

2022 Development Charges Annual Report

May 2023



Introduction

Supporting growth through strategic land use and infrastructure planning helps build vibrant communities for residents, contributes to the city's economic prosperity and maximizes the use of financial resources. Growth creates extra costs for the City as infrastructure and services need to be in place before growth occurs, as well as after, to maintain service levels for residents.

The City uses partnerships and funding tools, such as the [Development Charges Policy](#) (Policy), to help pay for new infrastructure and services required to support growth in [Greenfield Areas and Established Areas](#)¹, like water treatment plants, water and sewer mains, roads, parks and recreational facilities.

Under the Policy, developers contribute to offsite growth costs required to support new greenfield neighbourhoods and development by paying development charges, including:

- [Servicing agreement fees](#) (SAF) – applied when new greenfield land is subdivided
- [Development levies](#) (DL) – applied when new greenfield land is developed, but no subdivision occurs

In alignment with *The Planning and Development Act, 2007* and Policy, development charges fund the following capital cost types, in addition to related eligible administration costs:

- Water
- Wastewater
- Transportation
- Parks & Recreation

Purpose

The 2022 Development Charges Annual Report is provided in alignment with Section 10A of the Policy and provides:

- 1) A summary of 2022 greenfield subdivision activity
- 2) An overview of the current funding system for infrastructure benefiting growth in the [Established Area](#)
- 3) A summary of current and past greenfield development charge rates
- 4) Development Charge Accounts (Accounts) information, including opening and closing balances for the Accounts, as well as revenue added to the Accounts
- 5) A summary of 2022 expenditures on projects in the Development Charges Financial Cash Flow Model (Appendix A)

¹ The Greenfield Area and Established Area are defined in Appendix B of the [Development Charges Policy](#) and shown in Figure 3 of this document (page 6). The Established Area refers to the existing built-up area of Regina as of 2013 when the Official Community Plan was approved. The Greenfield Area includes all areas on the periphery of the city outside the Established Area Boundary.

Development Charges Policy and Model Review

In August 2022, the City initiated a Development Charges Policy and Model Review (Review) to address concerns with the current Development Charges Financial Cash Flow Model (Model) responsible for calculating development charge rates and funding costs required to support future growth in alignment with the City's [Growth Plan](#) (see Figure 1 below). The Review involves an audit of the current Model and an evaluation of the City's overall growth financing framework to better understand concerns and gaps. The final phases of the Review include consultation with stakeholders to develop corrective actions to address concerns and providing City Council with reports detailing recommended changes to the Policy and Model.

In addition to addressing concerns, the Review will explore different options for applying development charges across the city.

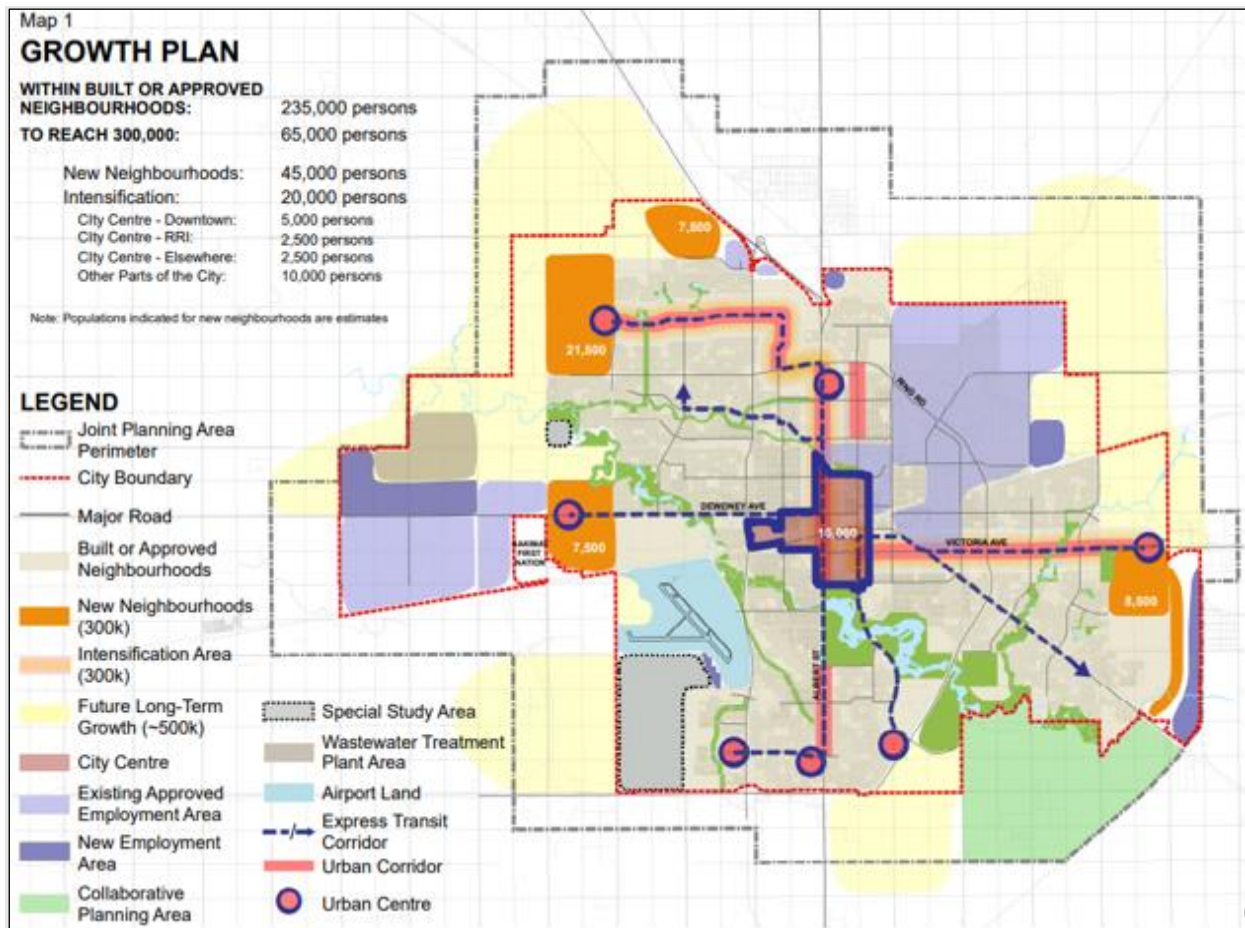


Figure 1: Map 1 – Growth Plan from *Design Regina: The Official Community Plan*

Greenfield Subdivision Activity

In 2022, approximately 34.6 hectares² of land was subdivided in the Greenfield Area. This total includes:

- 8.6 hectares in Eastbrook
- 6.1 hectares in The Towns
- 6.6 hectares in Westerra³
- 13.3 hectares in Somerset⁴

	Greenfield – Res. and Comm.	Greenfield – Industrial	Greenfield – Other	Greenfield – Total
2018	5.3	0	0	5.3
2019	1.9	0	0	1.9
2020	8.1	0	0	8.1
2021	17.9	0	0	17.9
2022	21.3	0	13.3*	34.6
Total	54.5	0	13.3	67.8

**Note: 13.3 hectares subdivided for rail, rail corridor and related uses only*

Table 1: Greenfield hectares subdivided over the past five years

Historical averages for greenfield subdivision are as follows:

- Five-year average (2018-2022): 13.6 hectares per year
- 10-year average (2012-2022): 58.1 hectares per year
- 20-year average (2002-2022): 63.9 hectares per year
- 30-year average (1992-2022): 54.6 hectares per year
- All-years average (1985-2022): 56.5 hectares per year

Please refer to the map on the next page (Figure 2) for a year-by-year breakdown of greenfield hectares subdivided annually since 1985.

Status of Phase 1 Lands

Based on Information Services Corporation subdivision registration data, as of January 1, 2023, approximately 44 per cent of lands designated *Phase 1 New Neighbourhoods* in the Phasing of New Neighbourhoods Map from *Design Regina: The Official Community Plan (OCP)* have been subdivided. According to OCP phasing policies, when Phase 1 is 75 per cent subdivided, neighbourhoods in Phase 2 can proceed. For further detail, please refer to Regina.ca.

² This total includes all greenfield hectares of land included in servicing agreements between the City and developers that were fully executed in 2022.

³ The 6.6 hectares subdivided in Westerra involved the re-subdivision of previously subdivided lands. Accordingly, no additional servicing agreement fee was paid as a servicing agreement fee was paid for these lands when they were initially subdivided.

⁴ The payment of servicing agreement fees for the land subdivided in Somerset is currently pending.

Greenfield Hectares Subdivided Per Year (1985 to 2022)

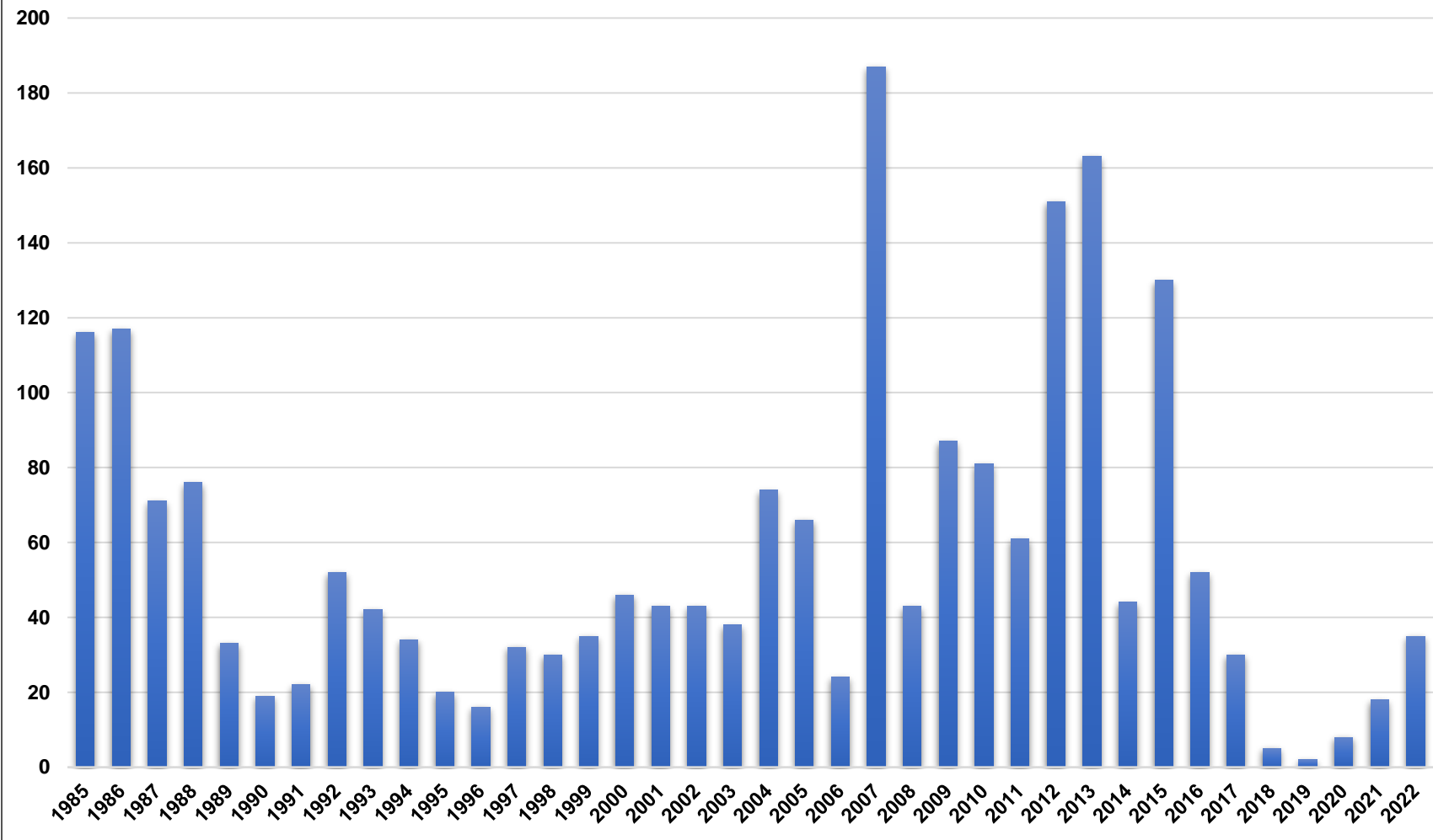


Figure 2: Greenfield hectares subdivided annually from 1985 to 2022

Funding Infrastructure in Established Areas

An intensification levy was in effect from October 2019 until November 2021 to fund infrastructure and services required to support growth and intensification⁵ in Established Areas (see Figure 3 below) of Regina. The intensification levy was ultimately repealed by City Council on November 24, 2021, to remove a barrier to new development and growth in Established Areas of the city.

With the intensification levy repealed, offsite growth costs supporting intensification are now funded through tax lift⁶ resulting from any intensified development in the Established Area.

Tax Lift Example:

A vacant site Downtown had pre-development municipal taxes of \$5,800. After the development of a new retail outlet, municipal taxes increase to \$21,000, which equates to an annual 'tax lift' of \$15,200 (\$21,000 - \$5,800) that will be directed to the Intensification Infrastructure Reserve to fund applicable offsite growth costs in Established Areas.

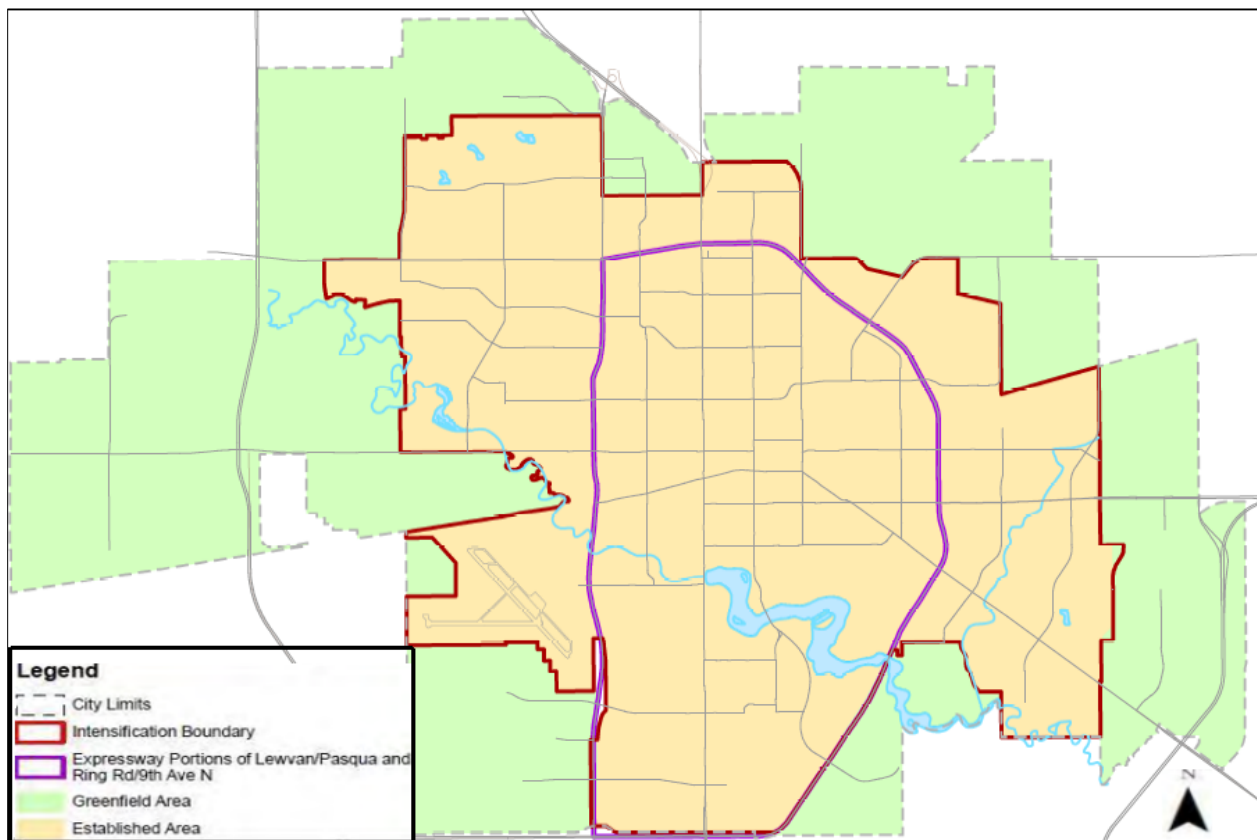


Figure 3: Map of Established Area and Greenfield Area defined in the *Development Charges Policy*

⁵ The terms 'intensification' and 'intensified development' may be used interchangeably and are defined in the Official Community Plan 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."

⁶ The term 'tax lift' refers to the difference in municipal taxes on a property before new development occurs and the taxes after new development is completed.

Greenfield Development Charge Rates

Payment of development charges is required when new subdivision and development occurs within [Greenfield Areas](#) of the city to cover offsite growth costs impacting city-wide infrastructure beyond the boundaries of a single new neighbourhood or development. Development charge rates are calculated periodically and approved by City Council.

Table 2 below, outlines the current per-hectare greenfield development charge rates. These rates are effective from January 1, 2022, to May 31, 2023.

	Greenfield – Res. & Comm.	Greenfield – Industrial-zoned
Transportation	\$125,000	\$41,670
Water	\$92,000	\$30,760
Wastewater	\$42,000	\$14,000
Drainage	-	-
Parks/Rec	\$13,000	\$4,330
Admin	\$25,000	\$8,330
Total	\$297,000	\$99,000

Table 2: Current development charges rates effective January 1, 2022, to May 31, 2023

Starting on June 1, 2023, the rates shown in Table 3 below will take effect. It is expected these rates will remain in place until the completion of the Development Charges Policy and Model Review.

	Greenfield – Res. & Comm.	Greenfield – Industrial-zoned
Transportation	\$134,000	\$44,500
Water	\$99,000	\$33,000
Wastewater	\$45,000	\$15,000
Drainage	-	-
Parks/Rec	\$14,000	\$4,500
Admin	\$27,000	\$9,000
Total	\$319,000	\$106,000

Table 3: Development charge rates set to take effect June 1, 2023

For comparison, the line graph on the next page shows the annual greenfield rates (per hectare) in effect since 1990 in comparison to the annual average new home (absorbed) price in Regina, as published by the *Canadian Housing & Mortgage Corporation (CMHC)*.

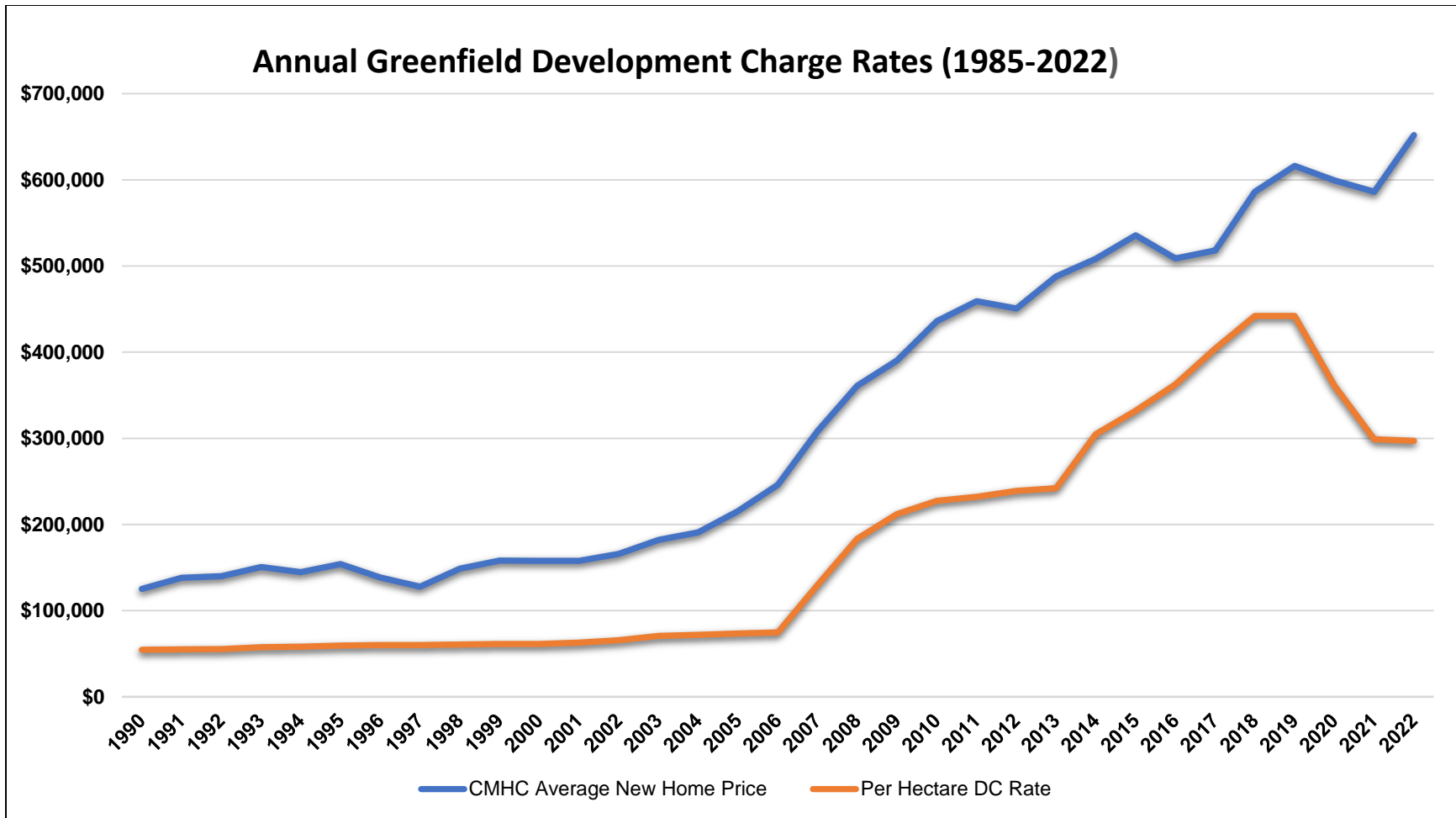


Figure 4: Annual Greenfield Development Charges Rates (1985-2022)

Notes:

1. In 2002, two rates were in effect over the year; the value reflected in the graph is an average of both.
2. In 2007, two rates were in effect over the year; the value reflected in the graph is an average of both.
3. From 2014 to 2017, the City had separate annual rates for 235K and 300K neighbourhoods in the Official Community Plan's Growth Plan. As such, the values reflected in the graph for 2014, 2015, 2016 and 2017 are an average of the 235K and 300K rates in effect in each year .

2022 Development Charge Accounts Summary

2022 Development Charges Account Analysis

December 31, 2022 (Unaudited)

	Trans.	Parks	Utility	Admin	IIR**	Total
Revenues						
Opening 2022 Balance	32,623,384	11,315,193	(37,033,167)		***	6,905,410
Funds Added to Account	1,927,119	198,270	2,040,970	365,500	***	4,531,859
Interest Allocation*	777,416	270,235	(1,492,752)		***	(445,101)
Total Available:	35,327,919	11,783,698	(36,484,949)	365,500	***	10,992,168
Expenses						
Amount Spent on Capital Costs in 2022	1,243,978	283,056	2,943,169	365,500	664,522	5,500,225
Closing Balance (December 31, 2022):	34,083,941	11,500,642	(39,428,118)		(664,522)	5,491,943
Estimated Deficit						
Funds Previously Allocated Towards Projects****	14,053,000	258,000	49,216,000			63,527,000
Total Estimated Deficit as of Dec. 31, 2022*****:	20,030,941	11,242,642	(88,644,118)		(664,522)	(58,035,057)

*The interest allocation is in a negative position due to the Utility Account having a negative balance. All interest allocations are received and deposited into this fund.

**IIR means the Intensification Infrastructure Reserve used for funding infrastructure and services required to support growth and intensification.

***The IIR is funded through "Tax Lift" resulting from intensified development in the Established Area (see page 6) which means there will be a delay between a permit being issued for an intensified development and when the associated "Tax Lift" on the site is realized and allocated to the IIR. Additionally, there was not an opening balance for the IIR in 2022, as the IIR only came into effect near the end of 2021.

****Development charge [or 'SAF'] funds allocated towards projects that were unused as of the end of 2022, but are expected to be used on projects in 2023, as detailed in Appendix B.

*****The estimated deficit is calculated by subtracting closing account balances as of December 31, 2022 from funds previously allocated towards projects that are expected to be used in 2023.

Appendix A – 2022 Development Charges Model Expenditures

#	Project Description in Development Charges (DC) Model	Estimated Cost	DC/SAF Share	City Share	Est. Area Share	Green Field Share	Start	End	Status	DC Spent in 2022	Description and Notes
Transportation											
7	On-Street Bike Lanes & Multi-Use Pathways	\$250,000	30%	70%	30%	70%	2018	2022	Annual	\$110,764	Funding for this program includes the design and construction of on-street bikeways and multi-use pathways in existing areas throughout Regina. This will be an ongoing program aimed at meeting the sustainable transportation goals identified in the Official Community Plan and the Transportation Master Plan. Note: This project will no longer be funded by development charges going forward.
11	New & Enhanced Traffic Controls	\$1,600,000	100%	0%	30%	70%	*	*	Annual	\$676,546	These funds are used for the design and installation of new traffic controls and enhancements to existing controls. Locations are determined annually based on analysis of warrants, studies and growth projections. Note: Annual Program - Budget \$1,600,000/yr for DC portion
23	Dewdney Avenue Twinning (Courtney St to West Bypass) Construct	\$10,350,000	100%	0%	0%	100%	2019	2022	Complete	\$13,211	The purpose of this project is to provide east-west capacity to service new growth in the west area of the City including Westerra and the GTH.
57-58	Prince of Wales Widen & Pave (Jenkins to Hwy 46) - Design and Construction	\$8,500,000	100%	0%	0%	100%	2022	*	In Progress	\$69,722	This project includes paving of Prince of Wales Drive from Jenkins Drive to Highway 46.
89	Wascana Parkway to Highway 1A Loop Ramp	\$6,100,000	100%	0%	0%	100%	2019	*	In Progress	\$193,620	This project will result in the installation of a loop ramp from Wascana Parkway onto Highway 1A to provide free-flow conditions to the current left turn lane from Wascana Parkway onto Highway 1A.

#	Project Description in Development Charges (DC) Model	Estimated Cost	DC/SAF Share	City Share	Est. Area Share	Green Field Share	Start	End	Status	DC Spent in 2022	Description and Notes
94	Saskatchewan Drive Corridor Plan and Coordination Initiative	\$500,000	50%	50%	30%	70%	2019	*	In Progress	\$26,488	The desired outcome of the project is completion of a Corridor Plan and Functional Engineering Study for Saskatchewan Drive from Princess Street to Winnipeg Street to create a coordinated effort for infrastructure improvement that is aligned with planning and design principles for the corridor.
100	Road Network Improvement Property Purchases	\$500,000	100%	0%	0%	100%	2021	2040	Annual	\$90,249	The funding will be utilized for property acquisitions to realize the 25-year road network plan in the Transportation Master Plan and beyond. Property will be utilized for road right of way for increased network capacity to support continued growth. Note: Annual Program - Budget \$500,000/yr for DC portion
101	Arcola Avenue Corridor Study	\$240,000	100%	0%	0%	100%	2021	2022	Complete	\$54,373	Funds to improve service levels along the Arcola Corridor to be in line with the City's current services levels. Note: Completed (\$54,373)
Water											
15	Eastern Pressure Zone Design & Construction - Pre-design	\$6,450,000	100%	0%	30%	70%	2016	*	In Progress	\$765,235	In order to maintain an acceptable level of service as the City continues to grow and additional demands are placed on the citywide water distribution network, an "Eastern Pressure Solution" is required.
Wastewater											
3b	McCarthy Blvd Pump Station Upgrades (Part of Trunk Relief Initiative)	\$23,500,000	30%	70%	30%	70%	2017	*	In Progress	\$765,235	Wastewater capacity improvements are required on the wastewater system to meet regulatory commitments to reduce bypasses to Wascana Creek during heavy precipitation events and improve the levels of service. Work includes design and construction of several staged upgrades and infrastructure renewals at the McCarthy Boulevard Pumping Station and the Wastewater Collection System over multiple years.
18	Serviceability Study for 300K	\$500,000	100%	0%	30%	70%	2021	*	In Progress		This program will evaluate whether or not the City can provide service to various growth areas that meet current service standards and then develop a plan to ensure that the services are available when needed.

#	Project Description in Development Charges (DC) Model	Estimated Cost	DC/SAF Share	City Share	Est. Area Share	Green Field Share	Start	End	Status	DC Spent in 2022	Description and Notes
Parks & Rec.											
9	Plant Material Establishment Funding	\$148,000	100%	0%	0%	100%	*	*	Annual	\$140,156	This funding provides for watering and maintenance of newly planted trees and shrubs within the parks and open space of a new development for a three-year period to ensure establishment and survival of the new plant material. Any plantings that fail to survive this three-year period are replaced. Note: Annual program budget of \$148,000/yr for DC portion
22	Indoor Aquatics Center	\$141,750,153	30%	70%	30%	70%	2019	*	In Progress	\$126,742	Planning, design and construction of the Indoor Aquatics Facility to add competitive and leisure pool capacity.
33	Update to the Open Space Management Strategy	\$200,000	30%	70%	30%	70%	2018	*	In Progress	\$15,880	The purpose of the Open Space Management Strategy is to provide direction for planning, managing and sustaining Regina's open space system. The document establishes principles, guidelines and policies that assist the Administration in setting priorities for the development and redevelopment of the City's parks to achieve equity and ensure the community's needs are being met. The current policy was approved by Council in 2007 and requires updating to consider the current condition of our open space system as well as provide direction for areas of growth in Regina, in alignment with the City's intensification planning.

Appendix B – Anticipated 2023 Expenditures Using Unused Allocated* Funds

Model #	Cost Type	Cost Name	Amount (\$000's)
11	Transportation	New & Enhanced Traffic Controls	162
*	Transportation	Roadways Completion Program	100
*	Transportation	Dewdney Ave Twinning-Courtney St to West Bypass	324
*	Transportation	Saskatchewan Dr-Lewvan to Campbell-Functional & Property Purchase	169
*	Transportation	Saskatchewan Drive Corridor Plan and Coordination Initiative	5,116
*	Transportation	City - Wide Travel Survey	100
89	Transportation	Wascana Parkway to Highway 1A Loop Ramp	356
100	Transportation	Road Network Improvements Property Purchase	806
105	Transportation	Southeast Regina Roadway Capacity Solution	55
57	Transportation	Prince of Wales Drive - Jenkins Drive to Highway 46	926
65	Transportation	Ring Road Widening - Ross Ave to Dewdney Ave	400
103	Transportation	Intersection Capacity Upgrades	500
*	Transportation	Pinkie Road Upgrade - Sherwood Dr to Dewdney Ave	5,038
9	Parks & Recreation	Plant Establishment Funding	60
22	Parks & Recreation	New Indoor Aquatic Facility	197
51	Utility (Water)	Eastern Pressure Solution	48,351
62	Utility (Water)	Serviceability Study	450
*	Utility (Wastewater)	Wastewater Treatment Plant - Expansion to 258K population	51
15	Utility (Wastewater)	Wastewater Capacity Upgrades - South Trunk	365
Total:			63,527

* Development charge [or "SAF"] funds allocated towards projects that were unused as of the end of 2022, but are expected to be used on projects in 2023.