

August 31, 2012

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

Subject: 2013 Servicing Agreement

Dear City Council Members;

Before you is the Servicing Agreement Fee Rate for 2013. The rate is proposed at \$241,958 per hectare or 1.3%, effective January 1, 2013.

For the past few years the RRHBA has raised concern on how new home buyers finance public benefits and infrastructure, not over the functional lifespan of the infrastructure, but over the term of their personal mortgage. At the same time we have been reasonably supportive that the current "growth pays for growth" strategy at the least ensures that the residential construction industry is able to continue to provide for the increasing need for housing and community building in Regina.

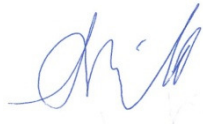
The industry is appreciative that for 2013 the City of Regina has been able to minimize the increase of in the Service Agreement Fee. In doing so you have ensured that further erosion of housing affordability as it relates to development charges is minimized as well.

What we want to ensure that the City Administration and this City Council understands is the causal effect that development charges have on the affordability of all housing in Regina, not just new housing. The link is in the fact that the cost of building new homes determines the price of existing homes. As a City finds new ways to shift the cost of new infrastructure onto Community Developers, who then pass that cost onto the New Home Builder, who then pass the cost onto the New Home Buyers, the price of all houses in the city will increase by the cost, per lot, of that infrastructure. All houses will increase in price and therefore, decrease in affordability.

Over the past few years we have appreciated the fact that Jason Carlston's team has worked with our industry to ensure transparency in creating the 2011, 2012 and 2013 rates and taking steps to mitigate unnecessary components that place additional upward pressure on the SAF Fee Rate.

At the same time it is important to understand our overarching belief is that the current SAF system was necessary to get us to this point, but it is now time for the City of Regina to take a leadership position in exploring new and unique ways to fund the infrastructure that is needed for growth. The Regina & Region Home Builders' Association would be pleased to work with the City of Regina to research new and innovative options besides only placing the burden on a small portion of its existing citizens who are relocating to new neighbourhoods and future citizens who have come to Regina to reach their dreams.

We would suggest that Jason Carlston and his team have exceeded the bar compared to many other municipalities on effectiveness and transparency of the SAF rate. At the same time we need even more diligence by the City of Regina and our industry to ensure reasonability in the setting of this rate as a way that the City of Regina can continue to ensure that the Community Developers can continue to build the Regina communities that house our residents, with a mix of housing options to service all markets, and that add immeasurably to the overall offering, character, and vibrancy of our city.



Stu Niebergall  
Executive Director  
Regina & Region Home Builders' Association