



## The Towns Annual Update

<b>Date</b>	July 7, 2021
<b>To</b>	Executive Committee
<b>From</b>	Financial Strategy & Sustainability
<b>Service Area</b>	Land, Real Estate & Facilities
<b>Item No.</b>	EX21-51

### RECOMMENDATION

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That the Executive Committee receive and file this report.

### ISSUE

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The purpose of this report is to provide an update on the financial results for 2020 and current development activity of The Towns South Land Development Project (Towns).

### IMPACTS

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Continued efforts are underway to drive aesthetic improvements and efficiencies that support the overall goal of community building and, therefore, marketability and profitability for the development.

### OTHER OPTIONS

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None with respect to this report.

### COMMUNICATIONS

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None with respect to this report.

## **DISCUSSION**

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The Towns was initiated in 2012, with the acquisition of lands in South East Regina formerly known as the Saskatchewan Housing Corporation (SHC) Lands. The purchase of the land committed the City of Regina (City) to continue to develop the land or sell it back to SHC, as SHC retained the first right of refusal.

Following the approval to purchase the South East Lands, development strategy options were investigated including, selling the un-serviced land, entering into a joint venture to develop the land, contracting a land development manager or developing the land with internal City resources.

In March 2015, City Council approved proceeding with an external land development consultant (CR-28) for the Towns South. In September 2015, through a Request for Proposal process, Terra Developments Inc. was awarded the development consultant contract.

Subsequent to Secondary Plan and Concept Plan approvals in 2015, and under the guidance of Terra, physical infrastructure construction and investment of the Towns Neighborhood Development started in Spring 2016. Marketing and sales of serviced lots was initiated in late 2015.

The Towns is divided into two concept plan areas, The Towns South and The Towns North. The Towns South comprises 137.1 acres and is currently approved for development within the City of Regina's 235K Growth scenario. The Towns North is 110.1 acres and is part of the 300K Growth scenario. Subject to market conditions, the anticipated completion for The Towns South has been revised from 2030 to 2026. This estimate is based on 100 lot sales per year. It is noted that it is difficult to anticipate long-term market conditions, and this estimate will vary.

### **Financial Results for the year ended on Dec. 31, 2020**

Revenue	\$ 12.69 M
Cost	\$ 10.51 M
Net Income	\$ 2.18 M
Return on Revenue	17.2 %

2020 Sales Revenues are based on 94 lot sales and one parcel closing.

**Overall Financial Results from project inception to Dec. 31, 2020:**

Revenue	\$ 33.99 M
Cost	\$ 29.29 M
Net Income	\$ 4.70 M
Return on Revenue	13.8 %

**2021 Development Program**

**Concept Plan Amendment**

Through Terra Developments, a proposed concept plan amendment, for Phase 2 of the Towns South, will be presented to City Council in July 2021. The goal of the amendment is to improve the financial performance of the subdivision. Based on the amendment, budget projections yield an improvement in returns from 6-7 per cent to 16 per cent over the life of the project. The proposed amendment improves the performance of the subdivision by decreasing the amount of infrastructure required and increasing the amount of saleable land.

Existing Concept Plan (Attachment A)

Revenue	\$	122,513,000
Total Cost	\$	114,175,000
Income	\$	8,338,000
Gross Margin		6.8%

Revised Concept Plan (Attachment B)

Revenue	\$	121,826,000
Total Cost	\$	101,626,000
Income	\$	20,200,000
Gross Margin		16.6%

As part of the concept plan amendment, continued efforts are underway to drive aesthetic improvements that support the overall goal of community building and therefore marketability and profitability.

**Staged Development**

Three stages of development are proposed to be developed in 2021:

- Phase 1 Stage H, which includes 53 fee simple lots and development of the Municipal Reserve 4 (Attachment C)
- Phase 2 – Stage 1, which includes 91 fee simple lots (Attachment D)
- Phase 2 – Stage 2, which includes 20 townhome lots and 1 multi-family parcel (Attachment E)

Phase 1 – Stage H is currently under development and Phase 2 is subject to the concept plan approval and rezoning.

**Total inventories to December 31, 2020:**

Lots Sold	296
Lot Deposits	34
Unsold Inventory	65
<b>Total Lots Produced</b>	<b>395</b>

Lots are developed on a pre-sale basis. It is not uncommon to develop a stage of lots without having all the lots pre-sold. The net result is unsold inventory. To the end of December 31, 2020, there were 65 lots of unsold inventory, this represents a supply of approximately 10 months. Under normal market conditions, a one-year supply is considered healthy. Developed unsold lots are sold to builders on an as need basis.

**Multi-Acre Parcel Inventory**

Parcel Acres Sold – 2020	1.0 acres
Parcel Deposits	0.0 acres
Available Parcels	1.9 acres

- Multi-acre parcels are blocks of land larger than single family lots and are designed to accommodate commercial or higher density residential.

## DECISION HISTORY

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There is no delegated authority associated with this report as it is for informational purposes only.

Respectfully Submitted,

Respectfully Submitted,



Shauna Bzdel, Director, Land, Real Estate & Facilities

6/18/2021



Barry Lacey, Exec. Director, Financial Strategy & Sustainability

6/29/2021

Prepared by: Paul Moroz, Manager, Land Development

## ATTACHMENTS

- Appendix A - Existing Concept Plan
- Appendix B - Revised Concept Plan
- Appendix C - Towns Phase 1, Stage H
- Appendix D - Towns Phase 2, Stage 1
- Appendix E - Towns Phase 2, Stage 2