Appendix A

Intensification Incentive Discussion Paper

City of Regina | REGINA Infinite Horizons

Title	Intensification Incentive Discussion Paper
Version	March 31, 2021

Link to the Official Community Plan	The Intensification Incentive Discussion Paper provides options and recommendations for a financial incentive program to encourage intensification on underutilized lands in the City Centre and surrounding targeted areas, which directly links to the following Official Community Plan Policies:
	• Financial Planning (Goal B3, Policy 1.13)
	    ○ Ensure the financial sustainability and return on investment of financial incentives designed to further the goals and objectives of the Plan.
	• Long-Term Growth (Goal C1, Policy 2.3)
	    ○ Direct at least 30% of new population to existing urban areas as the City's intensification target.
	• Intensification (Goal C3, Policy 2.9)
	    ○ Direct at least 10,000 new residents to the City Centre, which will accommodate the City's highest population and employment densities.
	• Intensification (Goal C3, Policy 2.10.3)
	    ○ Prepare an intensification development strategy that addresses the following:
	        ▪ Incentives for encouraging intensification development.
	• City Centre (Goal D5 2, Policy 7.9)
	    ○ Explore actions necessary to convert vacant or underutilized properties to market-ready development sites to realize intensification in the City Centre.

Owner	Executive Director City Planning and Community Development Division

Executive Summary

Design Regina: The Official Community Plan Bylaw No. 2013-48 (OCP) provides policy directive to support the City's goal of accommodating at least 30 per cent of new population growth over the life of the OCP, in existing urban areas through intensification, with 10,000 in population growth occurring in the City Centre. Since the adoption of the OCP in 2013, the cumulative intensification rate and cumulative City Centre population growth sit at 12.2 per cent and 74 residents, respectively.

The OCP and the 2019 Underutilized Land Improvement Strategy (ULIS) identify an incentive as a possible means to encourage intensification, which includes brownfield site redevelopment. A ULIS recommendation is that the City reviews incentive programs, explore their effectiveness, applicability to the City and other considerations.

The Intensification Incentive Discussion Paper (Discussion Paper) provides an overview and status of intensification in the community today, as well as catalysts for an incentive such as modest cumulative intensification rate and cumulative City Centre population growth, OCP and ULIS directive and brownfield site development challenges.

The Discussion Paper provides five case studies of intensification-based incentive programs from across Canada. Based on the research, eight possible incentive options were identified for Regina, each of which had their impact, effort and risks evaluated through internal consultation across several of the City's business areas. The impact and effort evaluation weighed each incentive option's possible impact on achieving the OCP growth targets and the development of underutilized sites with the anticipated administrative effort associated with each option.

Instead of applying an incentive program to the entire City, a strategic program target area is recommended, consisting of the City Centre, North-Central and Heritage neighbourhoods. The recommended program target area is based on OCP policy directive and high volumes of underutilized sites, as identified in the City's Underutilized Land Inventory from the 2018 Underutilized Land Study. A map of the recommended program area is attached as Appendix B.

Based on the analysis of incentive options, it is recommended that the City commences stakeholder engagement based on three different incentive options, which include:

- Development Charge Rebate;
- Annual Tax Increment Equivalent Grants (TIEG) Covering Eligible Project Costs; and
- Choice of TIEG or Tax Exemption.

After stakeholder consultation and further financial analysis are completed, the City will be well-positioned to consider approval of an incentive policy.

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Introduction

Design Regina: The Official Community Plan Bylaw 2013-48 (OCP) establishes a residential intensification goal directing 30 per cent of new population to established urban areas. Overall, the OCP provides a framework for the growth of the City of Regina (City) to a population of 300,000 and specifically 10,000 new residents to the City Centre. The City Centre comprises of the Warehouse, Downtown and Centre Square neighbourhoods.

Since the adoption of the OCP in 2013, the cumulative intensification rate has been 12.2 per cent and cumulative population growth in the City Centre has been 74 new residents. Facilitating opportunities for intensification through incentives has been identified as an avenue for the City to exercise to progress towards the OCP population growth targets mentioned above. Intensified development can be a mutually beneficial form of development for the City and private sector investors and buyers alike. The table below summarizes some benefits and obstacles associated with intensification based on research conducted.

Benefits to the City:	• Better for the environment • Decontamination of brownfield sites • More efficient use of infrastructure already in place • Increase in tax revenue for the City • Helps the City become more compact by building up existing areas as opposed to sprawling outward • Revitalization to existing neighbourhoods • Increased employment opportunities
Benefits to developers, home purchasers/owners:	• More choice of neighbourhoods to settle in • Infill development can appreciate property values in the neighbourhood • Ability to build/upgrade a new home without having to leave your original neighbourhood • Closer proximity to City Centre than new suburban greenfield neighbourhoods, which are often located on the fringe of a city • Opportunities for mixed-use development
Barriers/obstacles to intensification:	• An abundance of serviced greenfield land • Infrastructure conditions are insufficient to support intensification • NIMBY (not in my back yard) attitudes towards intensification and general community opposition • Required environmental approvals for sites with potential contamination concerns • Infrastructure condition is unknown, meaning any associated costs may be unknown

(Haninger, Ma, & Timmins, 2014)

(United States Environmental Protection Agency, 2014)

(Rowley & Phibbs, 2012)

THE ISSUE

Possible uncertainties surrounding intensification can quell investment in this type of development. Uncertainty may be related to the regulatory process (e.g. permitting, environmental regulations), possible costs associated with upgrading infrastructure needed to support the desired development type, and actual or perceived site or building contamination; among others.

An Intensification Levy was introduced in October 2019 and applies where development within the established city increases the use or intensity of a property and as a result, a capital cost to the City, providing the additional services required to serve the new development. The Intensification Levy can serve as an additional cost for developers undertaking intensified development projects in the established city. There is an opportunity to strike a balance that recognizes the function of the Intensification Levy while offsetting some of the costs incurred as a result of the levy's imposition, as well as other intensification-related development costs.

Brownfield sites can pose an additional level of complexity to landowners and developers due to the precarious and often ambiguous nature of brownfield site remediation and redevelopment. Remediating a brownfield site can be a time-consuming, costly and overall unclear process. Development is often predicated on profit and certainty, which is why developers often prioritize greenfield development.

THE PURPOSE

To bring the City closer to meeting the OCP population growth targets, an intensification-based incentive has been identified as a potential tool to increase intensification in target areas of the City and to reduce the number of underutilized sites in those areas. Incentivizing intensification is not a new phenomenon amongst North American municipalities. There are several best practice models currently in use. Special considerations need to be examined to craft a policy to meet the specific goals, needs and objectives of the City. The Intensification Discussion Paper (Discussion Paper) has been drafted as an informational piece to guide the formation of an incentive policy; a component of a broader strategy to reduce private sector investment barriers to intensified development and development on underutilized sites. The Discussion Paper will:

- Provide background on existing efforts made by the City to increase intensification and development incentives currently offered by the City;
- Generally, identify and define different incentive types, based on qualitative research and a cross-jurisdictional review of inherent standards of best practices for intensification-related incentives;
- Examine case studies respecting innovative intensification and brownfield incentive policies and programs;
- Identify a recommend program target area; and

- Establish incentive policy options that make sense for Regina with an impact and effort analysis for each.

The objective of the Discussion Paper will be to establish a clear vision for an incentive that:

- Strategically targets key areas of the City;
- Offsets some of the financial costs incurred by developers during redevelopment projects;
- Achieves progress on OCP population growth targets; and
- Minimizes the impact on taxpayers.

METHODOLOGY

The drafting of the Discussion Paper was a three-step process. First, research of existing intensification and brownfield incentive policies and programs was conducted to determine trends, best practices and to identify possible incentive options. Second, innovative and applicable intensification incentive policies were reviewed in-depth, followed by interviews with respective program administrators and subject matter experts. Third, possible incentive options for the City were identified and scrutinized through internal stakeholder consultation within City Administration to evaluate implications associated with each option.

Background

Since the adoption of the OCP, the City has implemented initiatives and projects that support and foster intensification, such as the following:

- Corridor and Neighbourhood Sequencing Plan and subsequent neighbourhood plans;
- New Zoning Bylaw;
- Underutilized Land Study, followed by the Underutilized Land Improvement Strategy;
- Amendments to the Housing Incentive Policy;
- Heritage Incentive Policy;
- Infill Housing Guidelines;
- Water Master Plan;
- Wastewater Master Plan;
- Servicing Agreement Fee and Development Levy Policy Review;
- Intensification Levy; and
- Intensification Work Plan.

An understanding of the initiatives identified above and how they relate to an intensification incentive is paramount to creating a policy that synergizes, complements and leverages goals and objectives from existing initiatives to create harmony and consistency amongst policy, plans and strategies.

DEFINING INTENSIFICATION

The terms “intensification” and “infill development” are interrelated, however, there is an important distinction. The OCP defines “intensification” as:

> *Construction of new buildings or addition to existing buildings on serviced land within existing built areas through practices of building conversion, infill or redevelopment.*

The OCP defines “infill development” as:

> *The replacement, alteration or redevelopment of an existing building or the construction of a new building on a vacant lot in an established neighbourhood.*

The key distinction between the two terms is that the term “intensification” involves an increase in residential units or an increase in floor area for commercial, industrial and institutional development types. The term “infill development” refers to any development occurring within existing neighbourhoods, such as adding a sunroom onto a dwelling in a core neighbourhood.

DEFINING BROWNFIELD

The OCP defines the term "brownfield site" as:

> *Undeveloped or previously developed properties that may be contaminated. These are usually, but not exclusively, former industrial or commercial properties that may be underutilized, derelict or vacant.*

The Federation of Canadian Municipalities (FCM) *Getting Started on Your Brownfield Sites: Committing to Action Guidebook*, defines the term as follows:

> *An abandoned, vacant, derelict or underutilized commercial, industrial or institutional property where past actions have resulted in actual or perceived contamination threats to public health and safety, and where there is active potential for redevelopment.* (Federation of Canadian Municipalities, 2015)

A key component of the FCM definition is the wording, "past actions have resulted in actual or perceived contamination threats." A brownfield site may not necessarily need to be fully rehabilitated, rather, contamination may just be alleged or unknown.

The terms "bluefield" and "greyfield" are used in similar contexts as the term "brownfield". The table below outlines the differences between each type of site.

Site Type:	Greyfield	Bluefield	Brownfield
Description:	Obsolete, outdated, or vacant sites that no longer attract investment or tenants. They are not usually contaminated; however, they can contain aged buildings and infrastructure that may be deteriorating and require repair. (Wintle, 2010)	Very similar to greyfield sites, except bluefield sites are former institutional or community facility sites that are no longer in use. (V3 Companies of Canada in Association with Praxis Consulting & Trace Associates, 2018)	Undeveloped or previously developed properties that may be contaminated. These are usually, but not exclusively former industrial or commercial sites that may be underutilized, derelict or vacant. (City of Regina OCP, 2013)
Examples:	Former shopping mall, plaza, strip mall	Former hospital, school, care facility, religious institution, police station	Former gas station, dry cleaning establishment, steel mill

CURRENT INCENTIVE POLICIES

The City has implemented development-based incentive policies and programs in the past. The incentives currently in place are targeted towards achieving specific goals and objectives. During the policymaking process for the future incentive policy, a key consideration will be integration with the Heritage Incentive Policy and Housing Incentive Policy.

Housing Incentive Policy

The City provides capital grants, rebates of intensifications levies and tax exemptions through the Housing Incentive Policy to stimulate new rental and ownership units that address current housing needs. The objectives for the Housing Incentive Policy pertain to the stimulation of affordable housing options and types throughout the City, with an emphasis on development in established neighbourhoods.

The Housing Incentive Policy is jointly administered by two separate branches within the organization. The Property Revenue Branch administers the tax exemptions directly, provides customer service and property tax account maintenance and support. While the Social & Cultural Development Branch addresses the following: policy reviews, day-to-day queries, escalated decisions, capital grants, intensification levy rebates and reporting. To administer the policy, roughly 0.75 of a full-time equivalent (FTE) staff person is required from the Property Revenue Branch and is split between Property Revenue Clerk and Tax Exemption Analyst staff positions. Roughly 0.6 of an FTE from the Social & Cultural Development Branch is needed to administer the policy from their end.

The grants and intensification levy rebates from the Housing Incentive Policy are funded directly through the Social Development Reserve. The 2021 budget allocation is $2.5 million.

Heritage Incentive Policy

The City provides one-time financial assistance to rehabilitate designated heritage properties via the Heritage Incentive Policy. Under the Heritage Incentive Policy, a tax exemption may be granted to a maximum value equivalent of either 50 per cent of eligible work costs or the total property taxes payable over 10 years; whichever is lesser. Subject to the availability of funds, a municipal grant is available for designated properties that are exempt from paying property taxes on an ongoing basis (e.g. churches). The grant may cover up to 50 per cent of eligible costs work costs up to a maximum value of $50,000.

The proposed 2021 Operating Budget includes $30,000 for cash grants allocated to the Heritage Building Rehabilitation Program. The Heritage Incentive Policy is jointly administered by the Social & Cultural Development and Property Revenue Services branches. Approximately 0.15 of an FTE from the Property Revenue Services Branch is required to administer the exemptions from the policy, which includes property tax maintenance, property tax support and system processing. A full FTE from the Social & Cultural Development Branch, as well as assistance from a City Planner II staff position, is needed to administer the municipal heritage property portfolio, which includes the incentive program.

Typically, four to five incentive applications are approved yearly. The uptake for incentives under the Heritage Incentive Policy is limited as only municipal heritage properties are eligible. Currently, there are around 100 municipal heritage properties in Regina. The Heritage Incentive Policy is currently under review and a report is slated to be brought forward in Q3, 2021.

The Need for Financial Incentives

Catalysts for the Discussion Paper include OCP policy directive, modest cumulative intensification and City Centre growth rates, identified brownfield site development challenges and a high inventory of underutilized sites. The intended outcome of the Discussion Paper and future intensification incentive will be to address the four catalysts by seeing an increase in intensification throughout the City, with a specific emphasis on the City Centre, as well as by making brownfield investment more financially viable and realistic. The forthcoming subsections of the Discussion Paper examine the four catalysts.

DESIGN REGINA: THE OFFICIAL COMMUNITY PLAN BYLAW 2013-48 (OCP)

Intensification is a major theme of several policy directives from the OCP. The importance of redeveloping and intensifying already developed lands within existing areas is emphasized throughout the OCP, as demonstrated by the list of related directives below. One may notice that intensification is a topic that impacts a variety of different business areas across the organization.

Section:	Goal:	Policy:
B – Financial Policies	Goal 3 – Financial Planning	1.13 – *Ensure the financial sustainability and return on investment of **financial incentives** designed to further the goals and objectives of this Plan.*
C – Growth Plan	Goal 1 – Growth	2.2 – Direct *future growth as either i**ntensification** on or expansion into lands designated to accommodate a population of 300,000, in accordance with Map 1 – Growth Plan.* 2.3 – *Direct at least **30%** of new population to existing urban areas as the City's **intensification target**…*
C – Growth Plan	Goal 3 – Intensification	2.7 – Direct *future higher density **intensification** to the **City Centre**, existing urban centres and corridors and adjacent **intensification areas** where an adequate level of service and appropriate intensity of land-use can be provided.* 2.8 – *Require **intensification** in built or approved neighbourhoods to be compatible with the existing built form and servicing capacity.* 2.9 – Direct at least ***10,000 new residents*** to the ***City Centre***, which will accommodate the city's highest population and employment densities. 2.10 – *Prepare an **intensification** development strategy, which addresses the following ….* *2.10.3 – **Incentives** for encouraging **intensification** development.*

Section:	Goal:	Policy:
D3 – Transportation	2 – Public Transit	5.10 – *Promote **intensification** and mixed-use development along express transit corridors and at transit nodes and potential transit nodes through increased service, levels, more direct routes, express services, and competitive travel times.*
D5 – Land Use/Built Environment	2 – City Centre	7.9 – *Explore actions necessary to convert vacant or underutilized properties to market-ready development sites to realize **intensification** in the City Centre.*
D6 – Housing	1 – Housing Supply and Affordability	8.8 – *Support residential **intensification** in existing and new neighbourhoods to create complete neighbourhoods.*
D11 – Social Development	1 – Social Sustainability	13.6 – Encourage ***intensification** as a means to revitalize and renew neighbourhoods and existing community resources.*

INTENSIFICATION RATE AND CITY CENTRE GROWTH 2013 – PRESENT

Data available when the OCP was adopted in December 2013 indicated that between 2006 and 2011, 33 per cent of the population added during this period was attributable to intensification and infill development in established urban areas. This made an OCP target of 30 per cent attainable. The 30 per cent target came into effect at the start of 2014. While in 2014 the City did get close to its target with an intensification rate of 26 per cent, the following years saw the rate drop significantly with rates varying from 12 per cent to four per cent.

The most recent annual estimate of intensification based on 2020 residential building permits issued indicates that the intensification rate in 2020 was 4.5 per cent, a decrease from the 2019 rate of 5.4 per cent. The table below summarizes intensification and greenfield population growth since the implementation of the OCP. The cumulative intensification rate is currently 12.2 per cent. The most recent estimate of City Centre growth indicates that the City Centre grew by nine new residents in 2020, bringing cumulative City Centre growth to 74 residents.

YEAR:	UNITS			POPULATION		
	Infill (IF)	Greenfield (GF)	Annual Rate	Infill (IF)	Greenfield (GF)	Annual Rate
2014	573	1,405	29.0%	1,281	3,590	26.3%
2015	202	1,164	14.8%	386	2,886	11.8%
2016	225	1,389	13.9%	394	3,317	10.6%
2017	125	1,884	6.2%	217	4,162	5.0%
2018	22	428	4.9%	44	1,018	4.1%
2019	12	381	3.1%	53	922	5.4%
2020	51	774	6.2%	81	1,731	4.5%
Total	**1,210**	**7,425**		**2,456**	**17,626**	
Cumulative Rate	**14%**	**86%**		**12.2%**	**87.8%**	

BROWNFIELD SITE DEVELOPMENT CHALLENGES

Brownfield sites may be thought of as abandoned, vacant or underutilized properties where development or redevelopment is complicated by actual or perceived environmental contamination as a result of past commercial or industrial land-uses. Common characteristics of brownfield sites can include the following: untidy appearance, overgrown vegetation, insufficient infrastructure, abandoned buildings or structures and surface parking areas. The past use of the site can provide insight into potential contamination; however, contamination can only be verified through onsite environmental investigations.

Brownfield sites in advantageous locations may not need any type of incentive to stimulate redevelopment (e.g. corner of busy intersection). Such sites may be referred to as "positive cash value sites", as the clean value of the land exceeds the cost of remediation. Most sites are either "neutral or negative cash value sites", as the cost of remediation either equals the clean value of the land (neutral) or is greater (negative). Financial incentives can be used to entice property owners to consider redevelopment on neutral or negative cash value sites, where, in the absence of an incentive it would not be financially viable to proceed with redevelopment (RCI Consulting, 2016).

The actual and perceived high costs associated with brownfield sites can serve to disincentivize private sector development initiatives and reinvestment. If a site is rehabilitated and converted to a more sensitive use, such as residential, potentially costly actions would need to be undertaken before any dirt moving on the site, such as environmental site assessments, site rehabilitation, and submission of provincially required documents and records produced by a qualified environmental consultant.

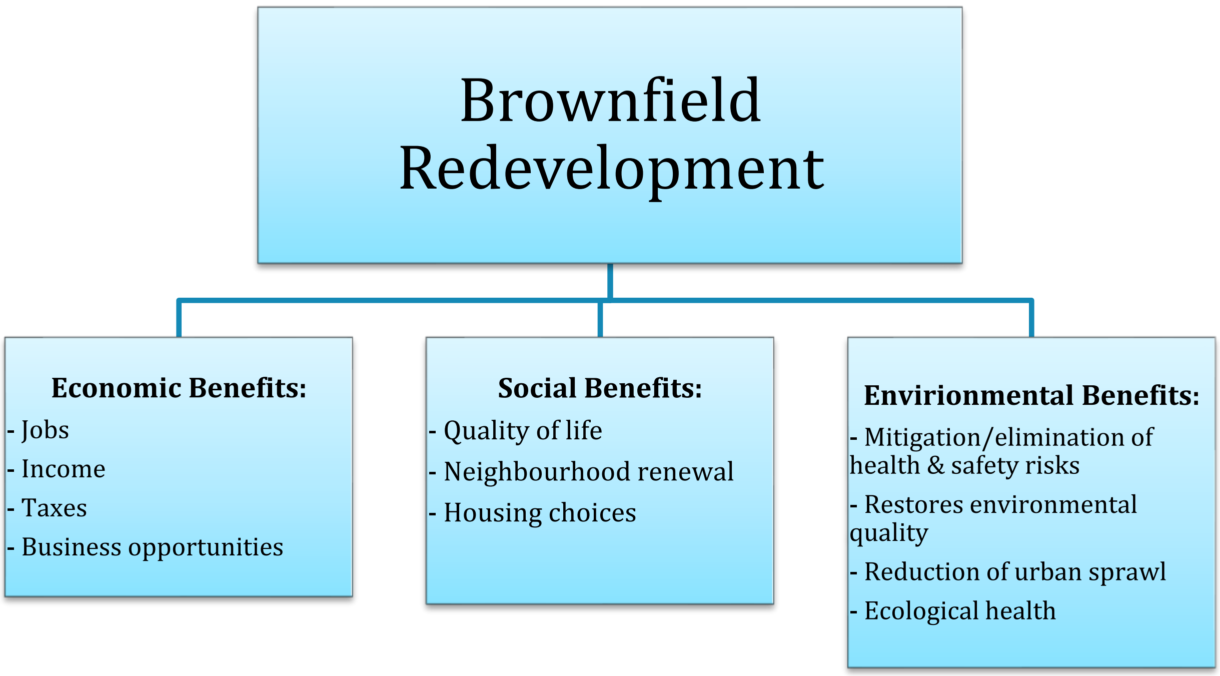
Common challenges associated with brownfield development may include:

1. Liability – lenders especially are hesitant to issue loans for brownfield redevelopment projects, as there is much uncertainty concerning final costs and the regulatory process.
2. Regulatory Uncertainty – before a project begins, the exact extent of required environmental engineering and remediation, including costs, is unknown.
3. Perception – negative perception of brownfield sites can be harmful to site redevelopment and neighbourhoods adjacent to the site (RCI Consulting, 2016).

Vacant or underutilized brownfield sites may represent lost tax revenue, lost residential accommodation opportunities and lost employment opportunities. Brownfield sites have a difficult time competing for development with greenfield sites. Although greenfield sites can have a higher land acquisition cost, the physical, legal, financial and environmental obstacles associated with brownfield sites can be collectively greater than the greenfield site acquisition costs.

The Ministry of Environment regulates the conditions of land in Saskatchewan. Brownfield site owners must abide by all applicable Saskatchewan and Canada government regulations.

Regulation of brownfield sites is a role of the Province. Therefore, during the permitting process, due diligence needs to occur between the applicant and Province to ensure that all legislated processes are followed and met. The coordination with the Province adds a layer of time and expense to the brownfield site redevelopment process.



Source: (Regional Analytics, 2002)

UNDERUTILIZED LAND INVENTORY

As a part of the 2018 Underutilized Land Study (ULS), an Underutilized Land Inventory was compiled. The inventory identified 752 underutilized sites throughout Regina, which consist of vacant lots (585), surface parking lots (130) and vacant buildings (37). Removal of sites from the inventory will be a key metric to evaluate the effectiveness of the future incentive and related initiatives aimed at encouraging intensification and development on underutilized sites. According to the 2018 Underutilized Land Inventory, approximately 44 per cent and 22 per cent of underutilized sites are located within the City Centre and North-Central neighbourhoods, respectively.

Types of Incentives and Standards of Best Practices

TAX EXEMPTION

Tax exemptions are limited by *The Cities Act* to a maximum five-year term. Section 28(a) of *The Heritage Property Act* enables the City to exceed the exemption term limit from *The Cities Act* for designated heritage properties only. Tax exemptions that the City currently provides require approval from Council. The City uses tax exemption agreements if the exemption is beyond one-year. One-year tax exemptions do not normally require an agreement, but a bylaw is still needed.

Often a tax exemption is stacked with other incentive types to entice development in target areas. The City offers tax exemptions under the Housing Incentive Policy, Heritage Incentive Policy and Community Non-Profit Tax Exemption Policy. Tax exemption incentive programs take many forms and there are many elements to consider when forming policy, which are summarized below.

Tax Exemption Term and Percentage

The maximum incentive term is limited by legislation from *The Cities Act* and *The Heritage Property Act*, as mentioned above. Some programs vary the exemption term based on construction value, project costs incurred, design guidelines, or other established criteria. The percentage of the property tax exemption does not necessarily need to be 100 per cent for the full term. The table below shows how one incentive program structures its tax exemption incentive percentage and term based on the value of construction for a project.

Value of Construction	Exemption Term and Percentage Exempt
$100,000 - $250,000	Year (Yr) 1 – 50%
$250,001 - $400,000	Yr. 1 – 75%, Yr. 2 – 50%
$400,001 - $600,000	Yr. 1 – 100%, Yr. 2 – 75%, Yr. 3 – 50%
$600,001 - $750,000	Yr. 1 – 100%, Yr. 2 – 75%, Yr. 3 – 50%, Yr. 4 – 25%
More than $750,001	Yr. 1 – 100%, Yr. 2 – 100%, Yr. 3 – 75%, Yr. 4 – 50%, Yr. 5 – 25%

Source: (RM of Lumsden No. 189, 2018)

Portion of Taxes Exempted – Improvement or Land

An exemption program may waive total property taxes or may choose to waive either the portion of property taxes associated with the land or improvement (i.e. new building). This consideration often relates to the overall objective of the tax exemption program. For example, if the goal of the municipality was to increase development on vacant lots or see significant expansion of existing developments, they may choose to offer an incentive that exempts the portion of property taxes attributed to the new improvement (i.e. new building or expansion to an existing building).

Type of Taxes Exempted – Municipal, School, Library

Municipalities in Saskatchewan may set a tax exemption policy the exempts municipal, school and/or library portions of taxation. Under clause 9(2)(b) of *The Education Property Tax Act,* a municipality must request the minister to exempt school taxes for a parcel if the amount of the exemption is over $25,000. Even with the limitations stated above, most of the municipal tax exemption programs researched choose to provide exemptions for all or a portion of total taxation, rather than just taxation from a single authority. If both municipal and school taxes are being exempted, legislation requires that the exemption percentage of each is equal.

TAX INCREMENT EQUIVALENT GRANT (TIEG)

A tax increment equivalent grant (TIEG) is a financial incentive tool observed in use in municipalities throughout the United States and Canada.

General Tax Increment Equivalent Grant Process

1. A base line municipal tax value is established (i.e. the property taxes prior to new development occurring).
2. The project is completed (applicant still pays full taxes during construction).
3. After the project is completed, it must receive satisfactory final inspections from the municipal building official.
4. The property is assessed after construction is completed to reflect the value of the new development.
5. The tax increment can be calculated by taking the post-development municipal taxes and subtracting the pre-development municipal taxes.
6. Depending on the specifics of the program, a grant equal to the increment or a percentage of the increment may be paid out, either in a lump sum or stretched out over several years.

TIEGs can be used to offset the additional taxation on a property after a project is completed for a defined period. This means that the property owner would still pay the same amount of taxes that they did before the new development was completed for a set period.

Some municipalities (e.g. Saskatoon) have programs that offer a lump sum TIEG to cover the increase in municipal taxation for a defined period. Under such an arrangement, the tax increment or a percentage of the tax increment (depending on the specifics of the program) is multiplied by a specific number of years to establish a total lump sum grant amount. This allows the applicant to get an upfront “advance” to cover future municipal taxes that will need to be paid on the property for a defined period.

In programs that offer an initial lump sum TIEG, the municipality allocates funds to start an initial program reserve to cover the initial lump sum TIEGs, however, after the lump sum is issued, the municipal tax increment on the property that received the grant is allocated back into the program reserve each year until the lump sum grant is paid back into the reserve. The remaining portion of municipal taxes (i.e. an amount equal to the pre-development municipal taxes) is allocated to the City's general tax revenue accounts.

Municipalities may also use a TIEG as an incentive to rebate certain eligible costs incurred during the infill development process or brownfield remediation process. A municipality may calculate the tax increment on a property and provide yearly grants equal to all or a portion of the increment until the total amount of grants equals the total amount of eligible project costs incurred by the developer or the expiration of a defined period specified in the program (e.g. 10 years).

TIEGs may be thought of as "pay as you go grants" as the property owner or developer is initially responsible for any remediation and/or development costs, upgrades to the infrastructure needed for the development and payment of full taxes each year. After the development is completed, a TIEG can be used to help reimburse the property owner or developer for these costs using the tax increment (Green, 2016).

Some municipal TIEG programs will initially offer a full or partial grant, decreasing the amount on an annual basis over the incentive term. Other policies utilize a "scorecard" or "points system" whereby eligible projects are allocated points based on considerations such as the compliance of a project with OCP policy directive or total eligible costs that a project accrues, the points calculated determine the what percentage of the tax increment that the project will receive in the form a lump sum or yearly TIEG(s).

STUDY GRANTS

Some municipalities provide funding to applicants who wish to conduct pre-screening on a property that they are interested in developing, such as an environmental site assessment or serviceability study. Municipal study grant programs promote the undertaking of studies to collect information such as required servicing or levels of contamination on site. Types of studies that many of the municipalities researched issue grants for include:

- Feasibility/serviceability studies;
- Phase one, two or three environment site assessments;
- Remedial work plans or risk assessments;
- Designated substance and hazardous material studies; and
- Others. (Green, 2016)

REDUCTION IN DEVELOPMENT CHARGES

To incentivize specific development types or development in a targeted area of a municipality, some municipalities will waive all or a portion of development charges (e.g. Servicing Agreement Fee, Development Levy). Most incentive policies researched that involve a reduction or rebate of development charges still require the applicant to pay the charge, usually before the issuance of the building permit for the project. A grant or rebate is issued back to the applicant after the project is completed, receives satisfactory final building inspections and the property receives a post-construction assessment.

TAXABLE SUB-CLASS

Per *The Cities Act*, a city council may create sub-classes of property with distinct mill rate factors to more equitably allocate the property tax burden to specific land types and to incentivize or disincentivize specific types of activity or investment. For example, a city could establish a property sub-class for privately owned aircraft carriers under a commercial and industrial property class so that privately owned hangars are taxed at the same rate as residential properties.

In Spring 2014, the City of Moose Jaw implemented a sub-class that taxed vacant industrial and commercial properties at two and a half times the rate of developed commercial or industrial property. At the time of implementation, the City of Moose Jaw noted that properties in the newly created sub-class had been assessed an average of $1,300 in annual municipal taxes. Under the new sub-class, the properties averaged $3,200 in annual municipal taxes. To be tax revenue-neutral, the added tax revenue collected was used to lower the taxes for developed commercial and industrial properties (City of Saskatoon, 2018).

In May 2017, the City of Moose Jaw abolished the vacant property tax sub-class for several reasons. The City of Moose Jaw did not find an indication that the tax sub-class had incentivized additional development on vacant properties. The City of Moose Jaw cited that issues had arisen related to the application of the policy, particularly related to the time between the demolishment of a building on a site and a new building being erected. During this period, properties continued to be taxed at higher rates as sites were considered to be vacant until a new building is deemed substantially complete, even with a building permit being in place for new construction (City of Saskatoon, 2018).

Moose Jaw City Council noted issues related to when a vacant commercial or industrial lot owned by the City of Moose Jaw was purchased for development. During the period between a developer acquiring the property and new development being constructed, the developer was taxed at a higher rate, as the property is deemed vacant until substantial construction completion (City of Moose Jaw, 2017).

Based on the City of Moose Jaw's experience using the tax sub-class in this manner, it is not recommended that the City of Regina (City) explores this option. The 2019 Underutilized

Land Improvement Strategy contains an action for the City to work with Municipalities of Saskatchewan to lobby for tax legislation changes to allow for site-specific tax measures to penalize landowners of underutilized lands who have removed the sites from the marketplace.

UTILITY/INFRASTRUCTURE UPGRADE FEES GRANT

Some municipalities may offer a rebate to developers who must replace or upgrade utilities or infrastructure as a part of their infill development or redevelopment project. Sometimes when a project proposes to increase the "intensity of use" (e.g. demolish a home, replace with four-plex) on a lot in an established neighbourhood, the infrastructure or utilities that service that lot must be replaced or upgraded to support the higher intensity of use.

EXAMPLE:

- Several houses next to one another are demolished and replaced with an apartment.
- The immediate infrastructure and utilities were historically intended to service the single-family dwellings and may be insufficient to support an apartment.
- For the apartment development to proceed, the applicant will need to up-size or upgrade the infrastructure servicing the lots so that they sufficiently provide service to the apartments and meet the City's servicing requirements.

Upsizing or upgrading utilities can be a costly endeavour to developers, which is why a partial rebate of fees paid by developers can be lucrative as it offsets some of the costs associated with making the sometimes costly upgrades to the infrastructure needed to support their development. In these types of grant programs, the developer still is required to cover the costs of making necessary upgrades. After the infrastructure upgrades (e.g. up-sized sanitary sewer line) and overall development project are completed to the satisfaction of the municipality, the municipality may provide a grant covering a portion of the costs.

TAX INCREMENT FINANCING

Subsection 281.1(1) of *The Cities Act* grants a city council the authority to establish tax increment financing (TIF) programs in designated areas of the city to encourage development or investment in those areas. Section 281.2 of *The Cities Act* states that a TIF program may allocate a portion of incremental municipal taxes coming from a designated area into a reserve fund. Funds in the reserve may be used to invest in redevelopment or a project within the designated area.

Under a TIF program, municipal property tax revenue in a designated area can be divided into two streams:

- Stream #1 – The amount equal to the assessed value before any new development; and

- Stream #2 – The amount equal to the increase in the assessed value after new development.

Stream #1 is directed to general municipal use. Stream #2 is directed to a special increment reserve to help repay the costs of the redevelopment or project undertaken. After the timeframe stipulated in a TIF program expires, full tax revenue from the designated area is directed to general municipal use (Government of Saskatchewan, 2021). A bylaw must be passed for a TIF program to be initiated.

The premise is that after a TIF project is completed, there will be an economic spinoff in the designated area that benefits from the project, stimulating new development within the designated area. Property tax revenue from this new development is used to pay back the cost of the project.

More than one-third of the City of Edmonton's new arena project was funded through a TIF program. After the location of the arena was chosen, the area that will receive the economic spin-offs from the arena was mapped out and designated. Going forward, revenue from new development (e.g. hotel, restaurant) in the designated area is used to pay down the debt of the project (Kessler, 2018).

MUNICIPAL FEES GRANT

Some municipalities provide a full or partial grant equal to any municipal fees incurred by the applicant throughout a project. Based on the research, municipal fees eligible for repayment through a grant can include: development charges, minor variance fees, development permit application fees, building permit application fees, official community plan amendments, zoning bylaw amendments, demolition permit fees and landfill tipping fees. Under municipal fee grant programs, the property owner or developer still pays the applicable fee as usual and is rebated through a one-time grant after the project is deemed completed (Green, 2016).

STACKING INCENTIVES

Many of the municipalities researched had multiple incentive programs and funding streams that allowed each respective program to be stacked with another. This effectively allows one project to receive multiple different incentives, each with its distinct function. For instance, the structure of a municipality's incentive policy could allow an applicant to receive funding for an environmental study under one grant, be compensated for remediation costs through a separate grant and have a tax exemption applied after development is completed on a property.

NON-FINANCIAL TOOLS

The incentive types and best practices mentioned above, pertain to financial tools or methods that can be used to encourage development. Financial tools are only one of many methods to encourage intensification and development on underutilized sites. A municipality can exercise regulatory (e.g. zoning changes), promotional and procedural tactics to meet growth and development objectives. The 2019 Underutilized Land Improvement Strategy (ULIS) includes several non-financial tools, which are briefly touched on below.

Regulatory

This involves looking at how regulatory frameworks (e.g. Zoning Bylaw) can impact intensification and development on underutilized sites. The ULIS outlines actions that can be undertaken within the confines of the Zoning Bylaw to support development, such as using contract zoning on contaminated sites, pre-zoning sites and exploring temporary uses for vacant lots.

Process/Procedural

A municipality can look at its internal processes when handling applications for development to ensure the process is streamlined, coordinated and predictable. This may involve looking at ways to “remove red tape” and build capacity for applicants so they know what to expect when applying for a project. Actions from the ULIS that support process and procedural improvements include prioritizing infill applications, implementing one-point of contact through the entire application process, looking at online tools to assist developers in understanding the process and others.

Promotional

Promotional tools can be used to celebrate successful projects and encourage others to explore projects on underutilized sites. It involves a culture shift that recognizes development in the established city as a realistic possibility. Actions from the ULIS that involve promoting development on underutilized sites range from exploring the creation of Infill Development Awards to undertaking a communication campaign to provide facts on the value of developing in established areas.

Case Studies

During the research process for the Discussion Paper, innovative and unique incentive policies currently in use by Canadian municipalities were identified and reviewed in detail. Summarized in the forthcoming subsections of the Discussion Paper are case studies that are intended to:

- Provide unique and innovative examples of intensification-oriented incentive policies currently in place in other jurisdictions;
- Showcase policy considerations and implications identified by other municipalities; and
- Give a general sense of the financial and administrative requirements needed to administer intensification-based incentive policies and programs.

Lessons learned as a result of each of these case studies can help guide the City towards drafting its policy.

Some of the case studies reviewed pertain to Ontario municipalities, who are subject to different planning legislation than Saskatchewan municipalities. Ontario's planning legislation provides a municipality with the authority to prepare and adopt a Community Improvement Plan (CIP) which focuses on the maintenance, rehabilitation, development and redevelopment of targeted areas of a municipality. According to *The Ontario Planning Act*, a CIP must be in place for a municipality to offer grants, loans or incentives aimed at stimulating private sector investment in targeted areas of the municipality; subject to some restrictions.

CASE STUDY #1: EDMONTON, ALBERTA

In July 2010, Edmonton City Council created the Contaminated Gas Station Task Force, comprising of five councillors and members of the administration. The focus of the task force was to fast-track remediation and redevelopment of former gas station brownfield sites, especially those located within residential neighbourhoods. The task force developed a discussion paper and presented it to Edmonton City Council. The discussion paper:

- Identified 50 former gas station sites (22 owned by a single company);
- Provided an overview of the remediation process; and
- Examined barriers to brownfield site redevelopment and provided resolutions to address barriers.

Subsequently, revisions to Edmonton's existing Brownfield Redevelopment Grant Program were made that better reflected best practices. The modifications to the program included matching grant phases with environmental site assessment (ESA) phases to make the program easier to understand and to reward incremental progress. The table at the start of the next page highlights the four current grant phases.

Grant:	Description:	Amount:
Phase 1 ESA Grant	Desktop research report of a site's history and likely contamination status. Site visits are included.	$5,000 or 80%, whichever is less.
Phase 2 ESA Grant	Testing, analysis, delineation and remediation plan tailored to the property's onsite results.	$80,000 or 80%, whichever is less.
Phase 3 ESA Grant	Remediation and/or exposure control to meet Alberta Environment legislation and City of Edmonton regulations to ready the site for its intended use.	Up to 100% remediation costs for minimum LEED Silver Certified redevelopment. Up to 50% of remediation costs for non-LEED Silver minimum redevelopment.
Phase 4 Grant	Support for sites that will not be developed for an indeterminate amount of time, but could be useful for: • interim use (e.g. pocket park); • community art; • renewable energy (e.g. solar); • other	Up to $200,000 or 80%, whichever is less.

The Phase 1, 2 and 4 Grants are funded through general tax levies, while the Phase 3 Grant is funded through the generated municipal tax increment (i.e. difference in pre- and post-development municipal taxes). All program applications are reviewed by Edmonton's Brownfield Grant Panel, whose members represent taxation, finance and environmental business areas from the City of Edmonton's Administration (City of Edmonton, 2017).

As of 2017, since the program's initiation in 2011, over 30 brownfield redevelopment projects have been either completed or are in progress. The value of the grants associated with various projects is over $10 million, the majority of which is reported to be funded through new municipal tax revenue generated from new or renewed private sector investment on brownfield sites. Edmonton's program is nationally recognized as the program has won several awards including the Canadian Urban Institute's Brownie Award for Reinvestment, the Minister's Award for Excellence for Large Municipalities and the Federation of Canadian Municipalities Sustainable Community Award for Brownfield Plans (City of Edmonton, 2017).

Figure 1 shows one of the more notable brownfield redevelopment projects in Edmonton that partook in the grant; Raymond Block. Raymond Block was a historic hotel that occupied Whyte Avenue in the early 1900s, however, the hotel would be demolished, and the space would be occupied by a gas station later in the century. In 1998, the gas station closed, but leakage from the underground tanks was observed, which took close to 20 years to remediate, during which time the site was vacant. The $50 million redevelopment project consists of a six-storey 132,000 square foot building, that includes residential, office and retail properties. The ground floor of the building has space for seven retailers, while the second floor is designated as office space. The top four floors of the building include 95 luxury apartments (Cook, 2019).

Fig. 1: Comparison of Raymond Block brownfield site pre and post-development (raymondblock.com)

Administered by one full-time equivalent (FTE) Brownfield Coordinator, Edmonton's Brownfield Redevelopment Program has made significant strides in reducing Edmonton's brownfield site inventory.

CASE STUDY #2: KINGSTON, ONTARIO

In 2005, Kingston passed a bylaw to adopt a Community Improvement Plan (CIP) to target brownfield properties within the municipality. The CIP included several incentives such as tax assistance, development charge exemptions, and grants for brownfield development projects, which include contaminated sites and buildings. In 2017, a new CIP was adopted that again emphasized brownfield redevelopment (amended in 2019). Below, some of the incentives offered under Kingston's Brownfield CIP are highlighted.

Brownfield Financial Tax Incentive Program

- The Brownfield Financial Tax Incentive Program allows the cancellation of up to 100 per cent of municipal property taxes during the site rehabilitation and redevelopment period.
- To qualify, applicants must have conducted a Phase 2 ESA on the site.
- Eligible rehabilitation costs are outlined in Kingston's Brownfield CIP.
- Property tax assistance terminates when:
    - The total tax assistance provided equals total approved rehabilitation costs;
    - On the date when an Occupancy Permit is issued for development; or
    - A period of 36 months from the date specified on the Brownfield Site Agreement expires (City of Kingston, 2017).

Tax Increment-Based Rehabilitation Grant Program

- The grant is intended to cover costs such as demolition of derelict buildings, removal of contaminated fill, placement of clean fill and grading.

- Funds issued to an applicant are provided through a tax increment equivalent grant (TIEG).
- After a project is completed, the municipal tax increment is established (i.e. difference in pre- and post-development municipal taxes).
- 80 per cent of the tax increment is issued to the applicant through yearly grants which may occur over 10 years or up to the point when eligible rehabilitation costs are paid out. The remaining 20 per cent of the tax increment is allocated into Kingston's Municipal Brownfield Reserve Fund, which provides Kingston with funds to implement their Brownfield Redevelopment Strategy (City of Kingston, 2017).

Expenses for all programs include one full-time staff equivalent (reviews and processes applications, monitors program, etc.) and promotion per Kingston's marketing strategy.

CASE STUDY #3: WINDSOR, ONTARIO

Windsor has several different incentive programs aimed at encouraging investment within key neighbourhoods. Windsor's incentives are structured through a series of community improvement plans (CIP). This means that the incentives vary based on which area of Windsor the project is located in.

Development Charge Grant Program (Olde Sandwich Town)

- The Development Charge Grant Program is intended to promote the redevelopment of commercial and mixed-use properties in target areas.
- The financial rationale for reducing the development charge in this area of Windsor directly correlates with the existing sufficiency of the infrastructure in Olde Sandwich Town (i.e. existing road, water and sewer infrastructure have adequate capacity).
- The program provides a grant equal to between 50 per cent and 100 per cent of Windsor's development charge.
- The amount of the grant depends on the level of Leadership in Energy and Environmental Design (LEED) certification that the project obtains. For instance, if no LEED certification is obtained, the grant is equal to 50 per cent of the development charge, while if LEED Platinum is obtained, the grant will be equal to 100 per cent of the development charge.
- The full amount of the development charge is due payable at the time of building permit issuance. The grant is only issued after building construction is completed and the final inspection of the building has been completed (City of Windsor, 2012).

Municipal Development Fees Grant Program (Ford City)

- Developers may receive a grant covering 100 per cent of specified municipal development fees, up to a maximum of $50,000 per property.
- The grant is only eligible for projects which result in the development, redevelopment, adaptive reuse or rehabilitation of a building or property.

- Developers still must pay the fees during the development process and are eligible for the grant upon project completion.
- The Ford City CIP area is located within Windsor's Development Charges Reduction Program Area, therefore, development charges for an eligible project in Ford City may already be reduced. The portion of the development charge not covered under the Development Charges Reduction Program may be eligible for possible funding under the Municipal Development Fees Grant Program (City of Windsor, 2018).

CASE STUDY #4: SASKATOON, SASKATCHEWAN

Saskatoon's Streamlining Downtown Development Program (SDDP) was introduced in 2018 as a combination of tactics to encourage growth in the downtown area. The SDDP originally exempted payment of servicing agreement fees in the downtown area. In 2019 the servicing agreement fee exemption area was expanded to include: all areas within Circle Drive, Sutherland, Sutherland Industrial, Forest Grove and Montgomery Place. The servicing agreement fee exemption only applies to sites that are within multiple-unit residential, commercial or mixed-use zoning districts; low density and one and two-unit residential zones are not eligible.

Under the SDDP, an additional staff position was introduced to help facilitate development downtown; the Downtown Development Coordinator (DDC). The position was approved as a part of the 2018 budget. Funding for the position is provided via building permit fees so there is no mill rate impact. The DDC is intended to act as a liaison between City of Saskatoon Administration and developers/applicants, handling communicative and procedural aspects associated with development. The DDC is meant to be the primary point of contact for developers of substantial projects (City of Saskatoon, 2019).

Other initiatives included under the SDDP that are intended to streamline processes and provide incentives for new development in target areas include:

- Identification of major infrastructure deficiencies for development and options to fund upgrades;
- Waiving complete Traffic Impact Assessments;
- Waiving on-site stormwater management requirements for new development;
- Review of certain zoning districts; and
- Looking at options to reduce detour, lane closure and temporary reserved parking fees related to new development (City of Saskatoon, 2019).

Vacant Lot & Adaptive Reuse Program

- Saskatoon's Vacant Lot & Adaptive Reuse (VLAR) Program was adopted in 2011 and is intended to incite development on vacant or brownfield sites and the reuse of vacant buildings within established areas of the City, including downtown.

- A maximum incentive amount is determined that is equivalent to the difference in the municipal portion of post-development and pre-development property taxes after completion of new development and post-construction assessment (i.e. the municipal tax increment). This amount is then multiplied by a factor of five, representative of five years.
- An earned incentive amount is established by scrutinizing the project through a scorecard system that is linked to OCP policy directive. Total points accrued dictate what percentage of the maximum incentive amount an applicant may receive, also referred to as the "earned incentive amount".

  EXAMPLE: *The municipal tax increment as a result of a multi-family development, amounts to an additional $10,000 in municipal taxes on a property. Per the policy, the tax increment is multiplied by five years to get a maximum incentive amount of $50,000. The project then receives a project evaluation based on the proposal evaluation criteria from the policy and the project scores 60 of 100 possible points. 60 per cent of the maximum incentive amount determines the earned incentive amount of $30,000.*

	Grant/Tax Abatement Calculation
Tax Increment (i.e. change in taxation as a result of development)	$10,000 x 5 years
Maximum Incentive Amount x Points (based on project evaluation)	$50,000 x 60/100 points
Earned Incentive Amount	$30,000 payment begins following project completion

- After the earned incentive amount is determined, the applicant is given a choice of assistance in the form of a five-year tax exemption equal to the earned incentive amount (incrementally spanned over five years), or a one-time lump sum cash grant equal to the earned incentive amount and not exceeding the following amounts:
  - $200,000 for commercial, industrial or mixed-use developments;
  - $75,000 for multiple unit dwellings; and
  - $15,000 for one and two-unit dwellings.
- The VLAR Program applies to the City Centre, as well as established neighbourhoods. Projects supported by the VLAR Program must either be located on a vacant site, contain a derelict principal building (i.e. intended to be demolished so the site may be redevelopment), or be a vacant building (City of Saskatoon, 2011).
- As of 2018, since the launch of the program in 2011, 65 incentive applications have been approved, including 15 in 2018. During this same timeframe, $1.7 million in incentives have been awarded to approved projects, corresponding to investments of over $180 million within the program neighbourhoods (City of Saskatoon, 2019).

CASE STUDY #5: RED DEER, ALBERTA

In February 2020, the City of Red Deer rolled out several incentives under the municipality's Downtown Economic Incentive Program. The incentives are funded through Red Deer City Council's $850,000 two-year budget commitment towards stimulating economic development (Cowley, 2020). Under the program, applicants may apply under five different incentive programs, each with its specific function. To be eligible for funding under this program, the development must be located within Red Deer's Greater Downtown Area.

Applicants may apply for funding during two intake periods, with applications prioritized using a scorecard system. During the first intake for the program, which spanned from February 15, 2020, to March 15, 2020 (Rolheiser, 2020), the City of Red Deer awarded $505,778 in grants to 26 downtown development projects, which are expected to generate at least $705,000 in supplementary private sector investment in Red Deer's Greater Downtown Area (City of Red Deer, 2020). Amounts awarded under the first intake for each program funding opportunity are as follows:

- Façade and Storefront Improvement Rebate: 25 projects, total amount of $325,868.
- Environmental Site Assessment Rebate: one project, total amount of $4,000.
- Demolition of Vacant and Derelict Properties Rebate: no applications were submitted.
- Utility Connection Fee Rebate: one project, total amount of $20,000.
- Residential and Mixed-Use Development Grant: one project, total amount of $150,000. This project added five new residential units to Red Deer's downtown area (City of Red Deer, 2020).

Each of Red Deer's five programs is briefly detailed below for reference.

Environmental Site Assessment Rebate

- The 2020 budget commitment for the Environmental Site Assessment Rebate was $50,000 (City of Red Deer, 2019).
- A partial rebate of Phase 1 or Phase 2 Environmental Site Assessment (ESA) costs is offered to property owners who wish to consider development.
- A Phase 1 ESA may receive 80% funding, to a maximum of $5,000.
- A Phase 2 ESA may receive 50% funding, to a maximum of $20,000.
- Only commercial or multi-family zoned properties within the Greater Downtown Area are eligible.
- The City of Red Deer receives a copy of all ESAs completed.

Demolition of Vacant and Derelict Properties Rebate

- The 2020 budget commitment for the Demolition of Vacant and Derelict Properties Rebate was $100,000 (City of Red Deer).
- The Demolition of Vacant and Derelict Properties Rebate offers a partial rebate to assist in demolition costs for structures that are unoccupied or no longer viable for future investment or use.

- The rebate covers up to 50 per cent of costs to demolish vacant and/or derelict buildings up to a maximum of $25,000 per project.
- Funding is only available if the project is in the Greater Downtown Area and has commercial or multi-family zoning.

Residential and Mixed-Use Grant (Tax-Offset Program)

- To fund the Residential and Mixed-Use Grant, Council approved an operating budget funding request to serve as a placeholder, as the grant will eventually be financed using the municipal tax increment generated by new development (i.e. difference in pre- and post-development municipal taxes). Any development that receives the grant, will have its tax increment reallocated back into the program reserve until the cost of the grant is recouped.
- Grants are provided based on a project's construction value.
- Projects must be a mixed-use or high-density residential development, with a minimum height of two storeys.
- To be eligible, dwelling units must have a minimum size of 600 square feet, while non-dwelling units must have a minimum size of 800 square feet.

Façade and Storefront Improvement Grant

- The 2020 budget commitment for the Façade and Storefront Improvement Grant was $100,000 (City of Red Deer, 2019).
- The grant is intended to encourage façade improvements on buildings with the program's target area. The improvements are to consist of signage or security measures.
- The first intake for Red Deer's Downtown Development Incentive Program saw the City of Red Deer award 26 projects with $325,868 in funding under the Façade and Storefront Improvement Grant. According to the City of Red Deer's website, it appears that the Façade and Storefront Improvement Grant was unavailable during the second intake of the program, "as a result of its expansion during the first intake" (City of Red Deer, 2020).

Analysis of Incentive Options for Regina

Several of the possible incentive options reviewed in preparation for the Discussion Paper could apply to Regina. Based on research, incentive options for Regina have been identified, each of which would be targeted to the City Centre and strategic surrounding neighbourhoods. Below each of the incentive options is listed.

1. Brownfield Revitalization Program – Initial Study Grants & Tax Rebate
2. Development Charge Rebate
3. Utility Upgrade Fees Grant
4. Tax Exemption
5. Annual Tax Increment Equivalent Grant – Full Coverage of Eligible Project Costs
6. Annual Tax Increment Equivalent Grant – Partial Coverage of Eligible Projects Costs
7. Choice of Tax Exemption or Lump Sum Tax Increment Equivalent Grant
8. Serviceability Study Grant

The forthcoming subsections of the Discussion Paper are intended to give an in-depth look at each possible incentive option listed above. The incentive options are flexible, along with the various components associated with each incentive (e.g. grant amount, term). Each incentive option will include an overview, impact and effort analysis and identification of possible risks to the City. The impact and effort analysis is intended to compare the anticipated resources need to administer each incentive option with the anticipated impact that each option may have on achieving the City's goals. The impact and effort analysis was conducted through interviews and discussions with members of the City's administration spanning several different business areas. The effort and impact associated with each option were rated out of 10. The scale for the ratings is as follows:

- 0/10 = extremely low impact or effort
- 1/10 = very low impact or effort
- 2/10 = low impact or effort
- 3/10 = moderately low impact or effort
- 4/10 = slightly low impact or effort
- 5/10 = moderate impact or effort
- 6/10 = slightly high impact or effort
- 7/10 = moderately high impact or effort
- 8/10 high impact or effort
- 9/10 = very high impact or effort
- 10/10 = extremely high impact or effort

Complete, impact and effort analysis and rankings may be found in Appendix A.

PROGRAM TARGET AREA

it is recommended that the incentive is offered only in a prescribed program target area. As the future incentive program advances, the program's target area can always be expanded.

Council can consider expanding the program area based on the program's uptake in the initial years of the program. It is recommended that the program area consists of the City Centre and the North Central and Heritage neighbourhoods. The inclusion of the City Centre is directly supported by policy from the OCP which mandates population and employment growth in this area, while the North Central and Heritage neighbourhoods are included as they have high numbers of identified underutilized sites in each, as demonstrated within the Underutilized Land Inventory established in 2018. A map of the recommended program target area is attached as Appendix B.

PROGRAM FUNDING

The following incentive program options, except Options #4, #5 #6, will require an initial start-up investment or "seed money". Options #2, #3 and #7 are structured so that any funds paid out to successful applicants are paid back into the program reserve by allocating the municipal tax increment generated by the new development on the property receiving funding, back into the program reserve.

After a project receives occupancy approval and a post-construction assessment is completed, the City can determine the increase in municipal taxes that is attributable to the development. The tax increment is determined by subtracting the municipal portion of pre-development taxes from the municipal portion of post-development taxes on a property.

Under this model, the City is forgoing additional municipal tax revenue that it otherwise would have received as a result of new development. However, the City still receives the same amount of municipal tax revenue as it did before the development occurring on a site. Such development may not have occurred in the absence of an incentive.

OPTION #1: BROWNFIELD REVITALIZATION PROGRAM

A brownfield revitalization incentive is envisioned as being a subset of a larger incentive program, aimed at stimulating intensification and development on underutilized sites in target areas. The number of brownfield sites across the City is unknown. However, the City has several potential interests concerning the undertaking of brownfield site studies, site reclamation and site redevelopment.

Option #1 – Proposed Program Details

- The Brownfield Revitalization Program is a multi-tiered incentive that is contingent on the completion of environmental site assessments.
- Unlike the other seven options, the Brownfield Revitalization Program is intended to be available to any site with the City, not just those within the defined program target area (see Appendix B).
- Applicants could apply for a rebate of the cost of a Phase 1 ESA equal to 80 per cent of the total cost of the ESA, to a maximum of $5,000.

- Property owners who have completed a Phase 1 ESA may subsequently apply for a rebate of the cost of a Phase 2 ESA equal to 50 per cent of the total cost of the ESA, to a maximum of $20,000.
- Applicants that have approval from the Government of Saskatchewan to conduct remediation or reclamation on a site, are eligible for a tax rebate equal to the total amount of the municipal portion of property taxes paid on the site during reclamation or remediation activities, to a maximum of two years.
- The rebate is paid upon the City receiving verified confirmation that the site was indeed reclaimed or remediated in a satisfactory manner per the governing legislation.
- Applicants receiving the ESA rebates would not necessarily have to remediate or develop the property to receive the rebate.
- Before receiving any ESA rebates, applicants would need to supply the City with a copy of the ESA completed and evidence that all environmental consultants working on the applicant's behalf have been paid.
- The ESA would then get registered on the title of the property for future reference.
- An annual budget commitment of $50,000 is recommended to fund this program.
- Applicants would be accepted and prioritized on a first-come-first-serve basis.

Option # 1 – Impact and Effort Analysis

- This program option may have a **moderate impact (5/10)** on achieving intensification and development on underutilized sites and may require **low effort (2/10)** to administer.
- IMPACT:
  - The impact is given a "moderate" rating since even with the grant, property owners may not wish to proceed with costly remediation. Some may choose to complete the environmental site assessments to build capacity but ultimately may not develop if the level of site remediation or reclamation is cost-prohibitive.
  - Grants for the site assessments may not be enough alone to make a brownfield project financially viable.
  - Many commercial real estate transactions rely on the production of a Phase 1 ESA, regardless of whether the site in question has actual or perceived contamination. Providing funding for a Phase 1 ESA that may have been completed regardless may not be the best usage of program funds. Instead, program funds could be used for Phase 2 or Phase 3 ESAs, which are not as common.
- EFFORT:
  - The administrative effort required for this option likely would be low, as the administration of the program may entail the processing of applications and issuance of grants.

Option #1 – Risks

- The City may end up issuing several grants for environmental site assessments for properties that do not end up getting remediated or developed due to high costs.
- Since applicants are required to provide the City with a copy of any ESAs completed, the City could slowly learn more about whether contamination is actual or perceived on sites.
- The intent is that any ESAs completed would get registered as an interest on the title of the property so that the conditions of the site are fully transparent to the City and future owners of the property. This would need to be a component of the grant funding agreement with the applicant.

OPTION #2: DEVELOPMENT CHARGE REBATE

It is a common practice for a municipality to incentivize prescribed development types by either waiving or rebating all or a portion of a development charge for a project in a program target area (Ontario Ministry of Municipal Affairs and Housing, 2011). The City's current development charge structure includes the following types of development charges: Servicing Agreement Fee (SAF), Development Levy (DL) and Intensification Levy (IL).

Per the *Administration and Calculation of Servicing Agreement Fees and Development Levies Policy* (SAF/DL Policy), development within the SAF/DL Policy Established Area Boundary may be charged an IL.

Option #2 – Proposed Program Details

- Any project that is located within the program target area that would be required to pay an IL under the SAF/DL Policy is eligible to receive a rebate equal to the full amount of the IL.
- Applicants still would need to pay the levy before the project commences.
- The rebate would be issued after a project is completed and issued final approvals from Building Standards.
- The key difference between waiving the fee and providing repayment through a rebate is the impact on the Servicing Agreement/Development Levy Model (SAF/DL Model).
- The rebate would not come out of the SAF/DL Reserve, rather rebates would be funded from a specified program reserve. This ensures that there are no impacts to the SAF/DL Model.
- To fund the program reserve, a one-time start-up investment of $100,000 would be required.
- Any projects that receive the rebate would have the municipal tax increment (i.e. difference in pre- and post-development municipal taxes) generated as a result of the new development allocated back into the program reserve until the cost of the rebate is fully paid back to the reserve.

- Funding for applications is prioritized using a scorecard system evaluating whether the project meets defined OCP policy directives (e.g. extra points awarded if the project has a solar component). A sample OCP design criteria scorecard is attached as Appendix C for reference.

Option # 2 – Impact and Effort Analysis

- This program option may have a **moderate impact (5/10)** on achieving intensification and development on underutilized sites and may require **moderately low effort (3/10)** to administer.
- IMPACT:
    - Providing a rebate covering the applicant's IL payment may take away from the overall intent of the IL.
    - The proposed $100,000 program budget could get used quickly and may not be enough to cover approved applications.
    - Alternatively, this program could be revised to offer the rebate to specific sectors; such as non-profits, which would help ensure that the program reserve does not get used up rapidly.
    - Applicants must pay the IL at the time of the issuance of a building permit (generally), which may dilute the incentive's impact as applicants will initially be "out of pocket" for the cost of the IL.
    - The rebate would be a "cherry on top" for many applicants, but the impact of the rebate may not be high enough to be the sole difference between a project proceeding or not.
- EFFORT:
    - Some coordination would be required among various business areas.
    - The proposed program is straightforward, if a project must pay an IL and is located within the program target area, they are eligible for this rebate.

Option #2 – Risks

- There may be such a high number of applications, that Council may need to approve additional budget allocations to support all applications.
- An applicant may want a definitive answer as to whether they are receiving the rebate before moving forward with a project.
- If this option is pursued, the program's target area would need to be re-evaluated and refined to ensure that large development lands, such as the Regina Exhibition Association Limited (REAL) lands, are excluded due to high development potential.
- Rebating the cost of the IL on these large sites would mean an extremely high cost to the City and could use up most of the program reserve with a few applications.

OPTION #3: UTILITY UPGRADE FEES GRANT

One of the key barriers identified during the stakeholder consultation for the 2018 Underutilized Land Study relates to uncertainty surrounding the availability of infrastructure to support redevelopment. Often developers will have to up-size utilities or infrastructure as a part of their redevelopment project; which can be an unexpected and costly surprise. Developers must carry out agreements with the City to facilitate any upgrades before development.

Currently, the City supports projects to renew aging infrastructure to extend the life of its assets. Specifically, three staff positions have been added to conduct studies on infrastructure renewal. This involves looking at upgrading the capacity of existing infrastructure in established areas to minimize the impact on developers who want to redevelop in that area.

Any grants offered for utility upgrades would be over and above work that the City is already doing. A utility upgrade fees grant is intended to diminish overall project costs for applications by partially covering the costs of a developer upgrading infrastructure and utilities to support their desired development type.

Option #3 – Proposed Program Details

- A grant equal to 50 per cent of the cost of any utility upgrades required by the City to support development in the program's target area, up to a maximum of $50,000 per property.
- Applicants could apply for the grant before commencing the utility upgrade, however, grants would not be released until the City has completed the necessary inspections to determine that infrastructure/upgrades were installed sufficiently.
- A one-time start-up investment of $100,000 is recommended to cover grants issued in the initial years of the program. The start-up investment could be provided through the assumed utility budget.
- The amount of any grants issued is paid back into the reserve using the municipal tax increment (i.e. difference in pre- and post-development municipal taxes) from property's that received the incentive.
- Applications would be accepted on a first-come-first-serve basis.
- Prioritization through an OCP design criteria scorecard (Appendix C) could be looked at in the future if uptake causes the total amount of the grants to exceed the $100,000 program budget.

Option #3 – Impact and Effort Analysis

- This program option may have a **slightly high impact (6/10)** on achieving intensification and development on underutilized sites and may require **low effort (2/10)** to administer.
- IMPACT:

    - The grant may act as a catalyst to push forward development projects that were previously tabled due to cost concerns related to utility upgrades needed for a specific project.
- EFFORT:
    - The administration of the program would require some coordination among the City's business areas, especially to verify the final costs incurred by an applicant when making the necessary utility upgrades.
    - If the OCP design criteria scorecard is added to the program later to prioritize applications, the level of effort to administer the program would rise.

Option #3 – Risks

- The $100,000 program budget may get used up quickly, especially if larger projects that require costly infrastructure upgrades apply for the grant.
- The program contemplates offering the grants on a first-come-first-serve basis. This means that some applicants could get turned away unless Council approves additional budget allocation.
    - To remedy this issue, a possible consideration could be to have two grant funding streams, each at $100,000, one for commercial/industrial developments and one for residential developments.

OPTION #4: TAX EXEMPTION

Currently, the City of Regina offers tax exemptions through the Housing Incentive Policy and Heritage Incentive Policy. A tax exemption can provide financial relief to property owners and developers as they do not have to pay full taxes for their property for a set length of time. A municipality often offers a tax exemption after a new development is completed on a property so that the property owner does not experience the increase in taxation attributable to the new development for several years.

Option #4 – Proposed Program Details

- Any new development on a property located within the program's target area may be eligible for a tax exemption if the project increases the property's assessed value after project completion.
- The tax exemption would be for a full five-year term, commencing the first full year after the post-construction assessment is completed.
- The tax exemption would be equal to the portion of property taxes attributable to the new development or improvement on site (e.g. new structure on vacant site, addition to an existing building).
- The exemption would be calculated by subtracting the pre-development property taxes from the post-development property taxes. This calculation ensures that the City

still receives the same amount of municipal taxes on the property that it did before new development occurring for the duration of the incentive term.

- The tax exemption would be for the municipal, school and library portions of an applicant's tax bill, with the school property tax exemption being subject to Government of Saskatchewan legislation and approval.
- Applicants may only receive a tax exemption under this policy, the exemption cannot be stacked with any exemptions from the Housing Incentive Policy or Heritage Incentive Policy due to legislative restrictions.

Option #4 – Impact and Effort Analysis

- This program option may have a **slightly low impact (4/10)** on achieving intensification and development on underutilized sites and may require **slightly low effort (4/10)** to administer.
- IMPACT:
    - Tax exemptions may work well for applicants who wish to build and rent or lease a commercial or residential development.
    - The exemption may not be as meaningful for applicants who construct a new development intending to sell it immediately.
    - While a tax exemption likely would be helpful to an applicant, it may not be impactful enough to be the sole difference between a development proceeding or not.
- EFFORT:
    - The effort required to administer this incentive option would likely be very similar to the effort and resources needed to administer the Housing Incentive Policy.
    - Since the exemption term is five-years, the exemption amount would likely need to be adjusted at least once, as the re-evaluation of property occurs every four years. This adds another level of administrative effort.

Option #4 – Risks

- Tax exemptions are offered through the Housing Incentive Policy, which means that there could be overlap among the policies.
- The City may need to put a cap on the total amount of exemptions that they issue each year.

OPTION #5: TAX INCREMENT EQUIVALENT GRANTS (FULL)

According to research, the usage of a tax increment equivalent grant (TIEG) as a development incentive is becoming quite common in many Canadian municipalities, with high usage in Ontario (Ontario Ministry of Municipal Affairs and Housing, 2011).

A TIEG incentive may be lucrative for a municipality as some may view TIEGs as having minimal impact on a municipality's finances. Under a TIEG program, an applicant still pays full taxes throughout the grant term, subsequently receiving a grant equal to the municipal tax increment (i.e. the difference in pre- and post-development municipal taxes). This arrangement ensures that the municipality still receives the same amount of municipal taxes that it did before new development occurring.

Option #5 – Proposed Program Details

- Option #5 offers yearly TIEGs over a maximum 10-year period to help applicants recoup defined eligible project costs.
- After a development project is completed and receives final inspections, an applicant may apply for funding under this program.
- The applicant would submit a list of the eligible project costs that they incurred during their project.
- Eligible project costs may include an Intensification Levy, development and building permit fees, environmental assessments or studies, site serviceability studies, costs associated with upgrading any utilities to support the development and any costs associated with environmental reclamation or remediation.
- All eligible costs must be verified before the release of any funds.
- The yearly TIEG grants would commence the first full year after the property is assessed to reflect the new construction or development.
- The amount of the TIEG would be equal to the municipal tax increment, which ensures that the City still receives the same amount of municipal taxes that it did before the new development was completed.
- An applicant may only receive a TIEG after they have paid their yearly taxes for that year. After taxes are paid, the City can issue the yearly grant.
- The TIEGs continue until the total amount of grants equals the verified total eligible project costs or until 10 TIEGs are issued to the applicant, whichever occurs first.
- Over the grant term, the grant gets issued directly to the current property owner, who may not necessarily be the original property owner, applicant or developer.
- Grants will not be issued for any property in tax arrears or with an outstanding Order to Remedy or if in contravention of any other municipal bylaws.
- There is no cap on the number of applications that could be approved in a single year.
- A start-up investment to establish a program reserve is not required as applicants are rebated through yearly grants using the tax dollars that they paid that year.

Option #5 – Impact and Effort Analysis

- This program option may have a **high impact (8/10)** on achieving intensification and development on underutilized sites and may require **moderately high effort (7/10)** to administer.

- IMPACT:
    - The grants may be helpful to applicants who construct a new development with the intention of leasing or renting units; especially if they intend on owning the new development for a long period.
    - Since the yearly grants go to the current property owner, the original party who constructed the development may not be compensated for the eligible costs that they incurred during a project. That said, if a developer wishes to immediately sell a development that received funding under this program, they may be able to use the grant as a marketing tactic when selling the property.
    - The impact may be higher if an applicant received a lump sum grant to cover all the eligible costs that they incurred.
    - The impact to the general tax base is expected to be minimal, as applicants are essentially “up-fronting” the cost of their grant.
- EFFORT:
    - Tracking and administering a grant for up to 10 years may require a great level of effort.
    - A substantial degree of effort may be required to verify eligible project costs submitted by an applicant.

Option #5 – Risks

- Applicants must keep accounts with the City current and first pay their yearly tax bill before being able to receive their yearly TIEG. This arrangement avoids a situation arising where an applicant receives the grants but is not keeping their taxes current.
- There is no cap on the number of grants that could be issued over one year.
- Analysis should be done to ensure that tax revenue needed for regular City operations is not lost as a result of this option, otherwise, additional pressure is put on the mill rate.

OPTION #6 – TAX INCREMENT EQUIVALENT GRANTS (PARTIAL)

Option #6 is identical to Option #5, except that an applicant does not receive funding based on the total eligible project costs that they incur. Rather, Option #6 utilizes an OCP design criteria scorecard (see Appendix C) to determine the portion of total eligible project costs that an applicant is eligible to be compensated for through the yearly TIEGs. The OCP design criteria scorecard is intended to reward projects who have design elements that correlate directly to policy directives from the OCP (e.g. bike lock-up facility).

Option # 6 – Proposed Program Details

- The details of Option #6 are identical to the details from Option #5, other than an OCP design criteria scorecard being used to determine what percentage of eligible project costs that an applicant may be compensated for via the yearly TIEGs.

- Project scoring dictates the percentage of total eligible costs that an applicant will be compensated for through the yearly TIEGs.
- The OCP design criteria scorecard has a total of 100 possible points. Projects automatically score 50 points by being located within the defined program target area.
    - At a minimum, an applicant would receive yearly grants until 50 per cent of eligible project costs are paid back to the applicant, or until the maximum 10-year rebate term lapses, whichever occurs first.
- Like Option #5, for an applicant to receive a yearly grant, they first must pay their tax bill for that year, as well as keep all other accounts with the City current.
- **EXAMPLE:**
    - The municipal tax increment (i.e. difference in pre-development and post-development municipal taxes) on a formerly vacant lot that had a new commercial building erected is $7,000.
    - The project incurred $50,000 in total eligible project costs.
    - The project scores 90 per cent (90/100 points) on the OCP design criteria scorecard.
    - So, the total eligible project costs that an applicant will be compensated for will equal $45,000 (90 per cent of $50,000).
    - Starting the year after the post-construction assessment, the applicant would receive a yearly grant equal to $7,000 (tax increment).
    - The applicant would receive six yearly consecutive installments of $7,000 and then in the seventh year would receive a grant equal to $3,000.

Option #6 – Impact and Effort Analysis

- This program option may have a **moderately high impact (7/10)** on achieving intensification and development on underutilized sites and may require **high effort (8/10)** to administer.
- IMPACT:
    - The impact of Option #6 would be identical to Option #5, except for a few additions.
    - The impact for Option #6 is rated slightly lower than that of Option #5 due to the OCP design criteria scorecard element which may cause an applicant to only be compensated for a portion of eligible costs incurred.
    - The scorecard component does allow the City to encourage and incentivize specific development and building types (e.g. projects with solar elements), which can help achieve prescribed policy directives.
- EFFORT:
    - The effort for this option would be almost identical to that of Option #5. However, the effort is rated slightly higher for Option #6 due to the OCP design criteria scorecard which creates an additional level of administration.

Option #6 – Risks

- Option #6 poses the same risks as Option #5.
- Option #6's scoring component gives an additional level of risk than that of Option #5.

OPTION #7: CHOICE OF TAX EXEMPTION OR LUMP SUM TAX INCREMENT EQUIVALENT GRANT

Option #7 is a blend of several of the incentive options discussed so far. Applicants are offered a choice of a five-year tax exemption or a lump sum tax increment equivalent grant (TIEG). The exemption and lump sum TIEG are based on the municipal tax increment (i.e. difference in pre- and post-development taxes) after new development is completed to keep the tax base whole. The final incentive amount is established based on project scoring on an OCP design criteria scorecard (Appendix C).

Offering a choice between the lump sum TIEG and tax exemption allows an applicant to select the type of incentive that best suits their financial needs. A developer who plans to sell their new development immediately after completion may find the one-time lump sum grant more lucrative as they receive the full benefit of the incentive all at once. Whereas an applicant who wishes to lease or rent out their new development may find the tax exemption over a five-year term more meaningful.

Option #7 – Proposed Program Details

- A maximum incentive amount is established that is equal to a property's municipal tax increment, multiplied by five.
- A final incentive amount is then established by evaluating the project using an OCP design criteria scorecard out of 100 possible points.
    - Scoring dictates what percentage of the maximum incentive amount that the applicant will be eligible to receive through the lump sum TIEG or tax exemption.
    - Projects automatically score 50 points for being located within the program's target area.
- Once the final incentive amount is determined, applicants may choose a lump sum grant equal to the final incentive amount or a five-year tax exemption of municipal taxes equal to the final incentive amount equally stretched over five-years.
- Grants are capped at $200,000 for commercial, industrial and mixed-use developments. For multiple-unit dwelling and one- or two-unit dwelling projects, grants are capped at $75,000 and $15,000 respectively.
- A one-time initial investment of $500,000 is recommended to establish a program reserve and to fund initial lump sum grants.

- Projects that receive the lump sum grant will have the municipal tax increment generated by the development reallocated back into the program reserve until the grant amount is fully paid back into the reserve.
    - Repayment would begin after a property is assessed after new construction or development is completed and continue each year until the cost of the grant is completely paid back into the reserve.
    - This arrangement ensures that during the repayment period, the City is not losing or forgoing the municipal tax revenue that it received before new development occurring.
    - After the repayment period is over, municipal tax revenue from a property that received the incentive can fully be allocated to the City's general tax accounts.

Option #7 – Impact and Effort Analysis

- This program option may have a **very high impact (9/10)** on achieving intensification and development on underutilized sites and may require **high effort (8/10)** to administer.
- IMPACT:
    - Uptake could be quite high for this program option.
    - Part of the reason for the very high impact rating on this option relates to applicants being given a choice of an incentive that best meets their needs.
- EFFORT:
    - The scoring element for this program requires additional administrative effort.
    - The self-funding component of this proposed program option would be a new financial procedure for the City; standard operating procedures would need to be established for this new process.

Option #7 – Risks

- When scoring applications there may be a chance that applicants are dissatisfied with the way their applications are scored. This can be addressed by having clear definitive scoring criteria.
- There is a risk that the City is faced with a high number of applicants that wish to receive the lump sum all at once, depleting the $500,000 project reserve before the amount of the issued grants can be repaid into the program reserve using municipal tax increments.
    - If the program reserve does get depleted before grants can be repaid into the reserve, a decision will need to be made whether to turn applicants away, defer their applications till the following year or for Council to approve additional program funds to support submitted applications.
- The risk may be somewhat minimized for the tax exemption incentive option that is included in this program due to the way the exemption amounts are calculated.

    - At most, an applicant would only be able to receive an exemption based on the property's municipal tax increment (the municipal portion of post-development taxes minus pre-development taxes); this amount may even be lower depending on how the project scores on the OCP design criteria scorecard.
    - Under this structure, at the very least, the City will still receive the same amount of taxes that it did before the new development occurring.
- There is a risk that the amount of a lump sum grant issued exceeds costs incurred by a developer.

OPTION #8: SERVICEABILITY STUDY GRANT

A significant barrier to private sector investment in intensified development and development on underutilized sites can be infrastructure uncertainty, especially in the case of vacant sites in established neighbourhoods. A property owner may wish to develop or sell their site but not know the full extent of the infrastructure servicing a site or if any infrastructure or utility upgrades would be needed to support the desired development type. Situations have been observed where a property owner starts the approval process for an intensified development (e.g. demolish dwelling, replace with four-plex), only to find out that the current utilities servicing the site are insufficient and will need to be upgraded. Sometimes this can be the difference between a project proceeding or not.

A Serviceability Study can indicate to a developer the existing servicing situation on a site, as well as servicing requirements needed to support a specific development type. If upgrades are needed, a serviceability study may provide an overview of the required upgrades and costs. Having a serviceability study completed for a site can reduce uncertainty for a property owner or the future buyer of a property, even if development is not necessarily imminent.

Option #8 – Proposed Program Details

- Property owners could apply for a grant covering 50 per cent of the costs of a site serviceability study up to a maximum amount of $20,000.
- Before the release of funds, the City would require a copy of the study and evidence that all consultants hired by the applicant are fully paid as invoiced.
- An annual budget commitment of $50,000 is recommended to fund this program.

Option #8 – Impact and Effort Analysis

- This program option may have a **slightly high impact (7/10)** on achieving intensification and development on underutilized sites and may require **low effort (2/10)** to administer.
- IMPACT:
    - Property owners and developers may see some value in receiving a grant that helps them fund a study to learn about servicing requirements on their property.

- The studies could be used by an applicant to understand what type of uses may be supported via the current servicing on a property and what upgrades would be needed to support specific development types (e.g. mixed-use building).
    - Individually, it still may not be cost-effective for a single property to undertake a serviceability study, however, the impact may be higher if a study is collaboratively undertaken by several property owners to understand the servicing requirements for multiple contiguous properties.
    - A program budget of $50,000 could get used quickly, leading to requests for additional program funding or turning applicants away.
- EFFORT:
    - The effort may be minimal, as the administration of this program would involve reviewing applications and then issuing grants.

Option #8 – Risks

- The largest risk with this program option is that several serviceability studies are undertaken only for the applicant not to go forward with any sort of development.
    - However, the proposed program is structured so that the City gets a copy of the final study completed, which may broaden the City's understanding of servicing in a specific area.
- The $50,000 program budget could get expended before the end of a year. Since applications are prioritized on a first-come-first-serve basis, there is a risk that some applicants could be turned away for funding due to budget restrictions.

Recommendation

It is recommended that Council authorizes Administration to consult the development industry on Options #2, #5 and #7. Engagement with the development industry will be an opportunity to get feedback on the possible incentive program options, as well as an opportunity for the development industry to identify any incentive options that were not covered in the Discussion Paper. After the consultation is completed, Council will be positioned to consider a subsequent report that includes an incentive recommendation, financial analysis and a summary of feedback obtained through consultation. Afterward, Council may approve and implement a new incentive policy.

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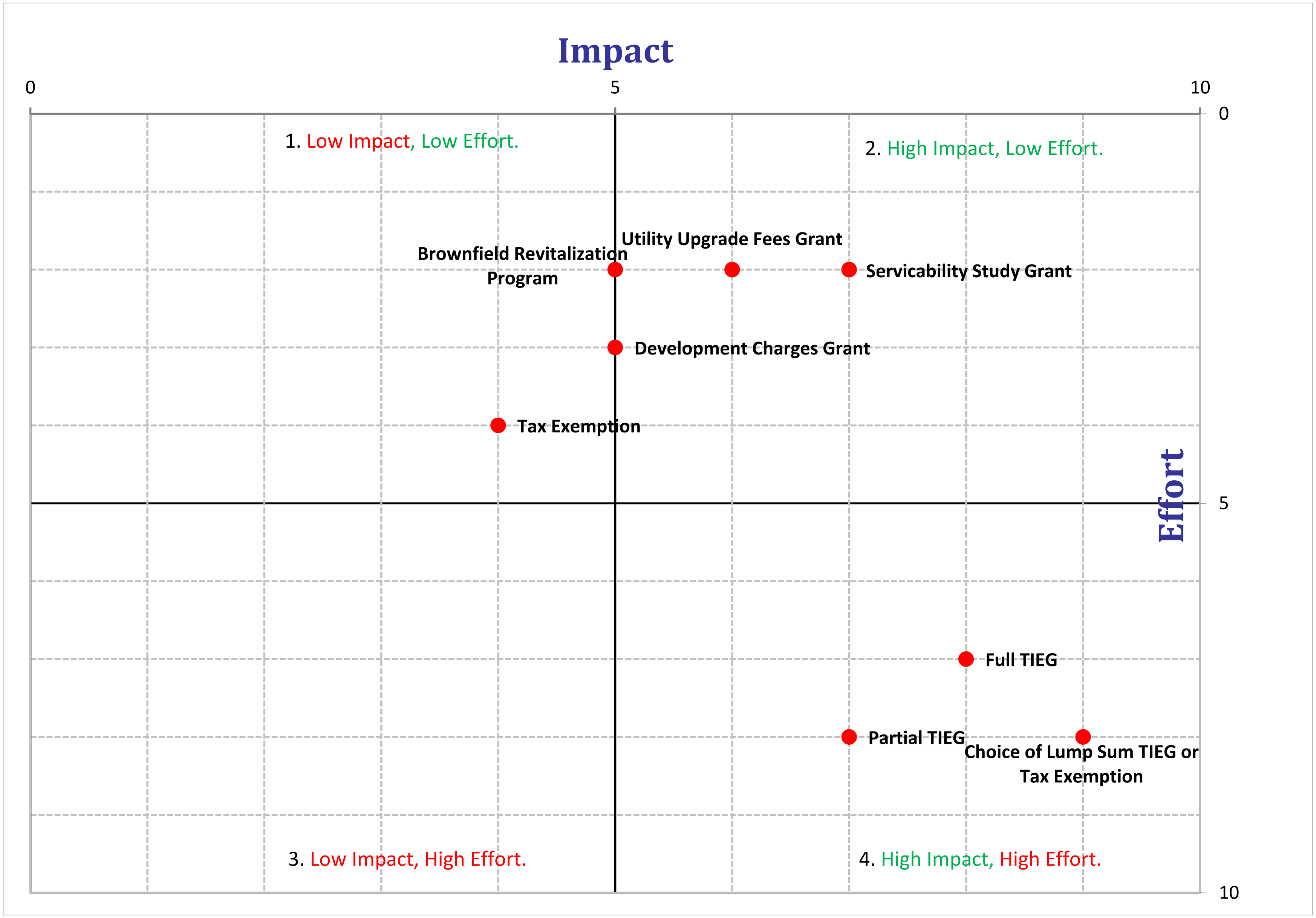
Appendix A – Impact and Effort Analysis Results

Option	Impact Rating	Effort Rating
Top of Rating Scale	***10***	***10***
Brownfield Revitalization Program	**5**	**2**
Development Charges Grant	**5**	**3**
Utility Upgrade Fees Grant	**6**	**2**
Tax Exemption	**4**	**4**
Full TIEG	**8**	**7**
Partial TIEG	**7**	**8**
Choice of Lump Sum TIEG or Tax Exemption	**9**	**8**
Serviceability Study Grant	**7**	**2**


Impact
0
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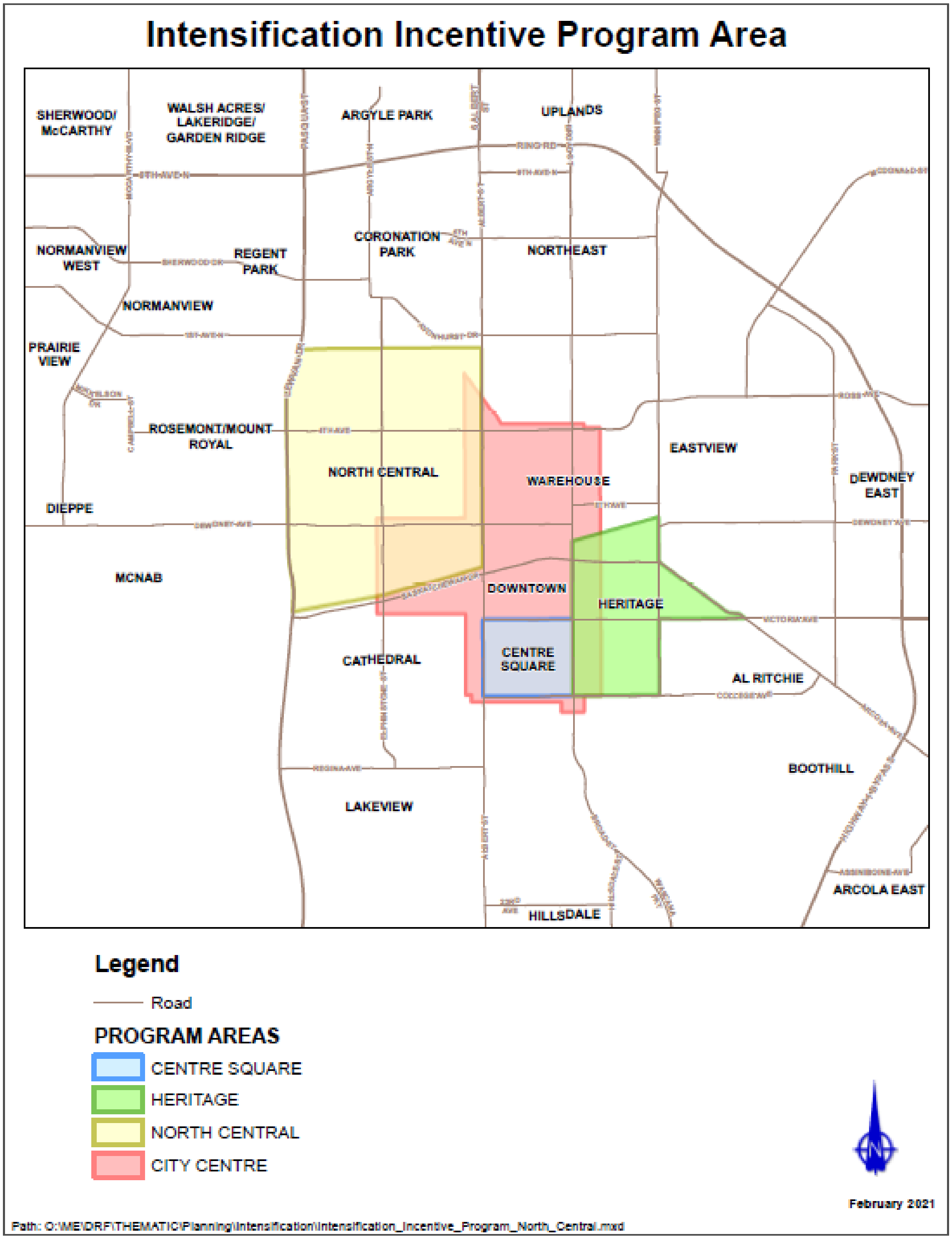
Effort
1. Low Impact, Low Effort.
2. High Impact, Low Effort.
3. Low Impact, High Effort.
4. High Impact, High Effort.
Utility Upgrade Fees Grant
Brownfield Revitalization Program
Servicability Study Grant
Development Charges Grant
Tax Exemption
Full TIEG
Partial TIEG
Choice of Lump Sum TIEG or Tax Exemption

Appendix B – Recommended Program Target Area Map



Appendix C – Sample OCP Design Criteria Scorecard

OCP Policy:	Criteria:	Points:
2.7 – Direct future higher density intensification to the City Centre, existing urban centres and corridors and adjacent intensification areas where an adequate level of service and appropriate intensity of land use can be provided.	Development is located within Program Boundary.	50
2.9 – Direct at least 10,000 new residents to the City Centre, which will accommodate the City's highest population and employment densities.	Residential development located within one of the City Centre neighbourhoods (Centre Square, Downtown, Warehouse)	10
4.14 – Work with stakeholders to: • *4.14.1 – Promote more energy-efficient construction.* • *4.14.4 – Encourage green building design.* • *4.14.5 Encourage the reduction of greenhouse gas emissions through the use of alternative energy sources.*	Project is LEED-certified or greater. Project includes a solar energy component.	10 (LEED Certified) 15 (LEED Silver) 20 (LEED Gold) 25 (LEED Platinum) 10 (solar energy source, no LEED certification)
5.7 – Proactively and strategically promote walking, cycling, carpooling and transit choices by using City and community-led programs and organizations to provide education and promote awareness.	Development contains a dedicated secured bike parking area.	5
5.10 – Promote intensification and mixed-use development along express transit corridors and at transit nodes and potential transit nodes through increased service levels, more direct routes, express services, and competitive travel times.	Development is within 200 metres from an existing transit stop.	5
7.5 – Encourage appropriate mixed-use development and live-work opportunities within neighbourhoods, urban corridors and urban centres.	Development is mixed-use and contains at least one dwelling unit.	10
7.9 – Explore actions necessary to convert vacant or underutilized properties to market-ready development sites to realize intensification in the City Centre.	Project involves the adaptive re-use of an existing building that has been vacant for a period exceeding 12 consecutive months. Former brownfield site and/or building remediated to accommodate residential or commercial development.	20

OCP Policy:	**Criteria:**	**Points:**
7.28 – Endeavour to ensure, over the life of the Plan, that at least 80% of the total office floor area in the City, pertaining to medium office and major office development, is located within the Downtown/Central City Office Area, as identified on Map 6 – Office Areas	Development is a new medium or major office development or involves the conversion of an existing building into a medium office or major office development.	20
8.11 – Encourage developers to provide a greater mix of housing to accommodate households of different incomes, types, stages of life, and abilities in all neighbourhoods.	Development contains a dwelling unit.	10 (1 – 4 DUs) 15 (over 4 DUs) 20 (City Centre Housing greater than four storeys)
8.15 – Work with stakeholders to create and preserve barrier-free housing and housing for persons with specific needs.	Specific needs housing or development is barrier-free.	5
11.11 – Require environmental impact assessments and remediation of brownfield sites prior to development.	An environmental site assessment was completed before development.	10
13.9 – Support community gardens of public and private land.	Publicly accessible space in the form of a community garden, or other innovative publicly available space that contributes to the public realm and overall sense of place, is provided.	5