

November 5, 2019

To: Members
Finance and Administration Committee

Re: City of Regina Greenfield Servicing Agreement Fee and Development Levy Annual Rate Review

RECOMMENDATION

1. That 2020 Greenfield Servicing Agreement Fee and Development Levy Rates be set at \$361,000 per hectare for residential and commercial development and \$120,330 per hectare for industrial-zoned development and approved effective January 1, 2020.
2. That 2020 Greenfield Servicing Agreement Fee and Development Levy Rates be maintained for 2021, with the recognition that new rates will only be brought forward for Council approval if the calculated required rates for 2021 vary more than 5% from the 2020 rates, if approved, in Recommendation #1.
3. That Intensification Levy Rates be reduced in alignment with Greenfield Servicing Agreement Fee and Development Levy Rates effective January 1, 2020.

Table 1: Intensification Levy Rate by Land Use Type Chart

LAND USE TYPE	RATE
Residential Unit Types (rate charged per unit)	
Secondary Suite	\$4,200
Single-Detached Dwelling	\$8,700
Semi-Detached Dwelling or Duplex	\$8,400
More than Two Dwelling Units (e.g. townhouse, triplex, etc.)	\$8,100
Apartment (less than two bedrooms)	\$4,200
Apartment (two or more bedrooms)	\$6,100
Office/Commercial/Institutional (rate charged per m ²)	\$90
Industrial (rate charged per m ²)	\$40

4. That 2020 Intensification Levy Rates be maintained for 2021, with the recognition that new rates will only be brought forward for Council approval if the calculated required rates for 2021 vary more than 5% from the 2020 rates, if approved, in Recommendation #3.
5. That the City Solicitor be directed to prepare the necessary bylaw amendment to *The Development Levy Bylaw No. 2011-16*.

6. That this report be forwarded to the November 25, 2019 City Council meeting for approval.

CONCLUSION

Servicing Agreement Fee (SAF) and Development Levy (DL) rates are set annually following a review and update of the SAF financial model and associated growth-related capital projects lists, as described in the *Administration and Calculation of Servicing Agreement Fee and Development Levy Policy* (Policy). Current economic conditions must be balanced with cash flow required to ensure that the infrastructure necessary to support growth is planned for and in place. It is recommended that the SAF and DL rates for 2020 be reduced, and that the rates for 2020 be maintained for 2021. It is also recommended that Intensification Levy rates be reduced for 2020 and maintained for 2021.

BACKGROUND

The City of Regina (City) uses SAFs and DLs to fund major infrastructure required for new growth and development, as per *The Planning and Development Act, 2007* (Act) and described in the Policy. SAFs and DLs are collected by the City from developers to pay for infrastructure projects that add capacity to service new growth.

SAF and DL rates are reviewed and set annually to ensure the most current information is used in the calculations. This report facilitates the setting of Greenfield SAF and DL rates for 2020 and 2021.

DISCUSSION

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 neighborhoods and employment areas require expanded or new infrastructure for services such as water and wastewater. Our Policy assigns developers responsible for capital requirements internal to or triggered directly by new developments, while SAFs and DLs are used to fund infrastructure upgrades to the city systems due to overall growth of the city.

The City's primary tools to fund these system upgrades are SAFs in new subdivisions and DLs in areas where no subdivision is occurring but a change in intensity of land use is taking place, generating an increase in demand for services. The Policy, guided by the Act, and approved by City Council outlines the calculation of these fees.

For greenfield development, the overall SAF and DL rate is determined annually as part of the update to the SAF financial model (Appendix A: SAF Reference). This includes updating growth projections (amount of land remaining to be developed) and growth-related capital projects lists (Appendix B: Growth-Related Capital Project Lists). The growth-related capital project lists are based on master plans and further studies, outlining projects required to service

growth to 300,000 people as per *Design Regina: The Official Community Plan Bylaw No. 2013-48 (OCP)*. The annual review of these projects ensures that the SAF financial model is based on the most current information available.

This year's annual review included a combination of communications, meetings, a general session and workshop with industry stakeholders. Administration's goal was to understand concerns and work together on an approach for the review. Feedback was welcomed on the project lists, assumptions and methodology.

We heard an appreciation for the opportunity for open dialogue. Feedback included an expectation that rates go up and down with cycles in the economy and growth as well as a need to ensure that major infrastructure is in place for growth so that development can be planned. There was recognition of the work done on master plans, providing more information than available in the past. Industry had concerns related to transportation projects which make up a large portion of the growth-related capital projects lists. There were questions regarding necessity, timeframes for delivery and cost estimates. There was unanimous support for further discussions through engagement as part of our planned policy review in 2020. Since our discussions, RRHBA has expressed their support of the recommended rates.

The Growth-Related Transportation Project List uses the Transportation Master Plan (TMP) as its foundation, updated annually with information from further studies and analysis. There is the recognition of uncertainty regarding transportation needs due to changes in traffic patterns since the TMP was developed and for drivers to adjust to the Regina Bypass. Next year, a Travel Study will be undertaken which will serve as a foundational input into the subsequent TMP Five-Year Review. The Travel Study will help determine where there is the greatest need as a result of any changes in behaviors and infrastructure.

Consideration was given to all feedback, as well as the economic environment and uncertainty on growth-related transportation projects to recommend a rate reduction for 2020 and 2021. These rates were calculated based on the best information possible on project estimates and timing and the following methodology:

- Projects without recent updates or further study were rolled back to their original cost estimate.
- No index rate was applied.
- Growth-related transportation projects were maintained in the model, with the final total value reduced by an additional 20 per cent recognizing the uncertainty of projects and the work planned to gather more information.

It is recommended that the Greenfield SAF and DL rates be \$361,000 per hectare for residential and commercial development and \$120,330 for industrial-zoned development. This is an overall 18.3 per cent reduction from 2019 rates for residential and commercial as well as industrial-zoned greenfield development.

Intensification Levy Rates became effective October 1, 2019. It is recommended that the Intensification Levy Rates be reduced in alignment with the reduction of greenfield rates as indicated in Table 1.

Table 1: Intensification Levy Rate by Land Use Type Chart

LAND USE TYPE	RATE
Residential Unit Types (rate charged per unit)	
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Apartment (two or more bedrooms)	\$6,100
Office/Commercial/Institutional (rate charged per m²)	\$90
Industrial (rate charged per m²)	\$40

It is also recommended that both Greenfield SAF and DL Rates, as well as Intensification Levy Rates, be held for 2021. Should next year's annual review process calculate rates that vary more than 5 per cent of the 2020 rates, they would be brought forward for Council's approval.

RECOMMENDATION IMPLICATIONS

Financial Implications

There are no direct costs associated with these recommendations.

The City will continue to generate revenue through the collection of SAFs to fund the infrastructure projects identified in the City's SAF financial model. Anticipated revenue and expenditures are balanced over the life of the SAF financial model which at times may place the model in a deficit.

The annual review of the model and projects within it provides the opportunity for updates with the most current information and adjust as necessary due to any change in the pace of growth or economic conditions.

Environmental Implications

None with respect to this report.

Policy and/or Strategic Implications

The collection of SAFs and DLs is guided by the Policy, which is consistent with the OCP. There are no other policy or strategic implications.

Other Implications

None with respect to this report.

Accessibility Implications

None with respect to this report.

COMMUNICATIONS

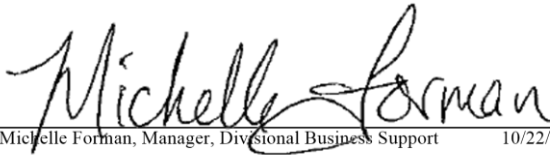
Recommendations within this report, as well as planned Committee and Council dates were provided to stakeholders in advance. Stakeholders were also identified as interested parties in our report process.

The stakeholders and other interested parties will receive a copy of the report and notification of the meeting to appear as a delegation in addition to receiving a written notification of Council's decision, as well as the rates will be posted on Regina.ca.

DELEGATED AUTHORITY

The recommendations contained within this report require City Council approval.

Respectfully submitted,



Michelle Forman, Manager, Divisional Business Support 10/22/2019

Respectfully submitted,



Diana Hawryluk, Executive Director, City Planning & Community Dev. 10/29/2019

Report prepared by: Michelle Forman, Manager, Divisional Business Support