

December 5, 2018

To: Members  
Executive Committee

Re: Underutilized Land Study

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RECOMMENDATION

1. That the Underutilized Land Study, completed by V3 Companies of Canada Ltd., in association with Praxis Consulting & Trace Associates, contained in Appendix A be endorsed.
2. That Administration be directed to develop an Underutilized Land Improvement Strategy based on the Underutilized Land Study's recommendations as outlined in Appendix A.
3. That Administration submit the Underutilized Land Improvement Strategy to City Council for approval by Q4 of 2019.
4. That this report be forwarded to the November 26, 2018 City Council meeting for approval.

CONCLUSION

To achieve the intensification goal established in *Design Regina: The Official Community Plan Bylaw 2013-48* (OCP), to direct at least 30 per cent of new population to existing urban areas, redevelopment of existing vacant and underutilized lands will be required.

City of Regina (City) Administration retained V3 Companies of Canada Ltd., in association with Praxis Consulting & Trace Associates (Consultant) to prepare an in-depth Underutilized Land Study (Study) to investigate what barriers currently exist to private sector investment of underutilized lands and provide recommendations of how the City can address these barriers. The Study has now been completed (Appendix A) and provides a series of recommendations broken into six themes:

- improving regulatory issues
- improving process
- addressing brownfields
- improving financial issues
- improving infrastructure & public perception
- City strategy & leadership

Using the recommendations from the Study as its foundation, Administration recommends that work begin on the development of an Underutilized Land Improvement Strategy (Strategy). The Strategy would be comprised of specific goals and actions for the City to undertake over the

short, medium and long-term to encourage redevelopment of underutilized lands. Administration recommends that the Strategy be completed and submitted to City Council for approval by Q2 of 2020.

## BACKGROUND

The OCP states that 30 per cent of the City's future growth shall be directed to existing urban areas to ensure long-term sustainable growth and enhancement of the urban form. Furthermore, the OCP directs at least 10,000 new residents to the City Centre. Since the OCP was adopted by City Council in 2013, the City has seen new construction fail to meet the OCP policy with the rate of intensification declining each consecutive year from 26 per cent in 2014 to five per cent in 2017. The OCP's City Centre and intensification boundary is illustrated in figure 1.

Administration has developed an Intensification Work Plan (IWP) comprised of projects that will support intensification. The IWP identifies the need for the Study to investigate and provide recommendations to address the regulatory, environmental and economic barriers to attracting new private sector investment in the City's most prevalent types of underutilized properties:

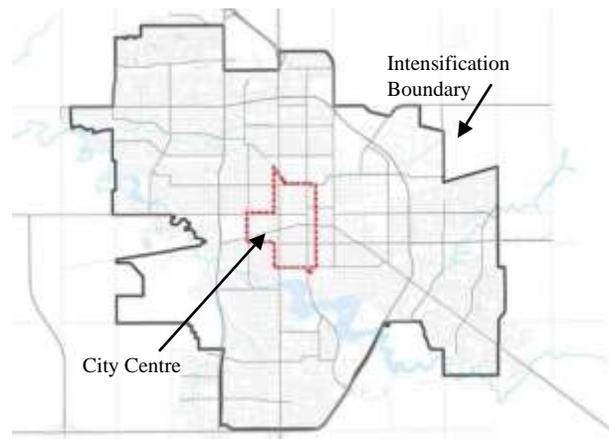


Figure 1

- **Vacant Lot** – An existing lot formerly used for an urban use where there is no longer a building.
- **Brownfield** – An underdeveloped or previously developed lot that may be contaminated. These are usually, but not exclusively, former industrial or commercial properties that may be underutilized, derelict or vacant.
- **Bluefield** - A lot which is comprised of an institutional or community facility that is no longer in use. This may include former schools, hospitals or long-term care facilities, places of worship or similar uses.
- **Chronically Vacant Building** - A building formerly used for industrial, commercial or residential uses located within the City Centre as identified in the OCP growth plan that has been totally vacant for at least one year and is not currently available for rent or lease.
- **Stand Alone Surface Parking Lot** – A lot used exclusively for surface parking located within the City Centre as identified in the OCP.

Through the 2017 capital budget, City Council allocated \$115,000 towards the completion of the Study. In August of 2017, Administration awarded the contract to the Consultant. The scope of the Study included:

- A review of the legislation, regulations and policies that impact underutilized sites, as well as best practices from similar jurisdictions.
- Engagement with stakeholders that own or are involved in the redevelopment of underutilized lands.

- Preparation of redevelopment business cases for hypothetical projects on three different underutilized sites to understand how their financial viability compares to similar projects in greenfield neighbourhoods.
- Creation of an underutilized lot inventory.
- Identification of specific actions the City can undertake, including changes to existing land use policies and creation of financial incentive programs.

## DISCUSSION

The redevelopment of underutilized lands improves the resiliency of the City by bringing about several economic, environmental and social benefits, including increased tax assessment, remediation of contaminated land within Regina and acting as a catalyst for new investment in the underutilized sites within a neighbourhood.

The Consultant’s Study is the culmination of a year-long project to investigate, understand and identify potential solutions to the root causes of why underutilized properties within Regina remain undeveloped by the private sector. This section of the report provides a summary of the key findings from the Study and discusses the next steps for the City to establish a Strategy.

### *Best Practices from other Municipalities*

The Study found that most large and mid-sized Canadian municipalities have adopted strategies or programs to encourage the remediation and redevelopment of brownfield properties. In recent years, several municipalities have expanded these strategies to include other types of underutilized sites, such as bluefields, greyfields (i.e. vacant large format retail spaces), vacant lots and surface parking lots. Using best practices from these other municipalities, the Study provides a design consideration for the creation of any new financial incentive programs.

### *Stakeholder Engagement*

The Consultants held workshops and open houses with local stakeholders that either own or are involved in the redevelopment of underutilized lands, including land owners, developers, architects, business owners and realtors.

<b>Communications and Engagement Summary</b>	
<b>Date</b>	<b>Engagement Activity</b>
October 23, 2017	Workshop with the Downtown and Warehouse Business Improvement Districts.
October 30, 2017	Workshop with select members of the Regina and Region Home Builders Association, affordable housing providers and infill developers.
December 6, 2017	Letters mailed out to owners of underutilized properties and other stakeholders, including the Regina Realtors Association and Economic Development Regina, informing them of upcoming Open Houses and providing a way to provide feedback.
January 23, January 30 and February 6, 2018	Open Houses for owners of underutilized lands and other stakeholders to learn more about the Study and provide feedback.
August 20, 2018	A draft copy of the Study was circulated to all stakeholders that attended the workshop and open houses.

Each engagement session was facilitated by the Consultant with 57 individuals participating by providing verbal and/or written feedback. Each session focused only on actions that the City could undertake to improve the redevelopment viability of underutilized lands with discussion questions focused on different factors, including regulatory, infrastructure and financial requirements for redevelopment. The Consultants compiled the key themes received and prepared a summary report found under Section 4.1 of Appendix A.

A major theme that emerged from stakeholders was that approval processes for infill sites takes longer than in greenfield neighbourhoods with greater risk of unforeseen costs arising, which in turn can delay or even relinquish an investment opportunity. Some stakeholders noted that a revised approval process would be more valuable in encouraging redevelopment of underutilized lands than new financial incentives.

A copy of the Study was circulated to all stakeholders on August 20, 2018 for feedback. The City received three responses, which are provided in Appendix B. Comments provided by stakeholders may relate to aspects of redevelopment that the City cannot regulate or influence.

#### *Underutilized Land Inventory*

To gain context into the presence and distribution of underutilized lands throughout the City, the Consultants completed an Underutilized Land Inventory (Inventory). The Inventory is a geospatial based database, which allows for customized analysis of the location, type and number of vacant lots. Highlighted findings of the analysis are as follows:

- There are 752 underutilized sites within the City's Intensification Boundary with a combined area of approximately 112 hectares.
- Within the Intensification Boundary, most of the underutilized sites were located within residentially-zoned areas. Residentially-zoned sites were found to be smaller than those in other zone types, such as commercial and industrial.
- Over 50 per cent of underutilized sites were identified to be within walking distance from Express Transit Corridors and Urban Corridors as identified in the OCP.
- Nearly half of 330 underutilized sites were identified within the City Centre Boundary. Within this area, approximately 50 per cent of the sites were identified as vacant sites, followed by 40 per cent as surface parking and 10 per cent as chronically vacant buildings.

The Inventory will be used by the City as a baseline for existing underutilized sites and is intended to be maintained and be used as a tool to monitor and measure change of underutilized lands over time.

#### *Redevelopment Business Cases*

With underutilized sites competing against greenfield sites, the Consultant completed three unique redevelopment business cases to determine what cost differentials exist, if any, for the same development located on an underutilized lot and greenfield lot. The redevelopment business cases were based on:

- A two-unit rental duplex on a vacant lot in the north central neighbourhood.
- A six-storey commercial/residential building on a surface parking lot in the Downtown.

- A four-storey commercial/residential building on a former gas station site in the Centre Square neighbourhood.

Overall, the Study found that it is more financially viable to construct these projects in greenfield neighbourhoods with the increased rent that can be charged more than offsetting the difference in land costs. An exception was the six-storey wood frame commercial/residential project Downtown where the cost of providing parking is greatly reduced due to the relaxed minimum parking standards in the Downtown zone.

### *Study Recommendations*

The Study provides 25 distinct recommendations under the six themes of regulatory, process, brownfields, financial, infrastructure and leadership/strategy. Based on the feedback received from stakeholders, many recommendations focus on addressing the risks associated with redeveloping underutilized lands. Of these recommendations, the Consultant identified the following five as being the most immediate and impactful for encouraging the redevelopment of underutilized lands<sup>1</sup>:

- The City pre-zone select underutilized sites with a Holding (H) symbol to land uses that are more desirable for redevelopment and compatible with the surrounding area to reduce developer uncertainty.
- Using City-owned underutilized sites for demonstration projects where private developers can submit proposals to test new, innovative forms of development to serve as a neighbourhood catalyst.
- Providing as much information as possible online for prospective purchasers of underutilized sites to enable them to make informed decisions on whether to purchase and redevelop these sites.
- A screening incentive to assist developers with the costs associated with investigating an underutilized site for its redevelopment potential before purchasing the property. This could include the costs associated with completing a site servicing or market feasibility study.
- The establishment of grant and tax incentive programs to reduce the inherent added costs of redeveloping underutilized lands compared to greenfield lands. This includes the cost of contaminated sites, undertaking off-site infrastructure improvements and completing additional technical studies to obtain development approval. The Study states that any incentive program should be focused on areas of Regina that have strategic importance and a high likelihood for redevelopment.

### *Strategy*

Administration recommends that a Strategy be developed that uses the recommendations of the Study as a basis to develop specific actions and goals for the City to undertake over the short, medium and long-term. This would be the first Strategy of its kind adopted by the City.

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<sup>1</sup> These recommendations are not in order of significance.

In developing the Strategy, Administration would analyze the costs and benefits of undertaking the Study's recommendations and identify a timeframe for their implementation. Based on this analysis, Administration may determine that some of the recommendations are not feasible.

The Strategy would also identify where the Study's recommendations would be implemented through a new initiative and where they could be built into existing programs and practices. Administration would further engage stakeholders through the preparation of the Strategy to ensure that it is designed to effectively encourage redevelopment of underutilized lands.

## RECOMMENDATION IMPLICATIONS

### Financial Implications

City Council committed \$115,000 towards the creation of the Study and Strategy. To date, approximately \$100,000 of these funds have been used to retain the Consultant to prepare the Study and accessorially stakeholder engagement costs. The Strategy would be completed in-house with remaining funds being used to support additional stakeholder engagement costs.

### *Green Municipal Fund Grant*

The Federation of Canadian Municipalities have conditionally approved a grant of \$63,500 through the Green Municipal Fund for the cost of preparing the Study and Strategy. A condition of the funding is that the Strategy be approved by April of 2020. Once the Strategy is finalized, Administration will analyse and present to City Council, the financial implications of adopting and implementing the Strategy, including the costs associated with the creation of new financial incentive programs and other initiatives.

### Environmental Implications

The Study provides recommendations on how the City can encourage the remediation of contaminated sites and return them to an active use.

### Policy and/or Strategic Implications

The OCP provides policy direction for growth in Regina to a 300,000 population and sets the stage for its long-term development. The OCP also strives to achieve a 30 per cent infill target, which sees the addition of 20,000 new residents inside the Intensification Boundary, with 10,000 of the anticipated population directed to the City Centre area.

The Study provides a perspective on the constraints and opportunities of underutilized lands, as well as initiating a conversation towards innovative solutions to encourage infill development. Future adoption of recommendations provided within the Study and in the future delivered through the Strategy, will allow for the City to achieve population growth and restoration of chronically vacant areas to active land uses.

The recommendations of this report strongly align with Section 2.10 of the OCP to support the creation of an intensification development strategy which addresses "potential obstacles to intensification and strategies to overcome them" and "incentives for encouraging intensification development". In addition to the intensification policies of the OCP, the recommendations of this report align with the following OCP policies:

- Promote the redevelopment of Brownfield and Bluefield properties (Section 8.5).
- Decrease the number of vacant, non-taxable and underutilized lots (Section 8.3).
- Explore actions to convert vacant or underutilized properties within the City Centre (Section 7.9).
- Identify and encourage the development of new economic opportunities (Section 12.5.2).
- Promote health and safety by embracing Crime Prevention Through Environmental Design principles (Section 13.12).

*Comprehensive Housing Strategy*

The recommendations in this report align with Goal 30 of the Comprehensive Housing Strategy to “Support the redevelopment of brownfields, greyfields and bluefields for affordable housing development”.

Other Implications

None with respect to this report.

Accessibility Implications

None with respect to this report.

Communications Implications

Should City Council approve the recommendations of this report, Administration will engage the local stakeholders that participated in the Study in drafting the Strategy.

DELEGATED AUTHORITY

The recommendation contained in this report requires City Council approval.

Respectfully submitted,



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Respectfully submitted,



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