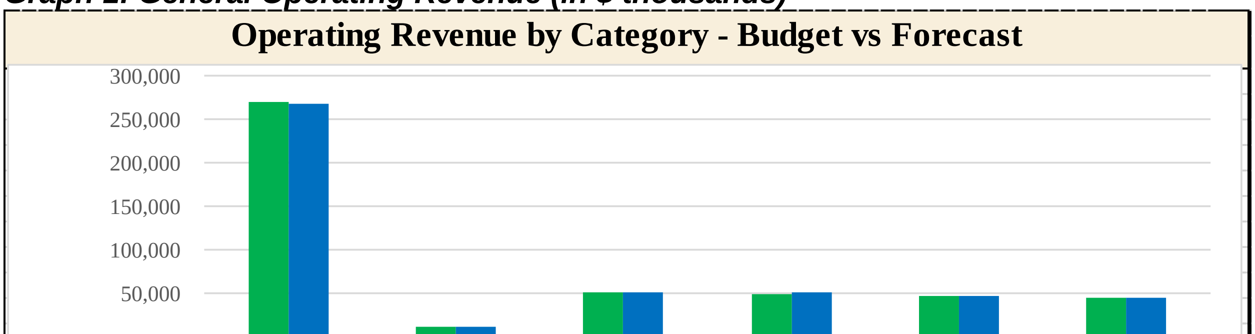
fees, secures grants from other levels of government, and collects revenues from a variety of smaller sources.
Revenues are currently tracking to be slightly below the approved budget by $3.9 million (0.8%). Projected revenue reductions reflect provisions for potential property tax appeals and reduced investment revenue due to interest rates remaining low.

Property tax revenue is projecting a reduction as a result of assessment appeals stemming from the revaluation of property assessments. The current estimate is providing for a reduction to the property tax revenue of approximately $1.3 million, or 0.5 percent from budget. As the appeal decisions are known, the projection will be updated.

Investment income is approximately $2.2 million below budget due to the current low interest rates.

Graph 1 below presents the civic operations revenue by category or source.

Graph 1: General Operating Revenue (in $ thousands)



	Taxation	Licenses, Levies and Fines	Fees and Charges	Grants and Transfers	External Other Revenue	Allocation & Reserve Transfer
Budget	269,373	11,299	49,857	49,108	46,911	44,074
Forecast	267,613	10,814	49,315	49,599	45,289	44,074
Variance	(1,760)	(485)	(542)	491	(1,622)	0
Percentage(%)	-0.7%	-4.3%	-1.1%	1.0%	-3.5%	0.0%

Taxation Revenues – Includes property taxes, Grant In Lieu, and school/library board service charges. The variance is mainly a provision for assessment appeals.
Licenses, Levies and Fines – Includes revenues such as: Business, Taxi, Animal Licences; Fire and Bylaw Violation Fines; Traffic Violations; Parking Tickets; Back Alley Levies and Amusement Tax. The variance is mostly due to reduced revenues in Traffic Violations and Parking Tickets.
Fees and Charges – Includes Transit Fees, Recreation Fees, and Parking Revenue, which continue to be impacted by the pandemic.
Grants and Transfers – Includes Federal and Provincial grants and transfers. The Provincial Paratransit Grant is greater than budgeted.
External Other Revenue – Includes Penalties on Property Taxes, Investment Interest Income, and Electrical/Natural Gas Provincial Shared Revenues. The variance is mostly due to lower than budgeted Investment Interest Income due to current low interest rates.
Allocation & Reserve Transfer – Includes the reserve funds used in the current fiscal year.

Operating Expense

Table 3: General Fund Operating Expense Forecast (in $ thousands)

Financial Performance Measures June 30, 2020				
General Fund Expense	Budget	Forecast	Variance	% of Budget
	$ 480,940	$ 473,739	$ 7,201	1.5%

General Fund Operating Expenses support most of the services provided by the City. Expenses are driven by controllable and uncontrollable factors. Some costs are driven by environmental factors such as the weather and their impact on the services, such as Winter Road Maintenance and are managed by the City by establishing reserves specifically for the purpose of supporting unanticipated costs in any given year.

The current projection reflects operating expenses to be under budget by $7.2 million (1.5%).

The under expenditure is reflective of the savings in salaries due to the hiring freeze, a measure initiated in 2020, which continued until the end of the first quarter of 2021.

Graph 2 below presents the civic operations expenditures by category.

Graph 2: General Fund Operating Expense (in $ thousands)

	Salaries & Benefits	Operating Expenses	Professional & External Services	Community Investment Expense	Debt Servicing Costs	Contribuition to Capital
Budget	181,043	83,555	31,313	13,858	13,629	57,979
Forecast	173,802	83,595	31,313	13,858	13,629	57,979
Variance	7,241	-40	-	-	-	-
Percentage(%)	4.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Salaries & Benefits – Includes Salaries and Benefits, Professional Dues, Training and Development, and Travel. In 2020 measures were taken to offset the projected negative financial impacts of the COVID-19 pandemic, including a hiring freeze and reductions in conferences, training and related travel expenditures. The hiring freeze continued until the end of Q1 of 2021. At mid-year, projected savings are $7.2 million.
Operating Expenses – Includes expenses such as Software Maintenance and Telephone Charges, Insurance Costs, Printing and Office Supplies, Materials Goods and Supplies, Utilities, Fleet, Fuel, Facility Trades and Bad Debt Expense. The variance is due to a projected increase in Software Costs and Bad Debt Expense offset by Fuel Cost savings in Transit.
Professional & External Services – Includes Consulting, Contracting and Other Purchased Services.

Community Investment Expense – Community investments are used to fund and partner with community non-profit organizations to deliver programs, projects and services that align with the City of Regina's priorities, have a clear community impact and respond to community needs.
Debt Servicing Costs – Includes Debenture Debt Principal and Interest payments.
Contribution to Capital – Represents the current year contributions to the Capital Program.

Utility Fund Operating Forecast Overview

The Utility Fund Operating Surplus is forecast to be almost $3.5 million (2.3% above budget). As described below, revenues are projected to be higher than budget while expenses are forecast lower than budget.

Table 4: Utility Operating Financial Forecast (in $ thousands)

Financial Performance Measures August 3rd, 2021				
	Revenue	Expense	Surplus (Deficit)	% of Budget
Utility Fund Forecast	$ 150,444	$ 146,979	$ 3,465	2.3%

Utility Revenue

Table 5: Utility Operating Revenue Forecast (in $ thousands)

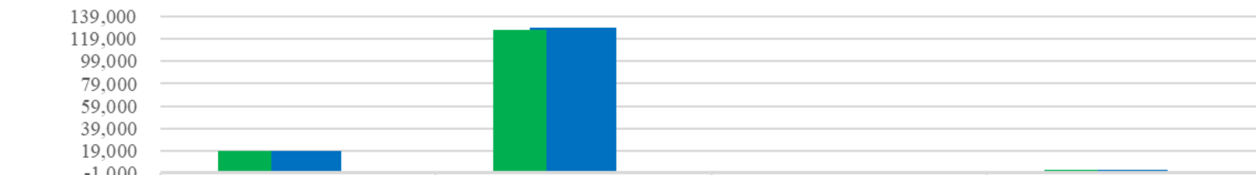
Financial Performance Measures August 3rd, 2021				
	Budget	Forecast	Variance	% of Budget
Utility Fund Revenue	$ 148,253	$ 150,444	$ 2,191	1.5%

The Water and Sewer Utility provides water, wastewater, and drainage services primarily to customers in Regina. It is operated on a full cost-recovery, user-pay basis. Revenues collected from customers account for most of the revenue (88%) with the remainder of the revenue being derived from licenses and levies.

Utility Revenues are mainly the result of fees and charges paid by customers through a daily base rate and through a volume (usage) charge. Revenues are influenced by environmental factors and customers can reduce their costs by conserving water which will reduce revenues. The mid-year forecast shows that revenues are currently projected to be $2.2 million (1.5%) greater than budgeted due to the dry summer conditions resulting in higher water consumptions.

Graph 3 presents the Utility Operating Revenue by category.

Graph 3: Utility Operating Revenue (in $ thousands)



	Licenses, Levies and Fines	Fees and Charges	Claims and Interest	Internal Revenue
Forecast	18,713	129,170	405	2,156
Budget	18,661	126,729	707	2,156
Variance	51	2,441	-302	-
Percentage(%)	0.3%	1.9%	-42.7%	0.0%

Licences, Levies and Fines – Includes Drainage Levy and Non-Sufficient Fund Charges.
Fees and Charges – Includes Water and Sewer Charges and Turn On/Off Administrative Charges. Mid-year forecast projects revenue to be $2.4 million over budget due to increased water consumption with the dry summer conditions.
Claims and Interest – Includes Claims and Late Payment Interest Penalties. The mid-year forecast is projecting a reduction in claims revenue in 2021.
Internal Revenue – Includes allocated water charges for City properties.

Utility Expense

Table 6: Utility Operating Expense (in $ thousands)

Financial Performance Measures June 30, 2020				
	Budget	**Forecast**	**Variance**	**% of Budget**
Utility Fund Expense	**$ 148,253**	**$ 146,979**	**$ 1,274**	**0.9%**

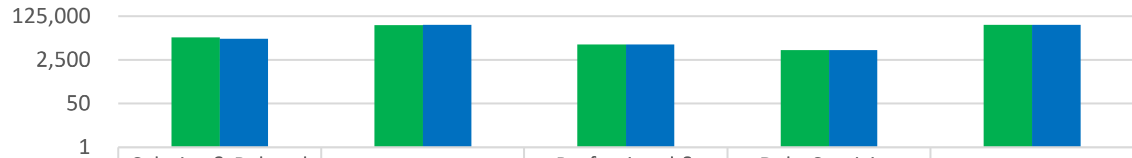
Utility Fund Operating Expenses support the costs of delivering services in four main service areas:

- Water Supply and Distribution: The system provides water for residential, institutional, commercial, and industrial customers, as well as for fire protection.
- Wastewater Collection and Treatment: The wastewater system collects wastewater from all residential, institutional, commercial, and industrial customers in the City and treats wastewater in accordance with the Provincial and Federal governments' environmental regulations and industrial standards.
- Storm Water Collection and Flood Protection: The drainage system controls water runoff from rainfall and melting snow in and around the City.
- Customer Service: Customer service has two elements – Utility Billing (producing and collecting on utility billings) and Communications (being responsive to customer inquiries and needs).

Many factors influence the costs of delivering the utility services. The mid-year expenditure forecast currently reflects to be under budget mainly due to salary lag and vacancy management.

Graph 4 details the budget and forecast expenses by expense category.

Graph 4: Utility Operating Expense (in $ thousands)



	Salaries & Related Costs	Operating Costs	Professional & External	Debt Servicing Costs	Reserve Transfers
Budget	18,678	56,356	9,965	6,018	57,236
Forecast	16,631	57,129	9,965	6,018	57,236
Variance	2,047	-773	-	-	-
Percentage (%)	11.0%	-1.4%	0.0%	0.0%	0.0%

Salaries & Related Costs – Includes Salaries and Benefits, Professional Dues, Training and Development, and Travel. In 2020 measures were taken to offset the projected negative financial impacts of the COVID-19 pandemic, including a hiring freeze and reductions in conferences, training, and related travel expenditures. The hiring freeze continued until the end of Q1 of 2021. At mid-year, projected savings are $2 million.
Operating Costs – Includes expenses such as Software Maintenance and Telephone Charges, Insurance costs, Printing and Office Supplies, Materials Goods and Supplies, Utilities, Fleet, Fuel and Buffalo Pound Water Treatment Corporation (BPWTC) costs. The variance is due to a projected increase in BPWTC costs due to increased water consumption, Water Meter parts, and projected increase in uncollectible charges.
Professional & External – Includes consulting, contracting and Bad Debt.
Debt Servicing Costs – Includes Debenture Debt Principal and Interest payments.
Reserve Transfers – Represents the current year transfer to the Utility Reserve.

CAPITAL OVERVIEW

The City's capital budget is a five-year program comprising of an approved capital plan for the current year and has a planned program for the following four years. The City has facilitated a multi-year approach, this entails some projects are designed to be completed over several years, allowing for a more accurate assessment on cash flow surpluses and shortages. After each year, the funds that are not expended, but allocated to a project, will carry forward to the next year and allow large scale capital projects to have the necessary funding to be completed.

The City's 2021 Capital Budget was $186.2 million, between General and Utility funds. The City started the year with a capital carry forward of $266.5 million between both funds. The City received additional funding of $30.9 million, from Municipal Economic Enhancement Program (MEEP) funding in July 2020. A portion of the MEEP funding was spent in 2020, leaving $30.4 million available to be spent in the current year. These three items provide a total of $483.1 million in capital funding available between the General and Utility funds.

The City's forecast capital expenditure for 2021 is $243.2 million as of mid-year. This represents an 80% increase in expenditure compared to $135.1 million in 2020. A large portion of this is due to capital projects postponed due to COVID-19 along with the additional MEEP funding. The planned expenditure would leave the City with an expected carry forward to 2022 of approximately $239.9 million.

While the City continues to manage and advance planned capital projects, the pandemic has continued to cause supply chain issues for some projects with the availability of materials.

The City's capital funding and expenditure for the remainder of the year are summarized in the Table 7 below.

Table 7: Capital Expenditure Summary ($000's)

Fund	Opening CFWD	2021 Budget	MEEP	Total Funding Available	Forecasted Expenditures	Forecasted Carry FWD
General	149,544	128,425	30,439	308,408	185,795	122,613
Utility	116,920	57,775	-	174,695	57,405	117,290
Total	**266,464**	**186,200**	**30,439**	**483,103**	**243,200**	**239,903**

Definitions

- **2021 Budget**: excludes Regina Police Service (RPS) capital.
- **Total Funding Available**: combination of prior year's budget carry-forward and approved current year capital budget.
- **Carry Forward (CFWD)**: project budget that will not be spent in current year but will be used to offset future project cost. This may be planned or unplanned.
- **MEEP**: Municipal Economic Enhancement Program.

General Capital

The total available capital funding for the General Fund is $308.4 million, including MEEP funding. The expected expenditure for the year is $185.8 million, resulting in an expected $122.6 million carry forward to 2022.

Table 8 below illustrates the top projects within 2021 with the largest funding.

Table 8: 2021 Top General Capital Fund Expenditures (000's)

Capital Project	Opening CFWD	2021 Budget	Total Funding Available	Forecast		Actual Expenditures (Q2)
				Expenditures	Carry Forward	
Winnipeg Street Bridge	11,922	15,043	26,965	2,750	24,215	376
Residential Road Renewal Program	7,367	17,669	25,036	24,600	436	190
South East Land Development	17,510	7,000	24,510	15,590	8,920	2,750
RPS Facilities Renewal Project	18,139	3,500	21,639	8,000	13,639	1,526
Civic Fleet Replacement	8,721	8,948	17,669	13,617	4,052	3,894
Railyard Renewal Project (RRI)	11,741	4,400	16,141	343	15,798	19
Maple Leaf & Wascana Pool Redevelopment	8,940	3,909	12,849	9,400	3,449	580
Dewdney Ave. Twinning	6,197	-	6,197	1,000	5,197	322
Totals	**90,537**	**60,469**	**151,006**	**75,300**	**75,706**	**9,657**

Municipal Economic Enhancement Program (MEEP)

The City received $30.9 million of funding under the Municipal Economic Enhancement Program (MEEP) in July 2020, as outlined in CR20-57. Approximately $478,000 of that funding was spent in 2020, leaving $30.4 million for the opening balance at the beginning of the 2021 year. Funding received under MEEP is required to be spent by March 31, 2022. Table 9 below illustrates the MEEP funding allocations to each capital project, actual expenditures, and forecasted expenditures to March 31, 2022. Two projects are not projected to be fully expended by March 31, 2022: Wascana Pool Renewal and Municipal Justice Building (MJB) Redevelopment. Both projects are expected to have the majority of the funds spent by the March 31, 2022 date, however; a delay in the required approvals for the Wascana Pool and the complexities of the MJB renovations on the 1930 building as well as associated heritage implications and integration of the new addition have extended the timelines to complete the required work. Conversations with the provincial government about extension for these projects are ongoing.

Table 9: 2021 MEEP Expenditure Report (000's)

Capital Project	Opening CFWD	Actual Expenditures (Q2)	Forecasted Expenditures (Mar 31, 2022)
Wascana Pool Renewal	12,000	580	10,000
Municipal Justice Building Redevelopment	7,500	272	6,350
Residential Road Renewal Program	6,400	190	6,210
Roof Replacement	1,500	391	1,109
Expand Bike Lanes and Pathways (Albert Street)	900	7	893
Energy Monitoring and Optimization Infrastructure	717	-	717
Outdoor Rink	700	-	700
Permanent Pavement Markings	246	117	129
Pedistrian Connectivity (Pasqua Street)	476	20	456
Grand Total	**30,439**	**1,577**	**26,564**

Utility Capital

The total available capital funding for the Utility Fund is $174.7 million and the expected expenditure for the year is $57.4 million, this results in an expected $117.3 million carry forward to 2022. Due to the significant impact of the pandemic on the ability to complete Utility capital projects, the 2021 forecast represents a 52 percent increase in expenditures from the previous year actual expenditures of $37.6 million.

Table 10 below illustrates the top utility projects within 2021 with the largest funding and carry forward balances. These projects account for 83 percent of the utility budget.

Table 10: 2021 Top Utility Project Expenditures (000's)

Utility Project	Opening CFWD	2021 Budget	Total Funding Available	Forecast		Actual Expenditures (Q2)
				Expenditures	Carry Forward	
Water Infrastructure Renewal	16,326	10,985	27,311	20,352	6,959	3,291
Wastewater Collection Renewal	10,671	10,950	21,621	15,140	6,481	3,894
AMR System Equipment	6,869	10,100	16,969	500	16,469	198
Highland Park / City View (Area 13A)	14,840	-	14,840	1,500	13,340	174
Area 1 & 17 Upgrades	12,570	-	12,570	5,500	7,070	1,024
Water Pumping Station	9,748	885	10,633	816	9,817	616
Totals	**71,024**	**32,920**	**103,944**	**43,808**	**60,136**	**9,197**

CONCLUSION

The City of Regina is committed to accountability, transparency and following best practice in its financial reporting. The Mid-Year Financial Report provides a high-level summary on how the City is performing financially in relation to its 2021 Operating and Capital budgets. Financial projection presented in the 2021 Mid-Year Financial Report shows that the City is effectively managing its operations within the current challenging economic climate.

The mid-year forecast is an unaudited point in time projection of the year end results. There are a number of variables, such as continued pandemic impacts or unfavorable weather conditions, that are unknown at the time of the establishment of the mid-year forecast that could influence the year end results. Administration has used the best information available to predict the outcomes to the end of the year. Administration will continue to monitor the financial situation and balance fiscal stewardship with providing the services that the citizens of Regina need.

Tax Policy and Affordability Report

Date	September 22, 2021
To	Executive Committee
From	Financial Strategy & Sustainability
Service Area	Assessment & Property Revenue Services
Item No.	EX21-62

RECOMMENDATION

That Executive Committee remove item number CR20-58(2) from the list of outstanding items.

ISSUE

At the June 10, 2020 Executive Committee meeting and in subsequent discussions, Council directed Administration to prepare a report for Q3 of 2021 containing a high-level review of property tax policy including a review of property tax sub-classes and the creation of sub-classes to accomplish specific initiatives, the use of a base tax, changing the share of taxes paid by residential and non-residential properties, and potential tax affordability programs for low-income property owners. Council requested that this work involve engaging residential taxpayers on the share of taxes paid by residential and non-residential property owners.

IMPACTS

Policy/Strategic Impacts

Corporate initiatives that intersect with tax policy options are discussed in this report. Consideration should be given to these initiatives and the timing of the work already being delivered in implementing any affordability program.

There are no financial, environmental, risk/legal or other implications related to the recommendations in this report.

OTHER OPTIONS

Option 1: Provide direction to Administration to develop a municipal property tax deferral program for low-income seniors for Council's consideration by Q2 of 2022.

In this option, Administration would develop a property tax deferral program that would allow qualified low-income seniors who own a home to defer a portion of their annual municipal property taxes until a later date, usually when the homeowner sells the home or becomes deceased.

The deferral program will offer participants options for deferring either a fixed portion of annual property tax or the annual property tax increase, allowing participants to choose the program option that best suits their needs. Property tax deferral programs offer temporary relief to homeowners and can help people stay in their homes longer, but these programs do not directly address affordability as the full deferral must be repaid, possibly with interest, upon sale of the property or death of the homeowner. There are an estimated 1,900 homes owned by low-income seniors.

As the City will eventually collect the deferred property taxes, there is no direct cost related to deferred property taxes. The program would be application based and program implementation and administration will require additional resources at an approximate cost of $90,000 annually. This equates to a 0.04 per cent mill rate increase, about $1 per year for the average house. Depending on the number of applicants, deferrals may lead to short term financing considerations.

Deferrals are one of the two main programs used in 18 Canadian municipalities that offer tax affordability programs. 12 municipalities including Saskatoon, Edmonton, Calgary, Ottawa, Hamilton, Waterloo, Richmond Hill, Halton Region, Vaughn, Halifax, Mount Pearl and Corner Brook, have tax deferral programs mostly for low-income seniors. Six provinces, British Columbia, Alberta, Saskatchewan, Ontario, Prince Edward Island, and New Brunswick offer deferrals programs at the provincial level.

Deferrals received the second highest level of public support in the engagement survey with 18 per cent of the respondents supporting deferrals, should the City implement a tax affordability program.

Program design would require specific consultation with focus groups to ensure the program address the needs of the eligible participants. Implementation will require a communication strategy to inform eligible homeowners of the program.

Option 2: Provide direction to Administration to develop a rebate program for all low-income homeowners for Council's consideration by Q2 of 2022

In this option, Administration would develop a property tax rebate program for low-income property owners. A rebate program directly addresses the affordability issues for low-income homeowners as it reduces the amount of tax owed. However, as the revenue requirement for the City remains constant, rebates increase the taxes borne by non-qualifying properties.

The financial impact of a property tax rebate program will depend on the eligibility criteria, and the amount rebated. While data is not available to provide a definitive estimate, Administration estimates approximately 3,800 households occupied by the owner are low-income based on the After-Tax Low-Income Cut-Off (LICO-AT). The need to verify eligibility over time makes rebates more administratively complex. Depending on final program design, rebates are expected to cost between $1 and $2 million annually. This equates to a 0.4 to 0.7 per cent mill rate increase, between $8 and $16 per year for the average house.

Nine municipalities, Calgary, Mississauga, Brampton, Hamilton, Burlington, Richmond Hill, Oshawa, Halifax and St. John's, identified in the jurisdictional scan provide a form of rebate to eligible customers. Rebates in these municipalities range in value from $198 to $500 annually and are typically tied to property tax increases or are a set amount. Rebates were given the highest level of public support in the engagement survey with 57 per cent of the respondents choosing this option for support if the City were to implement a property tax affordability program.

COMMUNICATIONS

A survey of residents was conducted through the City's online public engagement tool *Be Heard Regina.* The purpose of the survey was to gauge the level of community support for potential high-level policy options regarding tax policy and tax and utility affordability. Participants self-selected into the survey. The full results of the survey are included in Appendix G and are posted publicly on Open Data *and Be Heard Regina*. A summary of the engagement is outlined in the following section. Should Council wish to establish specific affordability programs, it is recommended that target groups be consulted to ensure they address the needs of the community and reflect the voices of those most impacted. Should Council wish to implement a change to tax policy, those most impacted by the policy change should be engaged and informed through a communications strategy prior to any change to allow them to adjust budgets and financial plans accordingly.

Administration also sent notice of this report to the Regina Chamber of Commerce, Regina Downtown Business Improvement District, Warehouse Business Improvement District and Economic Development Regina.

DISCUSSION

There are two major parts to this request from Council:

1) Property Tax tools and how they can be used to meet objectives. Specifically:
    - Impacts of changing the property tax split between residential and non-residential properties.
    - The impacts of implementing a base tax.
    - The use of property sub-classes.

2) Options for property tax affordability programs.

In addressing this request, Administration also provides a summary of current tax policy, the results of a jurisdictional scan sharing how other municipalities use these tools and the results of a public engagement survey to gauge level of support for property tax affordability programs and changing the share of property tax for residential and non-residential properties. The discussion also explores how affordability is defined in relation to property tax and considers existing city initiatives that may intersect with tax policy.

Options and analysis in this report were conducted on municipal property taxes only. The tax tools and options here do not consider impact or participation from other taxing authorities. Where applicable, the City would need to obtain agreement from other taxing authorities for their participation.

Property Tax Tools
The Cities Act outlines tax tools available to determine the distribution of the property tax burden. Some tools are provincial, while others are available for use at City Council's discretion.

Tax tools are a mechanism for Council to distribute the cost of public service within its tax base. The tools available to municipalities include mill rates, mill rate factors, minimum tax, base tax, tax phase-in and the creation of property classes and sub-classes. These are described in Table 1: Tax Tools Available to Municipalities below.

Table 1: Tax Tools Available to Municipalities

Tax Tool	Description
Mill (Tax) Rate	The rate that when applied to assessment values will raise the amount of taxes required to meet the revenue required in the City's budget.
Mill Rate Factor	City Council may determine a mill rate factor, that when multiplied by the mill rate, will determine the tax rates for each property class and sub-class established. Mill rate factors are used to distribute tax burden amongst property classes.
Minimum Tax	City Council may establish a minimum tax payable for all properties or for a property class or sub-class. This allows municipalities to establish a minimum amount of tax with respect to any property. Minimum tax can only be applied to municipal taxes.
Base Tax	City Council may establish a base tax payable for all properties or for a property class or sub-class. The base tax is a specific amount of property tax levied regardless of the assessed value of the property. Base tax can only be applied to municipal taxes.
Tax Phase-in	City Council may phase in a tax increase or decrease for taxable property, or a class or sub-class of taxable property, resulting from a reassessment. This may apply to other taxing authorities if agreed upon by the other taxing authority.
Property Class and Sub-class	City Council may establish classes and sub-classes of property for the purposes of establishing tax rates. If a property class or sub-class is established, the assessor shall determine to which class or sub-class any property belongs.

Council may choose to utilize these tools to accomplish policy objectives. Currently the City uses a mill rate, mill rate factors, and property classes and sub-classes. Council also approved a phase-in plan to reduce the impacts of revaluation. Discussion papers on how tax tools may be utilized to accomplish specific objectives are attached as the following appendices and summarized below:

- Appendix A: Share of Taxes
- Appendix B: Base Tax
- Appendix C: Property Tax Sub-classes

It is important to note that these property tax tools are not meant to increase a municipality's tax revenue. The overall tax burden to be levied is determined by the budget process. Property tax tools are meant to determine the distribution of the tax burden. This means a tax reduction for one property class results in increased taxes for another property class.

Comparing property tax tool usage across municipalities is complex, as provincial legislation varies by province, and every municipality is unique in the level of services provided and alternate revenue sources. Tax tools are typically used in accomplishing specific policy objectives so there is no best practice in terms of tax tool usage.

To determine the impacts of using property tax tools, application of tools should be explored in relation to specific objectives and initiatives. Specific engagement and research should be conducted to ensure the use of tax tools will accomplish the goals identified or whether other tools would be better suited.

Current Tax Policy
The City has adopted the following tax principles with every revaluation since 1997:

1. Stability, predictability and sustainability. Stable property taxes are sustainable and provide a viable economic environment. This stability is ensured through the City creating and employing a predictable tax policy framework.

2. Equity, fairness and transparency. Tax policy principles and decisions must reflect the concepts of equity and fairness. These principles strongly align with the applications of a mass appraisal assessment system and tax system based on property values.

3. Decisions must be in the best interest of the community. Tax policy principles must be in the best interest of the community, not the best interest of a specific property group or class. A breach of this principle can jeopardize both the first theme of stability and predictability and the second theme of equity and fairness.

These main themes are imbedded in *Design Regina: The Official Community Plan Bylaw No. 2013-48* (OCP), which includes three economic goals: economic vitality and competitiveness, economic growth and economic generators. The priorities outlined for these goals include the establishment of tax rates that consider the sustainability of services and the use of mechanisms to expand and diversify the economy, promote Regina as an attractive place to live, invest and do business and encourage entrepreneurship.

Changing the Share of Taxes
Pursuant to section 255 of *The Cities Act*, Council can redistribute the share of municipal taxes through the use of mill rate factors for different classes and subclasses or properties. Based on the three guiding principles above, the long-standing policy of keeping the share of taxes stable has been adopted by City Council with each revaluation. The City’s current tax split is approximately 64.1 per cent residential and 35.9 per cent non-residential. This is comparable to the average of other prairie cities.

Analysis shows that for a one per cent reduction in the residential share of municipal taxes:

- residential municipal property taxes are reduced by approximately 1.6 per cent, and
- non-residential property taxes rise by approximately 2.8 per cent.

The impacts of a one per cent shift are more significant for non-residential properties because there are fewer non-residential properties, and non-residential properties have a higher effective tax rate.

Property taxpayers were engaged in June 2021 with a survey on water utility and property tax affordability options. A full report on the engagement is included as Appendix G. The survey asked respondents if they agreed with non-residential properties paying a higher share of tax than residential properties and what, if any, per cent of increase from residential to non-residential they support. Though respondents have expressed moderate support for an increase in the non-residential share of tax (62 per cent), specific consideration should be given to the current economic situation prior to making any change to the share of tax. Should Council wish to implement a shift in the share of tax paid by each class, those most impacted by the shift should be engaged and informed through a communications strategy prior to any shift to allow them to adjust budgets and financial plans accordingly.

A discussion on the share of tax, including an impact analysis of making a change is included as Appendix A: Share of Taxes.

Base Tax

Pursuant to section 259 of *The Cities Act* Council can levy a base tax on all properties or groups of properties. The base tax involves levying a specific amount against each property in addition to the levy that is calculated using the assessed value and the mill rates and mill rate factors.

The City currently uses an ad valorem tax system for property taxes. Ad valorem is the tax system used throughout North American. It is a historical approach to taxation which includes the following principles:

- Taxes owed are calculated based on the assessed value of the property.
- The taxable assessed value of property is multiplied by the mill rate to determine the amount of taxes payable (taxable assessment x mill rate = taxes).
- Property taxes increase proportionately with the value of a property.

Traditionally, the City has used a dedicated mill rate increase to fund specific initiatives. For example, a 0.45 per cent increase dedicated to Mosaic Stadium and 0.5 per cent increase dedicated for recreation infrastructure.

Analysis shows that applying the base tax leads to an increase in taxes for lower-value properties and a decrease in taxes for higher-value properties. For example, if implementing a $500 general base tax, the mill rate is reduced to keep total tax revenues constant, and lower-value properties would experience tax increases of less than one per cent and higher-value properties would experience significant decreases.

Appendix B: Base Tax, looks at the impacts of moving away from ad valorem system to implement a base tax to fund existing services or new initiatives.

Property Tax Sub-classes

Pursuant to section 254 and 255 of *The Cities Act*, Council can establish classes and sub-classes and set different mill rate factors for these classes and sub-classes for the purpose of redistributing taxes. The City currently defines five property classes: residential, multi-residential, commercial/industrial, railway, and agriculture. In 2001, Council established the golf course sub-class for tax relief purposes to offset the direct competition with municipal golf courses that are exempt from property taxes. For 2021, the mill rate factor for the golf course sub-class is set to 65 per cent of that of the commercial sub-class, making the golf course sub-class tax rate equivalent to that of vacant land. There are currently two privately owned golf courses in this class, one of which is partially in the City with the majority of the course, including clubhouse, in the RM of Sherwood.

Analysis on using property sub-classes to accomplish specific objectives shows that, if the sub-class is relatively small compared to the class that offsets the changes, sub-classing can create significant impacts on the targeted properties with minor changes on the remaining properties in the class. Meaning the creation of a sub-class may be a useful tool in accomplishing specific objectives for the subset of properties.

A challenge in implementing a sub-class is how it is defined. If a sub-class is created for a property characteristic not used for assessment purposes, it may require an application process. An application process is only effective where the class is seeing a reduction in taxes as a property owner is unlikely to apply for a property class that would increase their taxes

An analysis of the use of sub-classes, including the current golf course sub-class, is included in Appendix C: Property Tax Sub-classes.

It is important to note that using sub-classes to shift tax burden between property classes has larger tax policy implications. These implications are outlined in Appendix A: Share of Taxes.

Community Engagement

Community engagement was conducted through Be Heard Regina from May 28 to June 30, 2021. Residents were invited to participate via an insert notice included with tax and utility notices, a news release with media coverage, and through social media advertising. Special interest committees and community groups were also informed of the survey and asked to encourage participation.

The purpose of the engagement was to gauge the level of public support for potential high-level policy options regarding tax policy and tax affordability. Participants were asked to indicate their overall support for affordability programs, prioritize who should be eligible for potential programs, what type of program they felt would be the most beneficial and how potential programs should be funded. The online questionnaire posted to the beheard.regina.ca website was designed to provide Regina residents with a public engagement opportunity to share opinions with the City. A full report with the engagement results is attached as Appendix G.

A total, of 2,924 residents completed the survey, the majority of which pay residential property taxes and have a utility account in their name. Forty-two percent of respondents support and 28 per cent somewhat support the implementation of affordability programs. Three out of ten (29 per cent) do not support low-income water utility and taxpayer affordability programs. Support was highest among households with annual incomes of less than $20,000 (93 per cent) and declined as incomes increased though support still remained significant among households with incomes greater than $150,000 per year (65 per cent).

When asked how property tax affordability programs could be targeted, six out of ten (57 per cent) respondents say any low-income household should be eligible, while 31 per cent say programs should be tailored to specific demographic groups.

The large majority (82 per cent) of respondents agree that non-residential properties should pay more property tax than residential properties. Commercial property taxpayer respondents are much less likely to agree, at 33 per cent.

In addition to the public engagement survey, Administration received feedback in the form of emails and service requests from 37 residents. A summary of this feedback is attached as Appendix H. 11 of these residents expressed support for affordability programs and 14 expressed opposition to affordability programs. The most common reasons for opposition to affordability programs were that existing tax and utility rates make them reluctant to pay more and that the City should focus on managing operational inefficiencies as a means or option to address the affordability issue. 12 respondents did not provide any level of support for affordability programs. These respondents provided comments on the program administration or the survey design. Opinions and ideas on City policy, programs, and related services were also expressed.

Tax Affordability Programs

Implementing a property tax affordability program is a way for Council to address affordability for a specific set of property owners. For this report property tax affordability is considered a part of broader shelter affordability. In addition to property taxes, shelter costs include rent, mortgage payments, condominium fees, household maintenance, the costs of electricity, heat and water and other municipal services. Approximately 12 per cent of residential property owners in Regina experienced shelter unaffordability. The average rate across other prairie cities is 14 per cent.

Analysis shows there is little difference in the number of households that experience unaffordability at income ranges below the median. This indicates there is a weak relationship between household income and unaffordability. Unaffordability is more closely tied to household structure, with single-person households being much more likely to experience shelter unaffordability. While affordability programs can reduce shelter costs, the overall impact is low as property taxes make up a small portion of shelter costs for low-income households.

In identifying potential affordability programs, a scan of programs in other Canadian municipalities was conducted. A full copy of the scan is included as Appendix E: Tax Affordability Programs Scan. The scan showed that 18 of the 35 municipalities surveyed and nine provinces have some form of property tax affordability program including rebates and deferrals. One-time assistance payments were added as this was a common approach with utilities.

An analysis of property tax affordability programs is included as Appendix D: Property Tax Affordability Programs.

Tax Affordability Program Options
An evaluation of property tax affordability program options was conducted (Appendix D). The analysis of potential options evaluated how well programs could improve affordability, property tax equity and considered community support through engagement and administrative level of effort.

Table 2: Summary of Property Tax Affordability Programs summarizes the results of the analysis. Options are graded positively (green) if they improve the current state, negatively (red) if they will make the current state worse, and neutral (yellow) if there will be no significant change. Hash marks indicate complexity in the analysis.

Table 2: Summary of Property Tax Affordability Programs

Option	Afford.	Equity	Comm. Support	Admin. Cost	Overall
Property Tax Rebates					
One-time Assistance Payments					
Property Tax Deferrals					

All evaluated options pertaining to property tax affordability may assist in making homeownership more accessible for low-income residents in Regina by offering solutions for improving tax affordability. Providing tax rebates offer the most effective solution at addressing affordability among low-income households as it directly reduces tax costs for customers. However, this option entails the highest cost to implement. Also, as rebates are funded through the tax base, the cost of the rebate will be borne by other residential and non-residential taxpayers. One-time assistance payments can offer relief to households or individuals experiencing temporary income insecurity but its impact is short-term. Tax deferrals on the other hand help improve affordability by shifting tax payments to a time when customers are better able to pay. However, deferrals do not directly address affordability as the full deferral must be repaid, usually with interest.

Should Council wish to implement an affordability program, policy objectives would drive program design and identify target groups for further engagement. Any affordability program would be for municipal property taxes only. The Province offers a property tax deferral program allowing seniors with a total annual household income below $70,000 and a minimum 25 percent equity in their home, to defer their education property taxes at a simple interest rate.

Other City Initiatives

Energy & Sustainability Framework

The City is developing a strategy to become a 100 per cent renewable city with net-zero carbon emissions by 2050. This will be achieved by reducing energy consumption, improving energy efficiency, and switching to renewable or low-carbon energy sources. Work will be completed as part of this framework to determine if tax tools will be effective in accomplishing sustainability objectives.

Community Safety & Well-Being Plan

The City is developing a comprehensive plan to address poverty, inequality, mental illness, substance abuse and homelessness. The high-level, holistic approach taken by this initiative makes it well-suited for discussing the interaction not only between water and tax affordability but the interaction between these two policy spheres and the wider well-being policy system.

Underutilized Land Study

The Underutilized Land Study, approved in 2018, looks at potential regulatory, environmental, social and economic barriers to private sector redevelopment of various types of underutilized sites throughout the City and recommends specific actions the City can undertake to improve the viability of redeveloping these lands. This study considered the use of property sub-classes as a punitive measure for vacant land.

DECISION HISTORY

On March 31, 2021, Council approved CR21-51 which contained the approval of mill rate factors, and adopting the below principles:

- That the relative share of property taxes between the residential and non-residential properties does not change due to revaluation.
- That long-term stability be considered in establishing tax policies for mill rate factors

Respectfully Submitted,

Deborah Brydon, Director, Assessment & Property Revenue Services 9/15/2021

Respectfully Submitted,

Barry Lacey, Exec. Director, Financial Strategy & Sustainability 9/17/2021

Prepared by: Tanya Mills, Manager, Assessment & Property Systems

ATTACHMENTS

Appendix A - Share of Taxes
Appendix B - Base Tax
Appendix C - Property Tax Sub-Classes
Appendix D - Property Tax Affordability Programs
Appendix E - Tax Affordability Programs Jurisdictional Scan
Appendix F - Tax Tools & Sub-Classes Jurisdictional Scan
Appendix G - CoR Water Util-Property Tax Affordability Survey (2021)
Appendix H - Survey Written Feedback Summary

Appendix A: Share of Taxes

Executive Summary

Currently, 64.1 per cent of municipal tax revenues are paid by residential properties and 35.9 per cent are paid by non-residential properties. Though residential properties pay more as a group, non-residential properties pay more individually. For every $1 in tax paid by a residential property, a non-residential property will pay $1.45.

The analysis in this report shows that for a one per cent reduction in the residential share of municipal taxes, residential municipal property taxes are reduced by approximately 1.6 per cent, and non-residential property taxes rise by approximately 2.8 per cent.

The impact of a one per cent shift is greater on non-residential properties than residential properties because there are fewer non-residential properties, non-residential properties typically have a higher assessed value and non-residential properties have a higher effective tax rate. A significant shift in the non-residential share of taxes is not consistent with the City's economic development goals stated in *Design Regina: The Official Community Plan Bylaw No. 2013-48 (OCP)* and the City's tax policy objectives. Increasing property taxes for non-residential properties may affect competitiveness and discourage investment as property taxes can influence a company's decision to locate in the same way as any other cost of production. Additionally, businesses are still recovering from the impact of the current COVID-19 pandemic.

An engagement survey was conducted on *Be Heard Regina* from May 28 to June 30, 2021 to gauge level of support for a number of potential property tax policy and affordability programs. 62 per cent of the respondents support an increase of one per cent or more in the non-residential share of taxes, but there is a wide divide between taxpayer groups. Support was greatest among households with annual incomes less than $40,000 (71 per cent) and declined as income increased but remained significant for households making more than $150,000 (50 per cent). Support was lowest among the 3 per cent of respondents who pay commercial property taxes where 74 per cent oppose an increase in the tax share paid by non-residential properties.

From an affordability stance, shifting the share of tax will have a small impact on the tax liability of low-income homeowners, and the benefits are directed to all residential homeowners regardless of income.

This paper is structured as follows:

Background and Current State

The City raises 56 per cent of general revenues through municipal property taxes. Property taxes are currently structured as *ad valorem* taxes meaning the amount of property taxes paid by a property owner varies according to a property's assessed value. Property values are assessed every four years as required by Section 22 of *The Assessment Management Agency Act* and in accordance with the process established by the Saskatchewan Assessment Management Agency (SAMA).

The City uses mill rate factors to determine the share of municipal property taxes to be paid by each property class or sub-class. The formula for calculating municipal property taxes is:

Taxable Assessment X Municipal Mill Rate X Mill Rate Factor / 1000

Tax policy objectives are reviewed every revaluation year. Policy decisions from 1997 to 2021 have been centered around three main themes:

1. **Stability, predictability and sustainability**. Stable property taxes are sustainable and provide a viable economic environment. This stability is ensured with a predictable tax policy framework.
2. **Equity, fairness and transparency.** Tax policy principles and decisions must be equitable and fair. These principles strongly align with the application of a mass appraisal assessment system and a tax system based on property values.
3. **Decisions must be in the best interest of the community.** Tax policy principles must be in the best interest of the community, not the best interest of a specific property group or class. A breach of this principle can jeopardize both the first theme of stability and predictability and the second theme of equity and fairness.

Tax policy can be a driver for economic development. The OCP sets out three economic development goals which guide tax policy:

- **Goal 1.** Foster an environment conducive to economic vitality and competitiveness which supports the standard of living of residents in Regina and surrounding region.
- **Goal 2.** Optimize the economic development potential of Regina, the region and the Province of Saskatchewan.
- **Goal 3.** Cultivate entrepreneurship and supporting economic generators.

While each goal has a number of policies to support it, the most relevant policies relate to Goal 1 which requires the City to ensure an orderly regulatory environment within which business and industry can operate assured of transparency, predictability, and fairness in their dealings with the City, and to establish taxation rates and other residential and business fees and charges that consider the sustainability of services.

This paper considers the share of municipal taxes paid by residential and non-residential properties. The current residential municipal tax share is 64.1 per cent of tax revenues and the non-residential share is 35.9 per cent. The City's policy since 2005 has been to maintain the share of tax after each revaluation. This means the share will drift naturally between revaluation years, depending on the rate of development, but will not change as the result of the revaluation. This is an informal policy with the principle being approved by Council in the revaluation report and the annual approval of the mill rate factors in the *Regina Property Tax Bylaw*.

Table 1: Residential and Non-Residential Tax Share, 2005 to 2021and Figure 1: Residential and Non-Residential Tax Share, 2005 to 2021 display the share paid by each class between 2005 and 2021. Figure 2: Residential and Non-Residential Tax Paid, 2005 to 2021 displays the amount of tax paid by each class for the same period. While the amount of tax paid has increased overall, the share has stayed relatively stable, with only a 1.2 percentage point increase in the residential share since 2005.

Table 1: Residential and Non-Residential Tax Share, 2005 to 2021

Year	Residential Share (%)	Non-Residential Share (%)	Year	Residential Share (%)	Non-Residential Share (%)
2005	62.9	37.1	**2014**	63.9	36.1
2006	63.1	36.9	**2015**	64.5	35.5
2007	63.3	36.7	**2016**	63.7	36.3
2008	63.1	36.9	**2017**	64.0	36.0
2009	62.9	37.1	**2018**	63.8	36.2
2010	63.2	36.8	**2019**	63.7	36.3
2011	63.3	36.7	**2020**	64.7	35.3
2012	63.3	36.7	**2021**	64.1	35.9
2013	63.7	36.3			

Figure 1: Residential and Non-Residential Tax Share, 2005 to 2021

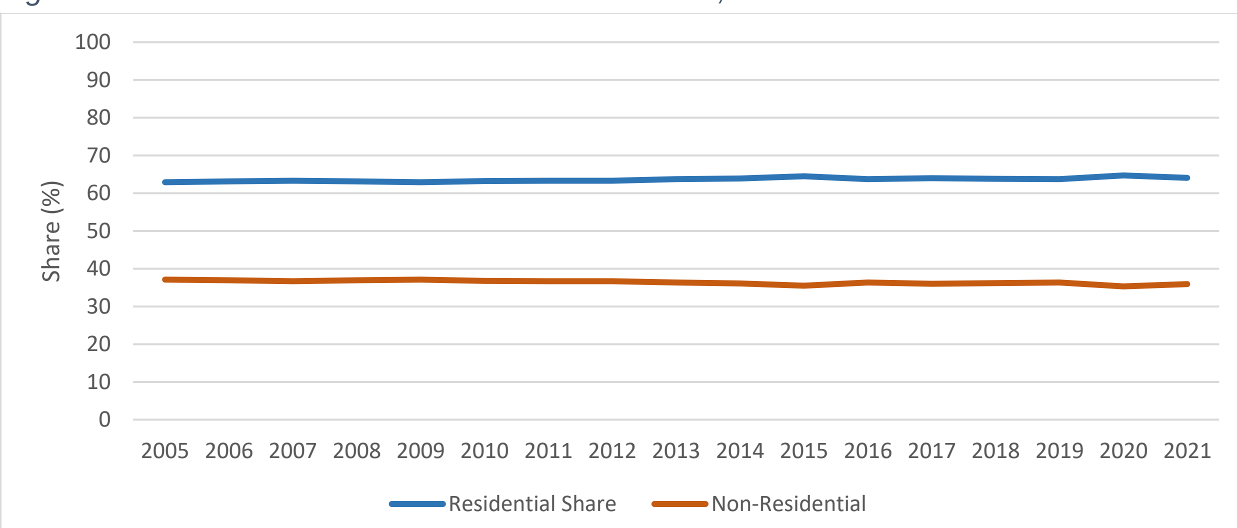


Figure 2: Residential and Non-Residential Tax Paid, 2005 to 2021

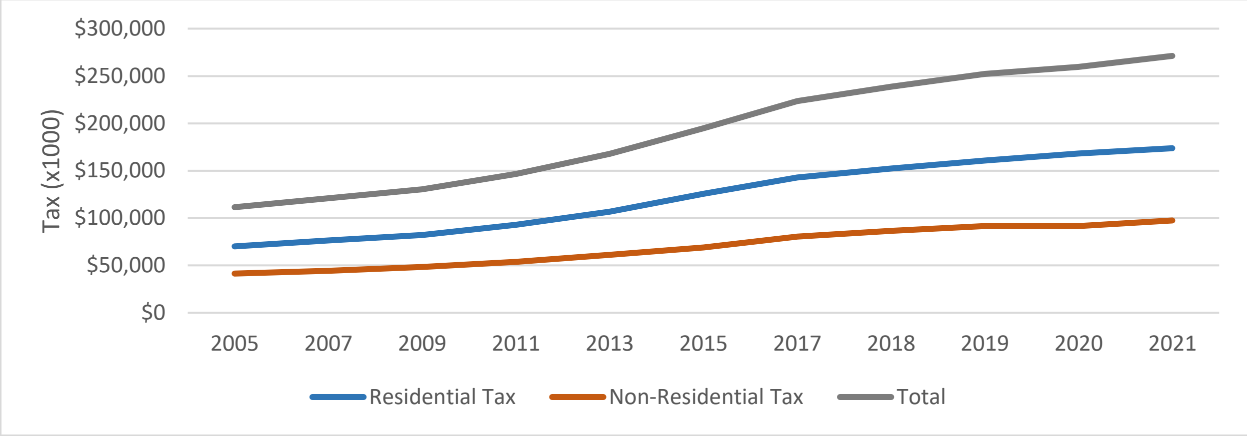


Table 2: Tax Shares and Assessment Base Shares for Major Prairie Cities, 2021 compares Regina's tax and assessment base shares to that of other prairie cities. Regina's tax shares and assessment base shares are near the group average. Calgary has the highest share of tax for non-residential properties at 49 per cent, followed by Edmonton with 46 per cent. Regina and Saskatoon fall in the middle of the order with non-residential shares of 36 and 34 per cent, respectively, which roughly aligns with the average of 38 per cent. Winnipeg is the lowest with a non-residential share of 27 per cent. With the exception of Winnipeg, the non-residential share of tax is greater than the non-residential share of the assessment base (i.e. the share of total assessed value). In all cases the non-residential tax share is lower than the residential tax share. Though the tax share is lower than that for residential properties, non-residential properties pay a higher property value tax than residential properties in these cities. Most other municipalities maintain the share of tax in each revaluation year.

Table 2: Tax Shares and Assessment Base Shares for Major Prairie Cities, 2021

City	Tax Share		Assessment Base		Tax Policy Approach
	Residential	Non-res.	Residential	Non-res.	
Calgary	51%	49%	72%	28%	No interference with ratio. Currently under review.
Edmonton	54%	46%	77%	23%	Maintain relative share of tax burden prior to growth.
Saskatoon	66%	34%	76%	24%	Targeted ratio of 1.75 – non-residential to residential tax rate.
Winnipeg	73%	27%	73%	27%	Maintain share of tax burden.
Regina[1]	64%	36%	71%	29%	Maintain share of tax burden - revenue neutral in revaluation years.
Average	62%	38%	74%	26%	

[1] There are 78,428 residential properties with a total taxable value of $20,189,423,589 (71 per cent of total) and 3,891 non-residential properties with a total taxable value of $8,278,964,944 (29 per cent of total).

Impact of Changing the Share of Taxes

Table 3: Impact of a Tax Share Shift on Mill Rate and Mill Rate Factors presents the changes in mill rate factors for one, three and five per cent shifts from residential to non-residential properties. Table 4: Total Impacts of Shifting Municipal Tax Share to Non-residential Properties presents the impacts on total municipal taxes paid by each property class. The change is equal among property classes within the residential and non-residential groups, but the per cent increase in taxes for non-residential properties is approximately double the decrease experienced by residential properties.

Table 3: Impact of a Tax Share Shift on Mill Rate and Mill Rate Factors

	Current	1% Shift	3% Shift	5% Shift
Mill Rate	9.4513	9.4513	9.4513	9.4513
Residential Mill Rate Factor	0.9103	0.89611	0.86766	0.83921
Non-Residential Mill Rate Factor	1.2495	1.2842	1.3536	1.4230
Golf Mill Rate Factor	0.8120	0.83456	0.87966	0.92476

Table 4: Total Impacts of Shifting Municipal Tax Share to Non-residential Properties

Property Class	Current Total Municipal Tax	Tax Change 1% Shift (%Change)	Tax Change 3% Shift (%Change)	Tax Change 5% Shift (%Change)
Residential				
Single Family	$136,741,749	-$2,137,482 (-1.6%)	-$6,410,943 (-4.7%)	-$10,684,404 (-7.8%)
Condo	$19,941,819	-$311,721 (-1.6%)	-$934,944 (-4.7%)	-$1,558,167 (-7.8%)
Multi-residential	$17,024,142	-$266,113 (-1.6%)	-$798,153 (-4.7%)	-$1,330,192 (-7.8%)
Non-Residential				
Commercial/ Industrial	$96,221,153	$2,672,168 (2.8%)	$8,016,504 (8.3%)	$13,360,840 (13.9%)
Rail/Pipeline	$127,358	$12,486 (2.8%)	$37,459 (8.3%)	$62,431 (13.9%)
Resource	$913,986	$3,537 (2.8%)	$10,611 (8.3%)	$17,684 (13.9%)
Agricultural	$449,613	$25,382 (2.8%)	$76,147 (8.3%)	$126,912 (13.9%)

Golf	$37,361	$1,039 (2.8%)	$3,115 (8.3%)	$5,190 (13.9%)

Table 5: Impact of Shifting Municipal Tax Share to Non-residential Properties presents the impacts on several sample properties and shows that though the per cent change experienced by non-residential properties is roughly double that of residential properties, the absolute increase is much greater. Any change in the tax share between residential and non-residential properties results in a small reduction to the annual taxes of most residential properties but a significant increase to the annual taxes of non-residential properties. This is because residential properties comprise a much larger share of the assessment base and because non-residential properties pay a higher tax rate.

Table 5: Impact of Shifting Municipal Tax Share to Non-residential Properties

Sample Property	Assessed Value	Annual Property Tax	Impact on Annual Property Taxes		
			1% Shift	3% Shift	5% Shift
Standalone retail	$1,839,800	$18,468	$513	$1,539	$2,564
Restaurant	$1,859,400	$18,664	$518	$1,555	$2,592
Strip mall	$4,629,100	$46,466	$1,290	$3,871	$6,452
Hotel	$13,627,500	$136,792	$3,799	$11,397	$18,994
Shopping mall	$55,928,400	$561,408	$15,591	$46,773	$77,955
Small residential	$250,000	$1,694	-$27	-$81	-$134
Average residential	$315,000	$2,134	-$34	-$102	-$169
Large residential	$500,000	$3,388	-$54	-$161	-$269
Multi-residential (170 units)	$21,578,600	$148,527	-$2,322 (-$14 per unit)	-$6,963 (-$41 per unit)	-$11,605 (-$68 per unit)

The Regina Chamber of Commerce and Economic Development Regina were consulted on the tax shares and identified the following concerns:

- The impacts of a tax increase on business will be significant and affect financial viability.
- Shifting taxes to non-residential properties will result in instability and unfairness, a perception of picking winners and losers.
- Non-residential properties pay more due to higher assessed values, higher provincial percentages and higher mill rate factors but do not receive more services.

In addition to paying property taxes, non-residential properties contribute to the community in a wide variety of areas including community development, social needs, the arts, and sport.

The impacts of the COVID-19 pandemic have increased the strain on businesses. Many businesses – particularly those in the hospitality, food service and tourism sectors – shut down between March and May 2020. There was a slow but steady recovery between then and January 2021, but the loss of revenue for businesses remains significant. The Bank of Canada estimates that, for Canada as a whole, full economic recovery will not be achieved until the second half of 2022.[2]

[2] Bank of Canada (2021, 2)

Engagement Results

Property taxpayers were engaged of *Be Heard Regina* from May 28 to June 30, 2021 with a survey on water utility and property tax affordability options. A full report on the engagement is included as Appendix G: COR Water Utility & Property Tax Affordability. The survey asked respondents if they agreed with non-residential properties paying a higher share of tax than residential properties and what, if any, per cent of increase from residential to non-residential they support.

Table 6: Support for Non-Residential Tax Share Increase shows that a majority of overall respondents (62 per cent) support an increase in the non-residential share of taxes, but there is significant variation between taxpayer groups. Support was greatest among households with annual incomes less than $40,000 and declined as income increased but remained significant for households making more than $150,000. Three per cent of respondents paid commercial property tax, but 74 per cent of these oppose an increase is the share of tax.

Table 6: Support for Non-Residential Tax Share Increase

Increase	Overall Support	Pays Commercial Property Tax	Annual Household Income				
			<$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>150,000
0%	36%	74%	26%	27%	33%	38%	49%
1%	29%	8%	29%	32%	31%	29%	25%
2%	18%	10%	20%	22%	20%	17%	14%
5%	15%	8%	22%	17%	14%	14%	11%
>0%	62%	26%	71%	71%	65%	60%	50%
>1%	33%	18%	42%	39%	34%	31%	25%

Though the general public has expressed moderate support for an increase in the non-residential share of tax, those most impacted by the shift should be engaged and informed through a communications strategy should Council wish to implement a shift in the share of tax paid by each class.

Sources

Bank of Canada. 2021. *Monetary Policy Report July 2021.* Bank of Canada.

Appendix B: Base Tax

Executive Summary

The City currently uses an *ad valorem* tax system meaning property taxes are calculated by applying mill rates and mill rate factors to a property's assessed value. Higher-value properties therefore pay more tax than lower-value properties. A base tax would be applied equally to all properties or a class of properties regardless of a property's value, which may enhance tax predictability.

Saskatchewan is the only province that allows municipalities to levy a base tax. A jurisdictional scan identified eight municipalities that use base taxes in the province. Base taxes are commonly used to fund community services such as fire or police, recreation centres, infrastructure maintenance, and capital projects.

There are many variations in the application of a base tax. This report discusses implementing a base tax in two different situations:

- Implementing a $500 general base tax to cover service costs; and
- Implementing a base tax to fund a new initiative.

In each scenario, the base taxes are first applied to all properties and then to residential properties only. For the purposes of this analysis the base tax is applied per unit on multi-residential properties in both scenarios.

Generally, applying the base tax leads to an increase in taxes for lower-value properties and a decrease in taxes for higher-value properties. When implementing a $500 general base tax, the mill rate is reduced to keep total tax revenues constant and this offsets some of the redistribution effects. Lower-value properties would experience municipal tax increases of less than one per cent and higher-value properties would experience significant decreases. The difference is made up by multi-residential properties which experience increases estimated at 28.8 per cent for the sample property used.

A $100 million capital project financed over 10 years would require a $97.41 base tax if applied to all properties or a $101.24 base tax if applied to residential properties only. There is no decrease in the mill rate as total revenues are intentionally increased. Lower-value residential properties experience a nearly six per cent increase in municipal taxes while higher-value residential properties experience a nearly three per cent increase. Non-residential properties experience increases of less than one per cent because of the higher taxes they already pay. Multi-residential properties experience increases over 11 per cent. Compared to if a 3.7 per cent dedicated mill rate increase is used, as it is currently, the increase for multi-residential and most residential properties is greater while the increase for non-residential properties is less.

Overall, the analysis suggests that a base tax applied equally to all properties may produce the most benefit by redistributing costs from a smaller number of higher-value properties to a greater number of lower-value properties. However, the increased costs to lower-value properties, the residents of which are likely to have lower-income, and multi-residential properties, where renters are more likely to have lower-income, conflicts with the City's social development goals. To reduce the impact on the lower-value properties base taxes could be applied progressively, with a smaller tax being applied to lower-value properties and a somewhat greater tax being applied to higher-value properties. A combination of base taxes and dedicated mill rate increases may also help mitigate the negative impacts of each when funding new capital projects.

The rest of the paper is structured as follows:

Base Taxes

Section 259 of *The Cities Act* grants Council the power to establish a base tax or method for calculating a base tax, and property tax sub-classes for the purpose of the base tax. A base tax is an amount levied on properties regardless of the assessed property value. Base taxes can be applied equally to all properties or may be applied by property class. Typically, a base tax is used to fund a specific initiative or municipal service, such as, recreation or capital facilities projects, infrastructure projects, road renewal, fire and police services. The base tax would be calculated by taking the total cost of the initiative or service and dividing it by the number of properties to fund the tax requirement. This ensures properties pay the cost of the initiative equally as opposed to ad valorem, where higher valued properties pay a higher share of the cost.

Saskatchewan is the only province that allows municipalities to levy a base tax. A jurisdictional scan identified eight municipalities that use base taxes as summarized in Table 1: Base Taxes in Saskatchewan Municipalities. A more extensive jurisdictional scan can be found in Appendix F: Tax Tools & Sub-Classes Jurisdictional Scan. Six municipalities implement a base tax for infrastructure projects, water infrastructure, or health or recreation facilities, or for services, such as fire and police. Six municipalities use a general base tax. Base taxes vary significantly between municipalities and by purpose.

Table 1: Base Taxes in Saskatchewan Municipalities

Base Tax	Municipality	Policy
General	Humboldt	$500 general base tax applied to all properties.
	North Battleford	$741.05 general base tax on residential properties (applies per unit for multi-residential).
	Swift Current	$820 general base tax on residential properties (applies per unit for multi-residential).
	Warman	$580 general base tax on agricultural, residential/multi-residential land and properties. $880 general base tax applied to commercial/industrial land and properties.
	Weyburn	$670 general base tax on residential and multi-residential properties.
	Martensville	$615 general base tax on residential properties. $915 general base tax on commercial properties.

Base Tax	Municipality	Policy
Fire and Police	Yorkton	$830/unit fire and police base tax on residential, multi-residential and condominium properties. $705.50/unit fire and police base tax on high-density multi-residential properties.
Garbage and Recycle	Martensville	$210 on all properties.
Recreation	North Battleford	$189.33 recreation capital facilities projects base tax (applies per unit for multi-residential).
	Yorkton	$100/unit recreation centre base tax on residential properties. $85/unit recreation centre base tax on high-density multi-residential properties.
	Martensville	$100 for Future Recreation Facility.
Long-term Care	Swift Current	$35 long term care facility base tax on residential properties (applies per unit for multi-residential). $58-$303 long term care facility base tax on non-residential properties (varies by assessed value).
Infrastructure	Humboldt	$135 infrastructure base tax on residential properties (applies per unit for multi-residential). $135-$3,375 infrastructure base tax on non-residential properties (varies by assessed value). $70 road rehabilitation base tax on residential properties (applies per unit for multi-residential). $70-$1,750 road rehabilitation base tax on non-residential properties.
	Moose Jaw	$65 waterworks capital fund base tax on all properties (applies per unit for multi-residential).
	Martensville	$75 for Future Wastewater Treatment Upgrades
Vacant Land	North Battleford	$370.56 base tax for vacant land.

Current State

The City currently uses an *ad valorem* tax system for property taxes. *Ad valorem* is a historical approach to taxation which involves these principles:

- Taxes owed are calculated based on the assessed value of the property.
- The taxable assessed value of a property is multiplied by the mill rate to determine the amount of taxes payable (taxable assessment x mill rate =taxes).
- Property taxes increase proportionately with the value of a property.

The City uses mill rate factors to distribute tax burden amongst property classes. Mill rate factors do not change the amount of revenue generated. Rather they redistribute taxes by:

- Varying the uniform mill rate that has been set by Council;
- Applying a ratio to increase or decrease the effective mill rate in each of the property classes; and
- Applying a specific mill rate factor to all properties within a property class or subclass

Traditionally, the City has used a dedicated mill rate increase to fund specific initiatives. For example, a 0.45% increase dedicated to Mosaic Stadium and 0.5% increase dedicated for recreation infrastructure. Using dedicated mill rate increases for these initiatives means properties with a higher assessed value pay more towards the initiative than those with lower assessed values.

Impacts of Implementing a Base Tax

This report analyzes implementing a base tax in two different situations:

- Implementing a $500 general base tax to cover service costs,
- Implementing a base tax to fund a new initiative.

$500 General Base Tax
Two scenarios are considered in which a $500 general base tax is implemented. In both cases the base tax is applied per unit for multi-residential properties. The total revenue requirement is not increased by implementing a base tax and the share of tax paid by residential and non-residential properties remains unchanged. The scenarios are:

- Where the base tax is applied to all properties;
- Where the base tax is applied to residential properties only.

Table 2: Impact of a $500 Base Tax on Mill Rate and Mill Rate Factors presents the impact on mill rates and mill rate factors of a $500 base tax. The mill rate would decrease in both scenarios, assuming total revenues and the current tax shares of residential and non-residential properties remain fixed. The residential mill rate factor also decreases because of the greater number of residential properties compared to non-residential properties and a decrease is needed to maintain residential revenue share. The non-residential mill rate factor increases because the base tax revenues do not significantly reduce the total amount of non-residential revenues and an increase is needed to compensate for the decreased mill rate.

Table 2: Impact of a $500 Base Tax on Mill Rate and Mill Rate Factors

	Current	Base Tax: All Properties	Base Tax: Residential Properties Only
Mill Rate	9.4513	7.7323	7.8006
Residential Mill Rate Factor	0.9103	0.7964	0.7894
Non-Residential Mill Rate Factor	1.2495	1.4969	1.5139
Golf Mill Rate Factor	0.8120	0.9728	0.9838

Table 3: Total Impacts of $500 Base Tax Applied to All Properties presents the change in the distribution of taxes paid by each property class. Though the share of taxes paid by residential and non-residential properties remain unchanged there is a shift in the share paid by property sub-classes within those groups. A $500 base tax would reduce municipal taxes paid by residential (single family) properties by 4.9 per cent and increase the amount paid by condominiums and multi-residential properties by 4.9 and 33.8 per cent, respectively. Municipal taxes paid by commercial/industrial properties and resource properties will decline by 0.2 and 1.1 per cent, respectively. Municipal taxes paid by

rail/pipeline properties and agricultural properties will increase by 2.3 and 46.9 per cent, respectively. The change in taxes paid by agricultural properties occurs because the $500 base tax is relatively high compared to the current *ad valorem* taxes paid.

The results in Table 3 are for the scenario where the base tax is applied to all properties. If it is only applied to residential properties, there will be minimal change in taxes for non-residential properties (due to variation in the mill rate and mill rate factors) and the changes for residential properties will be the same as for the all-properties scenario.

Table 3: Total Impacts of $500 Base Tax Applied to All Properties

Property Class	Current Total Municipal Tax	Base Tax	Ad Valorem Tax	Total Municipal Tax	Total Change	Total % Change
Residential						
Single Family	$136,741,749	$32,146,500	$97,866,332	$130,012,832	-$6,728,917	-4.9%
Condo	$19,941,819	$6,648,000	$14,272,398	$20,920,398	$978,579	4.9%
Multi-residential[1]	$17,024,142	$10,592,000	$12,184,211	$22,776,211	$5,752,069	33.8%
Non-Residential						
Commercial/ Industrial	$96,221,153	$1,710,500	$94,304,809	$96,015,309	-$205,843	-0.2%
Rail/Pipeline	$127,358	$5,500	$124,822	$130,322	$2,964	2.3%
Resource	$913,986	$8,500	$895,783	$904,283	-$9,703	-1.1%
Agricultural	$449,613	$220,000	$440,659	$660,659	$211,045	46.9%
Golf	$37,361	$1,000	$36,619	$37,619	$258	0.7%

Table 4: Number of Properties with Tax Increase or Decrease with Base Tax shows the number of properties that experience an increase or decrease in taxes paid and the average per cent increase or decrease when a $500 base tax is implemented. Again, there is some change for non-residential properties when the base tax is only applied to residential properties due to variation in the mill rate and mill rate factors.

[1] For multi-residential, the base tax is applied per unit.

Table 4: Number of Properties with Tax Increase or Decrease with Base Tax

Property Class	Base Tax: All Properties				Base Tax: Residential Only			
	No. with Decrease	Average % Decrease	No. with Increase	Average % Increase	No. with Decrease	Average % Decrease	No. with Increase	Average % Increase
Residential								
Single Family	42,438	-7.7%	21,855	25.4%	42,438	-7.7%	21,855	25.4%
Condo	3,932	-5.7%	9,364	75.4%	3,932	-5.7%	9,364	75.4%
Multi-residential[2]	64	-17.4%	21,120	55.1%	49	-17.4%	790	55.1%
Non-Residential								
Commercial/ Industrial	733	-1.0%	2,688	52.3%	3,173	0.0%	248	0.0%
Rail/Pipeline	1	-1.4%	10	19.2%	10	0.0%	1	0.0%
Resource	5	-1.1%	12	14.1%	17	0.0%	0	-
Agricultural	1	-0.1%	439	275.4%	102	0.0%	338	0.0%
Golf	1	-134.3%	1	7.2%	0	-	2	0.0%

Table 5: Impact of $500 Base Tax on Sample Properties presents the expected change in annual taxes for several sample properties with the implementation of a $500 base tax. A base tax will increase taxes for lower-value properties but decrease taxes for high-value properties. The tipping point (i.e., the assessed value where a property will experience no net change) is $255,511 for residential properties and $2,501,054 for non-residential properties. The decrease in the mill rate offsets much of the base tax resulting in only a less than one per cent increase for lower-value properties. Higher value residential properties will experience significant tax decreases. Multi-residential properties will experience significant tax increases as the base tax is applied per unit. If the base tax is only applied to residential properties, non-residential taxes will be unchanged and residential taxes will change the same amount as when the tax is applied to residential properties only.

Implementing a $500 general base tax can be used to shift tax burden from higher value properties to lower-value properties but this does not significantly increase the tax burden for lower-value properties because of the greater number of lower-value properties overall and because the reduction in ad valorem taxes offsets the increase from the base tax.

[2] For multi-residential, the base tax is applied per unit.

Table 5: Impact of $500 Base Tax on Sample Properties

Sample Property	Assessed Value	Current Annual Property Tax	Change (Base Tax: All Properties)	Change (Base Tax: Residential Properties Only)
Standalone Retail	$1,839,800	$18,468	$132 (0.7%)	$0 (0.0%)
Restaurant	$1,859,400	$18,664	$128 (0.7%)	$0 (0.0%)
Strip Mall	$4,629,100	$46,466	-$425 (-0.9%)	$0 (0.0%)
Hotel	$13,627,500	$136,792	-$2,224 (-1.6%)	-$1 (0.0%)
Shopping Mall	$55,928,400	$561,408	-$10,681 (-1.9%)	-$3 (0.0%)
Residential	$250,000	$1,721	$11 (0.6%)	$11 (0.6%)
Residential (Average)	$315,000	$2,168	-$116 (-5.4%)	-$116 (-5.4%)
Residential	$500,000	$3,442	-$478 (-13.9%)	-$478 (-13.9%)
Multi-residential[1] (170 Units)	$21,578,600	$148,527	$42,774 (28.8%)	$42,774 (28.8%)

Base Tax to Fund a New Initiative
The following analysis estimates the base tax required to finance a $100 million capital project over ten years and the subsequent impacts on property taxes. This revenue is additional to current municipal taxes and so there is no effect on the mill rate. If the base tax is applied to all properties, base tax amount will be $97.41 per year. If applied to residential properties only, it will be $101.24 per year.

Table 6: Impact of Base Tax for $100 Million Capital Project presents the overall impacts on each property class. If the base tax is applied to all properties, the amount of municipal tax paid by residential (single family) properties will increase by 4.6 per cent, the amount paid by condominium properties will increase by 6.5 per cent and the amount paid by multi-residential properties will increase by 12.1 per cent. The increase is only slightly greater when the base tax is applied to residential properties only. Overall, the increase in the municipal taxes paid by residential properties is greater with a base tax than with a dedicated mill rate increase. The amount of municipal tax paid by most non-residential properties will increase by less than one per cent with the exception of resource and agricultural properties. The total amount paid by these properties will increase by 1.3 and 4.7 per cent, respectively. The increase in municipal taxes paid by non-residential properties, with the exception of agricultural properties, is less than what would occur if a dedicated mill rate increase were used.

Table 6: Impact of Base Tax for $100 Million Capital Project

Property Class	Current Total Municipal Tax	All Properties: Base Tax ($97.41)	All Properties: Total Municipal Tax	All Properties: Total % Change	Residential Properties Only: Base Tax ($101.24)	Residential Properties Only: Total Municipal Tax	Residential Properties Only: Total % Change	Dedicated Mill Rate Increase: Total Municipal Tax	Dedicated Mill Rate Increase: Total Change	Dedicated Mill Rate Increase: Total % Change
Residential										
Single Family	$136,741,749	$6,263,017	$143,004,766	4.6%	$6,509,167	$143,250,916	4.8%	$141,779,072	$5,037,323	3.7%
Condo	$19,941,819	$1,295,212	$21,237,031	6.5%	$1,346,117	$21,287,935	6.8%	$20,676,440	$734,621	3.7%
Multi-residential[1]	$17,024,142	$2,063,611	$19,087,753	12.1%	$2,144,716	$19,168,858	12.6%	$17,651,281	$627,139	3.7%
Non-Residential										
Commercial/ Industrial	$96,221,153	$332,375	$96,553,528	0.3%	-	-	-	$99,765,769	$3,544,616	3.7%
Rail/Pipeline	$127,358	$1,072	$450,685	0.2%	-	-	-	$466,176	$16,563	3.7%
Resource	$913,986	$1,656	$129,014	1.3%	-	-	-	$132,050	$4,692	3.7%
Agricultural	$449,613	$42,862	$956,848	4.7%	-	-	-	$947,656	$33,670	3.7%
Golf	$37,361	$195	$37,556	0.5%	-	-	-	$38,737	$1,376	3.7%

Table 7: Impact of Base Tax for $100 Million Capital Project on Sample Properties presents the impacts of the base tax on several sample properties. The increases are felt more acutely for lower-value residential properties and multi-residential properties than for higher-value residential properties and commercial properties. The tax increase is lower for most non-residential properties and higher-value residential properties compared to when a dedicated mill rate increase is used but lower- and average-value residential properties and multi-residential properties experience a greater increase.

Table 7: Impact of Base Tax for $100 Million Capital Project on Sample Properties

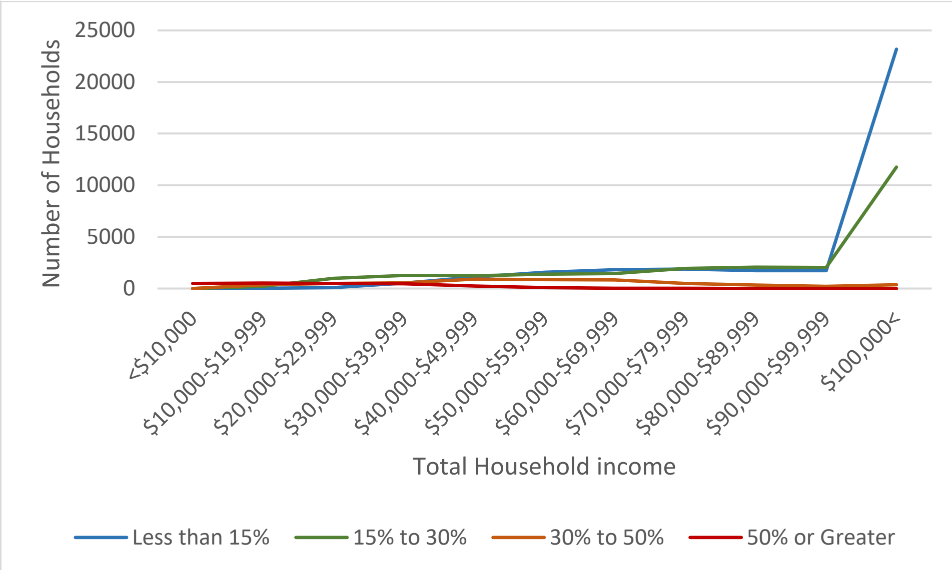
Sample Property	Assessed Value	Current Tax	Tax Change		
			Base Tax All Properties	Base Tax Residential Properties Only	Dedicated Mill Rate Increase
Standalone Retail	$1,839,800	$18,468	$97 (0.5%)	-	$680 (3.7%)
Restaurant	$1,859,400	$18,664	$97 (0.5%)	-	$688 (3.7%)
Strip Mall	$4,629,100	$46,466	$97 (0.2%)	-	$1,712 (3.7%)
Hotel	$13,627,500	$136,792	$97 (0.1%)	-	$5,039 (3.7%)
Shopping Mall	$55,928,400	$561,408	$97 (0.0%)	-	$20,681 (3.7%)
Residential	$250,000	$1,721	$97 (5.7%)	$101 (5.9%)	$63 (3.7%)
Residential (Average)	$315,000	$2,168	$97 (4.5%)	$101 (4.7%)	$80 (3.7%)
Residential	$500,000	$3,442	$97 (2.8%)	$101 (2.9%)	$127 (3.7%)
Multi-residential[1] (170 units)	$21,578,600	$148,527	$16,559 (11.1%)	$17,211 (11.6%)	$5,471 (3.7%)

Base Tax and Affordability

Implementing a base tax has implications for affordability. In general, base taxes shift the tax burden from higher value properties to lower-value properties which may be expected to have lower household incomes. This may reduce shelter affordability for lower-income households. Shelter costs include rent, mortgage payments, property taxes, condominium fees, household maintenance, the costs of electricity, heat and water and other municipal services.[3] Shelter is generally considered to be unaffordable if shelter costs exceed 30 per cent of annual household income. Figure 1: Shelter-Cost-to-Income Ratio (Owners) and Figure 2: Shelter-Cost-to-Income Ratio (Renters) show that more renters tend to experience a greater degree of shelter unaffordability than owners. Base taxes may not always have a significant impact on owned properties (e.g., when a general base tax is used) but are anticipated to significantly increase taxes for multi-residential properties in most cases and may further reduce affordability for renters.

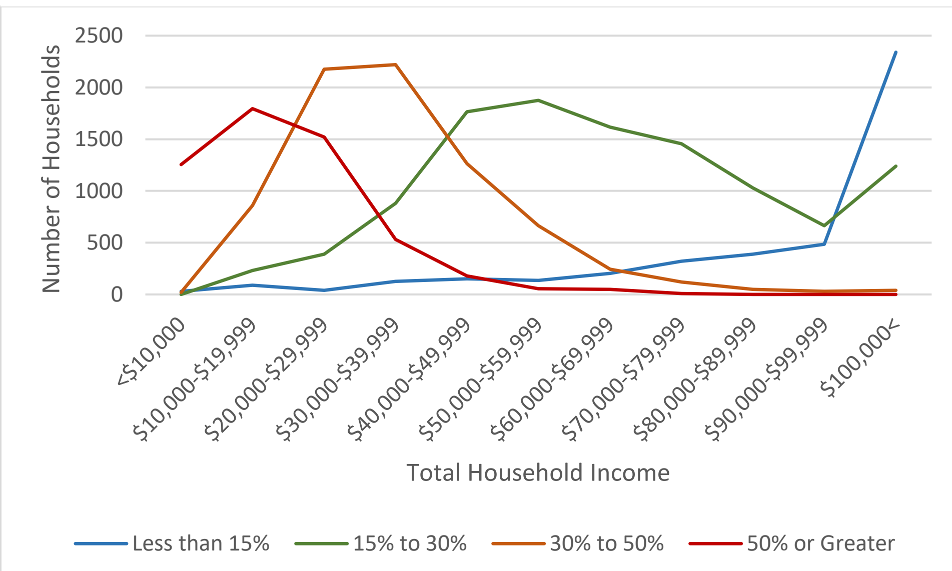
[3] Statistics Canada (2019b)

Figure 2: Shelter-Cost-to-Income Ratio (Owners)



Source: Statistics Canada (2019a)

Figure 1: Shelter-Cost-to-Income Ratio (Renters)



Source: Statistics Canada (2019a)

Table 8: Tax Increase per Unit for 170 Unit Multi-Residential Property presents the tax increases per unit for a 170-unit multi-residential property for each of the previous scenarios. Assuming property owners pass the increased property taxes on to renters through increased rents, base taxes will increase rent between $97 and $225 per year ($8 to $19 per month). This is equivalent to between a 0.2 to 1.2 per cent increase in shelter-cost-to income ratio for a single-person household with annual income at the After-Tax Low

Income Cut-Off (LICO-AT)[4] or a 0.1 to 1.0 per cent increase for a four-person household with annual income at the LICO-AT. This is not consistent with social development goal 13.19 in *Design Regina: The Official Community Plan Bylaw No. 2013-48 (OCP)* which states the City aims to establish programs and a fee structure to ensure that City programs, services and facilities are affordable, accessible, and welcoming to all residents in Regina.

Table 8: Tax Increase per Unit for 170 Unit Multi-Residential Property

	$500 Base Tax		$100 Million Capital Project		
	All Properties	Residential Properties Only	All Properties	Residential Properties Only	Dedicated Mill Rate Increase
Annual Increase per unit	$225	$225	$97	$101	$36
Monthly Increase per Unit	$19	$19	$8	$8	$3
1-Person Household at LICO-AT	1.2%	1.2%	0.5%	0.5%	0.2%
2-Person Household at LICO-AT	1.0%	1.0%	0.4%	0.4%	0.2%
4-Person Household at LICO-AT	1.0%	1.0%	0.3%	0.3%	0.1%

[4] The LICO-AT is the annual after-tax income below which a family will likely spend 20 per cent more than the average family on food, shelter and clothing (Statistics Canada 2012). The value varies based on household and community size. The LICO-AT for a community of Regina's size (100,000 to 499,999) in 2019 for a single-person household was $18,520 and $35,017 for a four-person household (Statistics Canada 2021).

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Appendix C: Property Tax Sub-classes

Executive Summary

The creation of property sub-classes is one tool available for Council to use in distributing levies amongst properties. Council has the authority to create or revise property tax classes and sub-classes. Implementing a new class or sub-class requires the passing of a bylaw to define the class. Differentiating tax rates by class or sub-class can be useful for determining the share of taxes paid by each property type to help achieve strategic goals and policy objectives such as economic development, tax stability and equity.

Currently, the City has five property classes (residential, multi-residential, commercial/industrial, agricultural and railway or pipeline) and one sub-class (golf courses). A jurisdictional scan shows that sub-classes are used by other municipalities across Canada. However, comparing use across provinces is complicated by the fact that provincially legislated property classes vary across regions.

It is possible to create sub-classes for specific initiatives, such as to disincentivize underutilized land or to incentivize renewable energy. While this report explores the impacts of hypothetically implementing sub-classes, it makes no recommendations as to whether the City should implement sub-classes. Creating a sub-class to advance specific initiatives is just one tool available to municipalities in accomplishing these goals. The use of a sub-class should be explored in relation to each specific objectives and initiatives through engagement and extensive research to ensure the use of a sub-class will accomplish the goals identified or whether other tools, such as grants, or property tax exemptions would be better suited for accomplishing the goal.

This paper is structured as follows:

Property Tax Sub-classes

Section 254 of *The Cities Act* grants Council the authority to establish property classes and sub-classes for the purposes of establishing tax rates. Differentiating tax rates by class or sub-class can be used to achieve goals such as economic development, equity, etc. .

A jurisdictional scan of 35 municipalities in British Columbia, Alberta, Saskatchewan, Ontario, New Brunswick, Nova Scotia, and Newfoundland identified 18 municipalities, all in Alberta, Saskatchewan and Ontario, that use property sub-classes. Table 1: Property Sub-Classes in Other Municipalities summarizes the sub-classes in use in other municipalities. A more extensive jurisdictional scan can be found in Appendix F: Tax Tools & Sub-Classes Jurisdictional Scan.

Table 1: Property Sub-Classes in Other Municipalities

Municipality	Sub-Classes
Saskatoon	Condominiums, Multi-residential, Privately-owned Light Aircraft Hangars
Estevan	Multi-residential properties by number of units, Condominiums, Motels, Malls, Pipelines
Humboldt	Motels/Hotels and Malls, Commercial and Industrial Workshops, Railway, Vacant and improved Categories for Residential and Commercial properties
Moose Jaw	Golf Courses, Resources, Condominium
North Battleford	Resources, Condominium
Prince Albert	Country Residential, Condominium, Seasonal Residence, Hotel/Motel, Vacant Commercial Land, Commercial and Industrial by assessed value
Yorkton	High-density Multi-residential, Church Halls/Non-profit Halls, Large Commercial and Industrial, Heavy Industrial, Warehouse, Large Enclosed Mall, Residential Vacant Land, High-density Multi-family Vacant Land, Commercial Land
Weyburn	Accommodations, Elevator, Mall, Multi-family
Mississauga	Shopping Centres, Industrial, Large Industrial, Parking Lots, Office Buildings
Brampton	Office Buildings, Shopping Centres, Parking Lots, Industrial, Large Industrial
Hamilton	Office Buildings, Shopping Centres, Parking Lots, Industrial, Large Industrial
Kitchener	Office Buildings, Shopping Centres, Parking Lots, Industrial, Large Industrial
Burlington	Commercial, Commercial Excess/Vacant Land, Commercial Farmland Awaiting Development, Commercial on Farm Small Business
Waterloo	Office Buildings, Shopping Centres, Parking Lots, Industrial, Large Industrial
Vaughn	Office Buildings, Shopping Centres, Parking Lots, Industrial, Large Industrial
Edmonton	Other Residential
Lethbridge	Multi-residential
Medicine Hat	Multi-residential

Comparing sub-class use across provinces is complex as legislatively defined classes vary by province. For example, the Government of Saskatchewan defines multi-residential as a property class, while the Government of Alberta does not and therefore some cities in Alberta have a multi-residential sub-class.

Current State

The Government of Saskatchewan defines eight property classes, shown in Table 2: Provincial and City of Regina Property Classes and Sub-Classes, and specifies the percentage of value for each class. Municipalities then apply mill rates and mill rate factors to determine the amount of tax paid by each property. Not all of the provincially defined property classes are relevant for the City which defines five property classes. The five classes and 2021 mill rate factors for these classes are shown in Table 2. There is currently only one defined sub-class, golf courses. Property classes and sub-classes are created by Council with the passing of the annual *Regina Property Tax Bylaw*.

Table 2: Provincial and City of Regina Property Classes and Sub-Classes

Provincial Classes/ Sub-classes	Taxable Percentage	City Classes/ Sub-classes	2021 Mill Rate Factor
Residential	80%	**Residential (Single Family)**	0.91034
Multi-Residential	80%	**Multi-Residential**	0.91034
Seasonal Residential	80%	**-**	-
Commercial and Industrial	85%	**Commercial and Industrial**	1.24950
		Golf Courses (Commercial sub-class)	0.81197
Elevators	85%	**-**	-
Railway Rights of Way and Pipeline	85%	**Railway Rights of Way and Pipeline**	1.24950
Non-Arable (Range) Land	45%	**-**	-
Other Agricultural	55%	**Other Agriculture**	1.24950

- Indicates where Regina has not adopted the class as there are no relevant properties in the City.

In 2001, Council established the golf course sub-class for tax relief purposes to offset the direct competition with municipal golf courses that are exempt from property taxes. There are currently two privately owned golf courses in this class, one of which is partially in the City with the majority of the course, including clubhouse, in the RM of Sherwood. The mill rate factor for the golf course sub-class is set to 65 per cent of that of the commercial sub-class. The 35 per cent of levy not billed to the golf class, approximately $20,000 is made up by the remaining properties in the commercial property class. Table 3: Impact of Golf Course Sub-Class shows the impacts of the existing golf course sub-class on the two taxable golf courses and other sample commercial properties. Residential properties are unaffected by this sub-class and so are not considered.

Table 3: Impact of Golf Course Sub-Class

Sample Property	Current Mill Rate Factor	Mill Rate Factor with no Golf Sub-class	Current Tax	Tax with no Sub-class	Change	% Change
Golf Course A	0.81197	1.2492	$5,432	$8,358	$2,926	53.9%
Golf Course B	0.81197	1.2492	$31,930	$49,125	$17,195	53.9%
Standalone Retail	1.2495	1.2492	$18,468	$18,464	-$4	-0.02%
Strip Mall	1.2495	1.2492	$46,466	$46,457	-$10	-0.02%
Restaurant	1.2495	1.2492	$18,664	$46,079	-$4	-0.02%
Hotel	1.2495	1.2492	$136,792	$136,764	-$28	-0.02%
Shopping Mall	1.2495	1.2492	$561,408	$561,293	-$116	-0.02%

Creating a Sub-class to Accomplish Specific Initiatives

The creation of a sub-class does not inherently increase the total levy collected as total levies are set independently of sub-classes. Rather, it changes the distribution of the levy paid by a group of properties. Sub-classes can be used to increase or decrease the levy paid by a group of properties and can be a useful tool in accomplishing specific objectives. The jurisdictional scan shows that other municipalities use sub-classes as part of policies that address land use or development goals.

In implementing a sub-class, a property assessor must be able to determine if a property fits into the class. The most used characteristics in creating a sub-class are property use and assessed value. For assessment purposes, property use is the overall use of a property (retail, restaurant, residential etc.) and does not refer to the business operations of property tenants. In other words, a locally owned retail store has the same property use as a large retail franchise. It is possible to create a sub-class based on assessed value but this is not the same as differentiating by a property's income, or the income of its tenants. By its nature, an *ad valorem* tax system already differentiates by assed value, to a degree, and properties with higher assessed values pay more in property tax than those with lower value. One way to differentiate based on a specific characteristic or use is to create a property class which requires property owners to identify that characteristic or use through an application process. This would allow for differentiation on factors not normally collected for assessment purposes. However, this approach is administratively cumbersome and costly, and only effective where the class is seeing a reduction in taxes as a property owner is unlikely to apply for a property class status that would increase their taxes.

The following tables provide examples of the impact of two non-residential sub-class scenarios:

- Sub-class A that increases the municipal taxes paid by a set of properties by 100 per cent; and
- Sub-class B reduces the municipal taxes paid by a set of properties by 50 per cent.

It is important to note that using sub-classes to shift tax burden between property classes has larger tax policy implications. A full discussion on the impacts of changing the relative share of tax is included as Appendix A: Share of Taxes.

Sub-Class A

Following is an analysis on creating non-residential Sub-class A to double the total municipal taxes paid by properties in the sub-class. While sub-classes are typically used to shift taxes within a property class, this analysis includes two scenarios:

1) Increasing taxes paid by Sub-class A while reducing tax burden on remaining properties in the commercial class.
2) Increasing taxes paid by Sub-class A while reducing tax burden on properties in the residential class

Table 4: Total Tax Change - Sub-class A (Reduce Other Non-Residential Taxes) shows the changes to mill rate factors and total municipal taxes paid by different property classes when non-residential taxes are reduced to offset the increase in Sub-class A. Table 5: Impact of Sub-class A (Reduce Other Non-Residential Taxes) shows the impact of the Sub-class A on several sample properties. Implementing the sub-class results in moderate savings for non-residential properties but significant tax increases for Sub-class A properties.

Table 4: Total Tax Change - Sub-class A (Reduce Other Non-Residential Taxes)

Class	Current Mill Rate Factor	Current Total Municipal Tax	Mill Rate Factor with Sub-class	Total Municipal Tax with Sub-Class	Change	% Change
Residential	0.91034	$173,756,765	0.94130	$173,756,765	$0	0.0%
Commercial	1.24950	$96,345,146	1.23534	$95,253,876	-$1,091,269	-1.1%
Golf	0.81197	$37,361	0.81201	$36,947	-$414	-1.1%
Sub-class A	1.24950	$1,091,683	2.49900	$2,183,367	$1,091,684	100.0%

Table 5: Impact of Sub-class A (Reduce Other Non-Residential Taxes)

Sample Property	Assessed Value	Current Municipal Tax	Municipal Tax with Sub-class	Change	% Change
Standalone retail	$1,839,800	$18,468	$18,258	-$209	-1.1%
Strip Mall	$4,629,100	$46,466	$45,940	-$526	-1.1%
Restaurant	$1,859,400	$18,664	$18,452	-$211	-1.1%
Hotel	$13,627,500	$136,792	$135,242	-$1,549	-1.1%
Shopping Mall	$55,928,400	$561,408	$555,049	-$6,359	-1.1%
Residential	$250,000	$1,721	$1,721	$0	0.0%
Residential (Average)	$315,000	$2,168	$2,168	$0	0.0%
Residential	$500,000	$3,442	$3,442	$0	0.0%
Multi-residential (170 Unit)	$21,578,600	$148,527	$148,527	$0	0.0%
Sub-class A (Large)	$1,371,100	$13,763	$27,525	$13,763	100.0%
Sub-class A (Average)	$684,000	$6,866	$13,732	$6,866	100.0%
Sub-class A (Small)	$344,400	$3,457	$6,913	$3,457	100.0%

Table 6: Total Tax Change - Sub-class A (Reduce Residential Taxes) shows the changes to mill rate factors and total municipal taxes paid by different property classes when the change is made in residential property taxes rather than non-residential. Table 7: Impact of Sub-class A (Reduce Residential Taxes) shows the impact of this on several sample properties. Implementing the sub-class results in minor savings for residential properties but significant tax increases for Sub-class A properties.
Table 7

Table 6: Total Tax Change - Sub-class A (Reduce Residential Taxes)

Class	Current Mill Rate Factor	Current Total Municipal Tax	Mill Rate Factor with Sub-class	Total Municipal Tax with Sub-Class	Change	% Change
Residential	0.91034	$173,756,765	0.90462	$172,664,987	-$1,091,778	-0.6%
Commercial	1.24950	$96,345,146	1.24950	$96,345,146	$0	0.0%
Golf	0.81197	$37,361	0.81197	$37,361	$0	0.0%
Sub-class A	1.24950	$1,091,683	2.49900	$2,183,367	$1,091,684	100.0%

Table 7: Impact of Sub-class A (Reduce Residential Taxes)

Sample Property	Assessed Value	Current Municipal Tax	Municipal Tax with Sub-class	Change	% Change
Standalone retail	$1,839,800	$18,468	$18,468	$0	0.0%
Strip Mall	$4,629,100	$46,466	$46,466	$0	0.0%
Restaurant	$1,859,400	$18,664	$18,664	$0	0.0%
Hotel	$13,627,500	$136,792	$136,792	$0	0.0%
Shopping Mall	$55,928,400	$561,408	$561,408	$0	0.0%
Residential	$250,000	$1,721	$1,710	-$11	-0.6%
Residential (Average)	$315,000	$2,168	$2,155	-$14	-0.6%
Residential	$500,000	$3,442	$3,420	-$22	-0.6%
Multi-residential (170 Unit)	$21,578,600	$148,527	$147,594	-$933	-0.6%
Sub-class A (Large)	$1,371,100	$13,763	$27,525	$13,763	100.0%
Sub-class A (Average)	$684,000	$6,866	$13,732	$6,866	100.0%
Sub-class A (Small)	$344,400	$3,457	$6,913	$3,457	100.0%

Sub-Class B

Following is an analysis on creating non-residential Sub-class B to reduce the total municipal taxes paid by properties in the sub-class by 50 per cent. Table 8: Total Tax Changes with Sub-class B shows the changes to mill rate factors and total municipal taxes paid by different property classes when Sub-class B is introduced. The residential mill rate factor and taxes are left unchanged.

Table 9: Impact of Sub-class B shows the impact of Sub-class B on several sample properties. There is a increase in the taxes paid by other non-residential properties to compensate for the reduction in Sub-class B.

Table 8: Total Tax Changes with Sub-class B

Class	Current Mill Rate Factor	Current Total Municipal Tax	Mill Rate Factor with Sub-class	Total Municipal Tax with Sub-Class	Change	% Change
Residential	0.91034	$173,756,765	0.91034	$173,756,765	$0	0.0%
Commercial	1.24950	$94,124,760	1.27147	$95,780,128	$1,655,368	1.8%
Golf	0.81197	$37,361	0.82646	$38,028	$667	1.8%
Sub-class B	1.24950	$3,312,069	0.62475	$1,656,034	$1,656,035	-50.0%

Table 9: Impact of Sub-class B

Sample Property	Assessed Value	Current Municipal Tax	Municipal Tax with Sub-class	Change	% Change
Standalone retail	$1,839,800	$18,468	$18,792	$325	1.8%
Strip Mall	$4,629,100	$46,466	$47,284	$817	1.8%
Restaurant	$1,859,400	$18,664	$18,992	$328	1.8%
Shopping Mall	$55,928,400	$561,408	$139,198	$2,406	1.8%
Residential	$250,000	$1,721	$571,282	$9,873	1.8%
Residential (Average)	$315,000	$2,168	$1,721	$0	0.0%
Residential	$500,000	$3,442	$2,168	$0	0.0%
Multi-residential (170 Unit)	$21,578,600	$148,527	$3,442	$0	0.0%
Sub-class B (Large)	$23,124,400	$232,122	$148,527	$0	0.0%
Sub-class B (Average)	$11,329,100	$113,721	$116,061	-$116,061	-50.0%
Sub-class B (Small)	$5,672,700	$56,941	$56,860	-$56,860	-50.0%

The examples analyzed here are extreme examples used to illustrate that the impacts of sub-classes depend the sub-classes' share of the total assessed value relative to the share of the property class that is offsetting the changes. For example, residential properties have a high share of total assessed value relative to Sub-class A properties, so the impacts are relatively small for residential properties when they are used to offset the increased taxation on Sub-class A properties. So long as the sub-class is relatively small compared to the class that offsets the changes, sub-classing can create significant impacts on the targeted properties with minor or negligible changes on the larger property class.

Appendix D: Property Tax Affordability Programs

Executive Summary

Property tax affordability is usually considered as part of shelter affordability. Approximately 12 per cent of residential property owners in Regina experienced shelter unaffordability in 2015, comparing favourably with other prairie cities of which the average rate was 14 per cent. There is little difference in the number of households that experience unaffordability at income ranges between the After-Tax Low Income Cut-Off (LICO-AT) and the median income and those households with incomes below the LICO-AT. This indicates there is only a weak relationship between household income and unaffordability. Unaffordability is more closely tied to household structure, with single-person households being much more likely to experience shelter unaffordability. While affordability programs can reduce shelter costs, the overall impact is low as property taxes make up a small portion of shelter costs for low-income households.

This paper explores the issue of property tax and shelter affordability. A jurisdictional scan of 35 municipalities in Canada identified 18 which have a property tax affordability program in place. Nine provinces also have property tax affordability programs at the provincial level. Programs include rebates and deferrals. The analysis also considered one-time assistance payments. The detailed jurisdictional scan can be found in Appendix E: Tax Affordability Programs Jurisdictional Scan. Table 1: Summary of Affordability Programs summarizes the results of the analysis. Where an option is expected to improve on the current state it is highlighted in green. Where an option is expected to worsen performance relative to the current state it is highlighted in red. Where an option is expected to be neutral to the current state or where a change is expected to be negligible it is highlighted in yellow. Where an option has mixed or complex results on a criterion, it is marked with hash marks that reflect the mixed results.

Table 1: Summary of Affordability Programs

Option	Afford.	Equity	Comm. Support	Admin. Cost	Overall
Property Tax Rebates					
One-time Assistance Payments					
Short-term Property Tax Deferrals					
Long-term Property Tax Deferrals (All Low-income)					
Long-term Property Tax Deferrals (Low-income Seniors)					

Property tax rebates have the most direct impact on affordability by reducing taxes paid by eligible property owners. Deferrals and one-time assistance payments can be useful for assisting seniors or households experiencing temporary low-income or income insecurity but to do not improve overall affordability.

All options are expected to improve vertical and intergenerational equity at the expense of horizontal equity. Vertical equity refers to the principle that costs should be proportional to ability to pay (i.e., lower-income households pay less). Horizontal equity refers to the principle that customers should pay similar amounts for similar levels of consumption. Intergenerational equity refers to the principle that costs should be borne by the generation that benefits and that benefits and costs should not fall disproportionately on different age groups.

A public engagement was conducted on the City's public engagement tool, *Be Heard Regina,* from May 28 to June 30, 2021. 70 per cent of respondents support or somewhat support affordability programs in general. Only rebates received strong support among the possible options. There was a preference to offer affordability programs to all low-income households rather than restricting eligibility to specific demographic groups.

Overall, property tax rebates are the most effective solution to address affordability and received the strongest public support in the public engagement. However, no property tax affordability program is expected to significantly improve overall shelter affordability as property taxes account for a much smaller portion of shelter costs compared to other expenses such as mortgage payment or water, electricity and energy costs.

The most effective approach in implementing an affordability program starts with identifying the goals of the program and then working towards aligning a program with those goals through engagement and thorough analysis. Depending on the program goals, the best approach may be to use a combination of program options.

The paper is structured as follows:

Property Tax and Shelter Affordability

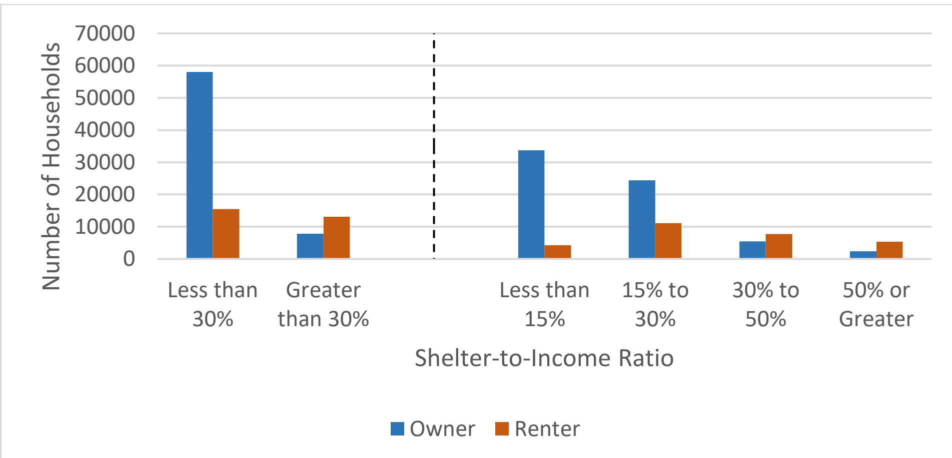
Property tax affordability is usually considered as part of broader shelter affordability. In addition to property taxes, shelter costs include rent, mortgage payments, condominium fees, household maintenance, the costs of electricity, heat and water and other municipal services.[1] Shelter is considered affordable if households are spending less than 30 per cent of annual income on shelter costs.[2] Figure 1Based on the 2016 Census, approximately

[1] Statistics Canada (2019d)

[2] This is an arbitrary measure of affordability that is not grounded in budget analyses. A weakness is that it does not account for differences in household composition. It is prone to underestimating the level of shelter

7,825 (12 per cent) of owned households in Regina experienced shelter unaffordability in 2015, as shown in Figure 1: Shelter-Cost-to-Income Ratios (2015). Approximately four per cent of owned households experienced deep shelter unaffordability (shelter-to-income ratios greater than 50 per cent). While renters tend to experience greater shelter unaffordability than homeowners, support programs such as the provincial Saskatchewan Housing Benefit and the Regina Housing Authority's Social Housing Program are already in place for this household group so this analysis focuses on property owners. Regina's level of unaffordability for owned households compares favourably to that of other prairie cities where the average rate of unaffordability is 14 per cent, as shown in Table 2: Shelter Unaffordability Rates in Prairie Cities (2015).

Figure 1: Shelter-Cost-to-Income Ratios (2015)



Source: Statistics Canada (2019a)

Table 2: Shelter Unaffordability Rates in Prairie Cities (2015)

	Share of Owned Households Spending More Than 30% of Income on Shelter	Share of Owned Households Spending More Than 50% of Income on Shelter
Regina	12%	4%
Saskatoon	14%	5%
Winnipeg	12%	4%
Calgary	16%	6%
Edmonton	15%	5%
Average	14%	5%

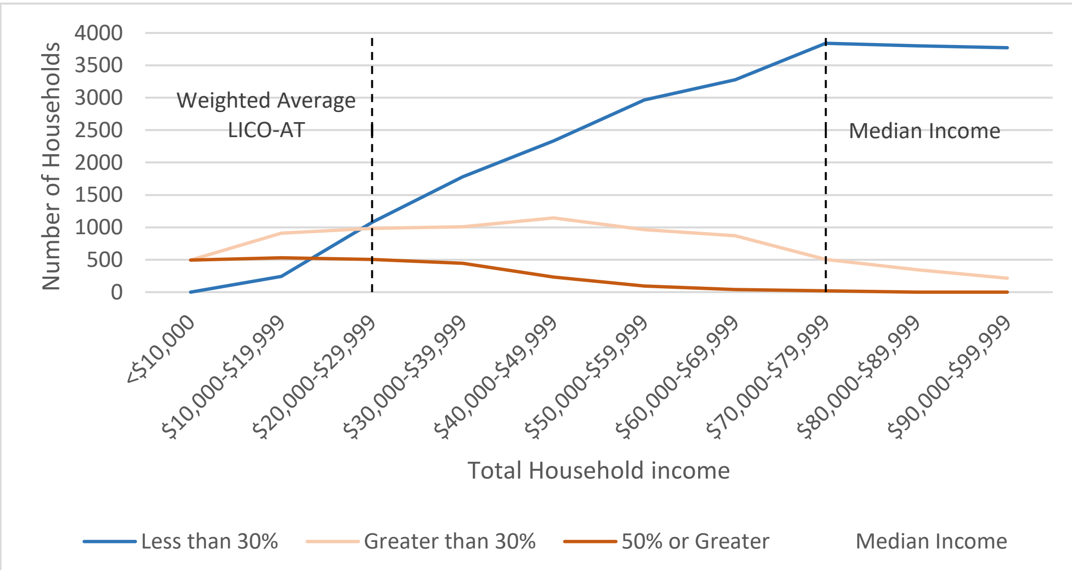
Source: Statistics Canada (2021a)

Shelter unaffordability is not simply a matter of income. Figure 2: Affordability by Household Income ($0-$99,999, Owners, 2015) shows that at the 30 per cent cost-to-income threshold,

unaffordability and often misidentifies households experiencing unaffordability. A better measure is the residual income method which first determines how much households spend on basic needs (e.g., food, clothing, transportation, etc.) and then compares the residual income to average shelter costs in an area. If the residual income is greater than the average cost, then shelter is affordable. If it is less, then households must reduce spending on basic needs to afford shelter and so shelter is unaffordable. Data limitations prevent the use of the residual budget method in Regina and so the 30 per cent threshold is used.

there is little difference in the number of households that experience unaffordability at income ranges between the After-Tax Low Income Cut-Off (LICO-AT)[3] and the median income and those households with incomes below the LICO-AT. This suggests there is only a weak relationship between unaffordability and income at the 30 per cent level and may indicate cases where residents are living beyond their means, that there is a scarcity of low-cost housing, or that these households experience increased costs unrelated to property such as water, energy, or debt-servicing. There is an increase in the number of households experiencing deep unaffordability for incomes below the LICO-AT suggesting that low income is relevant for households experiencing deep shelter unaffordability.

Figure 2: Affordability by Household Income ($0-$99,999, Owners, 2015)



Source: Statistics Canada (2019a)

Shelter unaffordability varies significantly based on household structure Table 3with people living alone experiencing greater unaffordability, as shown in Table 3: Shelter Unaffordability by Household Structure (2015). For example, seniors living alone account for 14 per cent of households spending 30 per cent or more of income on shelter costs whereas seniors *not* living alone account for only 10 per cent. Other household groups display a similar pattern. Singles account for a disproportionate share of households spending 30 per cent or more of income on shelter compared to their share of total owned households.

[3] The LICO-AT is the annual after-tax income below which a family will likely spend 20 per cent more than the average family on food, shelter and clothing (Statistics Canada 2012). The value varies based on household and community size. The LICO-AT for a community of Regina's size (100,000 to 499,999) in 2015 for a single-person household was $17,240 and $32,596 for a four-person household (Statistics Canada 2021c). The average LICO-AT for 2015, weighted by household size, was $21,406.

Table 3: Shelter Unaffordability by Household Structure (2015)

Household Structure	Share of Total Owned Households	Share of Owned Households Spending More Than 30% of Income on Shelter
Households with seniors	35%	24%
Households with children	35%	29%
Seniors living alone	8%	14%
Seniors not living alone	27%	10%
Couples with children	28%	17%
Single parent families	7%	12%
Singles	24%	47%

Source: Statistics Canada (2019b, 2019c)

Table 4: Components' Share of Shelter Costs by Income Quintile (2019) presents a breakdown of shelter costs for all households and households in the lowest income quintile. Property taxes account for approximately 12.4 per cent of shelter costs for households in the lowest income quintile, slightly less than for households overall. Mortgage and utilities account for the greatest share. Utility costs accounted for 34.3 per cent of shelter costs for households in the lowest income quintile. Mortgage costs accounted for 40.7 per cent of shelter costs for households overall. Property taxes' minor share of shelter costs may reduce the overall impact of affordability programs but the effectiveness of the program ultimately depends on the choice of option and program design.

Table 4: Components' Share of Shelter Costs by Income Quintile (2019)

	Share of Shelter Costs			
	Cost	All Income Groups	Cost	Lowest Income Group
Mortgage	$5,539	40.7%	-	-
Repair and Maintenance	$1,123	8.3%	-	-
Condominium Fees	$152	1.1%	-	-
Property and School Tax	$1,868	13.7%	$783	12.4%
Homeowners' Insurance	$1,018	7.5%	$471	7.5%
Utility (Water, Electricity and Fuel)	$3,356	24.7%	$2,161	34.3%
Other Expenses	$553	4.1%	-	-

- Indicates areas where data is unavailable.

Source: Statistics Canada (2021b)

Evaluation Criteria

In addition to affordability, the evaluation draws criteria from the City's property tax objectives, shown in Table 5: Property Tax Objectives.

Table 5: Property Tax Objectives

Objective	Description
Stability, predictability and sustainability	Stable property taxes are sustainable and provide a viable economic environment. This stability is ensured with a predictable tax policy framework.
Equity, fairness and transparency	Tax policy principles and decisions must be equitable and fair. These principles strongly align with the application of a mass appraisal assessment system and a tax system based on property values.
Decisions must be in the best interest of the community	Tax policy principles must be in the best interest of the community, not the best interest of a specific property group or class. A breach of this principle can jeopardize both the first theme of stability and predictability and the second theme of equity and fairness.

Stability, Predictability and Sustainability

Stable taxes ensure that the City is able to predict revenues and budget appropriately across changing economic circumstances and ensure citizens can budget how much they must save for property taxes and how much they can spend on other goods. Tax stability is important for economic development. The Economic Development section of *Design Regina: The Official Community Plan Bylaw No. 2013-48 (OCP)* contains three goals: Economic Vitality and Competitiveness, Economic Growth and Economic Generators. Priorities outlined for these goals are to establish tax rates that consider the sustainability of services, to implement mechanisms to expand and diversify the economy, promote the attractiveness of Regina as a place to live, invest and do business and to encourage entrepreneurship.

Equity, Fairness and Transparency

Equity relates to the City's commitment in the OCP to support individuals, families and neighborhoods in disadvantaged positions, allowing them to share in the benefit of the community's assets, its resources, and the opportunities it presents to enhance quality of life. Equity can be considered in three ways, as shown in Table 6: Types of Equity.

Table 6: Types of Equity

Type	Definition
Intergenerational Equity	Costs created in the present should be borne by the present generation instead of passing them on to future generations. Benefits and costs should be proportionally distributed across age groups in the present.
Vertical Equity	The cost of goods and services should be based on customers' ability to pay.
Horizontal Equity	Customers should pay similar amounts for similar quantities of goods and services consumed.

Decisions Must be in the Best Interest of the Community

Community interest is reflected in the level of support a policy receives from the community. For this analysis, community support was measured through a public engagement survey conducted from May 28 to June 30, 2021. Respondents self-selected into the survey through the *Be Heard Regina* page rather than being selected through random sampling, so the survey is not statistically valid. A full report of the results of this engagement can be found in Appendix G: COR Water Utility & Property Tax Affordability. Engagement results show that 70 per cent of respondents support or somewhat support implementing an affordability program whereas 29 per cent did not support affordability programs.[4] Support was highest among households with annual income of less than $20,000 (93 per cent) and declined as income increased though support remained significant among households with annual income greater than $150,000 (65 per cent).

57 per cent of respondents support eligibility for any low-income household while 31 per cent support targeting programs to specific demographic groups should the City implement a program. Support for all low-income households was strongest among households with annual income less than $20,000 per year and declined as income increased though a significant number of households with income greater than $150,000 per year (47 per cent) supported eligibility for all low-income households (43 per cent opposed, 10 per cent are non-responses). Support for this group was also stronger among respondents who support or somewhat support affordability programs (72 per cent) than among those who do not (24 per cent). Respondents who do not support affordability programs would prefer a program to be targeted to specific demographic groups (41 per cent) should one be implemented. 27 per cent of respondents who support or somewhat support affordability programs support targeting specific demographic groups. 24 per cent of overall respondents support targeting affordability programs to low-income households with seniors, 19 per cent support targeting affordability programs to low-income households that include a person living with a disability, and 12 per cent support targeting affordability programs to low-income households with children under the age of 18. The ranking is similar across all household income groups.

In addition to the public engagement survey, Administration received feedback in the form of emails and service requests from 37 residents. 11 (30 per cent) expressed support for affordability programs while 14 (38 per cent) expressed opposition. The most common reasons for opposing affordability programs were the already high property taxes making them reluctant to pay more (8, 22 per cent) and that the City should focus on managing operational inefficiencies as a means or option to address the affordability issue (4, 11 per cent). 12 respondents (32 per cent) neither expressed support nor opposition to affordability programs, but rather provided comments on program administration, survey design and opinions and ideas related to other City policies, programs and services.

Legal Requirements and Administrative Costs

Legal requirements and administrative costs are also important considerations as they may prohibit certain policies. Legal requirements include concerns such as whether the City has the legal authority to implement a program and whether a bylaw change is required to implement an option. Administrative cost refers to how complex a policy is to administer, its cost in terms of resourcing and benefits provided, and how much effort it would take to implement. It does not include the cost of the benefits delivered by the program as this cost is dependent on program design. Overall costs will be considered at a later date if Council requests Administration to produce program options.

Table 7: Evaluation Criteria presents the criteria selected for the evaluation. Tax stability and economic development are not included in the evaluation as the overall impact of these programs is expected to be highly dependent on program design rather than at the conceptual level. Similarly, affordability is evaluated based on an option’s potential to

[4] Engagement results may not add to 100 per cent due to non-response, multiple response or rounding.

improve affordability rather than based on the degree of improvement, as this is highly dependent on program design. Legal requirements are also not considered because there is nothing in *The Cities Act* that would prohibit any of the options considered and all would require bylaw changes.

Table 7: Evaluation Criteria

Criteria	Will be evaluated positively if:
Affordability	The option reduces the proportion of income spent on property taxes.
Equity	The option improves vertical, horizontal and intergenerational equity.
Community Support	The option received more support in the public engagement than the option to not implement an affordability program.
Administrative Cost	The option reduces administrative complexity, costs less and/or can be easily implemented.

Current State

Regina currently uses an *ad valorem* tax system, meaning properties are taxed based on their assessed value. Higher-value properties pay more overall than lower-value properties, but the proportion is consistent within the property class. The City primarily uses two property classes – residential and commercial – with a commercial sub-class for golf-courses. Table 8: Property Tax Rates presents the 2021 mill rates and mill rate factors for each property class. The mill rate is the amount of tax that is charged per $1,000 of property value. The mill rate factor distributes the tax burden between property classes. The only affordability support the City provides is the Tax Installment Payment Plan Service (TIPPS) which allows taxpayers to spread their tax payments out over the year. There are currently 41,416 (48.3 per cent) of tax accounts enrolled in TIPPS. However, the program does not improve overall affordability.

Table 8: Property Tax Rates

Property Class	Mill Rate	Mill Rate Factor
Residential	9.4513	0.9103
Commercial	9.4513	1.2495
Golf	9.4513	0.8120

Evaluation 1: Current State evaluates the current state against the selected criteria. Performance is graded as either satisfactory (green) or unsatisfactory (red) on each criterion.

Evaluation 1: Current State

Overall			
Affordability	**Equity**	**Community Support**	**Administrative Cost**

Affordability: Though Regina has below-average levels of shelter unaffordability compared to other prairie cities, each other city has either implemented an affordability program or benefits from a provincial program. The reasons for this are unclear and affordability cannot definitively be said to be satisfactory nor unsatisfactory.

Equity: The current tax system is horizontally equitable as it taxes similar amounts for properties of similar value. It is also vertically equitable as property value can be treated as a rough proxy for income, meaning lower-income households can be expected to own lower-value properties and pay lower property taxes. There are no intergenerational concerns with the current system.

Community Support: The 70 per cent of respondents who support or somewhat support affordability programs suggests a willingness to support households experiencing affordability challenges. This is also supported by the unsolicited feedback.

Administration: The current system is not unduly complex to administer and current resources meet the requirements to administer property taxation.

Overall: The current tax system is satisfactory in terms of equity and administrative cost. The state of affordability is uncertain but the engagement results indicate dissatisfaction with current taxes.

Property Tax Affordability Programs

The following analysis evaluates policy options to improve property tax affordability. Options were identified through a scan of 35 municipalities in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, and Newfoundland and Labrador which found 18 municipalities with a property tax affordability program in place. Nine provinces also have property tax affordability programs at the provincial level. Newfoundland and Labrador is the only one that does not. Programs include property tax rebates and property tax deferrals. One-time assistance payments are also considered. There is nothing in *The Cities Act* that would prohibit any of the options and all would require bylaw changes to implement.

Where an option is expected to improve on the current state it will be highlighted in green. Where an option is expected to worsen performance relative to the current state it will be highlighted in red. Where an option is expected to be neutral to the current state or where a change is expected to be negligible it will be highlighted in yellow. Where an option has mixed or complex results on a criterion, it will be marked with hash marks that reflect the mixed results. The four criteria are equally weighted. Data and technical limitations constrain the evaluation of each option against each criteria to logical analysis rather than a formal scoring system and reflects the general effects of an option, though there may be nuance that makes two otherwise identical options distinct. The overall merit of an option is assessed based on whether it has positive, negative, or neutral effects on a majority of the criteria. In cases where a positive and negative score on two criteria would cancel each other out, the two will be treated as a single neutral score for overall evaluation. The same rule will apply when determining overall score for criteria with mixed scores (hash marks).

Option 1: Property Tax Rebates
Rebates reduce the amount of taxes owed by eligible taxpayers by applying either a fixed (e.g., $400) or proportional (e.g., 25 per cent) reduction on the tax bill. Evaluation 2: Property Tax Rebates evaluates the impact of rebates applied when the tax bill is sent out.

Evaluation 2: Property Tax Rebates

Overall			
Affordability	Equity	Community Support	Administrative Cost

Affordability: Rebates address affordability directly for low-income residents by reducing their property tax bills. A fixed rebate would have greater value to the lowest-income households while a proportional rebate would benefit higher-income households.

Equity: Rebates can improve vertical equity by reducing costs for those least able to afford them. This is at the expense of horizontal equity as taxpayers with properties of similar values may not pay the same amount and taxpayers who do not receive assistance subsidize those who do. Fixed rebates improve vertical equity more than proportional rebates as the impact of the rebate is less to those paying more tax. Proportional rebates reduce horizontal equity less, but do not increase vertical equity as much. The intergenerational effects are uncertain due to data limitations.

Community Support: 57 per cent of respondents support rebates. Given that 29 per cent of respondents did not support affordability programs, rebates are considered to have strong support should Council decide to implement an affordability program. Rebates were the most preferred option among respondents who support or somewhat support affordability programs (73 per cent) and were supported by 20 per cent of respondents who do not support affordability programs.

Administrative Cost: A rebate program will increase administrative complexity due to the need to verify eligibility. This will likely require additional personnel to administer.

Overall: Rebates can improve affordability but would require additional revenues to finance the cost of the rebates. Rebates enjoy strong community support.

Option 2: One-Time Assistance Payments

Falling behind on taxes can impact affordability because taxpayers in arrears must pay for both current and past taxes. It can be difficult for taxpayers to recover once they fall behind and taxpayers in arrears may be at higher risk of default. One-time assistance payments to low-income property owners experiencing financial hardship can help prevent taxpayers from accumulating significant arrears and avoid this situation. Evaluation 3: One-time Assistance Payments evaluates the impact of a one-time assistance payment for low-income taxpayers in arrears.

Evaluation 3: One-time Assistance Payments

Overall			
Affordability	Equity	Community Support	Administrative Cost

Affordability: One-time payments can improve affordability by eliminating or reducing the amount of previous years' taxes a taxpayer must pay in addition to the current year taxes. This can improve affordability for recipients over the long-term as it reduces the likelihood a taxpayer will continue to be in arrears or accrue more debt due to being unable to pay the total amount. However, this approach does not improve affordability overall and may not prevent a taxpayer from going into arrears again after receiving the assistance.

Equity: One-time assistance may improve vertical equity by alleviating the debt burden of taxpayers who would otherwise be able to afford their taxes. This could also improve intergenerational equity by reducing past tax debts. This is at the expense of horizontal equity because taxpayers with similarly valued properties may not ultimately pay the same amount of tax and taxpayers who do not receive assistance subsidize those who do.

Community Support: One-time assistance payments received the lowest support among the options and were supported by 15 per cent of respondents. Given that 29 per cent of respondents did not support affordability programs, one-time assistance payments are considered to have weak support. 14 per cent of respondents who support or somewhat support affordability programs support this option. One-time assistance payments were the least favoured option among respondents who do not support affordability programs (18 per cent).

Administrative Cost: One-time assistance payments will increase administrative complexity due to the need to verify eligibility. This will likely require additional personnel to administer.

Overall: One-time assistance payments may have high strategic value by helping taxpayers who are in arrears but are expected to increase administrative complexity. Engagement results indicate there is little demand for this kind of support.

Option 3: Property Tax Deferrals

Deferrals allow property owners to defer all or a portion of property tax on their principal residence until a future date, usually when the owner sells the property. Deferrals may be financed through a public loan system which preserves cash flow for the City, or through a lien system which is simpler to administer but can create cash flow problems if there is significant uptake. The loans and liens may or may not be interest bearing. Evaluation 4: Short-term Property Tax Deferrals for All Low-Income Property Owners, Evaluation 5: Long-term Property Tax Deferrals for All Low-Income Property Owners and Evaluation 6: Long-term Property Tax Deferrals for Low-Income Seniors evaluate the impacts of three types of property tax deferrals.

Evaluation 4: Short-term Property Tax Deferrals for All Low-Income Property Owners

Overall			
Affordability	**Equity**	**Community Support**	**Administrative Cost**

Evaluation 5: Long-term Property Tax Deferrals for All Low-Income Property Owners

Overall			
Affordability	**Equity**	**Community Support**	**Administrative Cost**

Evaluation 6: Long-term Property Tax Deferrals for Low-Income Seniors

Overall			
Affordability	Equity	Community Support	Administrative Cost

Affordability: Deferrals do not reduce the property owner's taxes as the amount deferred must be paid back but they do allow owners to shift the cost to a time when they are better able to pay. Short-term deferrals may help owners experiencing temporary income insecurity such as that created by unemployment. Longer-term deferrals may help people experiencing longer periods of low-income but where there is a predictable end, such as a return to school or recovery from an injury. The risk is that tax payments may still be unaffordable after the deferral ends. A long-term approach is best suited for seniors who can pay the deferred amount when they sell their home. The overall affordability effects of deferrals are expected to be small.

Equity: Deferrals can improve vertical equity for both seniors and owners experiencing temporary income insecurity. Horizontal equity is unaffected because owners of similarly valued properties still pay the same amount of tax, only at different times. Intergenerational equity is unaffected because the costs are still borne by the generation that benefits, only the time in which the costs are paid is changed. However, an additional non-financial equity effect of deferrals for low-income seniors is that they allow seniors to stay in their homes longer than they may otherwise be able to.

Community Support: 18 per cent of respondents support deferrals. Given that 29 per cent of respondents did not support affordability programs, deferrals are considered to have weak support. Affordability programs that are available to all low-income households have slightly stronger support than programs for seniors only. 11 per cent of respondents who support or somewhat support affordability programs support deferrals and the option was the most preferred option among respondents who do not support affordability programs (35 per cent).

Administrative Cost: Deferral programs are administratively complex due to the need to verify eligibility and administer the deferrals over time. This will require additional resources and the amount will vary depending on program design.

Overall: Deferrals do not offer significant affordability improvements overall but may help in certain cases. They will increase administrative complexity and require additional resources, but only received weak community support.

Preliminary Cost Estimates

All options could be financed through either a base tax on all properties or mill rate increases. Table 9: Base Tax and Mill Rate Financing for Affordability Programs presents the base tax and mill rate increases that would be required to finance several program cost options. Table 10: Impact of Base Tax Financing on Sample Properties[5] and Table 11:

[5] The base tax is applied per unit for multi-residential properties.

Impact of Mill Rate Financing on Sample Properties present the impacts of each type of financing on several sample properties.

Table 9: Base Tax and Mill Rate Financing for Affordability Programs

	Program Cost				
	$100,000	$300,000	$750,000	$1 Million	$2 Million
Base Tax on All Properties	$0.97	$2.92	$7.31	$9.74	$19.48
Mill Rate Increase	0.04%	0.11%	0.28%	0.37%	0.74%

Table 10: Impact of Base Tax Financing on Sample Properties

Sample Property	Assessed Value	Current Tax	Change in Annual Tax				
			$100,000	$300,000	$750,000	$1 M	$2 M
Standalone Retail	$1,839,800	$18,468	$1 (0.005%)	$3 (0.02%)	$7 (0.04%)	$10 (0.05%)	$19 (0.105%)
Restaurant	$1,859400	$18,664	$1 (0.005%)	$3 (0.02%)	$7 (0.04%)	$10 (0.05%)	$19 (0.104%)
Strip Mall	$4,629,100	$46,466	$1 (0.002%)	$3 (0.006%)	$7 (0.02%)	$10 (0.02%)	$19 (0.042%)
Hotel	$13,627,500	$136,792	$1 (0.001%)	$3 (0.002%)	$7 (0.005%)	$10 (0.007%)	$19 (0.014%)
Shopping Mall	$55,928,400	$561,408	$1 (0.000%)	$3 (0.001%)	$7 (0.001%)	$10 (0.002%)	$19 (0.003%)
Residential	$250,000	$1,721	$1 (0.06%)	$3 (0.2%)	$7 (0.4%)	$10 (0.6%)	$19 (1.1%)
Residential (Average)	$315,000	$2,168	$1 (0.04%)	$3 (0.1%)	$7 (0.3%)	$10 (0.4%)	$19 (0.9%)
Residential	$500,000	$3,442	$1 (0.03%)	$3 (0.1%)	$7 (0.2%)	$10 (0.3%)	$19 (0.6%)
Multi-residential (170 units)[6]	$23,859,900	$164,230	$166 (0.11%)	$497 (0.3%)	$1,242 (0.8%)	$1,656 (1.0%)	$3,262 (2.2%)

Table 11: Impact of Mill Rate Financing on Sample Properties

Sample Property	Assessed Value	Current Tax	Change in Annual Tax				
			$100,000	$300,000	$750,000	$1 M	$2 M
Standalone Retail	$1,839,800	$18,468	$7 (0.04%)	$20 (0.11%)	$51 (0.28%)	$68 (0.37%)	$136 (0.74%)
Restaurant	$1,859400	$18,664	$7 (0.04%)	$21 (0.11%)	$52 (0.28%)	$69 (0.37%)	$138 (0.74%)
Strip Mall	$4,629,100	$46,466	$17 (0.04%)	$51 (0.11%)	$128 (0.28%)	$171 (0.37%)	$342 (0.74%)
Hotel	$13,627,500	$136,792	$50 (0.04%)	$151 (0.11%)	$378 (0.28%)	$504 (0.37%)	$1,008 (0.74%)
Shopping Mall	$55,928,400	$561,408	$207 (0.04%)	$620 (0.11%)	$1,551 (0.28%)	$2,068 (0.37%)	$4,136 (0.74%)
Residential	$250,000	$1,721	$1 (0.04%)	$2 (0.11%)	$5 (0.28%)	$6 (0.37%)	$13 (0.74%)
Residential (Average)	$315,000	$2,168	$1 (0.04%)	$2 (0.11%)	$6 (0.28%)	$8 (0.37%)	$16 (0.74%)
Residential	$500,000	$3,442	$1 (0.04%)	$4 (0.11%)	$10 (0.28%)	$13 (0.37%)	$25 (0.74%)
Multi-residential (170 units)	$23,859,900	$164,230	$50 (0.04%)	$181 (0.11%)	$454 (0.28%)	$605 (0.37%)	$1,094 (0.74%)

Option 1: Rebates
The City does not collect household income or demographic information from property owners, so taxpayers would have to apply to receive rebates. Depending on program design and participation, a rebate program could cost between $1 and $2 million per year and will require additional resources.

Option 2: One-time Assistance Payments
One-time assistance payments may be restricted to low-income property owners or certain demographic groups only, in which case they would require an application, or may feasibly be extended to all property owners, in which case they can be applied automatically. Depending on program design, the cost is expected to be $300,000 to $1 million per year and will require additional resources to administer.

Option 3: Deferrals
Deferrals will not have a direct cost associated with benefits but will require additional resources to administer and , depending on program design and uptake, may require short term financial considerations.

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Appendix E: Tax Affordability Programs Jurisdictional Scan

A jurisdictional scan of 35 municipalities in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia and Newfoundland and Labrador found18 municipalities that have a property tax affordability program. Programs identified are tax deferrals (10 municipalities) and rebates or grants/credits (nine municipalities). A scan of all provinces also identified nine provinces with property tax affordability programs, six of which implement a property tax deferral program and seven of which implement some form of rebates or grants/credit program.

Municipal Property Tax Deferral (12 Municipalities)				
Municipality	**Eligibility**	**Deferral Coverage**	**Interest Charge**	**Program Details**
Saskatoon, SK	Seniors with combined household income below the Low-Income Cut-off (LICO).	All or a portion of annual municipal and library taxes (excluding education tax portion)	4% annual interest charge for Options 1, 2 & 3 No interest charge for Option 4	Offers four tax-deferral options: 1. Defer full amount of municipal and library property taxes. 2. Defer payment of $1,200 of municipal and library property taxes. 3. Defer payment of $600 of municipal and property taxes. 4. Defer only the annual tax increase.
Ottawa, ON	Seniors receiving the Guaranteed Income Supplement Disabled persons on the Ontario Disability Program Total Household Income below the Low-Income Cut-off (LICO).	Full deferral of annual property tax or tax increase	5% annual interest charge	Property must be assessed in the residential/farm property tax class. *With household income less than $43,561* - may defer all or part of their property taxes, with interest. Deferred amounts cannot exceed 40% of the current assessed value of the property. Property taxes may be paid up to date or in arrears at the time of application. *With household income less than $30,000 and property value of $500,000 or less, facing property tax increases of at least 5% and $100* - may defer part of their property taxes (based on the increase over the previous year. Cumulative deferral amount cannot exceed 40% of the current assessed value of the property. Must have paid previous years' property taxes in full to qualify.
Hamilton, ON	Seniors receiving the Guaranteed Income Supplement	Full deferral of annual property tax or tax increase	3% annual interest charge for full deferral (2021 rate)	Cumulative deferral amount cannot exceed 40% of the assessed value of the property. Interest charges compounded annually.

Municipal Property Tax Deferral (12 Municipalities)				
Municipality	**Eligibility**	**Deferral Coverage**	**Interest Charge**	**Program Details**
	Disabled persons on the Ontario Disability Program Total Household Income below the Low-Income Cut-off (LICO) - $36,900 or less		No interest charge for deferral of property tax increase	
Waterloo, ON	Seniors receiving the Guaranteed Income Supplement Disabled persons on the Ontario Disability Program	Annual increase in property taxes	No interest charge	Tax relief applies to current taxes only, not tax arrears. Must have paid previous years' property taxes in full to qualify The first 3.0% of tax increases are the responsibility of the property owner. For tax increases greater than 3.0%, applications will be accepted for deferrals where the impact exceeds $50.00.
Richmond Hill, ON	Low Income Seniors between the ages of 55 and 64 with incomes less than $23,000 (singles) or $40,000 (families of two or more) Seniors 65 years of age or older Low-Income Disabled Persons on the Ontario Disability Support Program	Annual increase in property taxes	No interest charge	Eligible amount: Seniors & Low-Income Disabled Persons - tax increase over the previous year. Low-Income Seniors - tax increase in excess of $100 over the previous year. Cumulative deferral amount and outstanding taxes cannot exceed 75% of the assessed value of the property.
Halton Region, ON	Seniors with total household incomes less than $57,800 for 2021	Full deferral of annual property tax	No interest charge (interest is paid by the regional government to the municipality)	Participants cannot participate in any other property tax program and cannot claim the Ontario Property Tax Credit on their income taxes. Must have paid previous years' property taxes in full to qualify. Cumulative deferral amount cannot exceed 50% of the assessed value of the property.

Municipal Property Tax Deferral (12 Municipalities)				
Municipality	**Eligibility**	**Deferral Coverage**	**Interest Charge**	**Program Details**
Vaughan, ON	Low Income Seniors between the ages of 55 and 64 with incomes less than $23,000 (singles) or $40,000 (families of two or more) Seniors 65 years of age or older Low-Income Disabled Persons on the Ontario Disability Support Program	Annual increase in property taxes	No interest charge	Eligible amount: Seniors & Low-Income Disabled Persons - tax increase over the previous year. Low-Income Seniors - tax increase in excess of $300 over the previous year. Cumulative deferral amount and outstanding taxes cannot exceed 75% of the assessed value of the property.
Halifax, NS	Households with combined income of $35,000 or less	Remaining current year tax (after municipal) rebate) – may also include local improvement charges	Prime -2% for customers in the program and Prime +2% for customers who did not reapply.	Deferrals are implemented as part of the combined Affordable Access Program. The program allows qualified individuals to apply for municipal subsidized programs once and have their application package sent to all the programs that they wish to apply for.
Mount Pearl, NL	Households with incomes less than $40,000	Remaining current year property tax (water and sewer tax plus a portion of the property tax based on family income must be paid).	No interest charge	The amount allowed to be deferred declines as income increases to $40,000.
Corner Brook, NL	Seniors, widows and widowers, and disabled pensioners with total household incomes less than $24,000 (or less, depending on recipient category)	Remaining current year property tax (after basic charge of $555 for water and sewer is paid)	No information available	Applications must be supported by a copy of the Notice of Assessment. Applicants must either be living in their property or the property must be vacant.

Provincial Property Tax Deferral (6 Provinces)				
Province	**Eligibility**	**Deferral Coverage**	**Interest Charge**	**Program Details**
Saskatchewan	Seniors with an annual household income below $70,000 with minimum equity of 25%	Education portion of property taxes	Simple interest at a rate that reflects Government's current rate of borrowing.	Eligible applicants automatically enrolled in the program for 10 consecutive years. SHC will advance loan proceeds directly to the participants. SHC registers a mortgage on the property title.
Alberta	Seniors listed as registered owners of residential properties with minimum equity of 25%	All or part of residential property taxes including the education tax portion. May also include outstanding arrears and penalties	Simple interest at 2.45% per annum	Done through a low-interest home equity loan. Interest rates set twice a year. Applies to residential properties including residential portion of farmland and commercial property. May also consider mobile and manufactured homes on residential property owned by the senior.
British Columbia	Regular Program (RP) - Seniors aged 55 or older - Surviving spouse of any age - Disabled persons under the Employment and Assistance for Persons with Disabilities Act - with minimum equity of 25% Families with Children Program (FCP) - Parent, step parent or individuals supporting a child - with minimum equity of 15%	Property taxes for the current year	RP: Simple interest at a rate not greater than 2% below the Prime rate (current rate: 0.45%) FCP: Simple interest not greater than the Prime rate (current rate: 2.45%)	Low-interest loan. Interest rates set twice a year. Applies to residential and residential and farm properties. Must have paid previous years' property taxes in full to qualify.
New Brunswick	Seniors receiving the Provincial Residential Tax Credit with minimum equity of 25%	Annual increase in property taxes	1.55% annual interest charge;	Interest rates set to the provincial borrowing rate every year. Base year is defined as the most recent of the year prior to the year the person turns 65, the year they

Provincial Property Tax Deferral (6 Provinces)				
Province	**Eligibility**	**Deferral Coverage**	**Interest Charge**	**Program Details**
		over the "base year"	6.55% annual interest charge for those with taxable income over $124,178.	purchased the property or the year 2011. Once a property is registered in the program, the annual increase in property taxes plus interest is deferred until deregistered.
Ontario	Seniors receiving the Guaranteed Income Supplement Disabled persons on the Ontario Disability Program	Annual increase in the provincial land tax and education tax	No information available	Property must be assessed in the residential/farm property tax class. The tax deferral does not apply to tax arrears or outstanding taxes.
Prince Edward Island	Seniors with an annual household income of less than $35,000	Full deferral of annual property taxes	No interest charge	If a participant continues with the program for life, the accumulated taxes are required to be paid out of the estate. If the value of the estate is not sufficient to cover the amount of the accumulated taxes, the government will discharge any outstanding balance.

Municipal Property Tax Rebates/Grants/Credit (9 Municipalities)		
Municipality	**Eligibility**	**Program Details**
Calgary, AB	Property owners with household incomes below the Low-Income Cut-Off facing a property tax increase	May apply for a credit/grant of the increase on the property tax amount. Applicants will also receive a rebate on waste and recycling services. Applicants must reapply every year.
Mississauga, ON	Seniors receiving the Guaranteed Income Supplement Disabled persons on the Ontario Disability Program	May apply for a rebate on their property taxes. The amount is indexed annually by the blended tax impact, which is the annual budgeted impact for both the City and Region's increase in the tax levy. In 2020 the rebate was $436.
Brampton, ON	Seniors receiving the Guaranteed Income Supplement Disabled persons on the Ontario Disability Program	May receive $400 in tax relief per year.
Hamilton, ON	Seniors with total household incomes less than $36,900 and whose principal residence is assessed at or below $495,800	May receive a $200 property tax credit.

Municipal Property Tax Rebates/Grants/Credit (9 Municipalities)		
Municipality	**Eligibility**	**Program Details**
Richmond Hill, ON	Seniors receiving the Guaranteed Income Supplement	May receive a grant to assist with property taxes. The amount is set in the annual budget.
Burlington, ON	Seniors receiving the Guaranteed Income Supplement	May receive a $550 rebate.
Oshawa, ON	Seniors receiving the Guaranteed Income Supplement Disabled persons on the Ontario Disability Program	May apply for a property tax grant.
Halifax, NS	Households with incomes less than $35,000	May have the municipality pay a portion of their property taxes. The amount varies with income and residential taxes billed.
St. John's, NL	Seniors receiving the Guaranteed Income Supplement	May receive a 25% tax reduction on the realty portion of their property taxes.

Provincial Property Tax Rebates/Grants/Credit (7 Provinces)		
Province	**Eligibility**	**Program Details**
Manitoba	Homeowners and renters Seniors	Homeowners and renters may claim up to $525 in income tax credits to relieve the burden of education property taxes. Seniors may apply to receive an additional credit of up to $300. Delivered as part of the Education property Tax phase out.
Nova Scotia	Seniors receiving the Guaranteed Income Supplement or the Allowance	Provides eligible homeowners with a rebate of 50% of the municipal residential property taxes they paid for the 2020 tax year, up to a maximum of $800.
Quebec	Seniors with a total household income in 2020 of $53,300 or less	May receive a grant of up to $500. The grant helps offset municipal tax increase brought about by a significant increase in the value of the property.
Ontario	Residents of Ontario on December 31, 2020 that meet one of the following conditions: - 18 years of age or older before June 1, 2022 - had a spouse or common-law partner on or before December 31, 2020 or - a parent who lives or previously lived with your child (see question 19) and - and for 2020, at least meet one of the following conditions:	The property tax credit is implemented as one of the two components Ontario Energy and Property Tax Credit (OEPTC) Program designed to help low-to-moderate income residents with their property taxes and sales tax on energy costs. May receive a maximum credit for 2021 of: - $1,095 for non-seniors ($243 for the energy component plus $852 for the property tax component) - $1,247 for seniors ($243 for the energy component plus $1,004 for the property tax component

Provincial Property Tax Rebates/Grants/Credit (7 Provinces)		
Province	**Eligibility**	**Program Details**
	- paid rent for their principal residence, which was subject to Ontario municipal or education property tax - paid property tax for their principal residence or - lived in a designated Ontario university, college, or private school residence	The annual entitlement is usually divided by 12 and payments are issued monthly as part of the Ontario Trillium Benefit (OTB) Program. Entitlement amount depends on age, marital status, property tax paid, rent paid and whether you lived in a designated Ontario university, college, or private school residence. In addition, for the energy component, it also depends on the energy costs paid for living on a reserve or the accommodation costs paid for living in a public or non-profit long-term care home, and the adjusted family net income. CRA issues the payments for the Ontario Provincial Government.
Prince Edward Island	All residents owning a non-commercial real property	May receive a provincial tax credit of $0.50 per $100 of taxable valuable assessment. The tax credit is applied to the provincial portion of property tax on non-commercial property.
New Brunswick	Residential Property Tax Credit: - Residents owning and maintaining a residential property Property Tax Allowance: - Low-income homeowners with a household income of $30,000 of less and receiving the Residential Property Tax Credit	The residential tax credit is applied against the provincial portion of property tax. The tax credits are categorized into full tax credit, partial tax credit, new construction tax credit, residence occupied partially in calendar year, or properties purchased under an Agreement of Purchase and Sale. May receive a rebate up to $300.
British Columbia	All homeowners whose assessed or partitioned value of their property does not exceed the grant threshold.	Homeowners with an assessed or partitioned value equal to or less than the grant threshold may receive the full regular grant amount of up to $770 depending on location. Homeowners meeting all requirements but with an assessed or partitioned value over the threshold may qualify for a grant at a reduced amount. Eligible homeowners who are seniors, veterans, persons with disability or living with a spouse or relative with a disability, and spouses or relatives of deceased owners may qualify for an additional grant.

Appendix F: Tax Tools and Sub-Classes Jurisdictional Scan

This report presents the result of a jurisdictional scan of 35 municipalities in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia and Newfoundland and Labrador. Saskatchewan is the only province where base taxes are allowed under provincial legislation. Eight municipalities were identified that use bases taxes. 18 municipalities use property tax subclasses.

Base Tax (Eight Municipalities)	
Municipality	**Program Description**
Humboldt, SK	$500 general base tax applied to all properties. $135 infrastructure base tax on residential properties (applies per unit for multi-residential). $135-$3,375 infrastructure base tax on non-residential properties (varies by assessed value). $70 road rehabilitation base tax on residential properties (applies per unit for multi-residential). $70-$1,750 road rehabilitation base tax on non-residential properties.
Moose Jaw, SK	$65 waterworks capital fund base tax on all properties (applies per unit for multi-residential).
North Battleford, SK	$741.05 general base tax on residential properties (applies per unit for multi-residential). $189.33 recreation capital facilities projects base tax (applies per unit for multi-residential). $370.56 base tax for vacant land.
Swift Current, SK	$820 general base tax on residential and multi-residential condo properties (applies per unit for multi-residential). $35 long term care facility base tax on residential properties (applies per unit for multi-residential). $58-$303 long term care facility base tax on non-residential properties (varies by assessed value).
Yorkton, SK	$830/unit fire and police base tax on residential properties. $705.50/unit fire and police base tax on high-density multi-residential properties. $100/unit recreation centre base tax on residential, multi-residential and condominium properties. $85/unit recreation centre base tax on high-density multi-residential properties.
Warman, SK	$580 general base tax on agricultural, residential/multi-residential land and properties. $880 general base tax applied to commercial/industrial land and properties.
Weyburn, SK	$670 general base tax on residential and multi-residential condo properties
Martensville, SK	$615 general base tax on residential properties. $915 general base tax on commercial properties. $210 base tax on all properties for garbage and recycle. $75 base tax on all properties for Future Wastewater Treatment Upgrades. $100 base tax on all properties for a Future Recreation Facility.

Property Sub-Class (18 Municipalities)	
Municipality	**Program Description**
Saskatoon	Condominiums, Multi-residential, Privately-owned Light Aircraft Hangars
Estevan	Multi-residential properties by number of units, Condominiums, Motels, Malls, Pipelines
Humboldt	Motels/Hotels and Malls, Commercial and Industrial Workshops, Railway, Vacant and improved Categories for Residential and Commercial properties
Moose Jaw	Golf Courses, Resources, Condominium
North Battleford	Resources, Condominium
Prince Albert	Country Residential, Condominium, Seasonal Residence, Hotel/Motel, Vacant Commercial Land, Commercial and Industrial by assessed value
Yorkton	High-density Multi-residential, Church Halls/Non-profit Halls, Large Commercial and Industrial, Heavy Industrial, Warehouse, Large Enclosed Mall, Residential Vacant Land, High-density Multi-family Vacant Land, Commercial Land
Weyburn	Accommodations, Elevator, Mall, Multi-family
Mississauga	Shopping Centres, Industrial, Large Industrial, Parking Lots, Office Buildings
Brampton	Office Buildings, Shopping Centres, Parking Lots, Industrial, Large Industrial
Hamilton	Office Buildings, Shopping Centres, Parking Lots, Industrial, Large Industrial
Kitchener	Office Buildings, Shopping Centres, Parking Lots, Industrial, Large Industrial
Burlington	Commercial, Commercial Excess/Vacant Land, Commercial Farmland Awaiting Development, Commercial on Farm Small Business
Waterloo	Office Buildings, Shopping Centres, Parking Lots, Industrial, Large Industrial
Vaughn	Office Buildings, Shopping Centres, Parking Lots, Industrial, Large Industrial
Edmonton	Other Residential
Lethbridge	Multi-residential
Medicine Hat	Multi-residential

Appendix G

City of Regina | REGINA Infinite Horizons

FAST CONSULTING Business Intelligence

City of Regina Water Utility and Property Tax Affordability Survey Report, July 2021

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City of Regina | 2021 Water Utility and Property Tax Affordability Survey Report

Executive Summary

Water Utility and Property Tax Affordability Public Engagement Survey

The City of Regina is exploring potential options to improve affordability for low-income taxpayers and water utility customers. As part of the public engagement process, the City posted a public opinion survey on its Be Heard Regina online platform (beheard.regina.ca) to gather feedback from Regina residents to better understand the costs and impacts of potential options.

The online questionnaire was live from May 28th to June 30th, 2021. A total of 2,924 Regina residents completed the survey. Fast Consulting was asked to analyze the results and present them in the following report.

Highlights

The online questionnaire posted to the beheard.regina.ca website is a public engagement tool designed to provide Regina residents with an opportunity to share opinions with the City; it is not a statistically valid survey conducted with a random selection of respondents. Because respondents self-select to contribute their opinions, results technically constitute a non-probability sample and a margin of sampling error is not calculated or quoted.

Respondent Snapshot

- The large majority (92%) of survey respondents pay residential property taxes, while 3% pay also commercial property taxes. Specific analysis on the subset of those who pay commercial property taxes is included in the report; the sample size of this cohort is 102.
- The large majority (91%) of survey respondents have a water utility account under their name. A small percentage (5%) have more than one water utility account under their name. Specific analysis on the subset of those respondents without a water account in their name is included in the report; the sample size of this cohort is 211.
- Two out of ten (21%) respondents live in households with a total annual income of $40,000 or less. Another 27% live in households with $40,000 - $80,000 annual income, 22% in households with $80,000 - $150,000 annual income and 11% in households with $150,000 or more annual income.

Water Utility Affordability Programs

- When asked how water utility affordability programs should be targeted, six out of ten (61%) respondents say any low-income household should be eligible vs. 28% who say programs should be tailored to specific demographic groups.
- Of the 28% who say water utility affordability programs should be tailored to specific demographic groups, the large majority think programs should target low-income households with seniors (79%). The majority (63%) think programs should target low-income households that include those living with a disability and 42% think programs should target low-income households with children under the age of 18.

6 out of 10 Rank 'Monthly Water Utility Rebates' Highest

- When asked to rank options the City should consider in designing a water utility affordability program, top two box scores (1 and 2 combined on a 4-point scale) reveal that most respondents (63%) rank 'monthly water utility rebates, applied for annually' as the highest priority.

- Close to half (46%) rank 'one-time assistance for emergency expenses, such as plumbing emergencies' the highest priority. This is followed by a third (34%) who rank 'one-time assistance for short-term financial hardship' the highest priority, and a quarter (25%) who rank 'one-time assistance for home efficiency retrofits' the highest priority.

4 out of 10 Prefer Affordability Programs Funded by General Revenue

- The largest percentage (41%) of respondents prefer that affordability programs be funded through general revenue (property tax). Another 20% prefer they be funded through increases to water utility rates.
- More than a third (36%) do not support affordability programs for low-income water utility customers.

6 out of 10 Prefer Water Utility Rates Based on Water Use

- Six out of ten (60%) respondents think the City should base water utility rates primarily on water use, with water infrastructure and maintenance costs paid partially through property taxes.
- Four out of ten (37%) think the City should continue charging water utility rates based on the total cost of providing the water service. This is the preferred option among commercial property taxpayer respondents at 59%.

Property Tax Affordability Programs

- When asked how property tax affordability programs should be targeted, six out of ten (57%) respondents say any low-income household should be eligible, while three out of ten (31%) say programs should be tailored to specific demographic groups.
- When asked which demographic groups property tax affordability programs should target, 26% identify low-income households with seniors, 21% low-income households that include those living with a disability and 12% low-income households with children under 18.

6 out of 10 Agree with Annual Rebate Option

- Six out of ten (57%) respondents think eligible property owners should be able to apply for an annual rebate for a portion of their property tax. Approximately 18% think eligible property owners should have the option to defer a portion of their property tax with a repayable loan from the City and 15% that eligible property owners should be able to apply for a one-time property tax grant.
- Commercial taxpayer respondents are less likely to agree with an annual rebate and more likely to agree with a deferral.

Support for Affordability Programs

- Seven out of ten (70%) respondents support low-income water utility and taxpayer affordability programs. Three out of ten (29%) do not support affordability programs.
- Support is highest among lower income households and those without a water utility account in their name. Those with household incomes >$40,000 also support affordability programs, although support softens as income increases. Commercial property taxpayer respondents are the least supportive (54%).

Who should pay more?

- The large majority (82%) of respondents agree that non-residential properties should pay more property tax than residential properties. Commercial property taxpayer respondents are much less likely to agree, at 33%.

4 out of 10 Support 1% Increase Option

- Respondents are informed that 36 per cent of municipal property tax in the City of Regina will be paid by just over 5,000 non-residential properties in 2021. After being presented with three options for increasing the non-residential share, they are asked which they would support.
  - Four out of ten (36%) respondents would not support any increase over 36 per cent (none, 0 per cent increase). The large majority (74%) of commercial taxpayer respondents would not support any increase over 36 per cent (none, 0 per cent increase).
  - Three out of ten (29%) respondents would support a 1 per cent increase over 36 per cent for non-residential properties, which would equal $34 average residential savings and $3,100 mid-size retail increase
  - Another 18% would support a 2 per cent increase over 36 per cent, for $68 residential savings and $6,200 mid-size retail increase. While 15% would support a 5 per cent increase over 36 per cent, for $169 residential savings and $15,493 mid-size retail increase.

City of Regina | 2021 Utility and Property Tax Affordability Survey Report

Survey Results

Respondent Snapshot

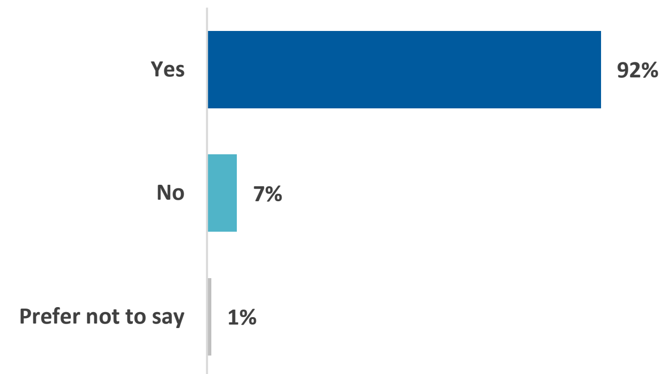
Property Taxpayers

Q1. Do you currently pay residential property taxes?

- Nine out of ten (92%) survey respondents pay residential property taxes.
- **The incidence of being a residential taxpayer increases with household income. Nine out of ten commercial property taxpayers are also residential property taxpayers.**

	Household Income					Overall
	<$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	
Yes	79%	86%	92%	95%	98%	92%

9 out of 10 Pay Residential Property Taxes

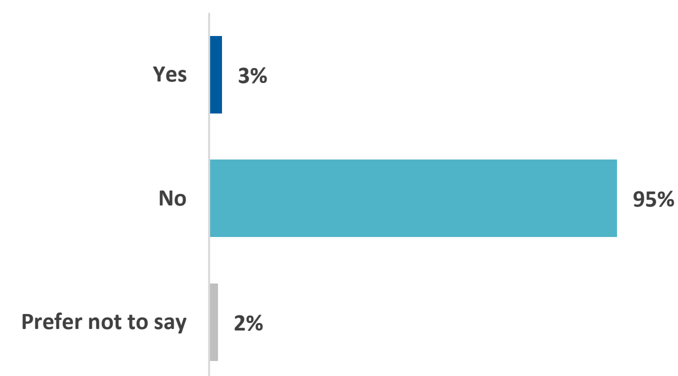


Q2. Do you currently pay commercial property taxes?

- A small percentage (3%) of respondents pay commercial property taxes; the large majority (95%) do not.
- **One out of ten respondents with a household income of $150,000 or more currently pay commercial property taxes.**

	Household Income					Overall
	<$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	
Yes	3%	1%	2%	3%	11%	3%

Few Respondents Pay Commercial Property Taxes



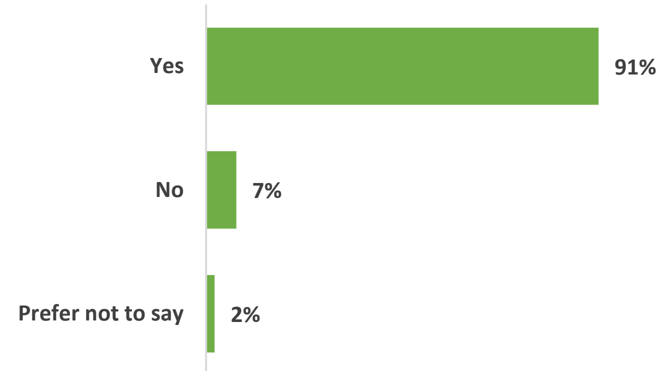
Water Utility Account Holders

Q3. Do you have a water utility account under your name?

- Nine out of ten (91%) respondents have a water utility account under their name.

	Household Income					Overall
	<$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	
Yes	**92%**	**90%**	**91%**	**91%**	**94%**	**91%**

9 out of 10 Have Water Utility Account Under their Name

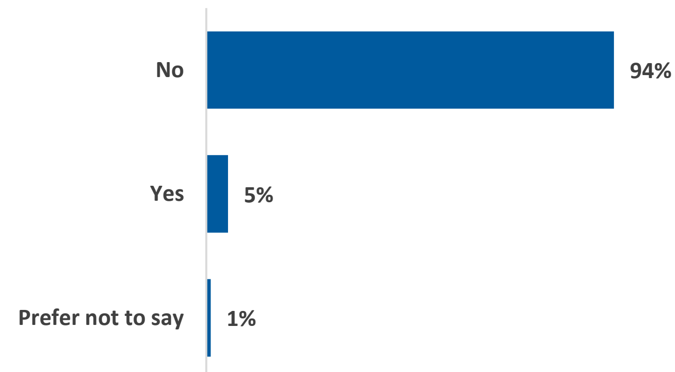


Q4. Do you have more than one water utility account under your name?

- A small percentage (5%) of respondents have more than one water utility account under their name; the large majority (94%) do not.

	Household Income					Overall
	<$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	
Yes	**4%**	**2%**	**4%**	**6%**	**9%**	**5%**

Few Have More than One Water Utility Account

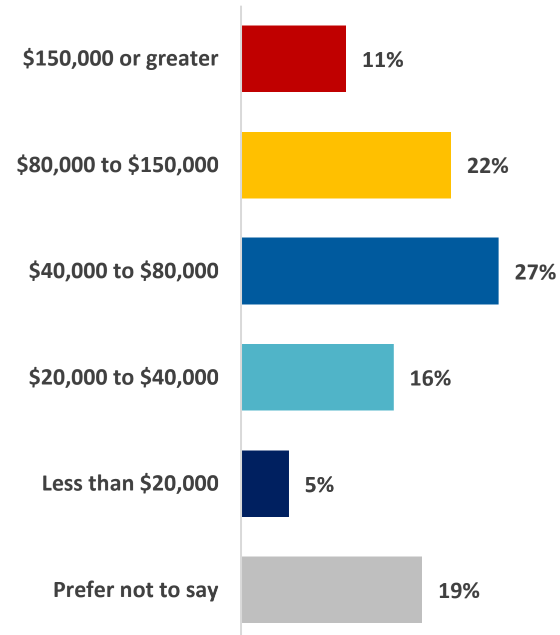


Household Income Levels

Q6. What is the approximate total annual income from all persons in your households?

- Two out of ten (21%) respondents live in households with a total annual income of $40,000 or less.
- Three out of ten (27%) live in households with a total annual income of $40,000 to $80,000.
- Two out of ten (22%) live in households with a total annual income of $80,000 to $150,000.
- One in ten (11%) live in households with a total annual income of $150,000 or more.
- The remaining two out of ten (19%) prefer not to say.

2 out of 10 Live in Low-income Households

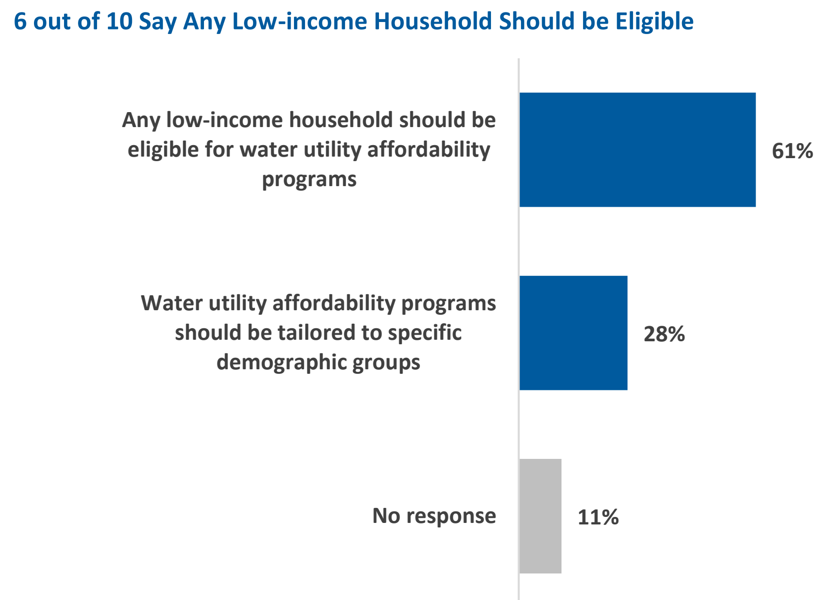


Water Utility Affordability Programs

Target low-income households or specific demographic groups?

Q7. Water utility affordability programs can be designed based on household income or can be targeted to specific demographic groups, like low-income households with children under the age of 18, seniors or people with a disability. Please select the statement you most agree with.

- When asked how water utility affordability programs should be targeted, six out of ten (61%) respondents say any low-income household should be eligible, while 28% say programs should be tailored to specific demographic groups.



- **Lower income respondents (< $40,000) are much more likely than those with household incomes >$40,000 to think any low-income household should be eligible for affordability programs.**

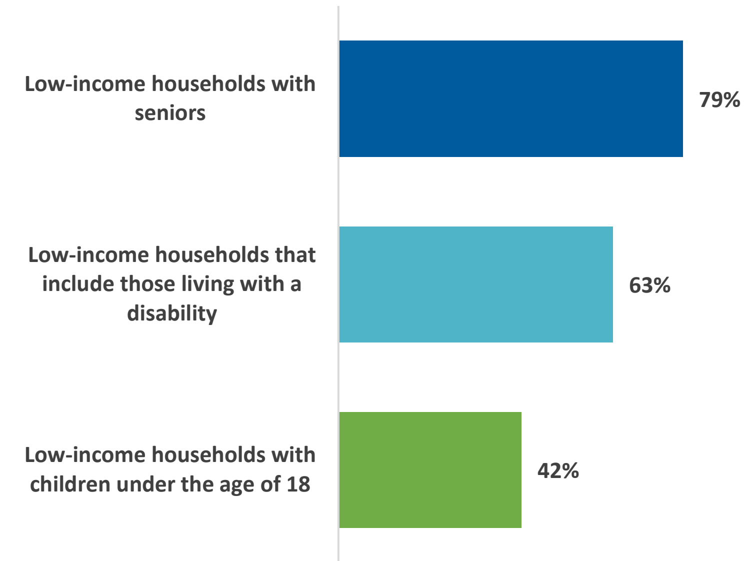
Perception of Water Utility Affordability Program Target	Do NOT Have Water Utility Account	Annual Household Income					Overall
		<$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	
Any low-income household should be eligible	72%	82%	80%	65%	56%	54%	61%
Programs should be tailored to specific demographic groups	25%	14%	16%	26%	34%	39%	28%

Which demographic groups?

Q8. Which demographic groups do you think water utility affordability programs should target?

- Of the 28% who say water utility affordability programs should be tailored to specific demographic groups, the large majority think programs should target low-income households with seniors (79%).
- The majority (63%) also think programs should target low-income households that include those living with a disability.
- Approximately 42% think programs should target low-income households with children under the age of 18.

Who Should Water Affordability Programs Target?

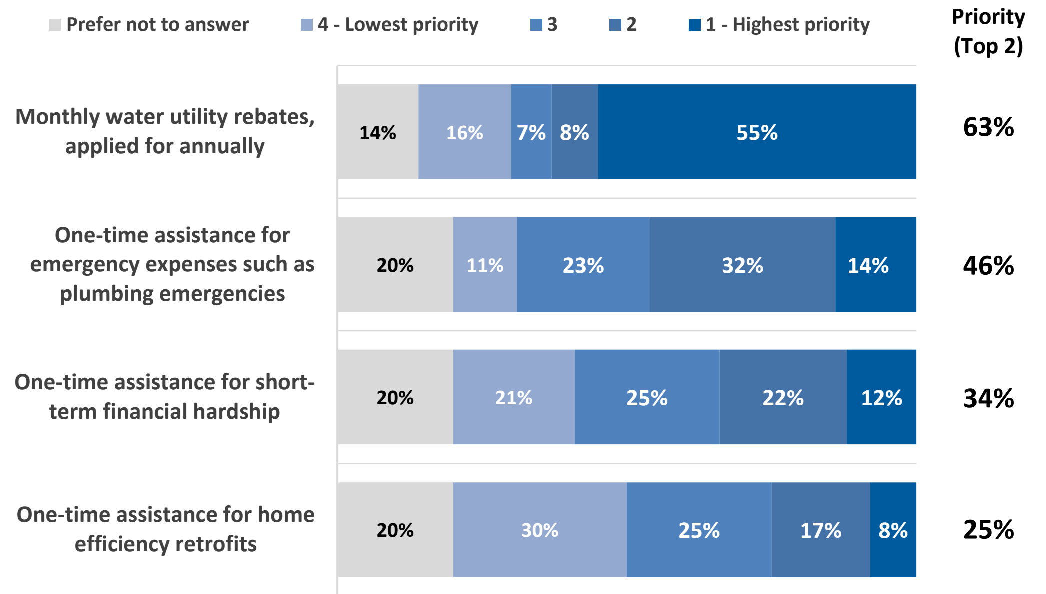


**Multiple response allowed.*

Water Affordability Program Options

Q9. Please rank the following options the City should consider in designing any water utility affordability program, with 1 being your highest priority.

- According to top two box scores (1 and 2 on 4-point scale), most respondents (63%) rank 'monthly water utility rebates, applied for annually' the highest priority.
- Close to half (46%) rank 'one-time assistance for emergency expenses, such as plumbing emergencies' highest.
- A third (34%) rank 'one-time assistance for short-term financial hardship' highest, and a quarter (25%) rank 'one-time assistance for home efficiency retrofits' highest.



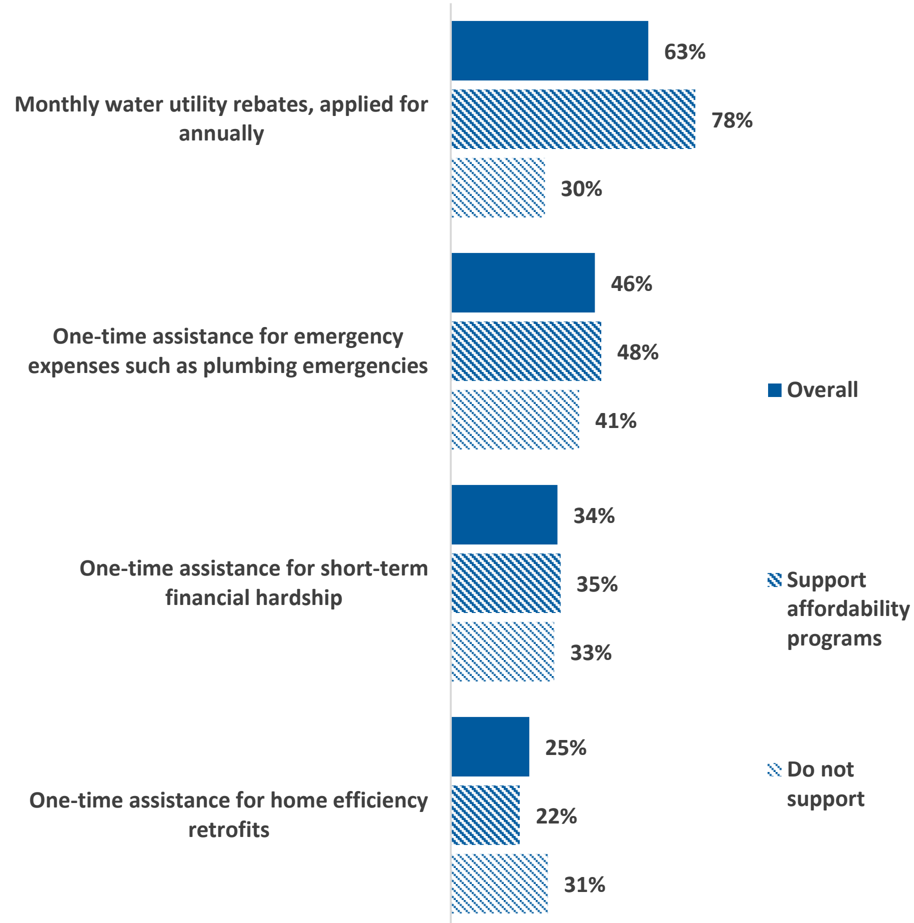
- **'Monthly water utility rebates, applied for annually' is the highest priority across all subgroups—although respondents in lower income households (<$40,000) are much more likely to rank it the highest. Those with household incomes >$40,000 are more likely to rank 'one-time assistance for emergency expenses' a high priority; likewise over half of those without a water utility account in their name. Household incomes >$40,000 are also more likely to rank 'one-time assistance for home efficiency retrofits' a high priority.**

Highest Priority Affordability Program Options: Top 2 Box Scores (1 & 2 combined on 4-point scale)	Do NOT Have Water Utility Account	Annual Household Income					Overall
		<$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	
Monthly water utility rebates, applied for annually	67%	81%	78%	69%	59%	59%	63%
One-time assistance for emergency expenses	57%	40%	42%	48%	52%	49%	46%
One-time assistance for short-term financial hardship	34%	26%	31%	33%	36%	43%	34%
One-time assistance for home efficiency retrofits	21%	15%	19%	25%	30%	29%	25%

Preferred Options Based on Support/Non-Support of Affordability Programs

- Those who support affordability programs and those who do not support such programs differ on which water utility affordability program option they rank the highest priority.
- Among the 70% who support affordability programs, the highest priority options are:
  - **monthly** water utility rebates (78%)
  - one-time assistance for **emergency expenses** (48%)
  - one-time assistance for **short-term financial hardship** (35%)
  - one-time assistance for **home efficiency retrofits** (22%).
- Among the 29% who do not support affordability programs, the highest priority options are:
  - one-time assistance for **emergency expenses** (41%)
  - one-time assistance for **short-term financial hardship** (33%)
  - one-time assistance for **home efficiency retrofits** (31%)
  - **monthly** water utility rebates (30%).

Top 2 Box Scores (1 and 2 on 4-point scale, where 1 = highest priority)



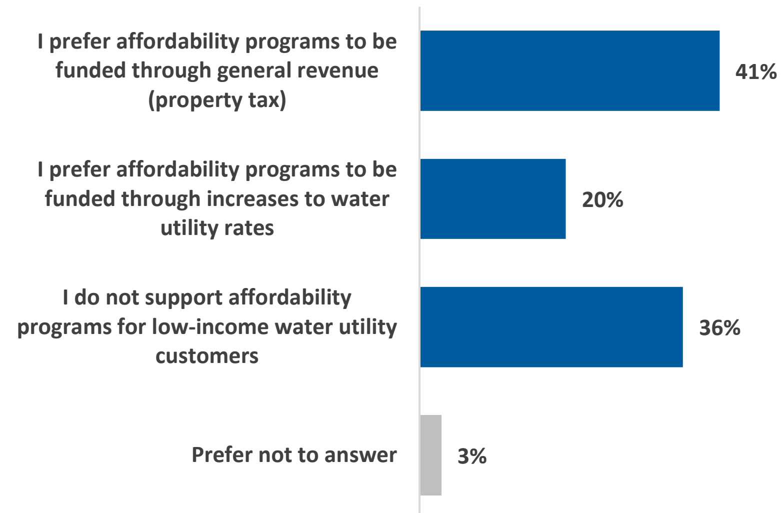
**Multiple response allowed.*

Program Funding Options

Q10. Some municipalities fund these affordability programs directly through a dedicated surcharge or base rate applied to all water utility accounts. Other municipalities fund these programs through general revenue – that is, revenue raised through increases to property tax. Please select the statement you most agree with.

- The largest percentage (41%) of respondents prefer that affordability programs be funded through general revenue (property tax).
- Another 20% prefer that affordability programs be funded through increases to water utility rates.
- More than a third (36%) do not support affordability programs for low-income water utility customers.

4 out of 10 Prefer Affordability Programs Funded by General Revenue



- **Generally, respondents in lower income households (<$40,000) and respondents without a water utility account in their name prefer that affordability programs be funded through general revenue (property tax). There is less support for affordability programs among those with household incomes >$40,000.**

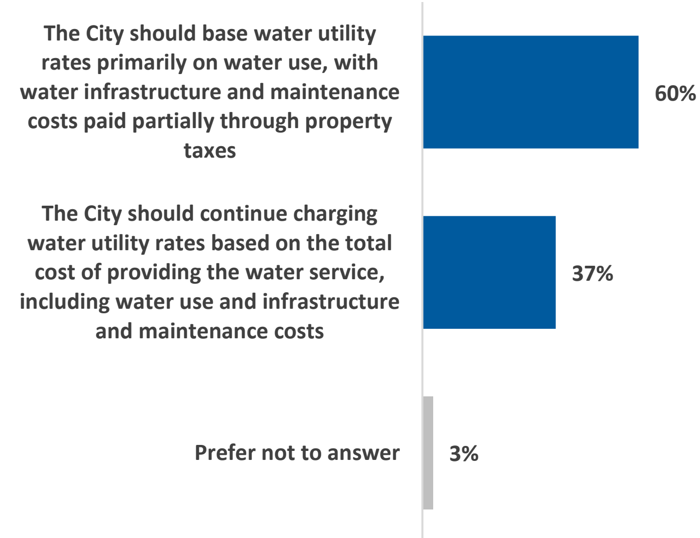
Preference re: Program Funding Options	Do NOT Have Water Utility Account	Annual Household Income					Overall
		<$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	
I prefer affordability programs to be funded through general revenue (property tax)	45%	56%	59%	44%	36%	35%	41%
I prefer affordability programs to be funded through increases to water utility rates	26%	32%	23%	21%	19%	24%	20%
I do not support affordability programs for low-income water utility customers	25%	10%	15%	32%	44%	39%	36%

Water Utility Rates

Q11. Some municipalities, like the City of Regina, take the approach that the utility customer should pay for the entire cost of providing water, including the capital, maintenance and repair costs of infrastructure, as well as the amount of water used. Other municipalities take the approach that the utility customer should pay based primarily on water used and that general revenue (property taxes) should partially cover the capital, maintenance and repair costs of the infrastructure. Please select the statement you most agree with.

- Six out of ten (60%) respondents think the City should base water utility rates primarily on water use, with water infrastructure and maintenance costs paid partially through property taxes.
- Four out of ten (37%) think the City should continue charging water utility rates based on the total cost of providing the water service.

6 out of 10 Prefer Water Utility Rates Based on Water Use



- **Most commercial taxpayer respondents think the City should continue charging water utility rates based on the total cost of providing the water service. Most other respondents, including those who do not pay commercial or residential taxes and those without a water utility account in their name, prefer water utility rates based primarily on water use. This preference softens as income levels increase.**

Preferred Approach to Water Utility Rates	Do NOT Have Water Utility Account	Annual Household Income					Overall
		<$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	
The City should base water utility rates primarily on water use, with water infrastructure and maintenance costs paid partially through property taxes	65%	72%	67%	66%	57%	50%	60%
The City should continue charging water utility rates based on the total cost of providing the water service, including water use and infrastructure and maintenance costs	32%	25%	30%	32%	41%	48%	37%

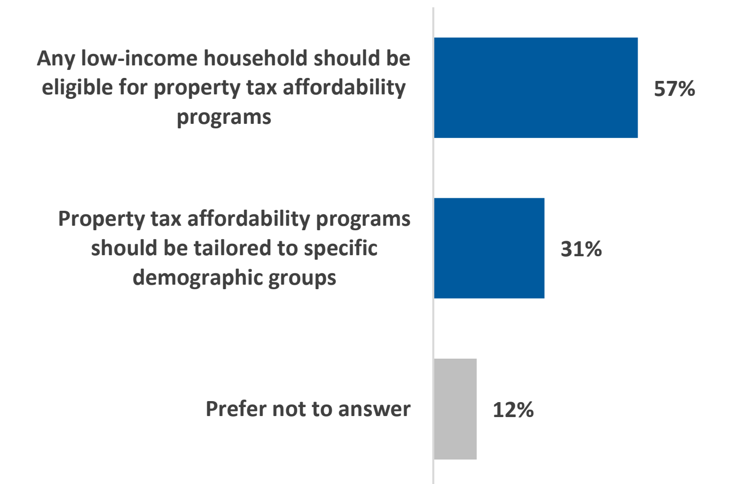
Property Tax Affordability Programs

Target low-income households or specific demographic groups?

Q12. The City of Regina provides more than 60 lines of business that residents use every day to live, move, connect and grow in our community; 65 per cent of the City's annual budget is made up of property tax revenue. In addition to potential affordability programs for low-income water utility customers, the City of Regina is also exploring program options to reduce property taxes for low-income property owners. Please select the statement you most agree with.

- When asked how property tax affordability programs should be targeted, six out of ten (57%) respondents say any low-income household should be eligible, while three out of ten (31%) say programs should be tailored to specific demographic groups.

6 out of 10 Say Any Low-income Household Should Be Eligible



- **The majority of respondents across all household income levels (but especially <$40,000) think any low-income household should be eligible for a property tax affordability program; again, this trend softens as income levels increase. Commercial taxpayer respondents are somewhat divided: five out of ten think property tax affordability programs should be tailored to specific demographic groups vs. four out of ten open to any low-income household.**

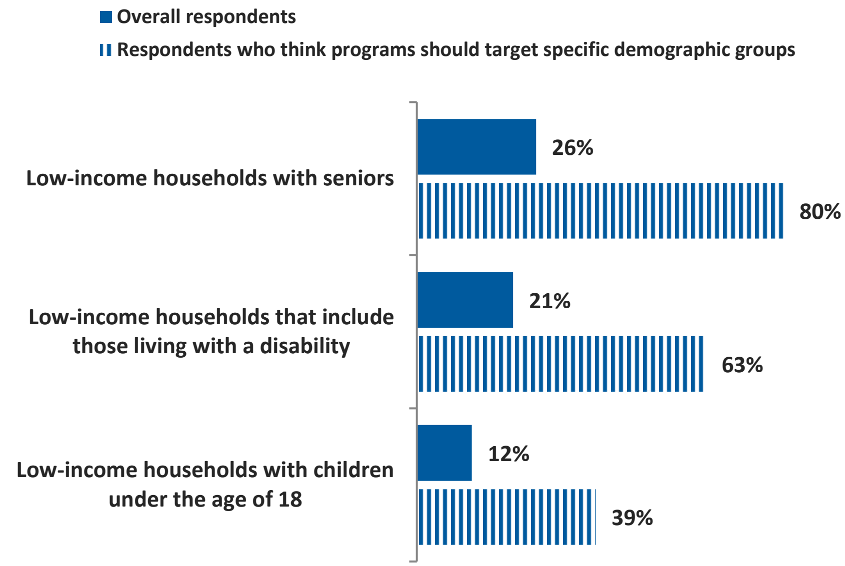
Perception of Property Tax Affordability Program Target	Pay Commercial Property Taxes	Annual Household Income <$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	Overall
Any low-income household should be eligible for property tax affordability programs	40%	82%	80%	60%	51%	47%	57%
Property tax affordability programs should be tailored to specific demographic groups	46%	14%	17%	31%	38%	43%	31%

Which demographic groups?

Q13. Which demographic groups do you think property tax affordability programs should be available to?

- Overall, respondents are somewhat divided when asked which demographic groups property tax affordability programs should target.
- The largest percentage (26%) think property tax affordability programs should target low-income households with seniors, 21% low-income households that include those living with a disability and 12% low-income households with children under the age of 18.
- However, among the 31% who say affordability programs should be tailored to specific demographic groups—80% think programs should target low-income households with seniors, 63% low-income households that include those living with a disability and 39% low-income households with children under the age of 18.

Perceptions of Demographic Groups Tax Affordability Programs Should Target



Multiple response allowed.

- **Respondents across subgroups generally align in terms of perception of which demographic groups property tax affordability programs should target, with the largest percentage identifying seniors, then those living with disabilities, then under 18s. Across most subgroups, nearly twice as many think property tax affordability programs should target low-income households with seniors than low-income households with children under 18.**

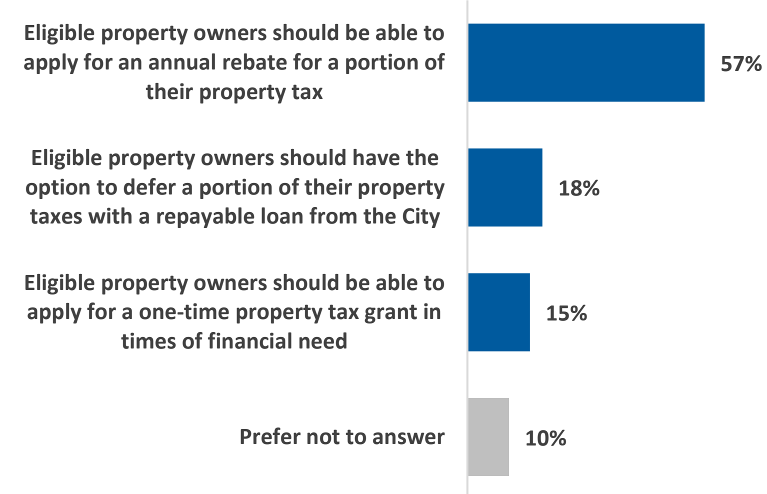
Perception of Which Demographic Group to Target	Pay Commercial Property Taxes	Annual Household Income: <$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	Overall
Low-income households with seniors	35%	12%	16%	27%	32%	32%	26%
Low-income households that include those living with a disability	28%	10%	13%	20%	28%	25%	21%
Low-income households with children under the age of 18	18%	6%	7%	13%	16%	17%	12%

Tax Affordability Program Options

Q14. Property tax affordability programs come in different forms. Some programs allow property owners to defer or delay payments. Some programs use rebates or grants to reduce the amount of property taxes. The cost of these programs is covered by the remaining property tax base. Please select the statement that you most agree with.

- More than half (57%) of respondents think eligible property owners should be able to apply for an annual rebate for a portion of their property tax.
- Approximately 18% think eligible property owners should have the option to defer a portion of their property taxes with a repayable loan from the City, while 15% think eligible property owners should be able to apply for a one-time property tax grant in times of financial need.

6 out of 10 Agree With Annual Tax Rebate



*Multiple response allowed.

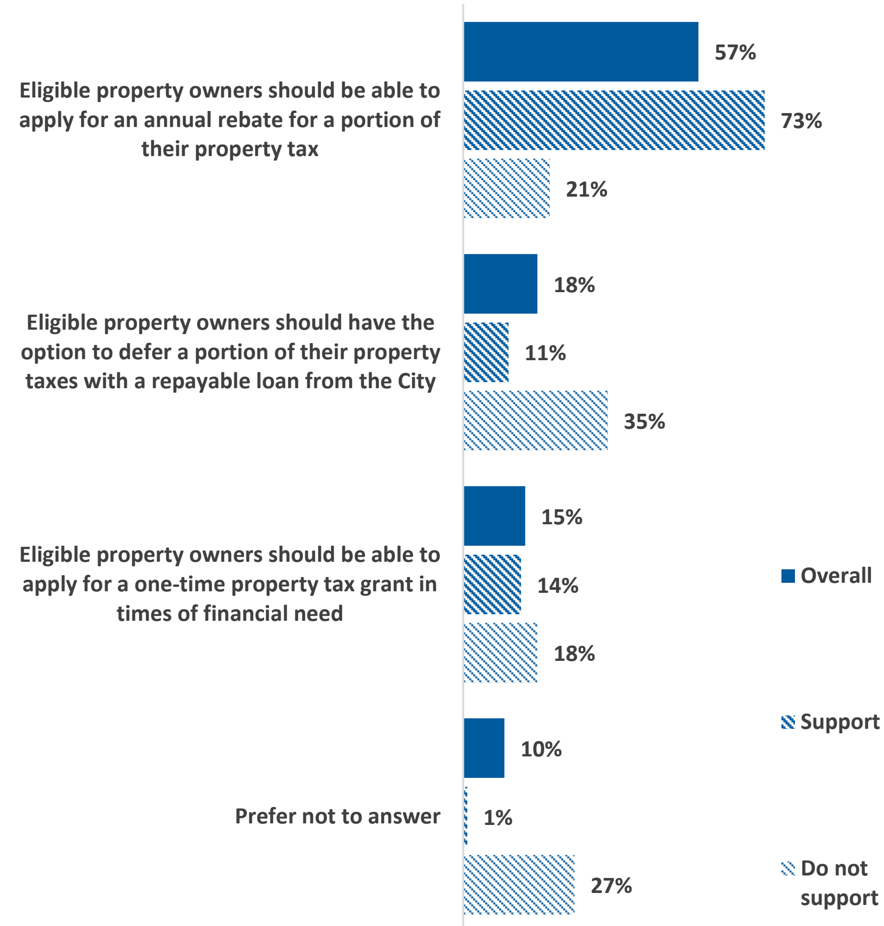
- **The large majority of respondents from lower income households (<$40,000) think eligible property owners should be able to apply for an annual rebate for a portion of their property tax; most of those with household incomes of $40,000-$80,000 agree. Commercial property taxpayers and those with household incomes >$80,000 are less likely to agree, but more likely to think eligible property owners should have the option to defer a portion of their property taxes with a repayable loan from the City.**

Perception of Eligibility for Property Tax Rebates and Grants	Pay Commercial Property Taxes	Annual Household Income					Overall
		<$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	
Eligible property owners should be able to apply for an annual rebate for a portion of their property tax	44%	89%	81%	62%	46%	45%	57%
Eligible property owners should have the option to defer a portion of their property taxes with a repayable loan from the City	28%	3%	5%	15%	26%	30%	18%
Eligible property owners should be able to apply for a one-time property tax grant in times of financial need	13%	5%	10%	16%	19%	16%	15%

Preferred Options Based on Support/Non-Support of Affordability Programs

- Those who support affordability programs and those who do not differ on which option they most agree with.
- Among the 70% who support affordability programs:
  - 73% think eligible property owners should be able to apply for an **annual rebate** for a portion of their property tax
  - 14% think eligible property owners should be able to apply for a **one-time property tax grant** in times of financial need
  - 11% think eligible property owners should have the option to **defer a portion of their property taxes** with a repayable loan from the City
- Among the 29% who do not support property tax affordability programs:
  - 35% think eligible property owners should have the option to **defer a portion of their property taxes** with a repayable loan from the City
  - 21% think eligible property owners should be able to apply for an **annual rebate** for a portion of their property tax
  - 18% think eligible property owners should be able to apply for a **one-time property tax grant** in times of financial need
  - 27% prefer not to answer this question

Opinion Differs Based on Support/Non-Support of Affordability Programs



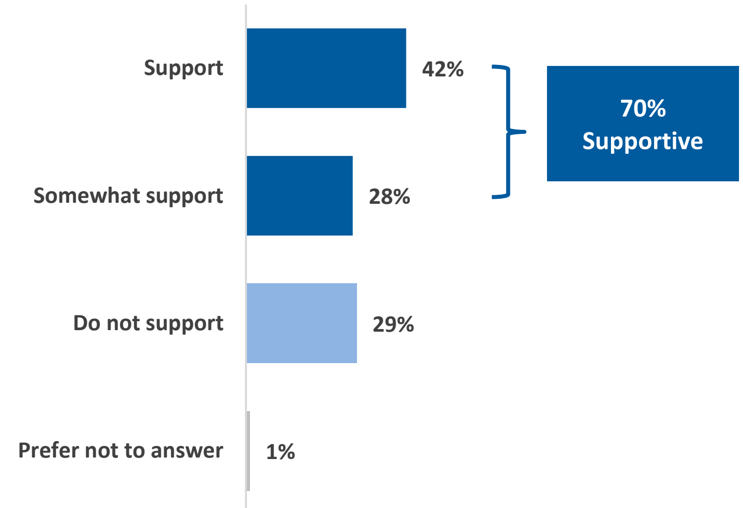
**Multiple response allowed; charts may not total 100% due to rounding*

Support for Affordability Programs

Q15. Now that you know more about low-income water utility and taxpayer affordability program options, please indicate your level of support for affordability programs?

- Seven out of ten (70%) respondents are supportive of affordability programs, including 42% supportive and 28% somewhat supportive.
- Three out of ten (29%) do not support low-income water utility and taxpayer affordability programs.

7 out of 10 Support Affordability Programs



- **The large majority of respondents from lower income households (<$40,000) and those without a water utility account in their name support low-income water utility and taxpayer affordability programs. Most of those with household incomes >$40,000 also support affordability programs, although support softens as income increases. At just over half, respondents who pay commercial property taxes are the least supportive.**

Support for Low-Income Water Utility & Property Tax Affordability Programs	Pay Commercial Property Taxes	Do NOT Have Water Utility Account	Annual Household Income					Overall
			<$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	
Support/Somewhat support	54%	80%	93%	92%	74%	62%	65%	70%
Do not support	45%	19%	5%	7%	26%	38%	34%	29%

Who should pay more?

Q16. Do you agree non-residential properties should pay more property tax than residential properties?

- The large majority (82%) of respondents agree that non-residential properties should pay more property tax than residential properties.

8 out of 10 Agree non-Residential Properties Should Pay More

- **Respondents who pay commercial property taxes are much less likely to agree that non-residential properties should pay more property tax than residential properties: 33% agree while 66% disagree.**

3 out of 10 Commercial Taxpayers Agree

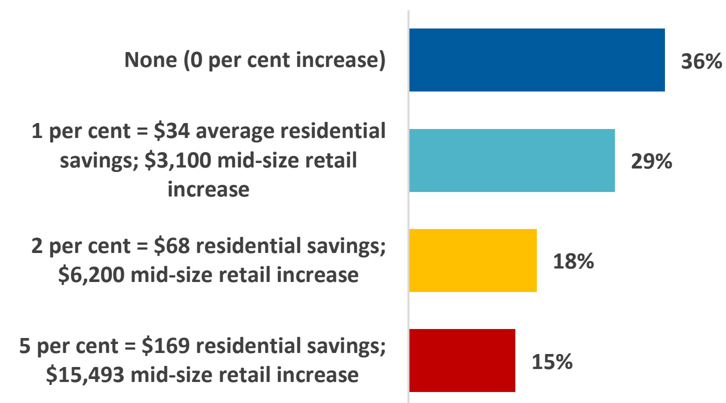
Support for Low-Income Water Utility & Property Tax Affordability Programs	Pay Commercial Property Taxes	Annual Household Income					Overall
		<$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	
Yes	33%	79%	85%	86%	83%	78%	82%

Share of Taxes

Q17. In 2021, 36 per cent of municipal property tax in the City of Regina will be paid by just over 5,000 non-residential properties. The remaining 64 per cent will be paid by 83,000 residential properties. This means that increasing the non-residential share by 1 per cent would result in an annual savings of $32 for the average residential homeowner and an annual tax increase of $3,100 for a mid-sized retail store. Given this, what increase over 36 per cent would you support for non-residential properties?

- Four out of ten (36%) respondents would not support any increase over 36 per cent for non-residential properties (none, 0 per cent increase).
- Three out of ten (29%) would support a 1 per cent increase over 36 per cent, which would equal $34 average residential savings and $3,100 mid-size retail increase
- Another 18% would support a 2 per cent increase over 36 per cent, for $68 residential savings and $6,200 mid-size retail increase, while 15% would support a 5 per cent increase over 36 per cent, for $169 residential savings and $15,493 mid-size retail increase.

4 out of 10 Do Not Support Any Increase Over 36%



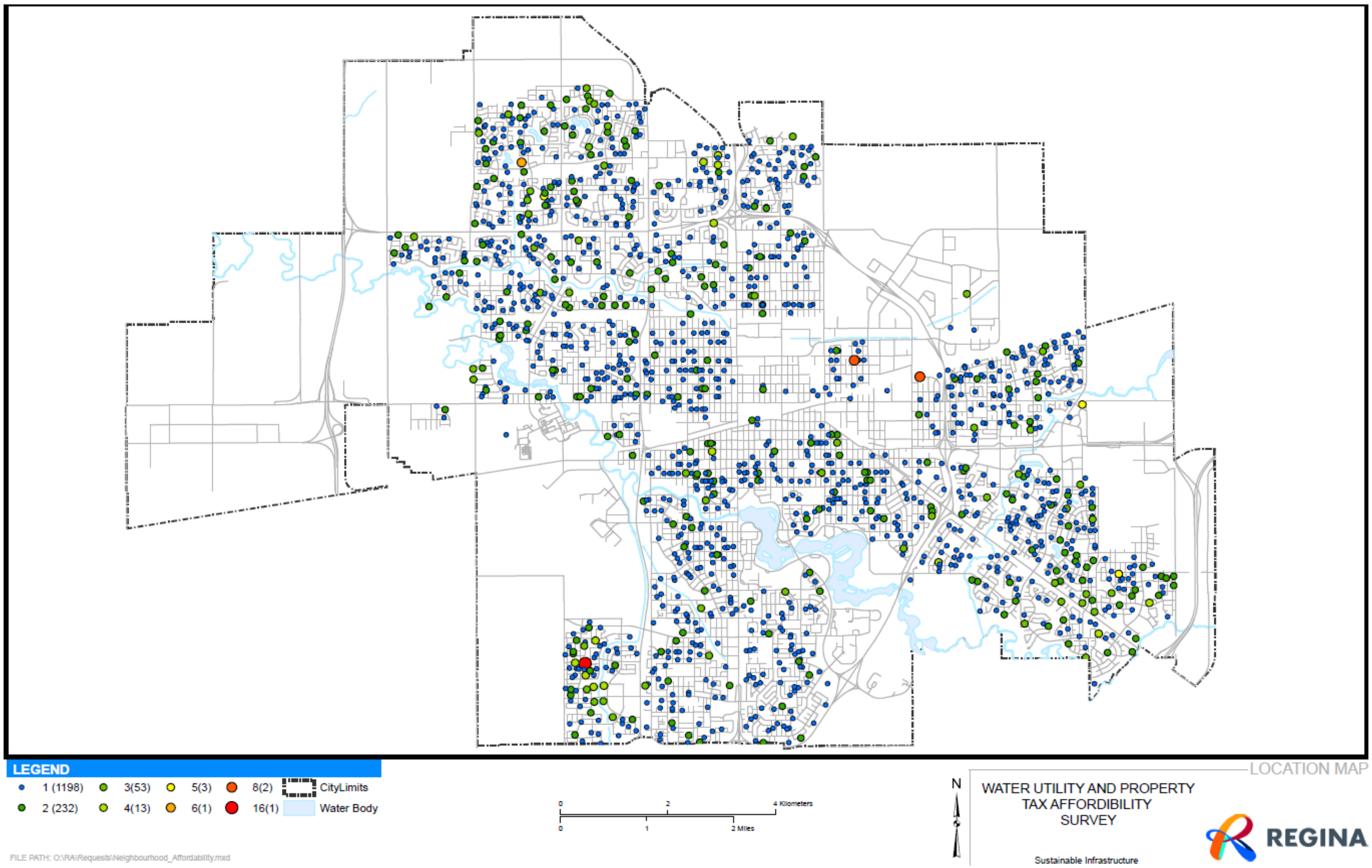
- **The large majority of respondents who pay commercial property taxes would not support any increase over 36% (none, 0 per cent increase) for non-residential properties. The majority of respondents across income groups would support either a zero per cent or 1 per cent increase.**

Preferred Approach to Property Tax Increase	Pay Commercial Property Taxes	Annual Household Income					Overall
		<$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	
None (0 per cent increase)	74%	26%	27%	33%	38%	49%	36%
1 per cent = $34 average residential savings; $3,100 mid-size retail increase	8%	29%	32%	31%	29%	25%	29%
2 per cent = $68 residential savings; $6,200 mid-size retail increase	10%	20%	22%	20%	17%	14%	18%
5 per cent = $169 residential savings; $15,493 mid-size retail increase	8%	22%	17%	14%	14%	11%	15%

Postal Code Mapping

Q. What is your postal code?

The map below shows the distribution of respondent postal codes throughout Regina.



Appendix H: Tax and Utility Affordability Survey Additional Feedback Summary

This report presents a summary of the written feedback provided to administration through mail, email and service requests. A total of 37 written responses were received.

11 respondents (30%) have expressed support for an affordability program for the following household groups:

Target Beneficiary Group	No. of Respondents (n)
Seniors	*n* = 5
All Low-Income Households	*n* = 1
All Income Groups	*n* = 1
Low income, multi-family properties run by non-profit companies	*n* = 1
Single Mom	*n* = 1
Newcomers	*n* = 1
Low-Income Groups excluding renters of landlords in the inner City	*n* = 1
Total	***N* = 11**

14 respondents (38%) have expressed that they *do not* support an affordability program. The most common reason was the already high utility and property tax rates which makes them reluctant to pay more. The reasons for not supporting an affordability program are summarized below:

Reasons	No. of Respondents (n)
The utility and property tax rates are already high making them reluctant to pay more.	*n* = 8
Instead of an affordability program, the City should focus on managing its spending and addressing operational inefficiencies to address the affordability issues.	*n* = 4
Raised concern about the City's jurisdiction or responsibility for providing social assistance.	*n* = 2
Would like the ability to choose who to help if extra income is available	*n* = 2
Don't feel the need to provide any (further) assistance to others	*n* = 2
Raised concern about the ability of homeowners receiving the assistance or subsidy to maintain their properties.	*n* = 1

12 respondents (32%) did not provide any level of support for affordability programs. These respondents provided comments on the program administration or the survey design. Opinions and ideas on City policy, programs, and related services were also expressed.

Categories & Themes

Beyond the respondents' feedback on level of support for an affordability program, themes are identified through the written response:

Program Administration of a Potential Affordability Program

- Expressed the need to define the program eligibility by defining the threshold for low-income status and establishing criteria for granting assistance or subsidy.
- Expressed the need to inform taxpayers on how much additional taxes will be paid should the City decide to move forward with an affordability program.
- Provided suggestions on the income grouping of households and on the program affordability options.
- Raised concern that a subsidy program might encourage the subsidized group(s) to consume more water.
- Would like a consultation before moving forward with any affordability program.

Comments on City Policies, Programs and Related Services

- Consider the following in the utility costs calculation/billing and allocation:
  - Transfer the fixed portion charged on utility bills to tax.
  - Eliminate consumption-based charging for sewer and drainage use.
  - Eliminate the recycling charge and add the cost to the property tax.
  - Base charge should be consumption-based.
  - Make the utility bill smaller to make it easier to create operational efficiencies, and the cost of delivering services can decrease.
  - Stop downloading services off the property tax.
- Consider the following in the tax allocation and exemptions:
  - Stop exempting property from paying their fair share of taxes.
  - Review the relationship between residential and commercial taxes.
- Consider the following in the review of related City policies and programs:
  - Eliminate the leak adjustment policy.
  - Eliminate the condo waste rebate program.
  - Allow residents to opt out of recycling and put the garbage onto the utility bill.
- Expressed support for initiatives that promote environmental stewardship and sustainability such as use of rain barrels and other water collection systems, education campaign for newcomers on reducing household consumption as well as linkage to groups that assist them and providing homeowners option to go digital for their property tax/education tax notices.
- Expressed concern on whether they are getting value for the property taxes that they pay (e.g., noticed that parks are unevenly cleaned or maintained, rusty lamp posts, garbage blown by the wind, noisy backyard, irregular street sweeping, lack of winter maintenance, etc.)
- Expressed the need for Council to listen to citizens' concerns and complaints.

Survey Design

- Expressed appreciation that they are being consulted through the survey.
- Would like the ability to provide comments or feedback in the actual survey, and to vote against or refused an affordability program.
- Expressed the need to provide more context to the survey by providing data and statistics that will support an informed decision.

REGINA

Utility Affordability Report

Date	September 22, 2021
To	Executive Committee
From	Financial Strategy & Sustainability
Service Area	Assessment & Property Revenue Services
Item No.	EX21-63

RECOMMENDATION

That Executive Committee recommends that City Council remove item number MN20-6 from the list of outstanding items.

ISSUE

At the June 24, 2020 City Council meeting, Council requested administration to prepare a report for Q3 of 2021 discussing:

- Options to reduce the cost of water and wastewater for low-income residents through means-tested grants, billing options, and fee waivers including an outline of impacts, administrative and funding requirements, as well as restraints of the potential programs.
- A political advocacy strategy aimed at federal and provincial governments to reduce water and wastewater costs for low-income residents.

In addition, Council requested Administration to consider the United Nations Sustainable Development Goals (SGDs) when crafting options. Council subsequently requested information on the impact of shifting the administrative and access fees charged to the Utility to the tax base.

This report is in response to these requests.

IMPACTS

Policy/Strategic Impacts

The City charges utility customers fees for water, wastewater and drainage services on a full cost recovery basis, meaning the utility is self-funded through user fees. This is international best practice for water utilities and aligns with the Benefits Model in *Design Regina: The Official Community Plan Bylaw No. 2013-48 (OCP).*

The City offers payment plans to customers who are in arrears, allowing customers to spread their payments out over time. However, there are not any programs that reduce utility charges for any group of customers, ensuring customers pay proportionately for water services. This practice is also supported by the Benefits Model in the OCP.

Goals within the OCP, the Water Master Plan (WMP) and the United Nation's Sustainable Development Goals (SDGs) support the use of affordability programs to enhance quality of life for those in disadvantaged positions. While payment plans are commonly used to assist customers in paying for water, they do not address underlying affordability issues. Public engagement results indicate moderate support for affordability programs and suggest residents feel water service costs are high.

There are several corporate initiatives that intersect with utility affordability programs. These initiatives and the timing of the work being delivered should be considered while discussing any water affordability program options.

Council should consider the planned three per cent utility rate increase for maintenance and capital projects and the approved two per cent rate increase for the Lead Service Connection Replacement Program planned for 2022 when making any decisions regarding utility rate increases.

OTHER OPTIONS

Option 1: Provide direction to Administration to develop a water rebate program and a high-efficiency retrofit program for all low-income customers for Council's consideration by Q2 of 2022.

This option would include a two pronged approach to improve affordability for low income customers. The program would include a rebate applied at the time of billing for all low-income customers, including seniors, and first-come-first-serve funding for high-efficiency toilets, faucets and showerheads and installation. This approach maximizes affordability benefits for low-income customers but means customers who do not receive benefits subsidize water consumption of those who do.

This program would be by application, with eligibility based on the After-Tax Low Income Cut-Off (LICO-AT). The LICO-AT is the income threshold defined by Statistics Canada where households spend 20 per centage points more on food shelter and clothing than the average family. Approximately 8,000 households (8.5 per cent) are expected to be eligible. Program design would require specific consultation with target groups to ensure the program addresses the needs of the community and reflects the voices of those most impacted by the program.

Rebates improve affordability directly by reducing the amount owed. Depending on program design, rebates are expected to cost between $2 and $3 million annually and require resources for administration. Rebates would be financed with an additional 1.5 to 2.25 per cent utility rate increase. Utility rates are currently projected to increase by three per cent per year in the utility model with an additional two per cent in 2022 to fund the Lead Service Connection Replacement Program. This means the total rate increase for 2022 would be between 6.5 and 7.25 per cent.

High-efficiency retrofits can improve affordability and sustainability by improving consumption efficiency but the positive affordability effects for smaller households are partially mitigated by the high fixed charges on the water bill. The high-efficiency retrofit program would be capped at $300,000 funded through a $0.35 monthly fee added to all customers' monthly bill. A scan of affordability programs in other jurisdictions showed that funding a capped retrofit program through a designated fee creates transparency and increases buy in from utility customers.

Table 1: Impact of Option 1 on an Average House summarizes the estimated financial impact of rebates and high-efficiency retrofits for low-income customers on an average house.

Table 1: Impact of Option 1 on an Average House

	2021 Monthly Charges	Scheduled Increase for 2022	Lead Service Connection Replacement Program	Rebates	High-efficiency Retrofits	Change from 2021
Utility Rate Increase	-	3%	2%	1.5% to 2.25%	-	6.5% to 7.25%
Impact on Average House (%Change)	-	2.8%	1.9%	1.4% to 2.1%	0.2%	6.3% to 7.0%
Impact on Average House ($/Month)	$141.79	$4.02	$2.68	$2.01 to $3.02	$0.35	$9.06 to $10.07

When asked level of support for affordability programs in the public engagement survey, 70 per cent of respondents showed either support or some support for affordability programs in general. Rebates were ranked highest among the program options by those who support affordability programs.

Option 2: Provide direction to Administration to develop a water rebate program for low-income seniors for Council's consideration by Q2 of 2022.

This option includes a rebate applied at the time of billing for low-income seniors. This program would be application based, with eligibility based on the After-Tax Low Income Cut-Off (LICO-AT). Approximately 1,500 households are expected to be eligible. Program design would require specific consultation with target groups to ensure the program addresses the needs of the community and reflects the voices of those most impacted by the program.

Rebates improve affordability directly by reducing the amount owed. This option would improve affordability for seniors who often live on fixed incomes and have few opportunities to increase income. Depending on program design, this option is expected to cost $300,000 and $500,000 annually and require resources for administration. This option would be financed with a one-time 0.2 to 0.5 per cent utility rate increase. Utility rates are currently projected to increase by three per cent per year in the utility model with an additional two per cent in 2022 to fund the Lead Service Connection Replacement Program. This means the total rate increase for 2022 would be between 5.2 and 5.5 per cent.

Table 2: Impact of Option 2 on an Average House summarizes the estimated financial impact of rebates for low-income seniors on an average house.

Table 2: Impact of Option 2 on an Average House

	2021 Monthly Charges	Scheduled Increase for 2022	Lead Service Connection Replacement Program	Rebates	Change from 2021
Utility Rate Increase	-	3%	2%	0.2% to 0.5%	5.2% to 5.5%
Impact on Average House (%Change)	-	2.8%	1.9%	0.2% to 0.5%	4.9% to 5.2%
Impact on Average House ($/Month)	$141.79	$4.02	$2.68	$0.27 to $0.67	$6.97 to $7.37

When asked level of support for affordability programs in the public engagement survey, 70 per cent of respondents showed either support or some support for affordability programs in general. Affordability programs for low-income seniors received the most support from those that thought affordability programs should be provided to a target group. Rebates were ranked highest among the program options by those who support affordability programs.

COMMUNICATIONS

A survey of residents was conducted through the City's online public engagement tool *Be Heard Regina.* The purpose of the survey was to gauge the level of community support for potential high-level policy options regarding tax policy and tax and utility affordability. Participants self selected into the survey. The full results of the survey are included in Appendix E and will be posted publicly on Open Data and Be Heard Regina.

Should Council wish to establish specific programs or policy, it is recommended that target groups be consulted to ensure they address the needs of the community and reflect the voices of those most impacted.

DISCUSSION

There are many complexities involved in the work as requested by Council. In order to address the request, Administration looked to:

- Determine how to define water utility affordability.
- Analyze how shifting access fee or other fixed costs to the tax base impacts affordability.
- Explore what other judications have for utility affordability programs.
- Identify options to improve water affordability in our community.
- Assess the level of community support for water affordability programs and moving utility charges to the tax base.
- Determine how the City can advocate to reduce water and wastewater costs for low-income residents.
- Identify and consider existing City initiatives that may intersect with this work.

The analysis and results of these questions is set out in the body of this report.

Defining Water Affordability

A challenge in identifying options for addressing affordability, is defining water affordability.

Affordability is not a universally defined term, adding complexity in engagement and analysis. In defining affordability for the context of this report, Administration conducted a literature review of how water affordability is defined by water agencies and governing bodies, reviewed the targets for the United Nations SDG 6, consulted with colleagues developing strategies and frameworks also touching on affordability issues and counterparts at the University of Regina studying affordability issues. A full discussion on water affordability is found in Appendix A: Water Affordability Options. For this report, affordability is discussed in terms of water utility affordability and not considered in a broader context.

Administration's review suggest that while international consensus suggests water is affordable if households are spending no more than between 2 and 5 per cent of income on water, best practice is for affordability to be defined at a local level to consider the unique circumstance of each community. Given the higher costs associated with providing water services in Regina due to the need to transport water from Buffalo Pound Water Treatment Plant, 56 kilometers away, and the higher cost of treating water and wastewater in the prairies, the 5 per cent threshold was used for analysis. Using this benchmark, analysis estimates 8.2 per cent of households in Regina in 2015 experienced water unaffordability. The estimate is based on the 2016 Census, the most recent year for which data was available.

<u>UN Sustainability Goals</u>
The 17 United Nations Sustainable Development Goals (SDGs) were adopted in 2015. The most relevant goal in relation to water affordability is SDG 6: Ensure access to water and sanitation for all. SDG 6 focuses on the sustainable management of water resources, wastewater, and ecosystems. The SDG targets are not designed to provide specific detail for crafting affordability policies. Rather, these goals are a guide for high-level strategic policy planning. Appendix C: United Nations Sustainable Development Goals contains a full discussion on SDG 6, and which goals in *Design Regina: The Official Community Plan Bylaw No. 2013-48 (OCP),* the *Water Master Plan (WMP)*, and the *Wastewater Master Plan (WWMP)* align with the targets for this SDG.

Shifting the Access Fee to the Tax Base
Administration reviewed the impacts of shifting the access fee from the utility fund to the tax base. Shifting this cost would change the City's water pricing from a full cost recovery system to one partially subsidized by taxpayers and have an impact on the City's operating budget.

The access fee is a transfer from the water utility fund to the general operating fund to pay for the right to use or access civic assets. The fee is equal to 7.5 per cent of the previous year's budgeted utility revenues from water services and a proportionate share of the Goods and Services Tax (GST) rebate. The access fee for 2021 is budgeted at $11.1 million.

Moving the access fee to the property tax base would result in a 24.4 per cent initial reduction in the base charges for water and wastewater and a property tax mill rate increase of 4.1 per cent. The net result when taking impacts to both utility and property tax accounts into consideration is insignificant (less than one per cent) for most properties while higher-value properties are likely to experience net increases of over two percent. While these results are for property owners, similar results are expected for renters as property owners will likely pass on increased property taxes through rent increases. A detailed analysis related to shifting the access fee to the property tax base is included as Appendix B: Shifting the Access Fee to the Tax Base. Overall, the analysis suggests transferring the access fee is not an effective way to improve affordability.

Jurisdictional Scan: Identifying options to address Affordability
To identify program options, a scan of 19 municipal and 28 corporate water, power and energy utility providers was conducted. A full copy of the scan is included as Appendix D: Utility Affordability Programs Scan. The scan identified 12 municipal and 13 corporate utility providers have some sort of affordability program for low-income customers in place.

From the jurisdictional scan four program options were identified: rebates, one-time assistance payments, service fee waivers and high-efficiency retrofits. A full evaluation of these options is included in Appendix A: Water Affordability Options and are summarized in Table 1: Summary of Affordability Programs below.

Community Engagement
Public engagement was conducted through *Be Heard Regina* from May 28 to June 30, 2021. Residents were invited to participate via an insert notice included with tax and utility notices, a news release with media coverage and social media advertising. Special interest committees and community groups were also informed of the survey and asked to encourage participation.

The purpose of the engagement was to gauge the level of public support for potential high-level policy options regarding tax policy and tax and utility affordability. Participants were asked if they support affordability programs, and to prioritize who should be eligible for potential programs, what type of program they felt would be the most beneficial and how potential programs should be funded. The online questionnaire posted to the beheard.regina.ca website was designed to provide Regina residents with a public engagement opportunity to share opinions with the City; it was not a statistically valid survey conducted with a random selection of respondents.

A total of 2,924 residents completed the survey, the majority of which pay residential property taxes and have a utility account in their name. Forty-two percent of respondents support and 28 per cent somewhat support the implementation of affordability programs. Three out of ten (29 per cent) do not support low-income water utility and taxpayer affordability programs. Support is highest among lower income households and those without a water utility account in their name. Those with household incomes >$40,000 also support affordability programs, although support softens as income increases. Commercial property taxpayer respondents are the least supportive (54 per cent). Six out of ten (60 per cent) respondents think the City should base water utility rates primarily on water use, with water infrastructure and maintenance costs paid partially through property taxes.

These results were consistent across income brackets. A full report with the engagement results is attached as Appendix E: COR Water Utility and Property Tax Affordability Survey Results.

Focus groups were not used for engagement at this time. Should Council wish to establish an affordability program, targeted engagement with groups such as the Age Friendly Committee, Community Well-Being Table, the Accessibility Advisory Committee, and others should be conducted to ensure the program(s) address the needs of the community and reflect the voices of those most impacted.

Additional comments regarding affordability programs were submitted to administration via email, mail and social media. A summary of this feedback is included as Appendix F: Survey Written Feedback. Eleven comments expressed support for affordability programs and 14 comments expressed opposition to affordability programs. The most common reasons for opposition to affordability programs were that high utility rates make them reluctant to pay more and that the City should focus on managing operational inefficiencies as a means or option to address the affordability issue. Twelve respondents did not express support or opposition to affordability programs, but rather provided comments on program administration, survey design and opinions, and ideas related to other City policies, programs, and services.

Water Affordability Program Evaluation
Administration completed an evaluation of utility affordability program options (Appendix A). The analysis evaluated how well programs would improve affordability, water conservation and equity. Community support as reflected through engagement and administrative costs were also considered.

Table 1 summarizes the results of the analysis. Options are graded positively (green) if they improve on the current state, negatively (red) if they will make the current state worse, and neutral (yellow) if there will be no significant change. Areas are marked grey where no data is available and hash marks indicate complexity in the results (refer to Appendix A for more information).

Table 1: Summary of Affordability Programs

Option	Afford.	Conserv.	Equity	Comm. Support	Admin. Cost	Overall
Rebates						
One-time Assistance Payments						
Service Fee Waivers						
High-efficiency Retrofits						

Of the four options, rebates and high-efficiency retrofits were identified as most likely to improve affordability. One-time assistance payments and service fee waivers may help customers struggling with overdue payments or plumbing emergencies or who repeatedly incur service fees but are not expected to significantly improve affordability overall.

Political Advocacy Strategy

Affordability is not only dependent on the cost of water services and household incomes but also on the cost of other essential goods and services. The City has limited capacity to influence these factors but can ask the federal and provincial governments – either directly or through the Saskatchewan Urban Municipalities Association (SUMA) or the Federation of Canadian Municipalities (FCM) – to improve water affordability by:

- providing funding for regulatory compliance;
- improving incomes for low-income households; and
- taking action to reduce poverty and provide access to basic needs.

While the City could advocate specifically on these issues in relation to water affordability, a more effective and impactful approach would be to do so as part of a coordinated advocacy strategy addressing other factors impacting water affordability, such as poverty and inequality. Administration is currently working on a Community Safety and Wellbeing Plan, which is a collective approach to address root issues of crime, including poverty and inequality as well as services for those struggling with mental illness, substance use challenges, and homelessness. Given the overlap of underlying issues between water affordability and community safety and wellbeing, the most efficient approach to an advocacy strategy would be to determine any possible advocacy actions coming out of Community Safety and Wellbeing plan and potentially address multiple issues through advocacy rather than a one-off approach specific to water affordability.

The approach to advocacy would remain the same whether advocating specifically on water affordability or on underlying issues impacting water affordability more broadly, including working with SUMA and FCM to advance positions on these issues as well as working through ministries at the provincial and federal level to seek better outcomes on these issues. The benefit of waiting is the ability to make a more impactful case for various supports by tying the issues together and demonstrating the impacts of specific supports on a range of issues.

Other Initiatives
The City has several initiatives currently underway which have implications for discussions on water affordability and should be considered during discussions on water affordability. These initiatives include:

Advanced Metering Infrastructure (AMI) Project
This project aims to replace the City's 76,000 water meters over five years with new metering infrastructure which will allow for real-time collection of water consumption data which in turn will enable advanced analytics, improved water infrastructure maintenance and homeowner awareness of water leaks and usage. This can help reduce the cost of leakages and maintenance which will improve the affordability and sustainability of the water utility.

The AMI project will also provide the data required to conduct a water rate review which will allow the City to evaluate alternative rate structures which may improve affordability and sustainability. For example, the fixed rates in the current structure contribute to water unaffordability as customers are required to pay the fixed charges even if they do not use any water and any consumption creates additional charges. However, the fixed rates help create revenue stability and cover a portion of the utility's fixed costs. There may be an alternative rate structure which can improve affordability while maintaining or improving revenue stability and water conservation. A water rate review must balance the need for financial sustainability with the desire to allow residents to reduce their costs through water conservation. A review would require data on historic and predicted water usage, and input by experts and other water providers.

Energy & Sustainability Framework
The City is developing a strategy to become a 100 per cent renewable city with net-zero carbon emissions by 2050. This will be achieved by reducing energy consumption, improving energy efficiency, and switching to renewable or low-carbon energy sources. Moving water through the system is a source of energy consumption and greenhouse gas emissions. While there would be some reductions in energy consumption and greenhouse gas emissions if less water was consumed through increased water conservation by the end user, the size of reductions is difficult to predict.

DECISION HISTORY

On January 27, 2014, Council approved, *Design Regina: Official Community Plan Bylaw No. 2013-48 (OCP)* which provides a comprehensive policy framework to guide the physical, environmental, economic, social, and cultural development of the City of Regina.

On October 29, 2018, Council approved the Water Master Plan (WMP) which is a comprehensive water service planning document designed to support the OCP Community Priorities and affirms the City's commitment to providing potable water to customers and planning for a sustainable water service and system.

On December 3, 2019, Council approved the Wastewater Master Plan which is a comprehensive wastewater service planning document designed to support the OCP Community Priorities and affirms the City's commitment to providing wastewater service to customers and planning for a sustainable wastewater service and system.

On May 26, 2021, Council approved CR21-90 outlining changes to the Lead Service Connection Management Program, which included a utility rate increase of 2% as part of the 2022 budget process.

The recommendation contained in this report requires City Council approval.

Respectfully Submitted,

Deborah Brydon, Director, Assessment & Property Revenue Services 9/15/2021

Respectfully Submitted,

Barry Lacey, Exec. Director, Financial Strategy & Sustainability 9/17/2021

Prepared by: Tanya Mills, Manager, Assessment & Property Systems

ATTACHMENTS
Appendix A - Water Utility Affordability Options
Appendix B - Shifting the Access Fee to the Tax Base
Appendix C - United Nations Sustainable Development Goals
Appendix D - Utility Affordability Programs Jurisdictional Scan
Appendix E - CoR Water Util-Property Tax Affordability Survey (2021)
Appendix F - Survey Written Feedback Summary Report

Appendix A: Water Utility Affordability Options

Executive Summary

International consensus considers water to be affordable if households are spending no more than two to five per cent of annual household income on water, depending on circumstances. Given the higher costs associated with providing water services in Regina due to the need to transport water from Buffalo Pound Water Treatment Plant, 56 kilometers away, and the higher costs of treating water on the prairies, the five per cent threshold was used for analysis. Using this benchmark, an analysis of the state of water affordability in Regina suggests that approximately 8.2 per cent of households experience water unaffordability with the lowest-income households estimated to be spending as much as 30 per cent of annual income on water. Water affordability programs may be an effective solution to improve water affordability for low-income households. The City currently offers payment plans to residents but does not have an affordability program.

This paper explores the issue of water affordability and provides a review of affordability program options, including rebates, one-time assistance payments, service fee waivers, and providing high-efficiency retrofits. Table 1 summarizes the results of the analyses. Where an option is expected to improve on the current state it is highlighted in green. Where an option is expected to worsen performance relative to the current state it is highlighted in red. Where an option is expected to be neutral to the current state or where a change is expected to be negligible it is highlighted in yellow. Where an option has mixed or complex results on a criterion, it is marked with hash marks that reflect the mixed results. Where data is unavailable, the option is marked in grey.

Table 1: Summary of Affordability Programs

Option	Afford.	Conserv.	Equity	Comm. Support	Admin. Cost	Overall
Rebates						
One-time Assistance Payments						
Service Fee Waivers						
High-efficiency Retrofits						

Rebates and high-efficiency retrofits appear to be the most viable options for improving affordability for low-income households. One-time assistance payments and service fee waivers have limited overall impact but have strategic value for customers who accumulate too many overdue payments to recover or who must pay repeated service charges (e.g., for moving, water reconnection, etc.). High-efficiency retrofits may have the greatest strategic value overall because they can help improve affordability in the short term but may also help reduce long-term capital costs by reducing consumption. This may allow for rate reduction or reduced rate increases. However, their impacts are mitigated by the significant fixed charges in the rate structure.

Equity effects for most options are complex because of the tradeoffs between vertical, horizontal, and intergenerational equity. Vertical equity refers to the principle that costs should be proportional to ability to pay (i.e., lower-income households pay less). Horizontal equity refers to the principle that customers should pay similar amounts for similar levels of consumption. Intergenerational equity refers to the principle that costs should be borne by the generation that benefits and that benefits and costs should not fall disproportionately on different age groups. Most of the options are expected to make improvements in vertical and intergenerational equity.

A public engagement was conducted on the City's public engagement tool, *Be Heard Regina,* from May 28 to June 30, 2021. 70 per cent of respondents support or somewhat support affordability programs in general. Rebates received strong support, one-time assistance payments received moderate to strong support, depending on program design, and high-efficiency retrofits received only moderate support. Service fee waivers were added to consideration after the survey was released and so cannot be evaluated in terms of community support. A detailed summary of the public engagement results can be found in Appendix E: COR Water Utility & Property Tax Affordability.

Service fee waivers are expected to have the least impact in terms of administrative costs while rebates, one-time assistance payments and high-efficiency retrofits require additional resources to administer.

Overall, rebates and high-efficiency retrofits are expected to have the most positive impacts with the fewest negative trade-offs.

The most effective policy may be one which uses a combination of these approaches. For example, a program that requires customers to be on a payment plan for six months before transferring to a rebate would effectively address short-term and long-term income insecurity. This could be paired with service fee waivers to address customers experiencing housing insecurity or repeated income insecurity. Overall, the program options discussed here contain a high degree of nuance and their performance is highly sensitive to program design. A rigorous analysis of program design alternatives and further engagement should be undertaken before any approach is adopted.

The paper is structured as follows:

Water Affordability

The United Nation's Sustainable Development Goals recognize water and sanitation as a human right and call on governments to achieve universal and equitable access to safe and affordable drinking water for all by 2030[1]. Access to safe and affordable water is a concern in many countries where the cost of providing water has increased significantly in the last two decades. The cost increases are a global phenomenon resulting from increased regulatory costs, energy and construction costs, water scarcity, the need to address maintenance deficits and replace aging infrastructure, climate change, and changing ideas about utility costs. In many cases, income and population growth have not kept pace with rising costs. In response to rising rates, many customers have reduced their consumption by upgrading to more efficient water fixtures or changing consumption patterns. However, this has further increased rates in an effort to maintain utility revenues. The result is an increased burden on customers who are less able to improve their water efficiency, which tend to be low-income households.[2]

The American Water Works Association frames water utility affordability in three ways that emphasize its systemic nature (
Table 2). This paper primarily focuses on household affordability as this is where the City of Regina has the most influence. Household affordability is usually evaluated as the proportion of household income that is spent on water services, including water, wastewater and storm drainage.[3] It is internationally agreed that the cost of providing water should not exceed between two to five per cent of household income for it to be considered affordable.[4] Water in Regina is inherently more expensive than in other cities because of the need to transport water from Buffalo Pound, 56 kilometers away, and the higher costs of treating water on the prairies. Given this, the five per cent threshold is used to evaluate water affordability in Regina.

Table 2: Water Affordability Definitions

Type	Definition
Household affordability	A household's ability to pay for water without having to sacrifice other essential goods and services. This is the conventional way in which affordability is defined and involves considerations of both the cost of water services and household income.
Community affordability	A community's ability to pay for investments in water facilities and operations and maintenance expenses required to sustainably deliver services in compliance with laws and regulations. This is closely related to the idea of cost recovery and is related to a community's fiscal capacity and the cost of providing a certain level of service.

[1] United Nations (2021)
[2] Mack and Wrase (2017), Canadian Water Network (2018), American Water Work Association (2019), Canadian Water and Wastewater Association (2021).
[3] This approach must be used cautiously as it does accurately reflect the common definition of household affordability (i.e., the ability of households to pay for water services without needing to sacrifice other essential goods and services to pay their water utility bills). Nevertheless, the approach is widely accepted and is useful for making rough comparisons.
[4]OECD (2010)

National affordability	The extent to which water sector utilities can pay for the costs associated with regulatory requirements without creating an economic burden on communities and households.

Source: American Water Works Association (2019)

Table 3 presents the affordability estimates for Regina in 2015 [5]at the five per cent threshold using 2015 water and wastewater rates.[6] Approximately 8.2 per cent of all households experience water unaffordability. Most of the households have incomes below the average After-Tax Low Income Cut-Off (LICO-AT).[7]

Table 3: Regina Water Services Affordability (5% of Annual After-Tax Income)

No. of persons living in household	Annual estimated bill for water, wastewater and drainage	Annual income required for affordability	Estimated no. of households below affordability threshold	Share of total households
1	$946.48	$18,930	4545	
2	$1,120.92	$22,418	1485	
3	$1,266.25	$25,325	915	
4	$1,395.41	$27,908	420	
5	$1,513.74	$30,275	380[8]	
Total			7,745	8.2%

[5] 2015 is the most recent year for which data was available. Data is from the 2016 Census.

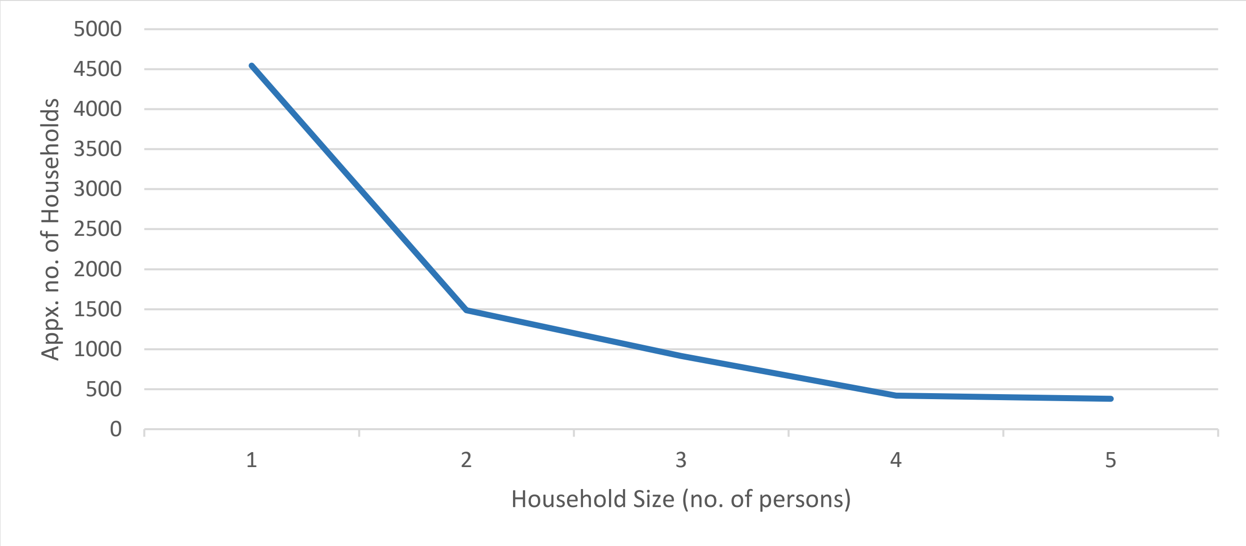
[6] The analysis follows the method used by Dr. Jim Warren (2019, 2021) and consumption estimates from DeOreo and Mayer (2014). Dr. Warren has advised that the consumption estimates may be out of date and overestimate average consumption per person. The number of households below the threshold was estimated using annual household after-tax income groups from the 2016 Census, the most recent data available.

[7] The LICO-AT varies by household and community size. In 2015the LICO-AT was $17,240 for a single-person households and $32,596 for a two-person household. The average LICO-AT for Regina was $21,406. This is a weighted average based on the number of households in each size category.

[8] Statistics Canada's household size bracket includes households with more than five persons. The estimate for five-person households is inflated.

Figure 1 shows that the number of one and two-person households experiencing unaffordability is considerably higher than larger households due to the impact of the shares of fixed and volumetric charges for water, wastewater and drainage, as defined in Table 4.

Figure 1: Approximate Number of Households Above Affordability Threshold



Estimates based on Warren (2019), DeOreo and Mayer (2014), and Statistics Canada (2019a)

Table 4: Volumetric and Fixed Charges

Charge	Definition
Volumetric (per cubic metre)	Intended to cover the costs of supplying and treating water and wastewater. Applied to the amount of water and wastewater used by each customer, ensuring large-volume users pay more.
Fixed (daily base charge)	Intended to cover the costs of the infrastructure from which all customers benefit equally. Includes water and wastewater charges based on meter size and a drainage infrastructure levy applied based on property size. Fixed charges are applied on a daily basis.

Figure 2 depicts the relationship between fixed and volumetric charges. As consumption increases, volumetric charges increase, but fixed charges stay the same and their share of total charges decreases as consumption rises, as shown in Figure 3. Fixed costs do not include any amount of consumption which means a typical household with zero consumption would still pay approximately $65 per month. Smaller households experience water unaffordability more often because they tend to have lower household incomes and reducing consumption to lower costs is less effective because of the high fixed charges. Larger households experience less water unaffordability because they tend to have higher household incomes and benefit from increased water consumption efficiency as shown in Figure 4.

Figure 2: Volumetric and Fixed Charges

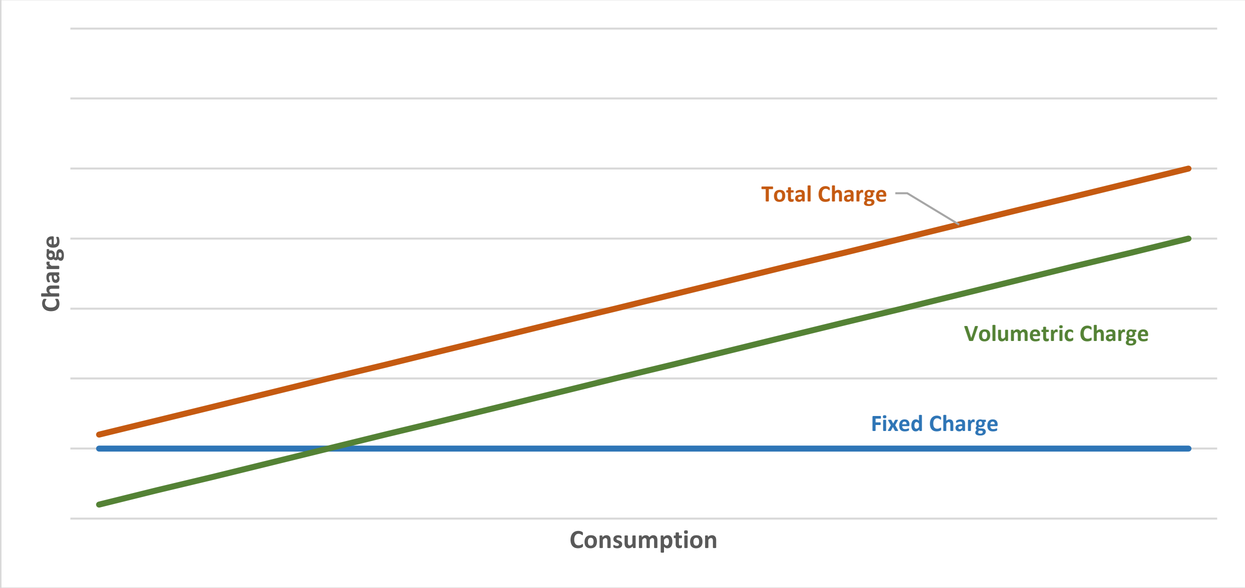
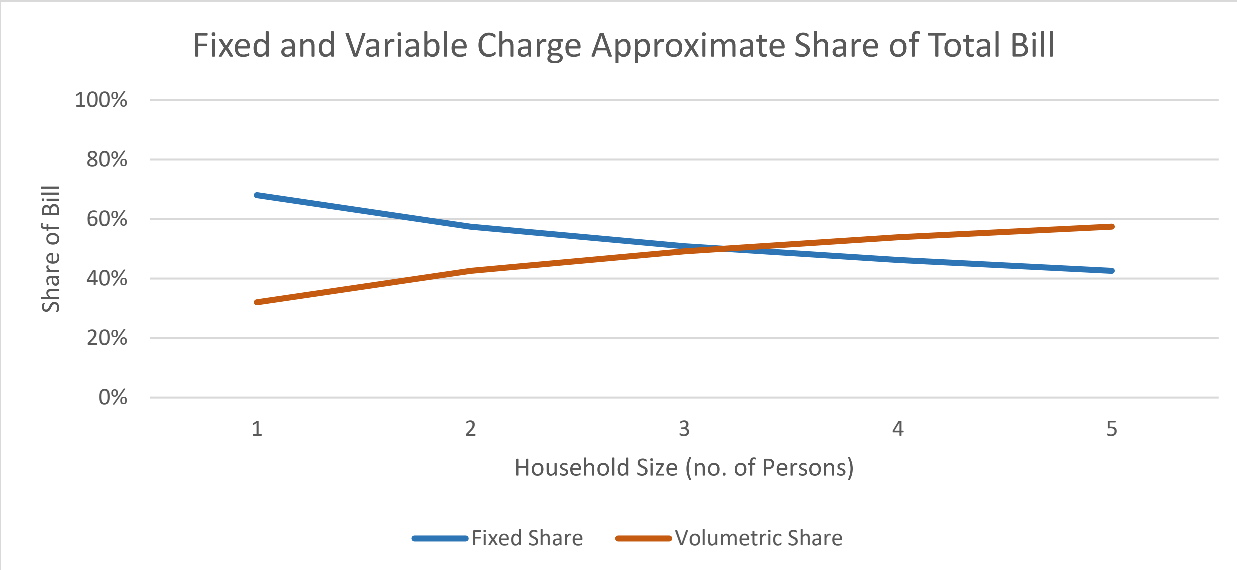
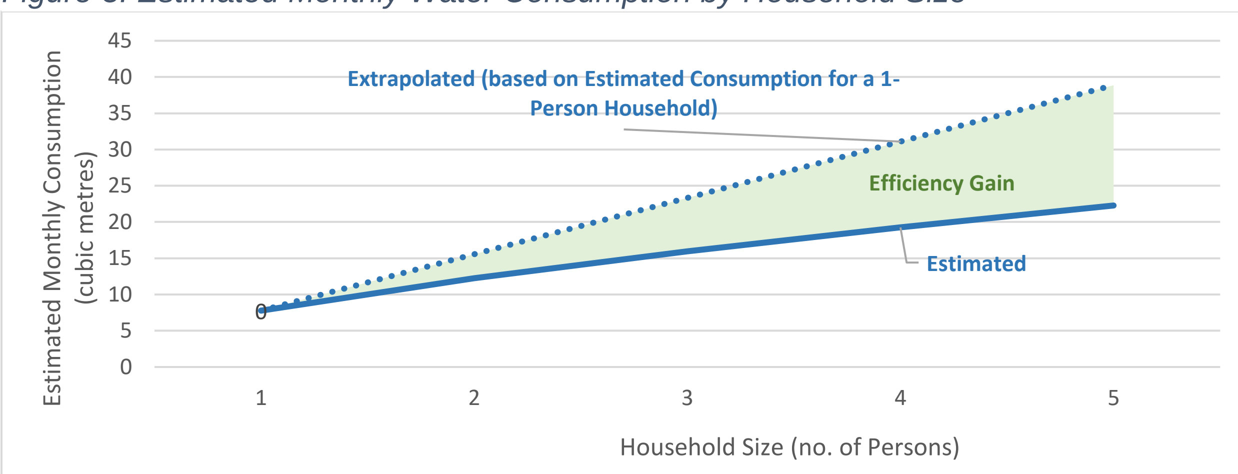


Figure 4: Fixed and Variable Charge Approximate Share of Total Water Utility Bill



Estimates based on Warren (2019), DeOreo and Mayer (2014)

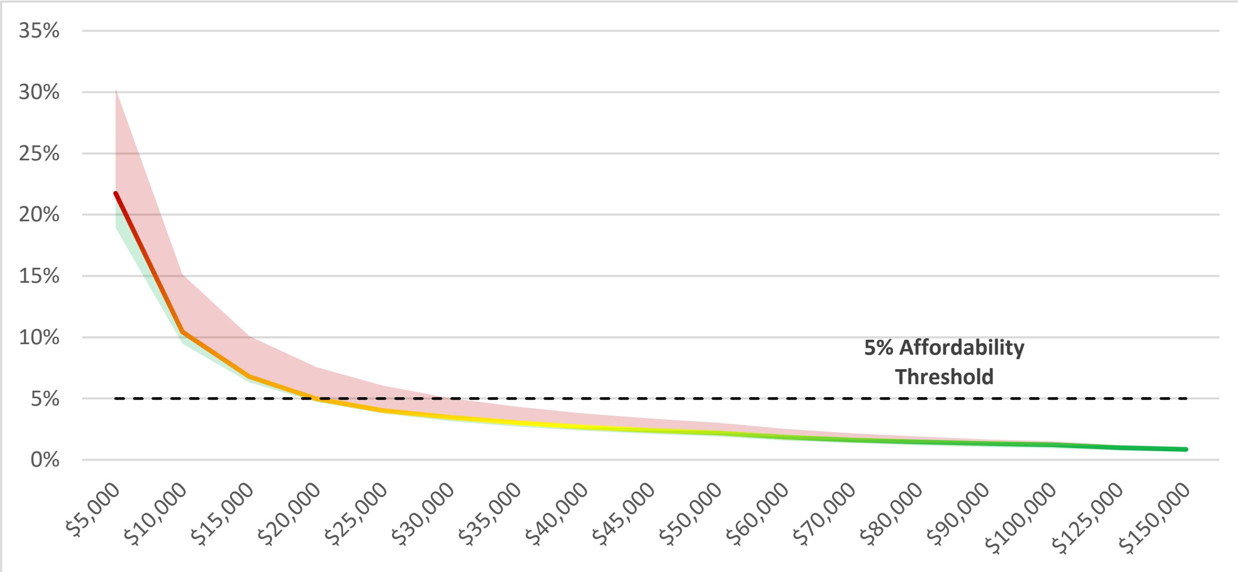
Figure 3: Estimated Monthly Water Consumption by Household Size



Estimates based on Warren (2019), DeOreo and Mayer (2014)

Figure 5 plots the approximate combined costs of water services as a share of annual after-tax household income for different income thresholds and highlights how affordability decreases rapidly as income falls below about $25,000 per year. The coloured line is the average cost-to-income ratio for water services weighted by household size. The red shaded area indicates the highest cost-to-income ratio among households of all sizes and the green shaded area indicates the lowest cost-to-income ratio at a given income level. Though the depth of unaffordability experience by low-income households is significant, the number of low-income households is relatively low.

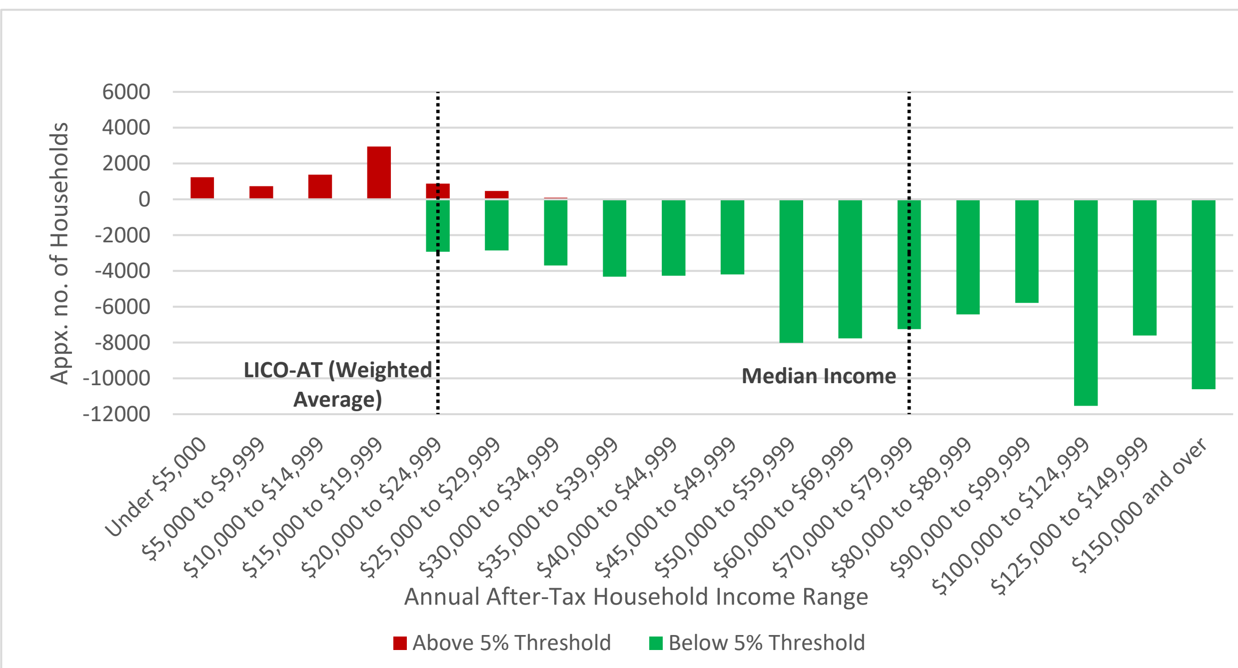
Figure 5: Water Services Costs as Share of Annual After-Tax Household Income



Estimates based on Warren (2019), DeOreo and Mayer (2014), and Statistics Canada (2019a)

Figure 6 shows the approximate number of households in each income range that would fall above or below the five or two per cent affordability thresholds. Positive values (red) reflect the number of households that fall above the affordability threshold (i.e., water is unaffordable) and negative values (green) indicate the number of households that are below the affordability threshold (i.e., water is affordable).

Figure 6: Approximate Number of Households Above and Below Affordability Threshold



Estimates based on Warren (2019), DeOreo and Mayer (2014), and Statistics Canada (2019a)

Evaluation Criteria

In addition to affordability, the evaluation draws criteria from the City's policies in *Design Regina: The Official Community Plan Bylaw No. 2013-48 (OCP)* and the Water Master Plan (WMP). Program options are evaluated on conservation and sustainability, equity, community support and administrative cost.

Conservation

The OCP identifies promoting conservation, stewardship and environmental sustainability as a community priority. Goal 5 of the WMP commits the City to supporting environmental conservation and sustainable water management. Council directed Administration consider conservation when crafting options for affordability programs. Improving water use efficiency is important for sustainable growth and can help low-income customers reduce their water use and water bills while maintaining benefits similar to current consumption.

Equity

Intergenerational equity is explicitly referred to in Goal 11 of the WMP which commits to a financially sustainable utility by funding it on a full cost recovery, user-pay basis. Other types of equity are implicitly referred to in policy 13.19 of OCP which states the City will establish programs and a fee structure to ensure that City programs, services and facilities are affordable, accessible and welcoming to all resident of Regina. This emphasizes affordability and is closer to the concept of vertical equity. This analysis considers intergenerational equity and vertical equity as well as horizontal equity. These are defined in Table 6: Types of Equity.

Table 5: Types of Equity

Type	Principle
Intergenerational Equity	Costs created in the present should be borne by the present generation instead of passing them on to future generations. Benefits and costs should be equally distributed across age groups in the present.
Vertical Equity	The cost of goods and services should be based on customers' ability to pay.
Horizontal Equity	Customers should pay similar amounts for similar quantities of goods and services consumed.

There is often tension between the three types of equity. Charging customers according to their ability to pay may mean customers pay different amounts for similar quantities of consumption, creating a conflict between vertical and horizontal equity. Conflicts between vertical and intergeneration equity may arise because of distributional effects. For example, households with senior citizens tend to have fewer people and lower water consumption, whereas households with children tend to have more people and higher water consumption. Fixed charges make up a larger portion of the water bill for households with seniors whereas volumetric charges make up a larger portion of the water bill for households with children. A policy that reduces variable or fixed charges, but not the other will inherently benefit one generation more than the other.

Community Support

A key consideration stated in the OCP is that Regina residents be engaged in the activities of the City, leading and supporting initiatives that enhance an inclusive city-building process that offers residents transparency in decision-making and builds ownership through participation. For this analysis, residents had an opportunity to provide input on water affordability programs in an engagement survey conducted from May 28 to June 30, 2021 on *Be Heard Regina*. Respondents self-selected into the survey rather than being selected through random sampling so the survey is not statistically valid. A full report of the results can be found in Appendix E: COR Water Utility & Property Tax Affordability. Engagement results show that 70 per cent of respondents support or somewhat support implementing an affordability program whereas 29 per cent did not support affordability programs.[9] Support was highest among households with annual incomes of less than $20,000 (93 per cent) and declined as incomes increased though support still remained significant among households with incomes greater than $150,000 per year (65 per cent).

61 per cent of respondents support or somewhat support eligibility for any low-income household while 28 percent support tailoring programs to specific demographic groups should the City implement a program. Support for all low-income households was strongest among households with annual incomes less than $20,000 per year and declined as income increased though a majority of households with incomes greater than $150,000 per year (54 per cent) still supported eligibility for all low-income households. Support for this group was also stronger among respondents who support affordability programs (76 per cent) than among those who do not (28 per cent). Respondents who do not support affordability programs would prefer a program to be targeted to specific demographic groups (42 per cent) should one be implemented. 23 per cent of respondents who support affordability programs support targeting specific demographic groups. 22 per cent of overall respondents support or somewhat support tailoring affordability programs to low-income households with seniors, 18 per cent support or somewhat support tailoring affordability programs to low-income households that include a person living with a disability and 12 per cent support or somewhat support tailoring affordability programs to low-income households with children under the age of 18. The ranking is similar across all household income groups.

In addition to the public engagement survey, the Administration received unsolicited feedback in the form of emails from 37 residents. 11 (30 per cent) expressed support for affordability programs and 14 (38 per cent) expressed opposition to affordability programs. The most common reasons for opposition to affordability programs were that high utility rates make them reluctant to pay more (8, 22 per cent) and that the City should focus on managing operational inefficiencies as a means or option to address the affordability issue (4, 11 per cent). 12 respondents (32 per cent) did not express support or opposition to affordability programs, but rather provided comments on program administration, survey design and opinions and ideas related to other City policies, programs and services.

Administrative Costs

The OCP identifies achieving long-term financial viability by considering the full costs of operating before committing to projects or services as a community priority. This analysis considered the administrative costs, including how complex a policy is to administer, the cost in terms of resources, and additional effort that would be required to implement each program option. It does not account for the actual cost of delivering a program. This will be considered in program design, should Council decide to implement an affordability program.

[9] Engagement results may not add to 100 per cent due to non-response, multiple response or rounding.

Evaluation Criteria
Based on these criteria, the guiding principles for the evaluation are shown in Table 6: Evaluation Criteria. Data limitations prevent thorough analysis of the effects of different policies. Though we cannot be certain how great of effects different policies will have in these areas, we can estimate whether the effect will be positive, negative, or neutral. Options are evaluated based on their expected performance relative to the current state.

Table 6: Evaluation Criteria

Criteria	Will be evaluated positively if:
Affordability	The option reduces the proportion of income spent on water services.
Conservation	The option reduces consumption or improves consumption efficiency.
Equity	The option results in a improvement between vertical, horizontal and intergenerational equity.
Community Support	The option received more support in the public engagement than the option to not implement an affordability program.
Administrative Cost	The option reduced administrative complexity, costs less and can be easily implemented.

Current State

The City of Regina currently uses a rate structure involving both fixed and uniform volumetric charges for water, wastewater, and storm drainage. Table 7 presents the rates for water, wastewater, and drainage infrastructure levy for a typical household.[10] Overall, volumetric charges generate 65 per cent of revenue and fixed charges generate about 35 per cent of revenue. On the cost side, the fixed costs of operating the utility system make up approximately 80 per cent of all costs, while volumetric costs account for the remaining 20 per cent.

Table 7: Water, Wastewater and Drainage Infrastructure Levy for a Typical Household

Service	Fixed Charge	Volumetric Charge
Water	\$0.88/day (5/8" water meter)	\$2.10/m^3
Wastewater	\$0.68/day (5/8" water meter)	\$1.86/m^3
Drainage Infrastructure Levy	\$0.59/day (0 to 1000 m^2 property)	-

Increased water demand from population growth and increased economic activity, and increased risk of drought from climate change have drawn more attention to the issue of water sustainability. The City's past conservation performance has been good with water consumption declining 26.7 per cent from 445 litres per capita in 1997 to 326 litres per capita in 2019. By comparison, overall annual consumption has only increased 1.8 per cent in the same time period.[11] This may be due to customers choosing high-efficiency fixtures, improved management of water infrastructure, or behavioral responses to increased water prices and concerns about climate change.

[10] This assumes a 5/8" water meter and a property size of 0 to 1,000 m^2
[11] Water Security Agency (2013, 2020)

The City currently offers budget billing and payment plans to customers, allowing customers to spread their payments out over time. This can reduce the burden of higher charges in high-consumption months or when settling overdue payments, but this does not ultimately improve affordability. There are approximately utility customers enrolled in budget billing and 3,949 (5.3 per cent) accounts more than 30 days overdue, 654 of which have payment arrangements set up.[12] The City currently does not have an affordability program for low-income customers.

Evaluation 1 evaluates the current state against the selected criteria. By default, the current state is neutral to itself and so is evaluated as satisfactory (green) or unsatisfactory (red). Hash marks indicate complexity in the evaluation, with satisfactory and unsatisfactory elements.

Evaluation 1: Current State

Overall				
Affordability	**Conservation**	**Equity**	**Community Support**	**Administrative Cost**

Affordability: An estimated 8.2 per cent of households spend more than five per cent of annual after-tax household income on water services. These households are concentrated below the LICO-AT. Performance is graded negatively because the fixed rate portion of the water rate structure does not allow for any consumption and customers who use no water are still charged approximately $65 per month. This can lead low-income customers to reduce consumption to the point where it adversely effects their health and they may still not be able to afford their bill. The flexible payment plans currently offered are useful for customers experiencing temporary low-income but do not improve overall affordability.

Conservation: The decrease in per capita consumption since 1997 suggesting the current structure is satisfactory for encouraging conservation. The potential of reduced demand leading to increased operational and maintenance costs is not a concern at this time, and efforts to improve conservation, especially during peak usage, should continue.

Equity: The current structure is vertically inequitable because it does not account for ability to pay and the fixed rate charge places a greater burden on smaller households which tend to experience higher rates of low-income. Horizontal equity is ambiguous because customers pay the same fixed rates and pay the same amount for similar levels of consumption so the structure is equitable in each rate but inequitable overall. There is an intergenerational equity issue as households with seniors and households with children tend to experience a higher rate of low-income than households with neither seniors nor children, resulting in decreased affordability. This is compounded for households with seniors who tend to live in smaller households. There is currently a infrastructure deficit, which would normally have a negative impact on intergenerational equity, but this is mitigated by the current capital investment plan which aims to eliminate the deficit.

[12] There are 10,202 overdue accounts, approximately 14 per cent of all accounts. The majority of overdue accounts pay their bills within 30 days of the due date and are not considered problematic. Accounts overdue by more than 30 days are reported because this provides a more realistic of overdue accounts.

Community Support: The 70 per cent of respondents who support or somewhat support affordability programs suggests there is dissatisfaction with the current system with respect to affordability. This is further supported by the unsolicited feedback.

Administrative Cost: The current system is not unduly complex or costly to administer.

Overall: The performance of the current state is polarized, performing satisfactorily in terms of conservation and administrative cost, but poorly in terms of affordability and community support. The current state is neither definitively satisfactory nor unsatisfactory.

Water Affordability Programs

The following analysis evaluates policy options to identify any that may help improve affordability. Options were identified through a scan of 19 municipal and 28 corporate water, power and energy utility providers and include rebates, one-time assistance payments, service fee waivers, and providing high-efficiency retrofits. A detailed jurisdiction scan is included as Appendix D: Utility Affordability Programs Jurisdictional Scan.

Where an option is expected to improve on the current state it will be highlighted in green. Where an option is expected to worsen performance relative to the current state it will be highlighted in red. Where an option is expected to be neutral to the current state or where a change is expected to be negligible it will be highlighted in yellow. Where an option has mixed or complex results on a criterion, it will be marked with hash marks that reflect the mixed results.

The five criteria are equally weighted. Data and technical limitations constrain evaluation of individual areas to logical analysis rather than a formal scoring system and reflects the general effects of an option, though there may be nuance that makes two otherwise identical options distinct.

Overall scores are based on whether an option has positive, negative, or neutral effects on a majority of the criteria. In cases where a positive and negative score on two criteria would cancel each other out, the two will be treated as a single neutral score for overall evaluation. The same rule will apply when determining overall score for criteria with mixed scores (hash marks).

Option 1: Rebates

Rebates reduce the amount eligible customers pay by applying either a fixed (e.g., a $40) or proportional (e.g., 25 per cent) reduction on the bill. Evaluation 2 evaluates the expected outcome of a rebate applied at the time of billing.

Evaluation 2: Rebates

Overall				
Affordability	Conservation	Equity	Community Support	Administrative Cost

Affordability: Rebates will improve affordability for low-income customers struggling to pay regular water bills. A fixed rebate would be most helpful to smaller households who struggle with fixed charges whereas a proportional rebate would be more effective for larger households where volumetric charges are more significant.

Conservation: Reduced costs may lead to increased consumption, but the overall effects are anticipated to be small and can be influenced by the amount of support provided. Conservation is not expected to change significantly compared to the current state.

Equity: Rebates can improve vertical equity by reducing costs for those least able to afford them. They worsen horizontal equity because customers consuming similar amounts of water may no longer pay similar costs and households that do not receive benefits would subsidize the consumption of those who do. As households with seniors and households with young children tend to experience low-income at a higher rate than other households, rebates can be expected to improve intergenerational equity. A fixed rebate will tend to benefit smaller households and households with seniors more than a proportional rebate which will benefit larger households and households with young children more. There is expected to be an improvement in equity overall.

Community Support: 63 per cent of respondents ranked rebates as their first or second choice among four affordability program options, indicating strong support for rebates should the City implement an affordability program. Rebates were the most preferred option among respondents who support or somewhat support affordability programs (78 per cent) and the least preferred options among respondents who do not support affordability programs (30 per cent)

Administrative Cost: Rebates will lead to an increase in administrative complexity due to the need to verify eligibility and manage program enrollment. This will likely require additional personnel to administer.

Overall: Though there are slightly different impacts depending on program design, rebates enjoy strong community support and are expected to create an overall improvement in affordability and equity, though with an increase in administrative costs.

Option 2: One-time Assistance Payments

The jurisdictional scan found one-time assistance payments to be offered in cases of financial hardship or in cases such as plumbing emergencies. The City already offers payments plans to assist in cases of temporary financial hardship which may result in one or two missed payments, one-time assistance would in this case would be oriented to customers who have fallen into arrears with little hope of catching up on their overdue payments. Falling behind on payments can decrease water affordability because customers must pay for both present and past consumption. Once customers begin to fall behind on payments it can be difficult to recover. One-time assistance payments are intended to prevent customers from accumulating significant amounts of owed charges and avoid this situation. One-time assistance for plumbing emergencies would cover a portion of repair costs and may help customers avoid going into debt to pay for repairs. Evaluation 3 evaluates the impacts of one-time assistance payments.

Evaluation 3: One-time Assistance Payments

Overall				
Affordability	Conservation	Equity	Community Support	Administrative Cost

Affordability: One-time assistance payments can improve affordability by eliminating or reducing the amount of overdue charges a customer must pay in addition to current charges. This can improve affordability over the long-term as it reduces the likelihood that the customer will continue to be overdue or increase the amount they owe due to being unable to pay the full amount. This approach does not improve overall affordability and may not prevent a customer from falling behind again after receiving assistance. Providing assistance in the case of plumbing failure can help customers avoid taking on debt to pay for repairs, but also does not improve overall affordability.

Conservation: As one-time assistance payments are not related to consumption, there are not expected to be significant impacts on conservation.

Equity: One-time assistance payments would slightly improve vertical equity since low-income customers are more likely to have trouble making full payments or to be unable to afford plumbing repairs. There is a slight decrease in horizontal equity as the assistance payments would mean not all customers are paying the same amount for similar levels of consumption and customers who do not receive assistance would be subsidizing those who do. Though the assistance payments effectively assist present day customers with debt incurred due to challenges in the past, the difference would likely only be a matter of months and so the intergenerational effects are negligible. The overall equity effects are not expected to be significant.

Community Support: 34 per cent of respondents ranked one-time assistance payments in cases of financial hardship as their first or second choice among four affordability program options, indicating moderate support should the City implement an affordability program. 35 per cent of respondents who support or somewhat support affordability programs and 33 per cent of respondents who do not support affordability programs ranked this option as their first or second choice. The engagement also asked about one-time assistance in cases of plumbing emergencies. 46 per cent of respondents ranked one-time assistance payments in cases of plumbing emergencies as their first or second choice among four affordability program options, indicating moderate to strong support should the City implement an affordability program. 49 per cent of respondents who support or somewhat support affordability programs and 41 per cent of respondents who do not support affordability programs ranked this option as their first or second choice. Overall, support for assistance in the case of plumbing failure was the second most preferred option, after rebates.

Administrative Cost: One-time assistance payments will lead to an increase in administrative complexity due to the need to verify eligibility and manage program enrollment. This will likely require additional personnel to administer.

Overall: One-time assistance payments enjoy moderate to strong community support and may have high strategic value for customers who are overwhelmed by overdue bills, or for customers who experience plumbing failure, though the general affordability impacts are limited. Overall, one-time assistance payments are not expected to significantly improve on the current state.

Option 3: Service Fee Waivers
Eligible customers will be exempt from service fees such as connection or reconnection fees. This can help reduce costs for customers who repeatedly incur service fees such as through frequent moves. Evaluation 4 evaluates the expected outcome of service fee waivers.

Evaluation 4: Service Fee Waivers

Overall				
Affordability	**Conservation**	**Equity**	**Community Support**	**Administrative Cost**

Affordability: Service fee waivers would help improve affordability for customers who are charged services fees, such as those that frequently move, but do little to address customers who do not but still struggle to afford their water bills. The overall affordability improvements are expected to be small.

Conservation: As service fee waivers are not related to consumption, there are not expected to be significant impacts on conservation.

Equity: Service fee waivers would slightly improve vertical equity since low-income families are more likely to be housing insecure or experience difficulty making payments. There is a slight decrease in horizontal equity as not all customers would be paying the same amount for additional services. The effects on intergenerational equity are uncertain. The overall equity effects are not expected to be significant.

Community Support: Service fee waivers were added as an option after the engagement survey was released so community support cannot be evaluated.

Administrative Cost: Service fee waivers can be administered as part of current practice and are not expected to require more resources.

Overall: Service fee waivers may have high strategic value for customers who repeatedly pay service fees but are not expected to make significant changes compared to the current state.

Option 4: High-efficiency Retrofits
Research demonstrates that water efficiency programs that fund or provide high-efficiency toilets, faucets and showerheads can help reduce household consumption significantly. However, low-income households are often unable to afford high-efficiency upgrades. Providing these upgrades can be a cost-effective way to help reduce costs by reducing consumption. Evaluation 5 evaluates the expected outcome of providing high-efficiency retrofits for low-income customers.

Evaluation 5: High-efficiency Retrofits

Overall				
Affordability	Conservation	Equity	Community Support	Administrative Cost

Affordability: Research shows that high-efficiency upgrades can reduce consumption by approximately 10 to 20 per cent depending on household size, weather effects, income level, and other variables. This could have significant affordability benefits for low-income households, especially over the long term. An additional long-term affordability effect is the potential to reduce long-term capital costs for the system which may allow for rate reductions (or at least smaller increases). Funding retrofits may also have other quality of life improvements for households who are otherwise unable to afford to replace damaged or worn-out fixtures. The affordability effects are partially mitigated by the significant fixed charge component of the rate structure.

Conservation: There are expected to be reductions in consumption, with potentially significant benefits in the long term.

Equity: Providing high-efficiency retrofits is expected to improve vertical equity by reducing overall costs for low-income households. This is without the usual trade-off with horizontal equity as all customers still pay similar rates for similar amounts of water consumed, though there may be a negative impact on equity with regard to purchasing high-efficiency fixtures. This option is expected to have benefits for all low-income households so intergenerational equity is expected to remain neutral. There is expected to be an improvement in equity overall.

Community Support: 25 per cent of respondents ranked high-efficiency retrofits as their first or second choice among four affordability program options. Given that 29 per cent of respondents did not support affordability programs, this is interpreted as moderate support. High-efficiency retrofits received higher support among respondents who do not support affordability programs (31 per cent) than among respondents who support or somewhat support affordability programs (23 per cent).

Administrative Cost: A retrofit program will likely require additional resources due to the need to verify eligibility and manage enrolment.

Overall: Providing high-efficiency retrofits will improve affordability, conservation and equity. The option only has moderate support and comes with increased administrative cost.

Preliminary Cost Estimates

All four options could be financed through either a fee applied to all water utility bills or through general rate increases. Table 8 presents the required monthly fee and utility rate increases that would be required to finance several different costs. Table 9 and Table 10 present the impacts of each type of financing on several sample properties.

Table 8: Monthly Fee and Water Rate Financing for Affordability Programs

	Program Cost				
	$250,000	$500,000	$1 Million	$2 Million	$3 Million
Monthly Fee on All Water Bills	$0.28	$0.56	$1.12	$2.23	$3.35
Utility Rate Increase (over 3% scheduled increase and 2% increase for lead program in 2022)	0.10%	0.50%	0.70%	1.50%	2.25%

Table 9: Impact of Monthly Fee Financing on Sample Properties

Sample Property	2022 Projected Monthly Charges	Change (%Change) in Monthly Charges				
		$250,000	$500,000	$1 Million	$2 Million	$3 Million
Grocery Store	$2355.99	$0 (0.0%)	$1 (0.0%)	$1 (0.1%)	$2 (0.1%)	$3 (0.1%)
Bottled Water Supplier	$1847.43	$0 (0.0%)	$1 (0.0%)	$1 (0.1%)	$2 (0.1%)	$3 (0.2%)
Restaurant	$536.17	$0 (0.1%)	$1 (0.1%)	$1 (0.2%)	$2 (0.4%)	$3 (0.6%)
Average House	$145.81	$0 (0.2%)	$1 (0.4%)	$1 (0.8%)	$2 (1.5%)	$3 (2.3%)
Large House	$207.91	$0 (0.1%)	$1 (0.3%)	$1 (0.5%)	$2 (1.1%)	$3 (1.6%)
Non-Profit Organization	$561.12	$0 (0.1%)	$1 (0.1%)	$1 (0.2%)	$2 (0.4%)	$3 (0.6%)
Townhouse Condo	$185.06	$0 (0.2%)	$1 (0.3%)	$1 (0.6%)	$2 (1.2%)	$3 (1.8%)

Table 10: Impact of Utility Rate Financing on Sample Properties

Sample Property	2022 Projected Monthly Charges	Change (%Change) in Monthly Charges				
		$250,000	$500,000	$1 Million	$2 Million	$3 Million
Grocery Store	$2355.99	$2 (0.1%)	$11 (0.5%)	$16 (0.7%)	$34 (1.5%)	$51 (2.2%)
Bottled Water Supplier	$1847.43	$2 (0.1%)	$9 (0.5%)	$13 (0.7%)	$27 (1.5%)	$40 (2.2%)
Restaurant	$536.17	$1 (0.1%)	$3 (0.5%)	$4 (0.7%)	$8 (1.5%)	$12 (2.2%)
Average House	$145.81	$0 (0.1%)	$1 (0.5%)	$1 (0.6%)	$2 (1.4%)	$3 (2.1%)
Large House	$207.91	$0 (0.1%)	$1 (0.5%)	$2 (0.7%)	$4 (1.4%)	$7 (2.1%)
Non-Profit Organization	$561.12	$1 (0.1%)	$3 (0.5%)	$4 (0.7%)	$8 (1.4%)	$12 (2.2%)
Townhouse Condo	$185.06	$0 (0.1%)	$1 (0.5%)	$1 (0.7%)	$3 (1.5%)	$4 (2.2%)

Option 1: Rebates
The City does not collect household income information from utility customers, so customers would have to apply to receive rebates. The program is expected to require 100 per cent of a full-time position to administer. Depending on program design and participation, a rebate program could cost between $300,000 and $3 million per year.

Option 2: One-time Assistance Payments
It is unknown how many customers experience plumbing failure in a year so cost estimates are for providing assistance to customers in arrears. One-time assistance payments may be restricted to low-income customers only, in which case they would require an application, or may feasibly be extended to all customers, in which case they can be applied automatically. The program is expected to require 100 per cent of a full-time position to administer. Depending on program design, the cost is expected to be $1 million to $2 million per year.

Option 3: Service Fee Waivers
Service fee waivers may be made available to low-income customers only, in which case they would require an application, or may feasibly be extended to all customers, in which case they can be applied automatically. This program can be administered as part of current administrative practices and is not expected to require additional resources. Depending on program design, the cost is expected to be $100,000 to $250,000 per year.

Option 4: High-efficiency Retrofits
This program would require an application process to verify low-income status. The program is expected to require 100 per cent of a full-time position to administer. Depending on program design and participation, providing high-efficiency retrofits could cost between $250,000 and $500,000 per year.

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Appendix B: Shifting the Access Fee to the Tax Base

Executive Summary

The water utility currently operates on a full cost recovery basis, meaning all costs are identified and recovered through user fees. Transferring some costs to the tax base would depart from this policy. Though full cost recovery is considered a best practice, there is precedent in Canada, the United States, Europe and elsewhere to use taxes instead of user fees to achieve public health or safety goals which provide community or nation-wide benefit rather than individual benefits.

The access fee is a transfer from the utility fund to the general operating fund to pay for the right to use civic assets. It is paid in lieu of property taxes and other service fees that the utility would pay to the City if it were a private owned utility. Transferring the fee would allow water rates to be reduced but require increasing mill rates or alternat revenue generation. Analysis indicates that the increase in property taxes mitigates most of the affordability improvements for water customers. Most lower-value properties will save less than one per cent overall whereas higher-value properties will experience overall cost increases over two per cent.

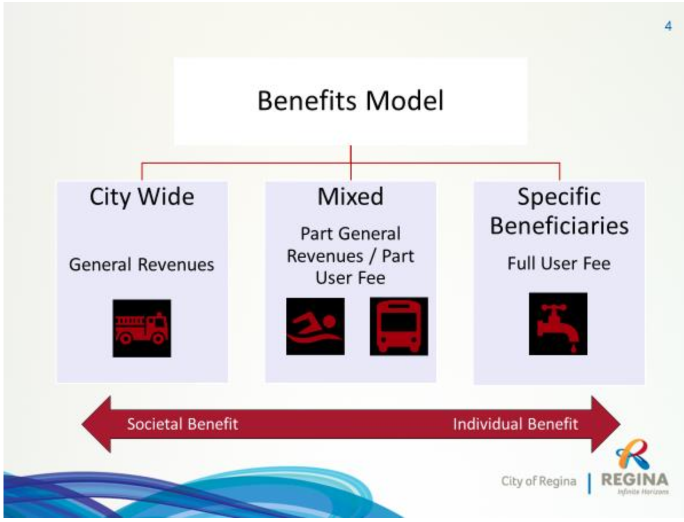
This paper explores the impacts of moving away from funding water services on a full cost-recovery, user-pay basis and instead funding water access with property taxes.

The paper is structured as follows:

Current State

The City of Regina charges utility customers fees for water, wastewater and drainage services on a full cost recovery basis, meaning the utility is self-funded through user fees. All revenue collected is used to fund the services provided and the water, wastewater and drainage systems that support service delivery. This reflects the benefits model set out in *Design Regina: Official Community Plan Bylaw No. 2013-48 (OCP)* (Figure 1). The model is based on the notion that services that benefit the entire community should be funded by general revenues, while services that benefit specific individuals should be funded by user fees. Services that provide benefits to both the entire community and specific individuals should be funded by a blend of general revenues and user fees.

Figure 1: Benefits Model



Water, wastewater, and storm drainage services ("water services") are considered to provide benefits to specific beneficiaries and so are funded through user fees. This is consistent with international best practices for water utilities which emphasize the need for full cost recovery financed through user fees to avoid wasteful water use and ensure utility systems are financially sustainable.[1] To fully fund the water infrastructure, all customers pay a daily fixed charge for water, wastewater and drainage, plus a charge for actual water consumption. The daily fixed charge for water and wastewater is dependent on the size of the meter installed on the property while the drainage charge is dependent on the type of property and size of the property for non-residential properties.

Transferring some costs to the tax base would depart from the full cost recovery model. Though full cost recovery approaches are considered best practice, there is precedent for partially funding water services through the tax base. There are jurisdictions in Canada, the United States, Europe, and elsewhere that do this on the basis that there are many benefits and costs – usually health, environmental or public safety related – that cannot be directly attributed to individual customers. The United States, for example, finances water environmental protection programs through the tax base. In Japan flood prevention and sewage infrastructure are subsidized on the basis that the public benefits exceed the individual benefits.[2] Based on this logic, this analysis examines the impacts of transferring the access fee to the tax base.

Impact of Access Fee Transfer

The access fee is an annual fee transferred from the utility fund to the general operating fund to pay for the right to use or access civic assets. It applies to any utility provider, public or private, operating in the City. The fee is equal to 7.5 per cent of the previous year's budgeted utility revenues from water services and a proportionate share of the Goods and Services Tax (GST) rebate. The 2021 access fee is budgeted at $11.1 million.

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[1] OECD (2006, 2016), American Water Works Association (2017)

[2] OECD (2010)

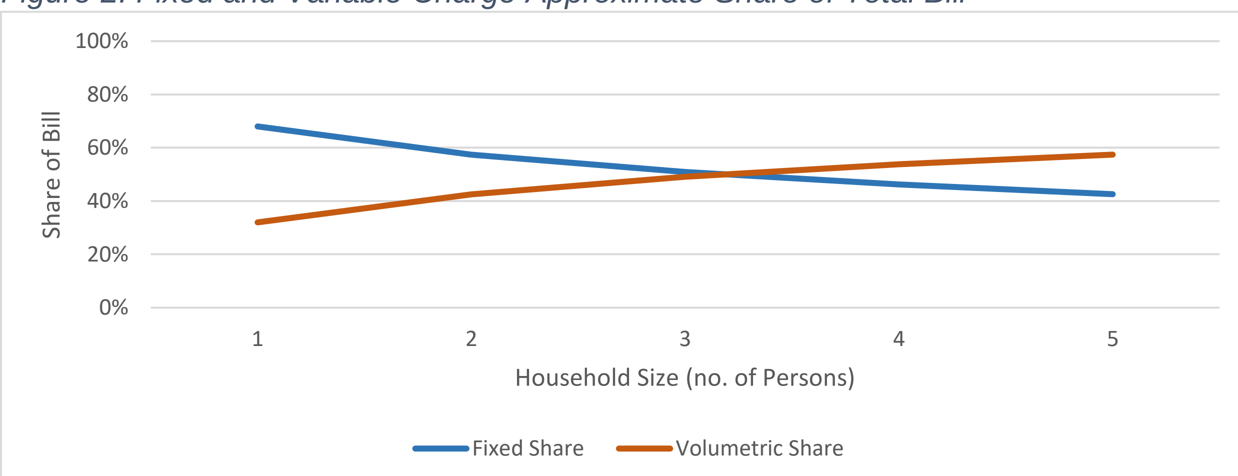
Paying a fee to access civic assets is common practice among municipalities. Table 1 shows the access fee charged by the City of Regina and four other prairie municipalities.

Table 1: Access Fee Policies in Prairie Cities

City	Policy
Regina	7.5% of previous year's budgeted water, wastewater and storm drainage revenues and a proportionate share of the GST rebate.
Saskatoon	10% of revenue
Moose Jaw	5% of revenue
Calgary	10% of revenue plus 10% return on equity
Winnipeg	10% of revenue with dividends paid

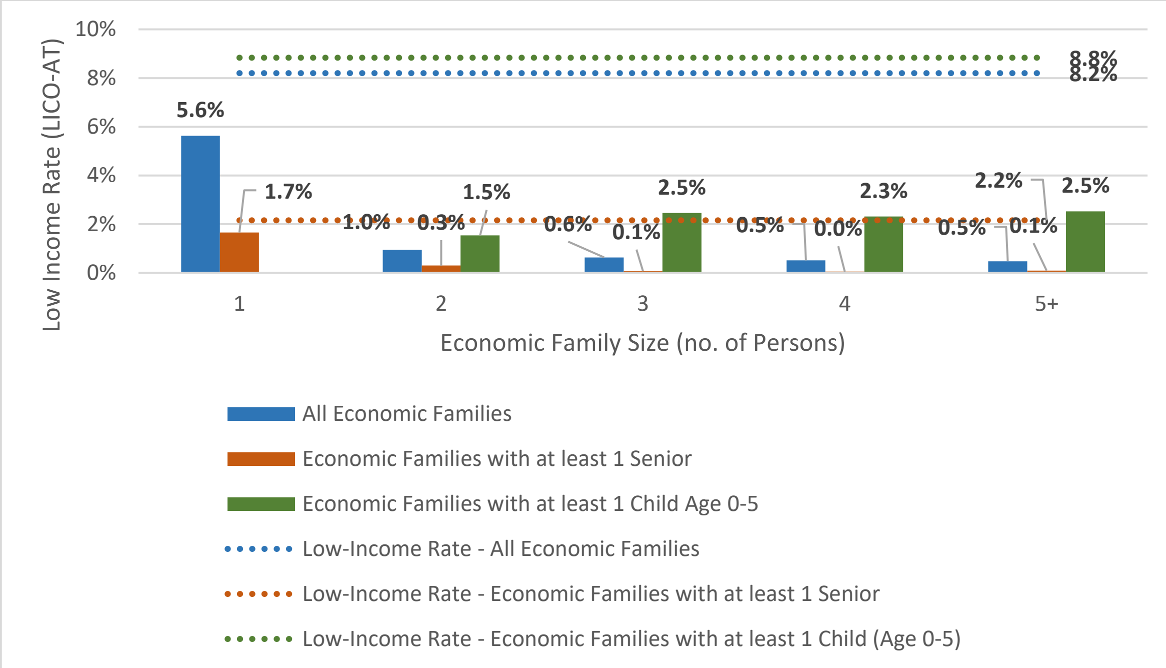
Shifting the access fee from the utility fund to the tax base would mean that water services would no longer be wholly funded by user fees, but rather by a blend of general taxes and user fees. The benefits model would interpret this decision as an acknowledgement that water services provide benefits to both the entire community and specific individuals. The result would increase property taxes and reduce the fixed charges for water services. Reducing the fixed charges would improve water affordability more than reducing consumption charges because the fixed charges comprise a larger portion of the water bill for smaller households which are more likely to experience water unaffordability (see Figure 2 and Figure 3).

Figure 2: Fixed and Variable Charge Approximate Share of Total Bill



Estimates based on Warren (2019), DeOreo and Mayer (2014)

Figure 3: Rate of Low Income within Category (All/with Senior/with Child age 0-5)



Source: Statistics Canada (2019)

Table 2 summarizes the change in water service rates and the corresponding changes in mill rates if the access fee is financed with property taxes. Assuming the changes were implemented in the 2022 budget[3], the water and wastewater fixed charges for a typical household would decrease by 24.4 per cent, respectively, while the mill rate would increase by 4.1 per cent. The change is concentrated in the fixed charges to maximize the affordability benefits.

Table 2: Impact of Moving Access Fee to Tax Base

	2022 Projected Rate	Rate with Access Fee Transferred	Change	% Change
Water Service Charges				
Water Base Charge (5/8" water meter)	$0.90/day	$0.68/day	-$0.22/day	-24.4%
Wastewater Base Charge (5/8" water meter)	$0.70/day	$0.53/day	-$0.17/day	-24.4%
Drainage Infrastructure Levy (0-1000 m2 property)	$0.60/day	$0.60/day	$0.00/day	0.0%
Water Volume Rate	$2.16/m3	$2.16/m3	$0.00/m3	0.0%
Wastewater Volume Rate	$1.92/m3	$1.92/m3	$0.00/m3	0.0%
Mill Rate	9.8010[4]	10.1987	0.3977	4.1%

[3] Access fees for 2022 are projected to be $11,422,900.

[4] The values for the Residential and Commercial mill rates are estimated for the year 2022 (9.8010) by applying a 3.7 per cent increase to the current mill rate (9.4513 for 2021) and multiplying by the residential and commercial mill rate factors (0.91034 and 1.2495, respectively). 3.7 per cent is the average mill rate increases across the 2018 to 2021 budgets.

Table 3 and

Table 4 present the changes for several sample properties based on actual data. As the fixed rates are reduced, the change is similar for most sample properties. Residential customers would save approximately $12.05 on their monthly water bill. Larger properties would save more because they have larger meters. Base charges are applied based on meter size and so properties with larger meters save more. The per cent change varies due to differences in total bill size and ranges from a decrease of 8.3 per cent to 0.7 per cent. The cost savings are offset by the increases in property taxes which range from $4.60 per month for smaller properties to $1,404.79 per month for large commercial properties.

Table 5 presents the net impacts of the access fee transfer on monthly payments. The net benefits amount to less than one per cent monthly savings for most properties, though higher-value properties are likely to experience net increases of over two per cent.

Table 3: Change to Water Bills with Access Fee Transfer

Sample Property	Average Water Consumption (m^3/month)	Average Wastewater Consumption (m^3/month)	2022 Projected Monthly Charges	2022 Monthly Charges Without Access Fee	$ Change	% Change
Grocery Store	398.96	390.98	$2355.99	$2322.27	-$33.72	-1.4%
Bottled Water Supplier	774.82	759.32	$3310.30	$3286.04	-$24.26	-0.7%
Restaurant	115.61	113.30	$536.17	$524.12	-$12.05	-2.2%
Average House	18.63	15.28	$145.81	$133.76	-$12.05	-8.3%
Large House	35.24	28.90	$207.91	$195.86	-$12.05	-5.8%
Non-Profit Organization	129.71	106.36	$561.12	$549.07	-$12.05	-2.1%
Townhouse Condo	31.20	25.58	$185.06	$173.00	-$12.06	-6.5%

Table 4:Change to Property Tax with Access Fee Transfer

Sample Property	2022 Projected Annual Tax	Annual Tax With Transfer	Annual Change	Monthly Change	% Change
Grocery Store	$415,439.04	$432,296.51	$16,857.47	$1,404.79	4.1%
Bottled Water Supplier	$24,634.76	$25,634.37	$999.62	$83.30	4.1%
Restaurant	$6,239.52	$6,492.70	$253.18	$21.10	4.1%
Average House	$3,219.15	$3,349.77	$130.62	$10.89	4.1%
Large House	$9,886.74	$10,287.92	$401.18	$33.43	4.1%
Non-Profit Organization	$3,493.88	$3,635.66	$141.77	$11.81	4.1%
Townhouse Condo	$1,360.64	$1,415.85	$55.21	$4.60	4.1%

Table 5: Net Impact of Access Fee Transfer

Sample Property	2022 Projected Monthly Tax and Utility Payments	2022 Monthly Tax and Utility Payments with Transfer	Net Change in Monthly Payments	% Change
Grocery Store	$36,975.91	$38,346.98	$1,371.07	3.7%
Bottled Water Supplier	$5,363.20	$5,338.94	-$24.26	-0.4%
Restaurant	$1,056.13	$1,083.16	$27.03	2.6%
Average House	$414.07	$412.91	-$1.16	-0.3%
Large House	$1,031.81	$1,053.19	$21.38	2.1%
Non-Profit Organization	$852.28	$852.04	-$0.24	0.0%
Townhouse Condo	$298.45	$290.99	-$7.46	-2.5%

These results indicate that transferring the access fee would not significantly improve water affordability and may reduce overall affordability for higher-value commercial properties. The results assume the property owner and the utility customer are the same person. Renters may benefit from reduced utility rates but these are likely to be mitigated as landlords attempt to recoup increased tax costs by increasing rent. Renters in multi-residential complexes are likely to experience a net loss of affordability as multi-residential properties are higher-value and so will experience a greater tax increase than water savings.

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Appendix C: United Nations Sustainable Development Goals

The 17 United Nations Sustainable Development Goals (SDGs) were adopted in 2015 as a "universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity."[1] Though there are several goals that relate to water utility affordability, the most relevant goal for the City is SDG 6: Ensure access to water and sanitation for all. SDG 6 focuses on the sustainable management of water resources, wastewater, and ecosystems toward the achievement of the eight targets described in Table 1.

Table 1: SDG 6 Targets

SDG 6: Ensure access to water and sanitation for all.	
1	By 2030, achieve universal and equitable access to safe and affordable drinking water for all
2	By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations
3	By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.
4	By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.
5	By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate.
6	By 2030, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes.
7	By 2030, expand international cooperation and capacity-building support to developing countries in water- and sanitation-related activities and programs, including water harvesting, desalination, water efficiency, wastewater treatment, recycling and reuse technologies.
8	Support and strengthen the participation of local communities in improving water and sanitation management.

Most of these targets are focused on countries with underdeveloped water infrastructure or water policies, or countries such as Canada where some Indigenous communities face water crises. Others, such as the affordability and sustainability targets, remain relevant for developed countries but are more appropriately implemented by federal or provincial authorities. Integrated water management and water ecosystem protection, for example, fall under the mandate of Saskatchewan's Water Security Agency. Given that the City of Regina is the local water utility provider, it is best situated to address issues of access and affordability directly, though there may be some aspects that cannot be adequately addressed at the municipal level such as overall price levels or regulatory requirements. The SDG targets are not designed to provide specific detail for crafting affordability policies. Rather, these goals are a guide for high-level strategic policy planning such as the Official Community Plan, the *Water Master Plan*, and the *Wastewater Master Plan*.

[1] United Nations (2021)

Design Regina: The Official Community Plan Bylaw No. 2013-48 (OCP) was approved in 2013. The OCP sets out the City's long-term strategic direction on future growth and development. It provides a comprehensive policy framework to guide the physical, environmental, economic, social and cultural development of the community. The OCP contains several goals which are aligned with SGD 6. Goal 14.20C states, "the phasing and/or development of land shall not be permitted to proceed unless it can be demonstrated, to the satisfaction of the City, that core services (e.g., water, wastewater, storm water, transportation, parks and recreation infrastructure) can be provided and maintained in a fiscally sustainable and cost effective manner." A component of financial sustainability is providing "affordable and cost-effective services and amenities in accordance with available financial resources and capabilities," stated in Goal 1.3.2. The City is also committed to establishing "programs and a fee structure to ensure that City programs, services and facilities are affordable, accessible, and welcoming to all residents of Regina," (Goal 13.19) as part of its social development goals which are focused on promoting inclusion for individuals, families and neighbourhoods in disadvantaged positions. Taken together, the City is committed to developing only in ways which are affordable and to designing fee structures which account for different needs and challenges.

The *Water Master Plan (WMP)*, approved in 2018, and *Wastewater Master Plan (WWMP)*, approved in 2019, are more specific than the OCP. They affirm that clean and safe water is essential to the health and well-being of the community and commits the City to provide potable water to customers to ensure planning for a sustainable water and wastewater service and system. These commitments are described in the seven service categories which collectively reflect the regulatory, social, economic and environmental outcomes for water and wastewater service delivery. Table 2 summarizes how the goals in the WMP and WWMP align or contribute to the attainment of the SDG goals and targets:

Table 2: Alignment Between Water and Wastewater Master Plan Goals and SDG 6

SDG 6: Target 1 **By 2030, achieve universal and equitable access to safe and affordable drinking water for all.**	
WMP	• Goal 1: Provide water at adequate pressure and in sufficient quality and quantity to satisfy the requirements for domestic and commercial use and for fire protection. • Goal 2: Ensure water will be available with only minimal local disruptions for system maintenance and rare large-scale disruptions due to unforeseen circumstance. • Goal 3: Provide water that meets Provincial water quality standards and objectives. • Goal 6: Be responsive to service requests. • Goal 7: Minimize length of service disruption. • Goal 8: Be responsive to customer inquiries and needs. • Goal 9: Produce and collect on utility billings in an efficient, accurate and timely manner. • Goal 10: Accommodate growth and redevelopment within planning policy by providing water service. • Goal 11: Ensure water service is financially sustainable.

WWMP	• Goal 1: Collect and deliver residential, commercial and industrial wastewater with minimal public impact. • Goal 2: Collect and deliver wastewater for treatment in compliance with the operating permit. • Goal 3: Treat wastewater to a standard that meets the requirements of the operating permit. • Goal 4: Ensure that constituents (byproducts ex. biosolids/effluent water/biogas) that are removed from the wastewater are treated and disposed of in an appropriate manner. • Goal 8: Be responsive to service requests. • Goal 9: Minimize length of service disruption. • Goal 10: Be responsive to customer inquiries and needs. • Goal 11: Produce and collect on utility billings in an efficient, accurate and timely manner. • Goal 12: Accommodate growth and redevelopment within planning policy by providing wastewater service. • Goal 13: Ensure wastewater service is financially sustainable.
SDG 6: Target 3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.	
WWMP	• Goal 5: Minimize the discharge of industrial pollution and hazardous waste to the sewer system.
SDG 6: Target 4 & 5 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity. By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate.	
WMP	• Goal 4: Enhance water efficiency. • Goal 5: Support environmental conservation and sustainable water management.
WWMP	• Goal 6: Enhance wastewater efficiency. • Goal 7: Support environmental conservation and sustainable wastewater management.

Sources

United Nations. 2021. *What are the Sustainable Development Goals?* Accessed June 4, 2021. https://www.undp.org/sustainable-development-goals.

Appendix D: Utility Affordability Programs Jurisdictional Scan

Table 1: Municipal Water Utility Providers presents the result of a jurisdictional scan of 19 municipalities in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia and Newfoundland and Labrador. Of these, 12 had a utility affordability program in place. Table 2: Corporate Utility Providers presents the result of a jurisdictional scan of 28 corporate utility providers in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia and Newfoundland and Labrador. Of these, 13 had a utility affordability program in place.

Table 1: Municipal Water Utility Providers

Program Type	No. of Utility Providers Implementing a Program	Name of Water Utility Provider	Description of Program
Early Payment Discount	2	City of Richmond, BC	10% discount for any resident who pays their bill early.
		City of Nanaimo, BC	5% discount for any resident who pays their bill early.
One-time Assistance	4	City of Winnipeg, MB	One-time financial assistance to low-income customers struggling to pay their water bill.
		City of London, ON	Customer Assistance Fund to help low-income customers in crisis situations or experiencing plumbing failure pay their bills.
		Halifax Regional Municipality, NS	Assistance fund to help any customer in emergency situations pay their bills.
		City of Medicine Hat, AB	Assistance for customers at risk of disconnection and customers who are experiencing financial difficulty.
High-efficiency Retrofits	1	City of London, ON	Customer Assistance Fund to help low-income residents upgrade to high-efficiency fixtures.
Payment Plan	2	City of Hamilton, ON	Special payment options for low-income customers including extended payment, interest-free payments, or long-term repayments.
		City of Fredericton, NB	Flexible payment arrangements for all customers.
Payment Deferral	1	City of Ottawa, ON	Deferral program for low-income seniors and low-income people with disabilities.
Rebate/Discount	3	Halton Region, ON	Rebates for high-efficiency toilets and to prevent basement flooding.
		City of Nanaimo, BC	50% discount for low-income seniors who own their properties.
		City of Toronto, ON	Rebate for low-income seniors and low-income people with disabilities applied at time of billing.

Table 2: Corporate Utility Providers

Program Type	No. of Utility Providers Implementing a Program	Name of Utility Provider	Description of Program
High-efficiency Retrofits	3	SaskPower	Energy efficiency program for low-income customers.
		Enbridge Gas (ON)	Conservation programs for low-income customers.
		FortisBC Electric (BC)	Energy efficiency assistance for low-income customers.
One-time Assistance	2	Enbridge Gas (ON)	One-time emergency assistance grants.
		Manitoba Hydro	Emergency grants funded through donations.
Payment Plan	11	Burst Energy (AB)	Payment plans
		Saskatoon Light and Power	Payment plans
		SaskEnergy	Payment plans
		FortisBC Electric (BC)	Payment plans
		UtilityNet (AB)	Partner organizations offer budget-billing and payment plans.
		Access Gas Services	Payment plans
		Get Energy (AB)	Payment plans
		Enbridge Gas (ON)	Payment plans
		Alberta Cooperative Energy	Payment plans
		EPCOR	Payment plans
		Manitoba Hydro	Payment plans
Rebate/Discount	2	EMCO	Rebates for low-income customers funded by community donations, sponsorships, and public loans.
		Sponsor Energy (AB)	Discounts for low-income customers funded through profits.
Fee Waivers	1	Get Energy (AB)	Deposit fee waivers.

Appendix E

City of Regina | REGINA Infinite Horizons

FAST CONSULTING Business Intelligence

City of Regina Water Utility and Property Tax Affordability Survey Report, July 2021

Contents

City of Regina | 2021 Water Utility and Property Tax Affordability Survey Report

Executive Summary

Water Utility and Property Tax Affordability Public Engagement Survey

The City of Regina is exploring potential options to improve affordability for low-income taxpayers and water utility customers. As part of the public engagement process, the City posted a public opinion survey on its Be Heard Regina online platform (beheard.regina.ca) to gather feedback from Regina residents to better understand the costs and impacts of potential options.

The online questionnaire was live from May 28th to June 30th, 2021. A total of 2,924 Regina residents completed the survey. Fast Consulting was asked to analyze the results and present them in the following report.

Highlights

The online questionnaire posted to the beheard.regina.ca website is a public engagement tool designed to provide Regina residents with an opportunity to share opinions with the City; it is not a statistically valid survey conducted with a random selection of respondents. Because respondents self-select to contribute their opinions, results technically constitute a non-probability sample and a margin of sampling error is not calculated or quoted.

Respondent Snapshot

- The large majority (92%) of survey respondents pay residential property taxes, while 3% pay also commercial property taxes. Specific analysis on the subset of those who pay commercial property taxes is included in the report; the sample size of this cohort is 102.
- The large majority (91%) of survey respondents have a water utility account under their name. A small percentage (5%) have more than one water utility account under their name. Specific analysis on the subset of those respondents without a water account in their name is included in the report; the sample size of this cohort is 211.
- Two out of ten (21%) respondents live in households with a total annual income of $40,000 or less. Another 27% live in households with $40,000 - $80,000 annual income, 22% in households with $80,000 - $150,000 annual income and 11% in households with $150,000 or more annual income.

Water Utility Affordability Programs

- When asked how water utility affordability programs should be targeted, six out of ten (61%) respondents say any low-income household should be eligible vs. 28% who say programs should be tailored to specific demographic groups.
- Of the 28% who say water utility affordability programs should be tailored to specific demographic groups, the large majority think programs should target low-income households with seniors (79%). The majority (63%) think programs should target low-income households that include those living with a disability and 42% think programs should target low-income households with children under the age of 18.

6 out of 10 Rank ‘Monthly Water Utility Rebates’ Highest

- When asked to rank options the City should consider in designing a water utility affordability program, top two box scores (1 and 2 combined on a 4-point scale) reveal that most respondents (63%) rank 'monthly water utility rebates, applied for annually' as the highest priority.

- Close to half (46%) rank 'one-time assistance for emergency expenses, such as plumbing emergencies' the highest priority. This is followed by a third (34%) who rank 'one-time assistance for short-term financial hardship' the highest priority, and a quarter (25%) who rank 'one-time assistance for home efficiency retrofits' the highest priority.

4 out of 10 Prefer Affordability Programs Funded by General Revenue

- The largest percentage (41%) of respondents prefer that affordability programs be funded through general revenue (property tax). Another 20% prefer they be funded through increases to water utility rates.
- More than a third (36%) do not support affordability programs for low-income water utility customers.

6 out of 10 Prefer Water Utility Rates Based on Water Use

- Six out of ten (60%) respondents think the City should base water utility rates primarily on water use, with water infrastructure and maintenance costs paid partially through property taxes.
- Four out of ten (37%) think the City should continue charging water utility rates based on the total cost of providing the water service. This is the preferred option among commercial property taxpayer respondents at 59%.

Property Tax Affordability Programs

- When asked how property tax affordability programs should be targeted, six out of ten (57%) respondents say any low-income household should be eligible, while three out of ten (31%) say programs should be tailored to specific demographic groups.
- When asked which demographic groups property tax affordability programs should target, 26% identify low-income households with seniors, 21% low-income households that include those living with a disability and 12% low-income households with children under 18.

6 out of 10 Agree with Annual Rebate Option

- Six out of ten (57%) respondents think eligible property owners should be able to apply for an annual rebate for a portion of their property tax. Approximately 18% think eligible property owners should have the option to defer a portion of their property tax with a repayable loan from the City and 15% that eligible property owners should be able to apply for a one-time property tax grant.
- Commercial taxpayer respondents are less likely to agree with an annual rebate and more likely to agree with a deferral.

Support for Affordability Programs

- Seven out of ten (70%) respondents support low-income water utility and taxpayer affordability programs. Three out of ten (29%) do not support affordability programs.
- Support is highest among lower income households and those without a water utility account in their name. Those with household incomes >$40,000 also support affordability programs, although support softens as income increases. Commercial property taxpayer respondents are the least supportive (54%).

Who should pay more?

- The large majority (82%) of respondents agree that non-residential properties should pay more property tax than residential properties. Commercial property taxpayer respondents are much less likely to agree, at 33%.

4 out of 10 Support 1% Increase Option

- Respondents are informed that 36 per cent of municipal property tax in the City of Regina will be paid by just over 5,000 non-residential properties in 2021. After being presented with three options for increasing the non-residential share, they are asked which they would support.
  - Four out of ten (36%) respondents would not support any increase over 36 per cent (none, 0 per cent increase). The large majority (74%) of commercial taxpayer respondents would not support any increase over 36 per cent (none, 0 per cent increase).
  - Three out of ten (29%) respondents would support a 1 per cent increase over 36 per cent for non-residential properties, which would equal $34 average residential savings and $3,100 mid-size retail increase
  - Another 18% would support a 2 per cent increase over 36 per cent, for $68 residential savings and $6,200 mid-size retail increase. While 15% would support a 5 per cent increase over 36 per cent, for $169 residential savings and $15,493 mid-size retail increase.

City of Regina | 2021 Utility and Property Tax Affordability Survey Report

Survey Results

Respondent Snapshot

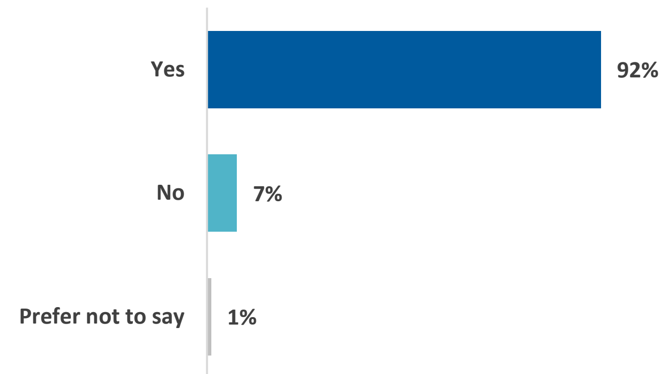
Property Taxpayers

Q1. Do you currently pay residential property taxes?

- Nine out of ten (92%) survey respondents pay residential property taxes.
- **The incidence of being a residential taxpayer increases with household income. Nine out of ten commercial property taxpayers are also residential property taxpayers.**

	Household Income					Overall
	<$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	
Yes	79%	86%	92%	95%	98%	92%

9 out of 10 Pay Residential Property Taxes

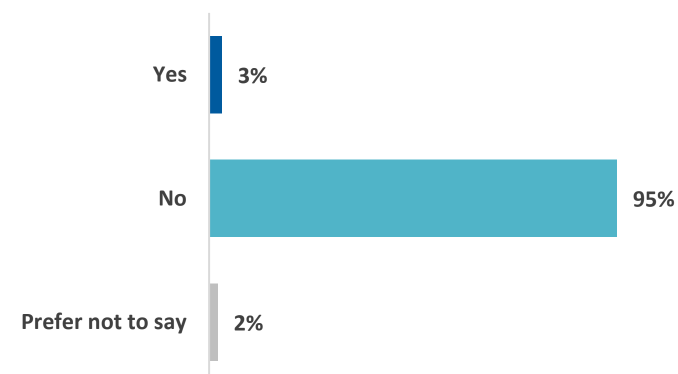


Q2. Do you currently pay commercial property taxes?

- A small percentage (3%) of respondents pay commercial property taxes; the large majority (95%) do not.
- **One out of ten respondents with a household income of $150,000 or more currently pay commercial property taxes.**

	Household Income					Overall
	<$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	
Yes	3%	1%	2%	3%	11%	3%

Few Respondents Pay Commercial Property Taxes



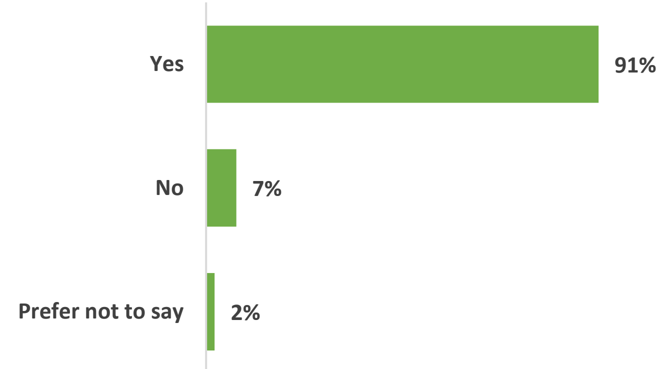
Water Utility Account Holders

Q3. Do you have a water utility account under your name?

- Nine out of ten (91%) respondents have a water utility account under their name.

	Household Income					Overall
	<$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	
Yes	**92%**	**90%**	**91%**	**91%**	**94%**	**91%**

9 out of 10 Have Water Utility Account Under their Name

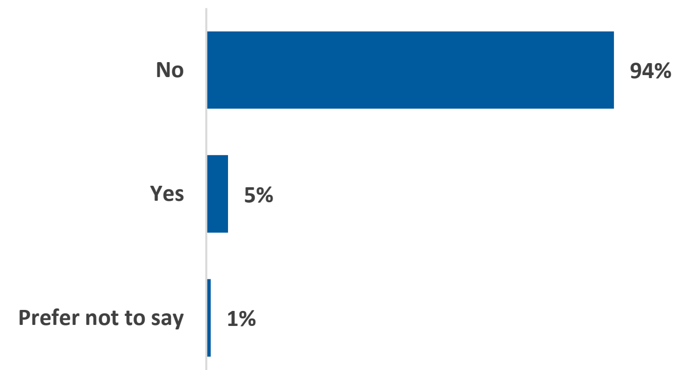


Q4. Do you have more than one water utility account under your name?

- A small percentage (5%) of respondents have more than one water utility account under their name; the large majority (94%) do not.

	Household Income					Overall
	<$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	
Yes	**4%**	**2%**	**4%**	**6%**	**9%**	**5%**

Few Have More than One Water Utility Account

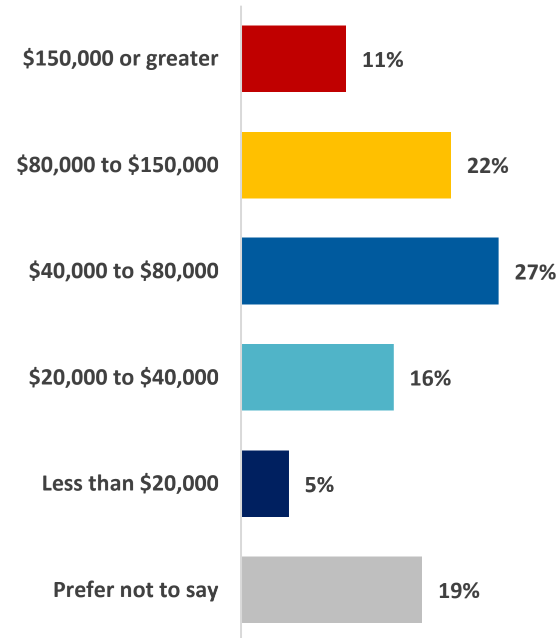


Household Income Levels

Q6. What is the approximate total annual income from all persons in your households?

- Two out of ten (21%) respondents live in households with a total annual income of $40,000 or less.
- Three out of ten (27%) live in households with a total annual income of $40,000 to $80,000.
- Two out of ten (22%) live in households with a total annual income of $80,000 to $150,000.
- One in ten (11%) live in households with a total annual income of $150,000 or more.
- The remaining two out of ten (19%) prefer not to say.

2 out of 10 Live in Low-income Households



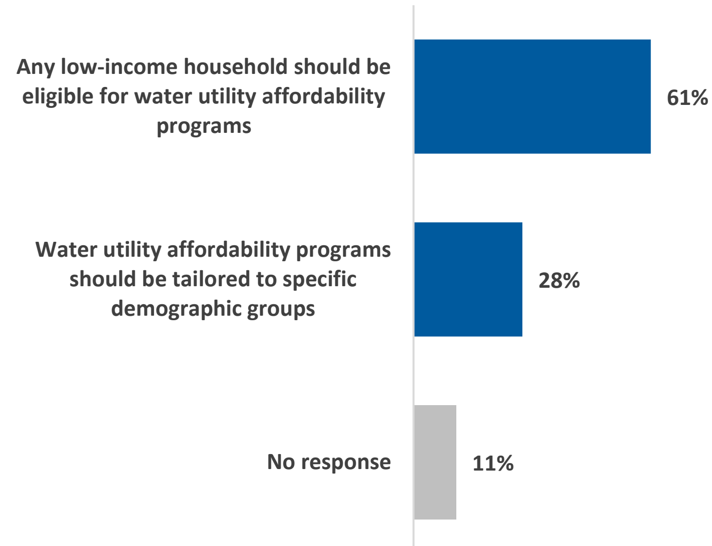
Water Utility Affordability Programs

Target low-income households or specific demographic groups?

Q7. Water utility affordability programs can be designed based on household income or can be targeted to specific demographic groups, like low-income households with children under the age of 18, seniors or people with a disability. Please select the statement you most agree with.

- When asked how water utility affordability programs should be targeted, six out of ten (61%) respondents say any low-income household should be eligible, while 28% say programs should be tailored to specific demographic groups.

6 out of 10 Say Any Low-income Household Should be Eligible



- **Lower income respondents (< $40,000) are much more likely than those with household incomes >$40,000 to think any low-income household should be eligible for affordability programs.**

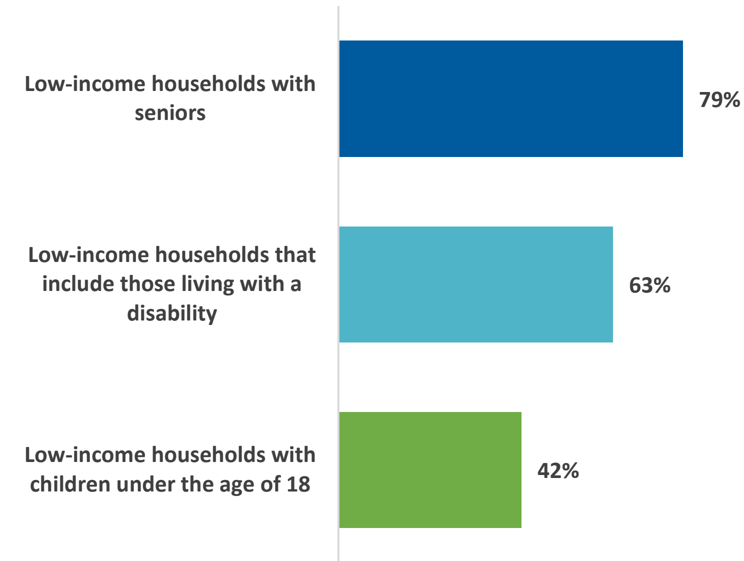
Perception of Water Utility Affordability Program Target	Do NOT Have Water Utility Account	Annual Household Income					Overall
		<$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	
Any low-income household should be eligible	72%	82%	80%	65%	56%	54%	61%
Programs should be tailored to specific demographic groups	25%	14%	16%	26%	34%	39%	28%

Which demographic groups?

Q8. Which demographic groups do you think water utility affordability programs should target?

- Of the 28% who say water utility affordability programs should be tailored to specific demographic groups, the large majority think programs should target low-income households with seniors (79%).
- The majority (63%) also think programs should target low-income households that include those living with a disability.
- Approximately 42% think programs should target low-income households with children under the age of 18.

Who Should Water Affordability Programs Target?

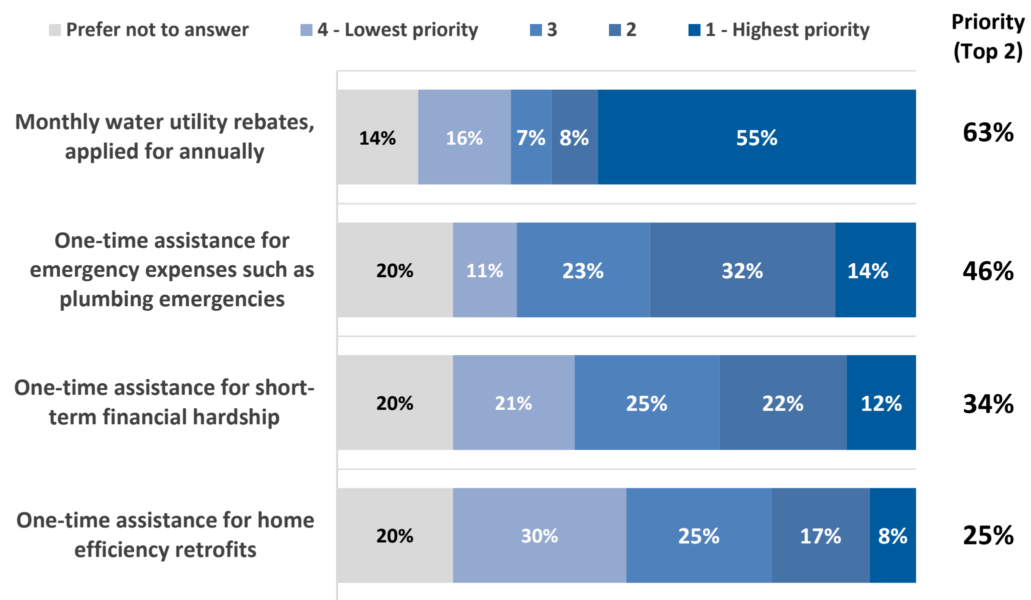


**Multiple response allowed.*

Water Affordability Program Options

Q9. Please rank the following options the City should consider in designing any water utility affordability program, with 1 being your highest priority.

- According to top two box scores (1 and 2 on 4-point scale), most respondents (63%) rank ‘monthly water utility rebates, applied for annually’ the highest priority.
- Close to half (46%) rank ‘one-time assistance for emergency expenses, such as plumbing emergencies’ highest.
- A third (34%) rank ‘one-time assistance for short-term financial hardship’ highest, and a quarter (25%) rank ‘one-time assistance for home efficiency retrofits’ highest.



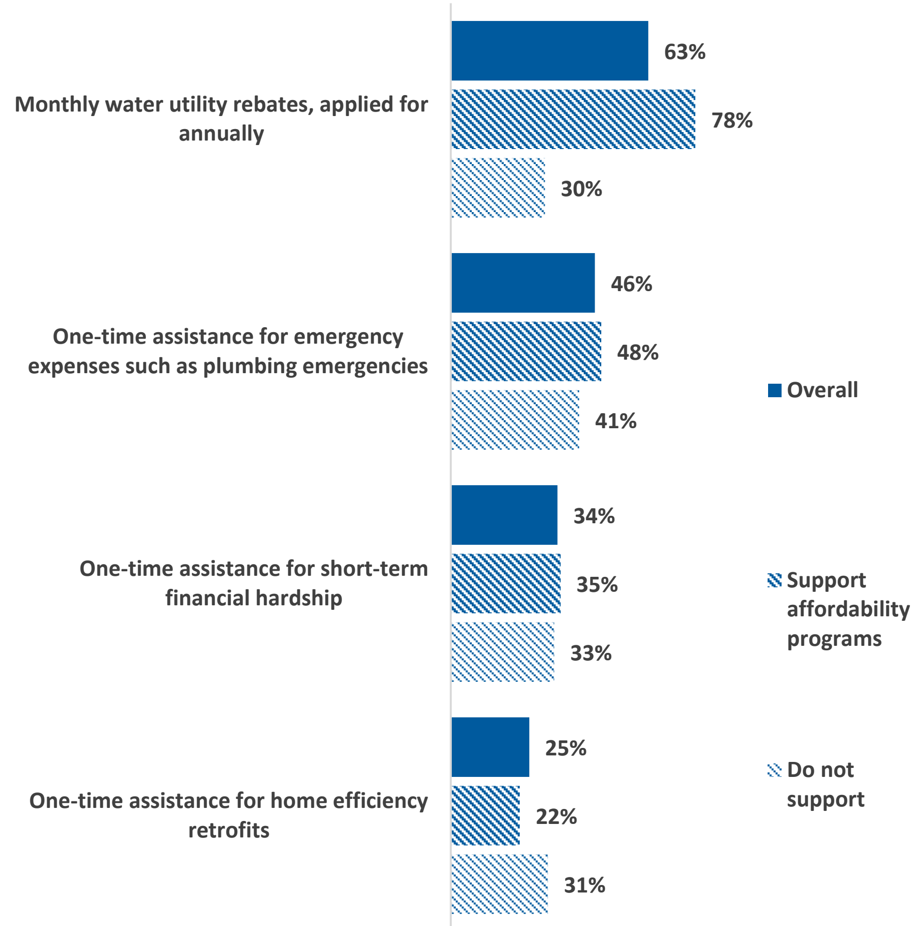
- **‘Monthly water utility rebates, applied for annually’ is the highest priority across all subgroups—although respondents in lower income households (<$40,000) are much more likely to rank it the highest. Those with household incomes >$40,000 are more likely to rank ‘one-time assistance for emergency expenses’ a high priority; likewise over half of those without a water utility account in their name. Household incomes >$40,000 are also more likely to rank ‘one-time assistance for home efficiency retrofits’ a high priority.**

Highest Priority Affordability Program Options: Top 2 Box Scores (1 & 2 combined on 4-point scale)	Do NOT Have Water Utility Account	Annual Household Income					Overall
		<$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	
Monthly water utility rebates, applied for annually	67%	81%	78%	69%	59%	59%	63%
One-time assistance for emergency expenses	57%	40%	42%	48%	52%	49%	46%
One-time assistance for short-term financial hardship	34%	26%	31%	33%	36%	43%	34%
One-time assistance for home efficiency retrofits	21%	15%	19%	25%	30%	29%	25%

Preferred Options Based on Support/Non-Support of Affordability Programs

- Those who support affordability programs and those who do not support such programs differ on which water utility affordability program option they rank the highest priority.
- Among the 70% who support affordability programs, the highest priority options are:
  - **monthly** water utility rebates (78%)
  - one-time assistance for **emergency expenses** (48%)
  - one-time assistance for **short-term financial hardship** (35%)
  - one-time assistance for **home efficiency retrofits** (22%).
- Among the 29% who do not support affordability programs, the highest priority options are:
  - one-time assistance for **emergency expenses** (41%)
  - one-time assistance for **short-term financial hardship** (33%)
  - one-time assistance for **home efficiency retrofits** (31%)
  - **monthly** water utility rebates (30%).

Top 2 Box Scores (1 and 2 on 4-point scale, where 1 = highest priority)



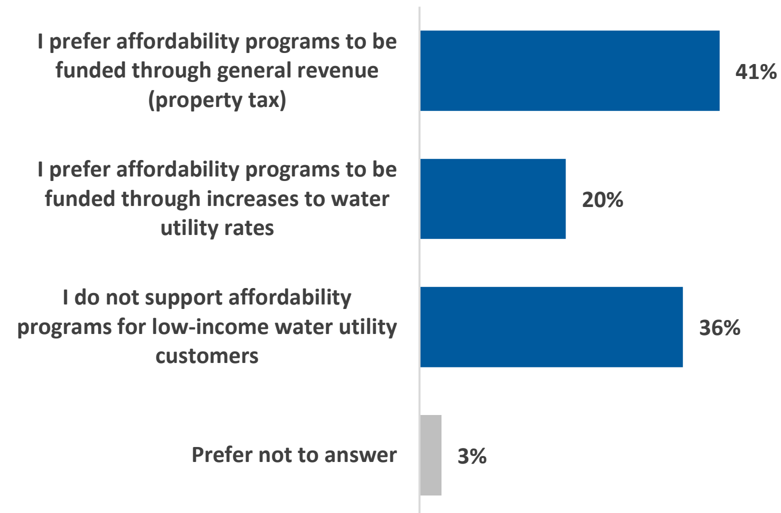
**Multiple response allowed.*

Program Funding Options

Q10. Some municipalities fund these affordability programs directly through a dedicated surcharge or base rate applied to all water utility accounts. Other municipalities fund these programs through general revenue – that is, revenue raised through increases to property tax. Please select the statement you most agree with.

- The largest percentage (41%) of respondents prefer that affordability programs be funded through general revenue (property tax).
- Another 20% prefer that affordability programs be funded through increases to water utility rates.
- More than a third (36%) do not support affordability programs for low-income water utility customers.

4 out of 10 Prefer Affordability Programs Funded by General Revenue



- **Generally, respondents in lower income households (<$40,000) and respondents without a water utility account in their name prefer that affordability programs be funded through general revenue (property tax). There is less support for affordability programs among those with household incomes >$40,000.**

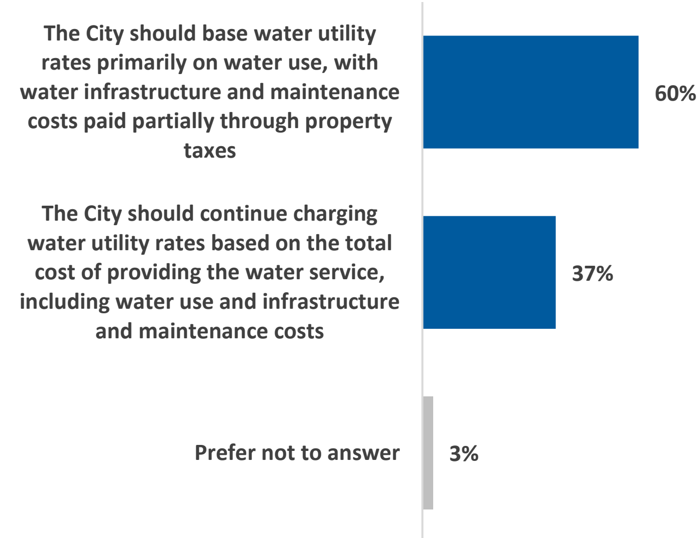
Preference re: Program Funding Options	Do NOT Have Water Utility Account	Annual Household Income					Overall
		<$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	
I prefer affordability programs to be funded through general revenue (property tax)	45%	56%	59%	44%	36%	35%	41%
I prefer affordability programs to be funded through increases to water utility rates	26%	32%	23%	21%	19%	24%	20%
I do not support affordability programs for low-income water utility customers	25%	10%	15%	32%	44%	39%	36%

Water Utility Rates

Q11. Some municipalities, like the City of Regina, take the approach that the utility customer should pay for the entire cost of providing water, including the capital, maintenance and repair costs of infrastructure, as well as the amount of water used. Other municipalities take the approach that the utility customer should pay based primarily on water used and that general revenue (property taxes) should partially cover the capital, maintenance and repair costs of the infrastructure. Please select the statement you most agree with.

- Six out of ten (60%) respondents think the City should base water utility rates primarily on water use, with water infrastructure and maintenance costs paid partially through property taxes.
- Four out of ten (37%) think the City should continue charging water utility rates based on the total cost of providing the water service.

6 out of 10 Prefer Water Utility Rates Based on Water Use



- **Most commercial taxpayer respondents think the City should continue charging water utility rates based on the total cost of providing the water service. Most other respondents, including those who do not pay commercial or residential taxes and those without a water utility account in their name, prefer water utility rates based primarily on water use. This preference softens as income levels increase.**

Preferred Approach to Water Utility Rates	Do NOT Have Water Utility Account	Annual Household Income: <$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	Overall
The City should base water utility rates primarily on water use, with water infrastructure and maintenance costs paid partially through property taxes	65%	72%	67%	66%	57%	50%	60%
The City should continue charging water utility rates based on the total cost of providing the water service, including water use and infrastructure and maintenance costs	32%	25%	30%	32%	41%	48%	37%

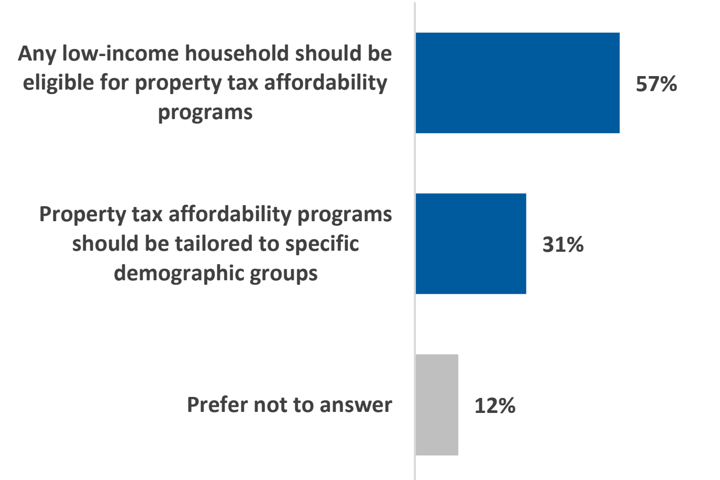
Property Tax Affordability Programs

Target low-income households or specific demographic groups?

Q12. The City of Regina provides more than 60 lines of business that residents use every day to live, move, connect and grow in our community; 65 per cent of the City's annual budget is made up of property tax revenue. In addition to potential affordability programs for low-income water utility customers, the City of Regina is also exploring program options to reduce property taxes for low-income property owners. Please select the statement you most agree with.

- When asked how property tax affordability programs should be targeted, six out of ten (57%) respondents say any low-income household should be eligible, while three out of ten (31%) say programs should be tailored to specific demographic groups.

6 out of 10 Say Any Low-income Household Should Be Eligible



- **The majority of respondents across all household income levels (but especially <$40,000) think any low-income household should be eligible for a property tax affordability program; again, this trend softens as income levels increase. Commercial taxpayer respondents are somewhat divided: five out of ten think property tax affordability programs should be tailored to specific demographic groups vs. four out of ten open to any low-income household.**

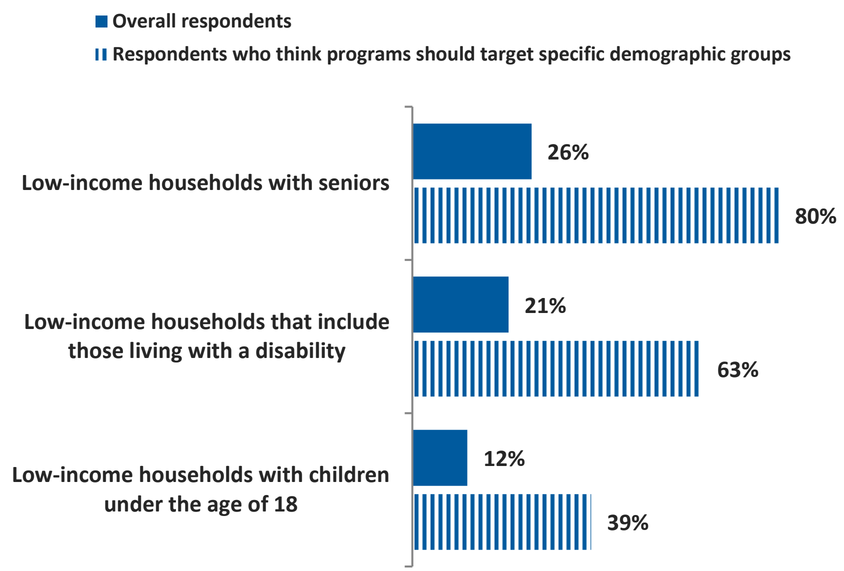
Perception of Property Tax Affordability Program Target	Pay Commercial Property Taxes	Annual Household Income					Overall
		<$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	
Any low-income household should be eligible for property tax affordability programs	40%	82%	80%	60%	51%	47%	57%
Property tax affordability programs should be tailored to specific demographic groups	46%	14%	17%	31%	38%	43%	31%

Which demographic groups?

Q13. Which demographic groups do you think property tax affordability programs should be available to?

- Overall, respondents are somewhat divided when asked which demographic groups property tax affordability programs should target.
- The largest percentage (26%) think property tax affordability programs should target low-income households with seniors, 21% low-income households that include those living with a disability and 12% low-income households with children under the age of 18.
- However, among the 31% who say affordability programs should be tailored to specific demographic groups—80% think programs should target low-income households with seniors, 63% low-income households that include those living with a disability and 39% low-income households with children under the age of 18.

Perceptions of Demographic Groups Tax Affordability Programs Should Target



**Multiple response allowed.*

- **Respondents across subgroups generally align in terms of perception of which demographic groups property tax affordability programs should target, with the largest percentage identifying seniors, then those living with disabilities, then under 18s. Across most subgroups, nearly twice as many think property tax affordability programs should target low-income households with seniors than low-income households with children under 18.**

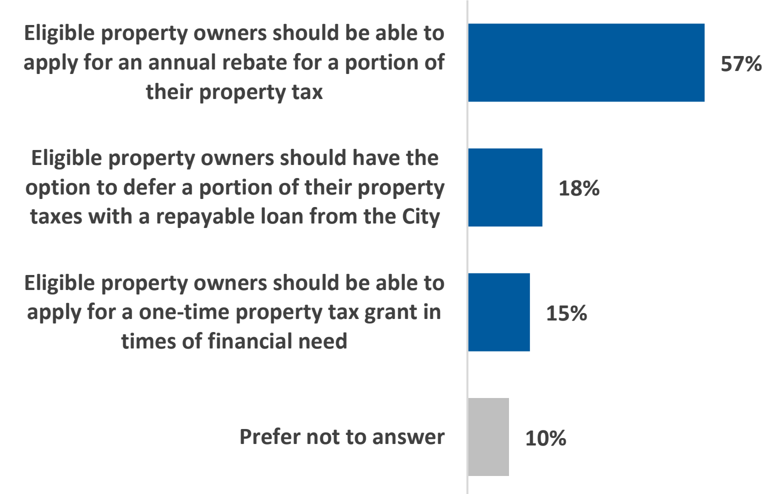
Perception of Which Demographic Group to Target	Pay Commercial Property Taxes	Annual Household Income					Overall
		<$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	
Low-income households with seniors	35%	12%	16%	27%	32%	32%	26%
Low-income households that include those living with a disability	28%	10%	13%	20%	28%	25%	21%
Low-income households with children under the age of 18	18%	6%	7%	13%	16%	17%	12%

Tax Affordability Program Options

Q14. Property tax affordability programs come in different forms. Some programs allow property owners to defer or delay payments. Some programs use rebates or grants to reduce the amount of property taxes. The cost of these programs is covered by the remaining property tax base. Please select the statement that you most agree with.

- More than half (57%) of respondents think eligible property owners should be able to apply for an annual rebate for a portion of their property tax.
- Approximately 18% think eligible property owners should have the option to defer a portion of their property taxes with a repayable loan from the City, while 15% think eligible property owners should be able to apply for a one-time property tax grant in times of financial need.

6 out of 10 Agree With Annual Tax Rebate



**Multiple response allowed.*

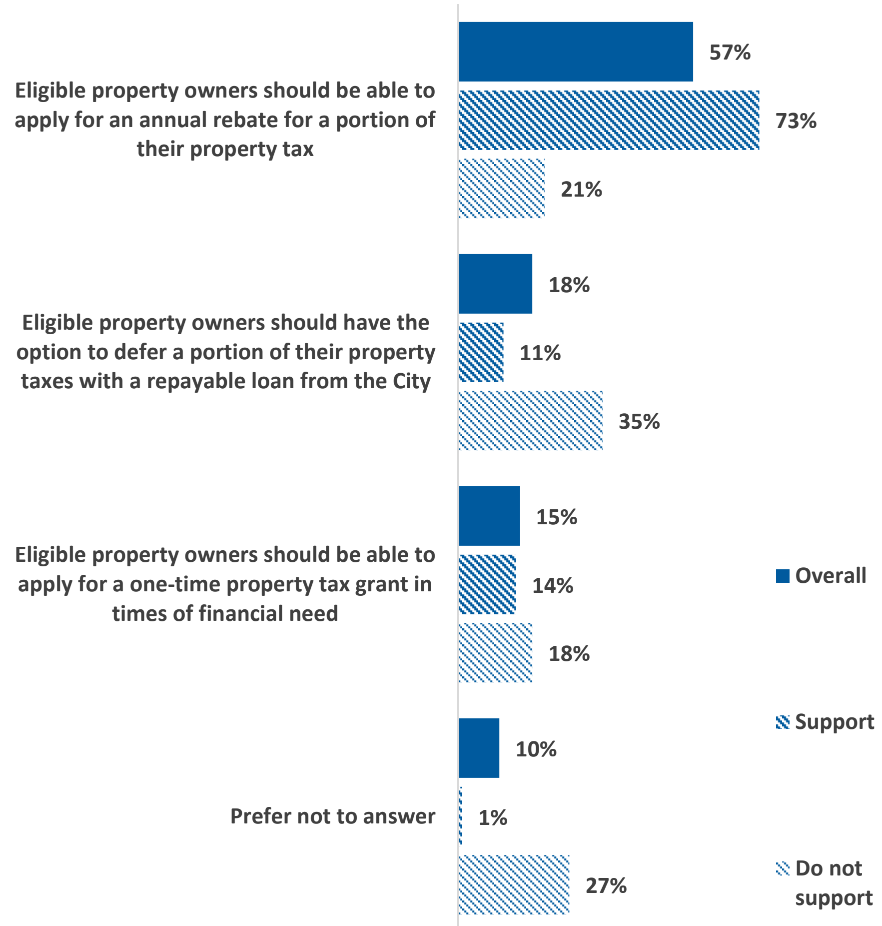
- **The large majority of respondents from lower income households (<$40,000) think eligible property owners should be able to apply for an annual rebate for a portion of their property tax; most of those with household incomes of $40,000-$80,000 agree. Commercial property taxpayers and those with household incomes >$80,000 are less likely to agree, but more likely to think eligible property owners should have the option to defer a portion of their property taxes with a repayable loan from the City.**

Perception of Eligibility for Property Tax Rebates and Grants	Pay Commercial Property Taxes	Annual Household Income					Overall
		<$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	
Eligible property owners should be able to apply for an annual rebate for a portion of their property tax	44%	89%	81%	62%	46%	45%	57%
Eligible property owners should have the option to defer a portion of their property taxes with a repayable loan from the City	28%	3%	5%	15%	26%	30%	18%
Eligible property owners should be able to apply for a one-time property tax grant in times of financial need	13%	5%	10%	16%	19%	16%	15%

Preferred Options Based on Support/Non-Support of Affordability Programs

- Those who support affordability programs and those who do not differ on which option they most agree with.
- Among the 70% who support affordability programs:
  - 73% think eligible property owners should be able to apply for an **annual rebate** for a portion of their property tax
  - 14% think eligible property owners should be able to apply for a **one-time property tax grant** in times of financial need
  - 11% think eligible property owners should have the option to **defer a portion of their property taxes** with a repayable loan from the City
- Among the 29% who do not support property tax affordability programs:
  - 35% think eligible property owners should have the option to **defer a portion of their property taxes** with a repayable loan from the City
  - 21% think eligible property owners should be able to apply for an **annual rebate** for a portion of their property tax
  - 18% think eligible property owners should be able to apply for a **one-time property tax grant** in times of financial need
  - 27% prefer not to answer this question

Opinion Differs Based on Support/Non-Support of Affordability Programs



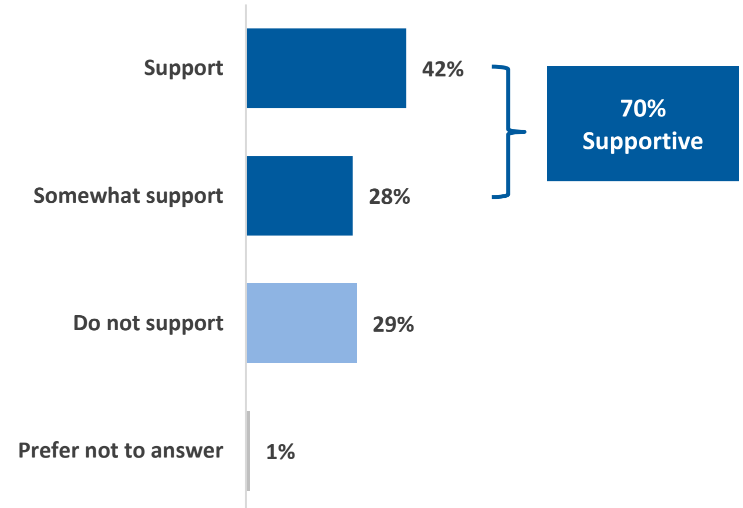
**Multiple response allowed; charts may not total 100% due to rounding*

Support for Affordability Programs

Q15. Now that you know more about low-income water utility and taxpayer affordability program options, please indicate your level of support for affordability programs?

- Seven out of ten (70%) respondents are supportive of affordability programs, including 42% supportive and 28% somewhat supportive.
- Three out of ten (29%) do not support low-income water utility and taxpayer affordability programs.

7 out of 10 Support Affordability Programs



- **The large majority of respondents from lower income households (<$40,000) and those without a water utility account in their name support low-income water utility and taxpayer affordability programs. Most of those with household incomes >$40,000 also support affordability programs, although support softens as income increases. At just over half, respondents who pay commercial property taxes are the least supportive.**

Support for Low-Income Water Utility & Property Tax Affordability Programs	Pay Commercial Property Taxes	Do NOT Have Water Utility Account	Annual Household Income					Overall
			<$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	
Support/Somewhat support	54%	80%	93%	92%	74%	62%	65%	70%
Do not support	45%	19%	5%	7%	26%	38%	34%	29%

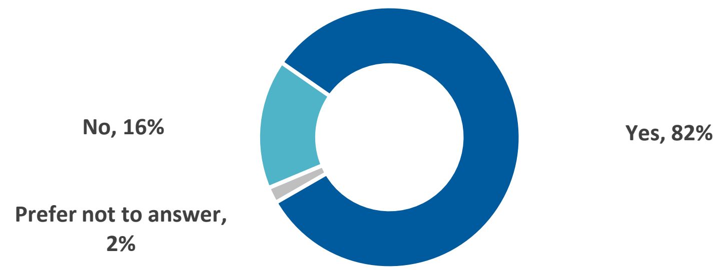
Who should pay more?

Q16. Do you agree non-residential properties should pay more property tax than residential properties?

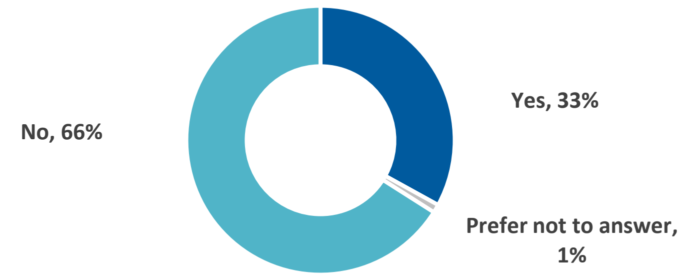
- The large majority (82%) of respondents agree that non-residential properties should pay more property tax than residential properties.

- **Respondents who pay commercial property taxes are much less likely to agree that non-residential properties should pay more property tax than residential properties: 33% agree while 66% disagree.**

8 out of 10 Agree non-Residential Properties Should Pay More



3 out of 10 Commercial Taxpayers Agree



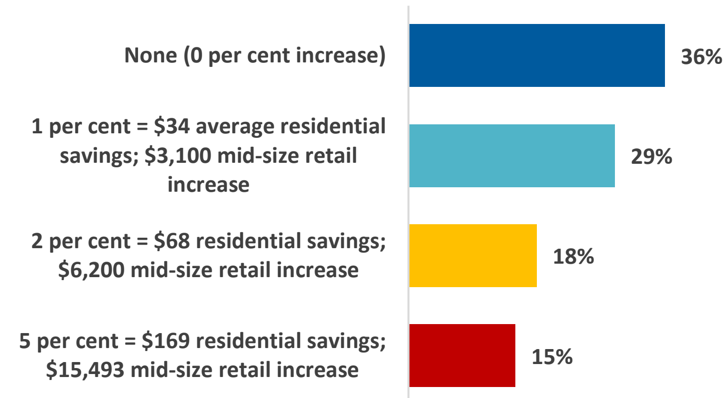
Support for Low-Income Water Utility & Property Tax Affordability Programs	Pay Commercial Property Taxes	Annual Household Income: <$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	Overall
Yes	33%	79%	85%	86%	83%	78%	82%

Share of Taxes

Q17. In 2021, 36 per cent of municipal property tax in the City of Regina will be paid by just over 5,000 non-residential properties. The remaining 64 per cent will be paid by 83,000 residential properties. This means that increasing the non-residential share by 1 per cent would result in an annual savings of $32 for the average residential homeowner and an annual tax increase of $3,100 for a mid-sized retail store. Given this, what increase over 36 per cent would you support for non-residential properties?

- Four out of ten (36%) respondents would not support any increase over 36 per cent for non-residential properties (none, 0 per cent increase).
- Three out of ten (29%) would support a 1 per cent increase over 36 per cent, which would equal $34 average residential savings and $3,100 mid-size retail increase
- Another 18% would support a 2 per cent increase over 36 per cent, for $68 residential savings and $6,200 mid-size retail increase, while 15% would support a 5 per cent increase over 36 per cent, for $169 residential savings and $15,493 mid-size retail increase.

4 out of 10 Do Not Support Any Increase Over 36%



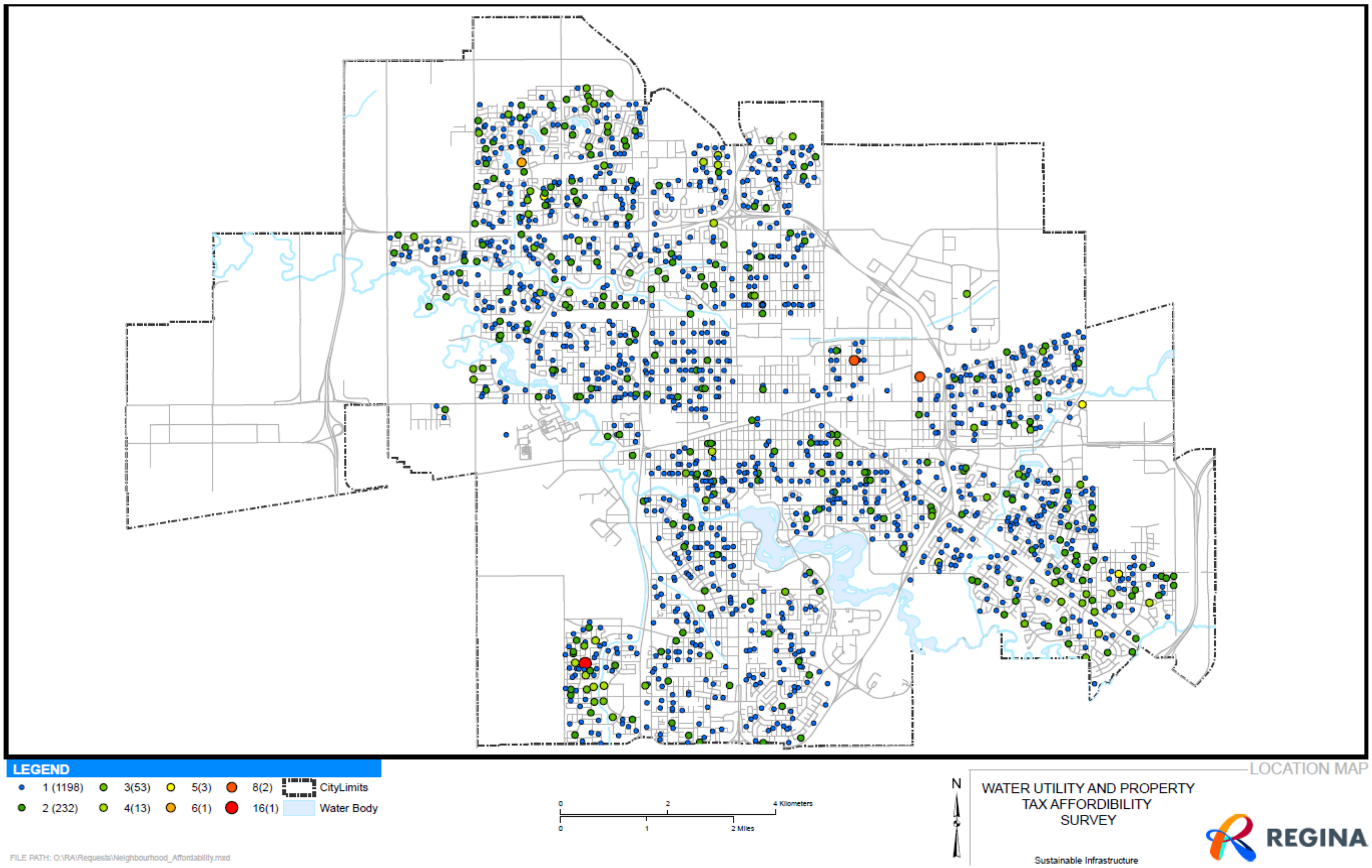
- **The large majority of respondents who pay commercial property taxes would not support any increase over 36% (none, 0 per cent increase) for non-residential properties. The majority of respondents across income groups would support either a zero per cent or 1 per cent increase.**

Preferred Approach to Property Tax Increase	Pay Commercial Property Taxes	Annual Household Income					Overall
		<$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	
None (0 per cent increase)	74%	26%	27%	33%	38%	49%	36%
1 per cent = $34 average residential savings; $3,100 mid-size retail increase	8%	29%	32%	31%	29%	25%	29%
2 per cent = $68 residential savings; $6,200 mid-size retail increase	10%	20%	22%	20%	17%	14%	18%
5 per cent = $169 residential savings; $15,493 mid-size retail increase	8%	22%	17%	14%	14%	11%	15%

Postal Code Mapping

Q. What is your postal code?

The map below shows the distribution of respondent postal codes throughout Regina.



Appendix F: Tax and Utility Affordability Survey Additional Feedback Summary

This report presents a summary of the written feedback provided to administration through mail, email and service requests. A total of 37 written responses were received.

11 respondents (30%) have expressed support for an affordability program for the following household groups:

Target Beneficiary Group	No. of Respondents (n)
Seniors	*n* = 5
All Low-Income Households	*n* = 1
All Income Groups	*n* = 1
Low income, multi-family properties run by non-profit companies	*n* = 1
Single Mom	*n* = 1
Newcomers	*n* = 1
Low-Income Groups excluding renters of landlords in the inner City	*n* = 1
Total	***N* = 11**

14 respondents (38%) have expressed that they *do not* support an affordability program. The most common reason was the already high utility and property tax rates which makes them reluctant to pay more. The reasons for not supporting an affordability program are summarized below:

Reasons	No. of Respondents (n)
The utility and property tax rates are already high making them reluctant to pay more.	*n* = 8
Instead of an affordability program, the City should focus on managing its spending and addressing operational inefficiencies to address the affordability issues.	*n* = 4
Raised concern about the City's jurisdiction or responsibility for providing social assistance.	*n* = 2
Would like the ability to choose who to help if extra income is available	*n* = 2
Don't feel the need to provide any (further) assistance to others	*n* = 2
Raised concern about the ability of homeowners receiving the assistance or subsidy to maintain their properties.	*n* = 1

12 respondents (32%) did not provide any level of support for affordability programs. These respondents provided comments on the program administration or the survey design. Opinions and ideas on City policy, programs, and related services were also expressed.

Categories & Themes

Beyond the respondents’ feedback on level of support for an affordability program, themes are identified through the written response:

Program Administration of a Potential Affordability Program

- Expressed the need to define the program eligibility by defining the threshold for low-income status and establishing criteria for granting assistance or subsidy.
- Expressed the need to inform taxpayers on how much additional taxes will be paid should the City decide to move forward with an affordability program.
- Provided suggestions on the income grouping of households and on the program affordability options.
- Raised concern that a subsidy program might encourage the subsidized group(s) to consume more water.
- Would like a consultation before moving forward with any affordability program.

Comments on City Policies, Programs and Related Services

- Consider the following in the utility costs calculation/billing and allocation:
  - Transfer the fixed portion charged on utility bills to tax.
  - Eliminate consumption-based charging for sewer and drainage use.
  - Eliminate the recycling charge and add the cost to the property tax.
  - Base charge should be consumption-based.
  - Make the utility bill smaller to make it easier to create operational efficiencies, and the cost of delivering services can decrease.
  - Stop downloading services off the property tax.
- Consider the following in the tax allocation and exemptions:
  - Stop exempting property from paying their fair share of taxes.
  - Review the relationship between residential and commercial taxes.
- Consider the following in the review of related City policies and programs:
  - Eliminate the leak adjustment policy.
  - Eliminate the condo waste rebate program.
  - Allow residents to opt out of recycling and put the garbage onto the utility bill.
- Expressed support for initiatives that promote environmental stewardship and sustainability such as use of rain barrels and other water collection systems, education campaign for newcomers on reducing household consumption as well as linkage to groups that assist them and providing homeowners option to go digital for their property tax/education tax notices.
- Expressed concern on whether they are getting value for the property taxes that they pay (e.g., noticed that parks are unevenly cleaned or maintained, rusty lamp posts, garbage blown by the wind, noisy backyard, irregular street sweeping, lack of winter maintenance, etc.)
- Expressed the need for Council to listen to citizens’ concerns and complaints.

Survey Design

- Expressed appreciation that they are being consulted through the survey.
- Would like the ability to provide comments or feedback in the actual survey, and to vote against or refused an affordability program.
- Expressed the need to provide more context to the survey by providing data and statistics that will support an informed decision.