

**Georgian Court
Redevelopment
Fiscal Impact Study**

Independent Real Estate Intelligence

September 14, 2017



Georgian Court Redevelopment Fiscal Impact Study

Prepared for:

bcIMC Realty Corporation / Georgian Court Estates

Prepared by:

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September 14, 2017

EXECUTIVE SUMMARY

Altus Group Economic Consulting was retained by Realstar Management (“Realstar”) on behalf of bcIMC Realty Corporation to examine the potential financial impacts of the proposed Georgian Court redevelopment on the finances of the City of Burlington. bcIMC has plans to redevelop an existing 280-unit rental townhouse development, Georgian Court Estates, with a new community consisting of 1,450 units, including 200 townhouses, as well as 1,250 apartment units in mid-rise and high-rise buildings.

At current Development Charge (DC) rates, the proposed redevelopment would generate over \$4.5 million in DC revenues for the City of Burlington. The City can use these DC revenues to fund growth-related capital works related to sewage treatment and wastewater, water treatment and water works, parks, recreation facilities, roads, fire protection, policing services, libraries, etc. This can include works required directly by development of the subject lands, or other growth-related capital works elsewhere in the City.

The capital costs for required watermains, sanitary sewers, storm sewers and roads will be funded entirely by the developer. The long-term operating, maintenance and ongoing operating costs for the aforementioned roads will be the responsibility of the City (for the extended Sunset Road and storm sewers) and/or Region (for watermains and sanitary sewers).

Two development scenarios are considered. First, an all rental scenario, and second, a condominium scenario for comparison purposes. Notwithstanding that market conditions are always changing, the developer will continually assess market conditions and will adjust the type, style, size and mix of housing options offered to the market over the course of the 10+ year, multi-phase build out.

The proposed redevelopment will generate a substantial amount of new assessment value and property tax revenues for the City. At build-out, the proposed rental plan will generate approximately:

- \$269.7 million in assessment value, a net increase of \$226.2 million over the assessment value of the existing buildings;
- \$4.76 million in annual property tax revenues, a net increase of \$3.99 million, including:
 - \$1.92 million in net new property tax revenues for the City;

- \$1.64 million in net new property tax revenues for the Region;
and
- \$441,200 in net new property tax revenues for education.

After comparing the net increase in annual property tax revenues and non-tax revenues with the anticipated annual incremental operating costs and lifecycle costs associated with hard infrastructure requirements of the proposed development, the proposed plan will generate a positive fiscal impact for the City of approximately \$341 per capita.

A condominium scenario produces only slightly less annual property tax revenue than the rental scenario, but would still produce an annual surplus to the City of \$329 per capita.

The significant annual surplus to the City is driven by the addition of significant amounts of new property tax revenues through the new residential units, without needing to construct significant amounts of new infrastructure. This outcome is consistent with the benefits of intensification expressed by numerous objectives in the *Growth Plan for the Greater Golden Horseshoe*.

TABLE OF CONTENTS

	Page
EXECUTIVE SUMMARY	i
1 INTRODUCTION	1
1.1 Background	1
1.2 Approach	2
2 CAPITAL REVENUES AND EXPENDITURES	3
2.1 Development Charge Revenues.....	3
2.2 Capital Infrastructure Requirements	5
3 ONGOING REVENUES AND COSTS	10
3.1 Revenues.....	10
3.2 Expenditures	15
4 CONCLUSION	17
APPENDIX A – DETAILED FINANCIAL IMPACT TABLES	

1 INTRODUCTION

Altus Group Economic Consulting was retained by Realstar Management (“Realstar”) on behalf of bcIMC Realty Corporation to examine the potential financial impacts of a redevelopment on the finances of the City of Burlington. We understand that bcIMC has plans to redevelop an existing 280-unit rental townhouse development, Georgian Court Estates, with a new community consisting of approximately 1,450 units, including a mix of townhouses, mid-rise and high-rise apartment units.

1.1 BACKGROUND

Figure 1 shows the proposed plan for the redevelopment of Georgian Court Estates, which is located in the City of Burlington.

Figure 1

Unit and Population Yield, Georgian Court Redevelopment

Proposed Plan	PPU	Proposed Plan	
		Units	Population
1-bedroom apartments	1.32	375	495
1-bedroom + den apartments	1.45	125	182
jr. 2-bedroom apartment	1.59	125	199
2-bedroom apartment	1.72	500	862
jr. 3-bedroom apartment	2.18	38	82
3-bedroom apartment	2.63	88	230
Tow nhouse	2.40	200	479
		1,450	2,528
Existing Community			
Tow nhouse	2.17	280	609
Net Increase		1,170	1,919

Source: Plans provided by client

The Proposed Plan (shown in Appendix B to this report) will contain a total of 1,450 dwelling units, including 1,250 units in a mix of mid-rise and high-rise apartment buildings, and 200 townhouse units.

Based on the Person per Unit (PPU) factors from the City’s 2014 Development Charges Background Study, for new apartment units by bedroom type, it is assumed that the apartment units will generate approximately 1.32 to 2.63 persons per unit with variations based on suite type, while the new townhouse units will generate approximately 2.40 persons per unit. This results in an estimated population of 2,528 persons.

The existing community, based on 2011 Census data, had an average PPU of 2.17, meaning that the 280 units housed approximately 609 persons. Therefore, the 2,530 anticipated residents of the redeveloped community at full build-out, would represent an increase of 1,919 persons.

1.2 APPROACH

This report will analyse the net annual fiscal impact of the redevelopment on the City's finances from a capital and net annual operating perspective. This report is consistent with the policies of Section 12 of the *City of Burlington Official Plan*, which sets the principles and objectives to be met by development as demonstrated through a Financial Impact Analysis.

2 CAPITAL REVENUES AND EXPENDITURES

This section outlines the capital expenditures required to service the proposed redevelopment, the sources of funding for the works, and the associated impact on the City's capital budgets.

2.1 DEVELOPMENT CHARGE REVENUES

Figure 2 shows the DC revenues that would be generated by the proposed development for the City. We have assumed that the demolition of existing units will generate a DC credit equivalent to the DC rate applicable to the units to be demolished.

The City's DC by-law states that:

29. That in the case of a demolition of all or part of a building or structure:

a) a credit shall be allowed against the development charges otherwise payable pursuant to this By-law, provided that where a demolition permit for a residential building or structure has been issued and has not been revoked...

ii) on or after July 1, 2009, a building permit has been issued for the redevelopment within five (5) years from the date the demolition permit was issued for a residential building or structure.

c) the credit shall be calculated based on the portion of the building or structure used for a residential purpose that has been demolished by multiplying the number and type of dwelling units demolished...by the relevant development charges under this By-law in effect on the date when the development charges are payable pursuant to this By-law with respect to the redevelopment.

In total, at current DC rates (in effect as of June 26, 2017), and net of DC credits, the proposed plan would generate \$4.5 million DC revenues for the City, including:

- \$2.97 million for transportation;
- \$1.03 million for parks and recreation;
- \$276,900 for storm drainage;
- \$94,800 for transit;
- \$57,100 for library;
- \$29,000 for fire; and

- \$28,500 for studies.

Figure 2 Estimated DC Revenues for the City of Burlington

Unit Type					Proposed Plan	Existing		
					Units			
Apartments - 1 Bedroom					500	-		
Apartments - 2+ Bedrooms ¹					807	-		
Townhouse (3 Bedrooms)					143	129		
Townhouse (2 Bedrooms)					-	151		
Total					1,450	280		
	DC Rates by Service				Proposed Plan	Existing Units	Proposed Plan	
	Apartment - 1 Bedroom	Apartment - 2+ Bedrooms	Townhouse - 2 Bedrooms	Townhouse - 3 Bedrooms	DC Revenues	DC Credits	DC Revenues - After Credits	
DC Service	Dollars per Unit				Dollars			
Transportation	2,153	2,900	3,326	4,202	4,017,427	1,044,286	2,973,141	
Storm Drainage	201	270	309	391	374,140	97,197	276,943	
Studies	20	28	32	41	38,602	10,136	28,465	
Parks and Recreation	747	1,006	1,154	1,457	1,393,728	362,266	1,031,462	
Library	41	56	63	81	77,050	19,972	57,078	
Transit	69	92	106	134	128,196	33,394	94,802	
Fire	21	28	32	41	39,139	10,136	29,003	
Total	3,252	4,380	5,024	6,347	6,068,281	1,577,387	4,490,894	

¹ Includes back-to-back townhouses

Source: Altus Group Economic Consulting based on City of Burlington DC rates in effect as of June 26, 2017

The City can use these DC revenues to fund growth-related capital works related to each of the identified development charge services. This can include works required directly by development of the subject lands, or other growth-related capital works elsewhere in the City.

Figure 3 shows the DC revenues that would be generated by the proposed development for the Region.

Figure 3 Estimated DC Revenues for the Region of Halton

Unit Type					Proposed Plan	Existing		
					Units			
Apartments - 1 Bedroom					500	-		
Apartments - 2+ Bedrooms ¹					807	-		
Townhouse (3 Bedrooms)					143	129		
Townhouse (2 Bedroom)					-	151		
Total					1,450	280		
	DC Rates by Service				Proposed Plan	Existing Units	Proposed Plan	
	Apartment - 1 Bedroom	Apartment - 2+ Bedrooms	Townhouse - 2 Bedrooms	Townhouse - 3 Bedrooms	DC Revenues	DC Credits	DC Revenues - After Credits	
DC Service	Dollars per Unit				Dollars			
GO Transit	587.75	587.75	904.93	904.93	897,594	253,380	644,214	
Growth Studies	101.06	133.18	140.80	185.90	184,590	45,242	139,348	
Police	139.25	183.53	194.03	256.18	254,367	62,346	192,022	
Emergency Medical Services	30.06	39.63	41.91	55.31	54,921	13,463	41,457	
Facilities	31.01	40.87	43.20	57.04	56,644	13,881	42,762	
Social Housing	175.23	230.94	244.17	322.36	320,081	78,454	241,627	
Roads	5,874.34	8,131.24	8,429.01	11,634.21	11,162,773	2,773,594	8,389,179	
Water	2,064.51	2,857.69	2,945.29	4,065.25	3,919,742	969,156	2,950,586	
Wastewater	2,797.34	3,872.07	3,990.75	5,508.25	5,311,110	1,313,168	3,997,943	
Total - DC Revenues before Credits	11,800.55	16,076.90	16,934.09	22,989.43	22,161,822	5,522,684	16,639,138	

¹ Includes back-to-back townhouses

Source: Altus Group Economic Consulting based on Halton Region DC rates in effect as of April 1, 2017

In total, at current DC rates (in effect as of April 1, 2017), the proposed plan would generate \$16.7 million DC revenues for the Region, including:

- \$8.39 million for roads;

- \$3.99 million for wastewater;
- \$2.95 million for water;
- \$644,200 for GO transit;
- \$241,600 for social housing;
- \$192,000 for police;
- \$139,300 for growth studies;
- \$42,800 for facilities; and
- \$41,500 for emergency medical services.

2.2 CAPITAL INFRASTRUCTURE REQUIREMENTS

2.2.1 Storm Water Management

According to the consulting engineers for the project at UrbanTech, there will be a variety of storm sewers proposed for the redevelopment, including:

- 260 metres of 300mm storm sewer;
- 240 metres of 450mm storm sewer; and
- 140 metres of 600mm storm sewer.

There are no plans for storm water management facilities – the storm water flows are expected to be conveyed off site to existing storm water facilities and/or out to existing outlets.

The local service policies for storm water management, as outlined in Appendix B of the City's 2014 DC Study are as follows:

1. The conveyance system within creeks internal to a development whereby local benefit is apparent or re-alignment is necessary for the development of adjacent lands (for example: creek erosion and bank stabilization).
2. A share of the cost of culverts based on the local benefits derived.
3. All storm water management facilities, outfalls and localized creek or channel improvements related to a secondary plan will be cost shared among all landowners within the secondary planning area through Developer Cost Sharing Agreements unless over-control is required due to downstream constraints.
4. Any storm water quality control measures required to mitigate impacts of development.

Based on the local service policies, the capital costs for storm sewers to be constructed will be the responsibility of the developer. However, the costs of operating, maintaining and replacing the storm sewers will be that of the City.

2.2.2 Transportation

The proposed redevelopment plan intends on leaving the roads in the area unchanged, except for a small extension of Sunset Road through the subject site (roughly 300 metres), to connect with Surrey Lane to the north.

According to Appendix B1-A of the City's 2014 DC Study, the relevant local service policies for transportation are as follows:

1. Local and Collector Roads
 - i. All Local and Collector Roads Internal to Development (including road surface, street lighting, storm sewers, bridges, culverts, sidewalks, bike lanes, bike paths, bus landing pads, noise walls, utilities, etc.) – Direct developer responsibility under s.59 of the DCA (as a local service).
 - ii. Local and Collector Roads External to Development – If local service within the area to which the plan relates, direct developer responsibility under s.59 of DCA; otherwise, include the DC calculation to the extern permitted under s.5(1) of the DCA (dependent on local circumstances).
2. Traffic Signals and Intersection Improvements
 - i. Local Street / Private Entrances (including signals, turn lanes, islands, sidewalk and utility relocates) to Specific Developments – Direct developer responsibility under s.59 of DCA (as a local service).
3. Streetlights
 - i. New Streetlights on Regional Roads or Area Municipality Arterial Roads – Include in Regional or Area Municipal DC (based on ten year standards as per s.5(1) of the DCA), or, in exceptional circumstances, may be direct developer responsibility through local service provisions (s.59 of DCA).
4. Sidewalks/Multi-Use Paths
 - i. Sidewalks / multi-use paths on Regional or Area Municipality Arterial Roads – Include in Area Municipal DC (based on ten year standards as per s.5(1) of the DCA), or in exceptional circumstances, may be direct developer responsibility through local service provisions (s.59 of DCA).

- ii. Other Sidewalks External to Development (which are local service within the area to which the plan relates) – direct developer responsibility as a local service provision (under s.59 of DCA).
5. Noise Abatement Measures
 - i. Internal to Development – Direct developer responsibility through local service provisions (s.59 of DCA).
 6. Land Acquisition for Road Allowances
 - i. Land Acquisition for Arterial Roads – Dedication under the planning Act subdivision provision (s.51) through development lands; in areas with limited or not development, include in City DC to the extent eligible.
 - ii. Land Acquisition for Major Intersections and Grade Separates (beyond dedication requirements) – Include in City DC to the extent eligible.

According to the local service policies of the City's DC Study, the extension of Sunset Road (and associated sidewalks, streetlights, intersection improvements) would be local in nature, and therefore, the associated capital costs would be the responsibility of the developer. Once constructed, the road, and all associated operating, maintenance and lifecycle costs would become the responsibility of the City.

2.2.3 Water and Wastewater

In the proposed plan, there will be approximately 560 metres of watermain that will be 200mm in diameter, along both the new right-of-way on Sunset Road and along the existing Warwick Drive right-of-way.

There are also plans for sanitary sewers:

- 150 metres of 200mm sanitary sewer (from Surrey to Marley, through western development blocks in an easement); and
- 250 metres of 250mm sanitary sewer within the new right-of-way on the extended Sunset Road.

According to Appendix G of the Region's 2017 DC Study, the relevant local service policies for water and wastewater are as follows:

1.1.1. Watermains

- Internal to the development (servicing of vacant lands)
 - Greater than 400 mm:

DC main

- 400 mm or less:

Developer responsibility within subdivision agreement

- External to the development (mains on existing roads but requiring a local connection)

- 400 mm or greater:

DC main

- Less than 400 mm:

Developer responsibility within subdivision agreement

An exception to these policies is feeder mains required to connect from a well or reservoir to the network. All feeder mains are considered to be DC projects regardless of the size of the main.

External watermains of any size required for a development to be connected to an existing local main are considered to be the developers' responsibility

1.1.2. Booster Stations and Reservoirs

- All water booster pumping station and reservoir projects are considered to be DC projects.

1.1.3. Wastewater Mains

- Internal or external (i.e., local connection) to the development
 - Greater than 450 mm:
DC main
 - 450 mm or less:

Developer responsibility within subdivision agreement

1.1.4. Lift Stations

- Lift stations internal to a development and fed by mains which qualify for the DC project list are considered to be DC projects. Lift stations fed by mains that do not qualify for the DC project list are the responsibility of the developer.
- Existing lift stations that have to be expanded as part of a new development are the responsibility of the benefiting developer and will be dealt with as part of the subdivision agreement.

Based on the size of the proposed watermains and sanitary sewers, the capital costs of these works will be the responsibility of the developer. The ongoing operation, maintenance and replacement costs will be the responsibility of Halton Region.

3 ONGOING REVENUES AND COSTS

This section provides an overview of the methodology used to determine the net annual fiscal impact of the proposed redevelopment.

3.1 REVENUES

3.1.1 Assessment and Property Tax Revenues for Apartment and Townhouse Units

The existing rental townhouse units on the subject site have a combined assessment value (for the 2016 tax year) of \$43.5 million, or approximately \$155,200 per unit (see Figure 4). The assessment values for these rental townhouse units are roughly 50% higher than units in a typical rental apartment building of roughly the same age – which, based on a sampling of rental apartment buildings of a similar age in surrounding municipalities, have an average assessment value of \$103,000 per unit.

Figure 4

Property Assessment, Existing Buildings, Georgian Court Redevelopment

Property Address	Assessment Value (2016 Tax Year) <i>Dollars</i>	Units	Assessment Value / Unit
917-937 Warwick Drive	1,604,000	11	145,818
847-869 Warwick Drive	1,992,000	12	166,000
611-645 Surrey Lane	3,221,000	22	146,409
871-915 Warwick Drive	6,882,000	45	152,933
865-875 King Road, 615-699 Marley Road, 858-876 Warwick Drive	16,132,000	104	155,115
610-722 Surrey Lane	11,681,000	74	157,851
894-916 Warwick Drive	1,951,000	12	162,583
Total / Average	43,463,000	280	155,225

Source: Altus Group Economic Consulting

For the new units to be constructed in the proposed redevelopment, we have based the assessment values on new rental apartment buildings in western Toronto (Etobicoke, North York, and York), as well other recent developments in the Kitchener Census Metropolitan Area (CMA) Waterloo where significant amounts of new rental has been constructed over the past thirty years – over the 1996-2015 period, roughly 736 private apartment rental units per year have been built in Toronto and 479 units in the Kitchener CMA, compared to 352 units per year in the City of Hamilton and York, Peel, Durham, Halton Regions combined.

The average new rental apartment unit, among developments sampled, has an assessment value in 2017 of approximately \$250,000 per unit. To bring these values down to 2011 values (to reflect the corresponding value used in

the 2015 tax year, which is used as the base for this analysis), we have netted down these values by 29% - this is based on the change in assessment values for rental apartment buildings elsewhere in Halton Region and Peel Region. This brings the assessment value per unit to \$174,000.

Figure 5

Private Rental Apartment Unit Completions, 1996-2015

	Completions, 1996-2015			Average Annual Completions, 1996-2015		
	Row	Apartment	Total	Row	Apartment	Total
Toronto	172	14,714	14,886	9	736	744
Durham	256	721	977	13	36	49
Peel	809	2,146	2,955	40	107	148
Halton	68	1,292	1,360	3	65	68
York	142	900	1,042	7	45	52
Kitchener CMA	617	9,581	10,198	31	479	510
Hamilton CMA	205	1,979	2,184	10	99	109

Source: CMHC Local Market Reports

If we assume that relationship between rental townhouse units and rental apartment units persists for newer purpose-built units (in that rental townhouses have values roughly 50% higher than rental apartments), the proposed townhouse units would have an assessment value of \$261,000.

Figure 6 presents estimated annual property tax revenues for the proposed redevelopment. Based on the assumed assessment estimates, the proposed development will generate \$269.7 million in assessment value, which would produce \$2.29 million in annual tax revenues for the City (plus \$1.95 million for the Region and \$525,900 for education).

Figure 6

Estimate of Annual Property Tax Revenue, City of Burlington, Georgian Court

	Assessment Value per Unit	Assessment Value		Property Tax Revenues			
		Units	Assessment Value	City	Region	Education	Total
Proposed Rental Development	\$ / Unit		Dollars				
Apartments	174,000	1,250	217,500,000	1,843,466	1,575,053	424,125	3,842,644
Townhouse	261,000	200	52,200,000	442,432	378,013	101,790	922,235
Total		1,450	269,700,000	2,285,898	1,953,066	525,915	4,764,879
Existing Development		280	43,463,000	368,380	314,743	84,753	767,875
Incremental - Proposed over Existing		1,170	226,237,000	1,917,518	1,638,324	441,162	3,997,004
Tax Rates 2015		Residential	Multi - Residential				
		Percent					
City	0.374720%		0.847571%				
Region	0.320160%		0.724162%				
Education	0.195000%		0.195000%				
Total	0.889873%		1.766733%				

Source: Altus Group Economic Consulting based on City of Burlington, 2015 Financial Information Return and 2015 total tax rates

To estimate the property tax revenues generated, we used 2015 tax rates to produce revenue estimates on the same basis as the available data for

municipal costs to be used later in this analysis – as of the production of this report, the City’s Financial Information Return for 2015 was the most recent version available.

The existing development, based on a \$43.4 million assessment value, would generate \$368,400 in taxes for the City each year. Therefore, the proposed redevelopment would generate an additional \$1.92 million in property tax revenues for the City each year, once fully built-out.

3.1.1.1 Assessment Values and Property Tax Revenues for Condominium Development

To compare, we have also modelled the annual property tax revenues under the scenario that the development is condominium in tenure instead of rental.

The assessment estimates behind this modelling are based on a review of the following:

- Average per square foot sales prices for new and active condominium apartment projects in Burlington. There is an insufficient sample of condominium townhouse projects in Burlington to assess what the average per square foot sales price would be;
- Resale housing prices for condominium apartments and condominium townhouses in Burlington, as reported on monthly by the Toronto Real Estate Board;

The data on sales prices (both from new and existing units) are based on 2017 dollars - these values need to be reduced to account for the 2015 tax year, to be consistent with the timing of data elsewhere in our fiscal impact model. This requires bringing the values down not to 2015 terms, but to 2011 terms to account for the fact that the 2015 tax year would have been based on three-years of phase-in of the difference in values between the 2008 and 2012 Current Value Assessments, meaning that each taxation year is based on a four-year lag of property values.

The average price per square foot (in 2017 dollars) for condominium apartments in Burlington is \$613/ft². This value has been reduced by 24% to account for appreciation since 2011, to bring the values to 2011 dollars, resulting estimated assessment values for the 2011 tax year of \$466 per square foot for condominium apartments.

Based on the difference in prices for condominium townhouses and condominium apartments of between 10% and 30% (based on TREB data for 2011 and 2017, respectively), we have assumed that the assessment values for condominium townhouses are 20% higher than that of condominium apartment units. This results in an assessment value (in 2011 values) for condominium townhouses of \$560 per square foot.

Figure 7

Estimate of Annual Property Tax Revenue, City of Burlington, Georgian Court								
Proposed Condominium Development	Assessment Value per Square Foot	Average Unit Size	Assessment Value		Property Tax Revenues			
	\$ / Square Foot	Square Feet	Units	Assessment Value	City	Region	Education	Total
				Dollars				
1-bedroom apartments	466	625	375	109,198,309	409,188	349,609	212,937	971,734
1-bedroom + den apartments	466	700	125	40,767,369	152,763	130,521	79,496	362,781
jr. 2-bedroom apartment	466	750	125	43,679,324	163,675	139,844	85,175	388,694
2-bedroom apartment	466	900	500	209,660,753	785,641	671,250	408,838	1,865,729
jr. 3-bedroom apartment	466	900	38	15,724,557	58,923	50,344	30,663	139,930
3-bedroom apartment	466	1,100	88	44,844,106	168,040	143,573	87,446	399,059
Tow nhouse	560	1,250	200	139,987,087	524,560	448,183	272,975	1,245,717
Total			1,450	603,861,504	2,262,790	1,933,323	1,177,530	5,373,643
Existing Development			280	43,463,000	368,380	314,743	84,753	767,875
Incremental - Proposed over Existing			1,170	560,398,504	1,894,410	1,618,580	1,092,777	4,605,768
Tax Rates 2015								
			Residential	Multi - Residential				
			Percent					
City			0.374720%	0.847571%				
Region			0.320160%	0.724162%				
Education			0.195000%	0.195000%				
Total			0.889873%	1.766733%				

Source: Altus Group Economic Consulting based on City of Burlington, 2015 Financial Information Return and 2015 total tax rates

When these assessment values are applied to the square footages and number of each unit type, it results in \$603.8 million in assessment value, which would generate \$2.3 million for the City in annual property tax revenues.

After netting off the amount of property tax that the existing development generates, the proposed development, if offered in condominium tenure, would result in an additional \$1.9 million in property taxes for the City annually over existing.

This is roughly the same amount of property tax that the site would generate under the plan for the units to be rental in tenure. This is because while the amount of assessment that would be generated under a condominium development is 123% higher than with the rental development, the City's property tax rate for multi-residential properties is 126% higher than the base residential rate, resulting in tax revenues under the condominium scenario that are 1% lower than the proposed rental development plan.

3.1.2 Non-Tax Revenues

In addition to the property tax revenues generated annually by the proposed development, the units and residents will also generate a variety of annual non-tax revenues for the City. These non-tax revenues include City fees for items such as licenses, permits (excluding building permits which are handled separately in this analysis), fines and donations, etc.

After making provisions for non-tax revenues that would increase along with residential growth in the City, and the proportion to which residential development would contribute to an increase in those revenues, we have estimated that the proposed development would add approximately \$38.07 per capita to the City's annual non-tax revenues.

3.1.3 Water and Sewer User Rate Revenues

The Region's 2017 water and sewer user rates were as follows:

- \$12.95 per month, plus \$1.059 per cubic metre for water; and
- \$15.58 per month, plus \$1.287 per cubic metre for sewerage flows,

The Proposed Plan would generate \$1,037,400 in water and wastewater revenues for the Region each year. Therefore, these revenues will not be included in the estimated net annual fiscal impact of development to the City.

Water and wastewater revenues were modelled based on usage assumptions of 250 litres per capita per day for each of water usage and sanitary sewerage flows, meaning that the apartment units, with their average PPU of 1.64 would use 149.5 m³ per year, while the townhouse units, with an average PPU of 2.40 would use 218.5 m³ per year.

It is estimated, that the existing townhouse units would, based on an average PPU of 2.17, use 198 m³ per year per unit, and produce water and wastewater revenues of \$226,128 per year.

This would therefore mean that the proposed development would generate approximately \$811,300 in incremental revenues for the Region each year.

3.2 EXPENDITURES

3.2.1 Operating Expenditures

We have estimated the additional annual operating costs that will result from the proposed development. The calculation can be broken down into four steps:

1. We take the operating expenditures of the City of Burlington, as taken from Schedule 40 of the City's Financial Information Return submitted to the Ministry of Municipal Affairs and Housing.
2. Expenditures for each service relating to long-term debt interest, and any users fees and service charge revenues associated with each service are deducted to reach net operating expenditures.
3. We estimate the degree to which the net operating expenditures will change with additional growth by applying a "growth-related" factor to the net operating expenditures, to reach net growth-related operating expenditures. In many cases, the need for services by new residents will require a proportionate increase in operating costs to the amount expended on existing residents, often reduced somewhat to reflect a small allowance made for efficiencies and economies of scale. Other services such as government and planning departments will grow at a much slower pace than population growth, not having to expand significantly when the City grows. There are other cases where the proposed redevelopment will produce higher than average operating costs on the municipality, particularly fire services (now having to protect high-rise units on the site rather than ground-related townhouses), and transit (residents of apartments more likely, on average, to ride transit than City residents).
4. We then attribute a share of the net growth-related operating expenditures to residential and non-residential development, by applying residential/non-residential factors to each service based on typical usage, or where based on per capita usage, used the split between population and jobs in the City. This results in the net residential growth-related operating expenditures.

We have estimated that the development would generate additional annual operating costs to the City of \$690.84 per capita.

3.2.2 Lifecycle Funding Requirements

In reviewing the costs associated with roads, water, sanitary sewer and storm water works, which will ultimately be the responsibility of the City or Region, not only do the additional operating costs associated with the infrastructure need to be considered, but the “lifecycle” funding requirements should also be included in the analysis. Incorporating these lifecycle costs ensures that funding will be available to the City or Region to replace the road and storm water works at the end of the useful life of the works to be constructed.

3.2.2.1 Storm Water Management

The 640 metres of storm sewers to be constructed will result in the City incurring annual operating, maintenance and lifecycle costs. Based on a sampling of lifecycle costs for storm sewers in municipalities across Ontario from various 2013 Financial Information Returns, these storm sewers will impose a cost of \$7,443 *per km per year*. Therefore, the 640 metres of storm sewers will result in annual costs of \$4,760 to the City.

3.2.2.2 Roads

To estimate the annual operating and lifecycle replacement costs for the roads required for the development, we have taken the cost per lane kilometre of roads from the City’s 2013 Financial Information Return (FIR)¹ of \$18,030 *per lane kilometre*, which incorporates both operating costs and amortization costs for the City’s existing inventory of paved roads.

The new segment of Sunset Road will be roughly 300 metres in length (or 600 lane-metres), which means that the associated lifecycle costs to the City will amount to \$10,818 *per year*.

3.2.2.3 Water and Wastewater

The development requires approximately 560 metres of watermains and 400 metres of sanitary sewers. The responsibility for operating, maintaining and ultimate replacement for these watermains and sanitary sewers will be that of Halton Region. Therefore, the associated lifecycle costs are outside the scope of this study.

¹ The data tables in the City’s 2013 Financial Information Return were used, since the information was not available in the 2015 Financial Information Return.

4 CONCLUSION

Figure 8 shows the net annual fiscal impact of the proposed development on the City's finances. The proposed redevelopment would produce an annual surplus of \$341 per capita.

Figure 8

Estimated Annual Fiscal Impact, City of Burlington, Rental Scenario

Net New Units		1,170
Net New Population		1,919
	Dollars	Dollars Per Capita
	<hr/>	<hr/>
Net Property Tax Revenues	1,917,518	999.21
Non-Tax Revenues	73,051	38.07
Water / Wastewater Revenues	n.a.	n.a.
Total Revenues	<hr/> 1,990,569	<hr/> 1,037.28
Operating Expenditures	1,325,751	690.84
Road Lifecycle Costs	10,818	5.64
Stormwater Lifecycle & Maintenance Costs	-	-
Water / Wastewater Lifecycle Costs	<hr/> -	<hr/> -
Total Expenditures	1,336,570	696.48
Net Annual Fiscal Impact	653,999	340.80

Source: Altus Group Economic Consulting

To compare, a condominium scenario, based on the reduced amount of annual tax revenue, sees a slightly reduced net fiscal benefit to the City, but there remains an annual surplus to the City in this scenario of \$329 per capita (see Figure 9)

Figure 9

**Estimated Annual Fiscal Impact, City of Burlington,
Condominium Scenario**

Net New Units		1,170
Net New Population		1,919
	Dollars	Dollars Per Capita
Net Property Tax Revenues	1,894,410	987.17
Non-Tax Revenues	73,051	38.07
Water / Wastewater Revenues	n.a.	n.a.
Total Revenues	1,967,461	1,025.24
Operating Expenditures	1,325,751	690.84
Road Lifecycle Costs	10,818	5.64
Stormwater Lifecycle & Maintenance Costs	-	-
Water / Wastewater Lifecycle Costs	-	-
Total Expenditures	1,336,570	696.48
Net Annual Fiscal Impact	630,892	328.75

Source: Altus Group Economic Consulting

The significant annual surplus to the City is driven by the addition of significant amounts of new property tax revenues through the new residential units, without needing to construct significant amounts of new infrastructure. This outcome is consistent with the benefits of intensification expressed by numerous objectives in the *Growth Plan for the Greater Golden Horseshoe*.

Appendix A
Detailed Financial Impact Tables

Figure A- 1

Estimate of Annual Property Tax Revenue, City of Burlington

	Assessment Value per Unit	Assessment Value		Property Tax Revenues			
		Units	Assessment Value	City	Region	Education	Total
Proposed Development	<i>\$ / Unit</i>		<i>Dollars</i>				
Apartments	250,000	1,250	312,500,000	2,648,658	2,263,008	609,375	5,521,041
Townhouse	375,000	200	75,000,000	635,678	543,122	146,250	1,325,050
Total		1,450	387,500,000	3,284,336	2,806,130	755,625	6,846,090
Existing Development		280	43,463,000	368,380	314,743	84,753	767,875
Incremental - Proposed over Existing		1,170	344,037,000	2,915,956	2,491,387	670,872	6,078,215
Tax Rates 2015		Residential	Multi - Residential				
		<i>Percent</i>					
City	0.374720%		0.847571%				
Region	0.320160%		0.724162%				
Education	0.195000%		0.195000%				
Total	0.889873%		1.766733%				

Source: Altus Group Economic Consulting based on City of Burlington, 2015 Financial Information Return and 2015 total tax rates

Figure A- 2

Estimate of Non-Tax Revenues, City of Burlington

	2015 Non-Tax Revenues	Grow th Related	Grow th Related Non-Tax Revenues	Residential Share	Residential Grow th Related Non-Tax Revenues
	<i>Dollars</i>	<i>Percent</i>	<i>Dollars</i>	<i>Percent</i>	<i>Dollars</i>
Licenses, Permits, Rents, etc.					
Licenses and Permits	6,043,826	95%	5,741,635	65%	3,705,091
Rents, Concessions and Franchises	4,763,281	0%	-	65%	-
Subtotal	10,807,107		5,741,635		3,705,091
Fines and Penalties					
Other Fines	1,632,246	95%	1,550,634	65%	1,000,628
Penalties and Interest on Taxes	2,201,071	95%	2,091,017	65%	1,349,339
Other - Library Fines	127,551	95%	121,173	65%	78,194
Subtotal	3,960,868		3,641,651		2,428,160
Other Revenue					
Investment Income	9,438,339	0%	-	65%	-
Donations	868,300	95%	824,885	65%	532,300
Sale of publications, equipment, etc.	-	95%	-	65%	-
Gaming and Casino Revenues	-	0%	-	95%	-
Subtotal	10,306,639		824,885		532,300
Total	25,074,614		10,208,171		6,665,551
			2015 Population		175,103
			\$ / Capita - Residential Growth Related Non-Tax Revenues		38.07

Source: Altus Group Economic Consulting based on City of Burlington 2015 Financial Information Return

Figure A- 3

Estimate of Annual Revenues from Water and Wastewater Rates, Georgian Court

	Service / Usage Charges	Proposed Plan		
		Units	Annual Usage	Revenues
<u>Water</u>	<u>\$ / Unit / Month</u>		<u>m3</u>	<u>Dollars</u>
Metered Service Charge	12.95	1,450		225,330
Consumption Charges	<u>\$ / m3</u> 1.059		230,649	<u>244,165</u>
Subtotal Water				469,495
<u>Sewer</u>	<u>\$ / Unit / Month</u>			
Monthly Service Charges	15.58	1,450		271,092
Consumption Charges	<u>\$ / m3</u> 1.287		230,649	<u>296,845</u>
Subtotal Sewer		-		567,937
Total				1,037,431

Source: Altus Group Economic Consulting based on 2017 Halton Region Water and Wastewater Rates

Figure A- 4

Summary of Net Operating Expenditures, City of Burlington, 2015

City of Burlington Population (2015): 175,103
 City of Burlington Employment Estimate (2015): 96,247

	Operating Expenditures	Interest on Long Term Debt	User Fees and Service Charges	Net Operating Expenditures	Growth Factor	Growth-Related Operating Expenditures	Residential Share	Residential Growth-Related Operating Expenditures	Residential Per Capita
						Dollars	Percent	Dollars	\$/ Capita
General government									
Governance	4,272,039	-	254,806	4,017,233	50%	2,008,617	65%	1,296,165	7.40
Corporate Management	27,941,817	576,679	-	27,365,138	50%	13,682,569	65%	8,829,395	50.42
Program Support	1,544,368	-	-	1,544,368	50%	772,184	65%	498,292	2.85
Total	33,758,224	576,679	254,806	32,926,739		16,463,370		10,623,852	60.67
Protection services									
Fire	29,938,656	37,915	121,860	29,778,881	150%	44,668,322	65%	28,824,577	164.61
Protective Inspection and control	2,832,549	-	85,608	2,746,941	100%	2,746,941	65%	1,772,608	10.12
Building permit and inspection services	2,853,608	-	61,857	2,791,751	100%	2,791,751	65%	1,801,524	10.29
Provincial Offences Act (POA)	8,019,730	-	-	8,019,730	100%	8,019,730	65%	5,175,151	29.55
Total	43,644,543	37,915	269,325	43,337,303		58,226,744		37,573,859	214.58
Transportation services									
Roads - Paved	39,429,018	1,000,479	1,873,036	36,555,503	0%	-	65%	-	-
Roads - Bridges and Culverts	1,275,774	-	4,825	1,270,949	0%	-	65%	-	-
Roads - Traffic Operations & Roadside	6,057,207	-	121,178	5,936,029	0%	-	65%	-	-
Winter Control - Except sidewalks, Parking Lots	4,922,473	-	-	4,922,473	25%	1,230,618	65%	794,121	4.54
Winter Control - Sidewalks, Parking Lots Only	578,424	-	-	578,424	25%	144,606	65%	93,315	0.53
Transit - Conventional	17,980,811	-	5,310,863	12,669,948	150%	19,004,922	65%	12,263,922	70.04
Transit - Disabled & special needs	1,316,966	-	73,208	1,243,758	150%	1,865,637	65%	1,203,900	6.88
Parking	2,201,234	17,297	1,657	2,182,280	95%	2,073,166	65%	1,337,819	7.64
Street lighting	2,620,787	-	-	2,620,787	25%	655,197	65%	422,800	2.41
Total	76,382,694	1,017,776	7,384,767	67,980,151		24,974,146		16,115,877	92.04
Environmental services									
Urban storm sewer system	6,194,158	43,403	-	6,150,755	95%	5,843,217	65%	3,770,642	21.53
Rural storm sewer system	323,811	-	-	323,811	0%	-	65%	-	-
Water treatment	17,402	-	-	17,402	95%	16,532	65%	10,668	0.06
Total	6,535,371	43,403	-	6,491,968		5,859,749		3,781,310	21.59
Health services									
Cemeteries	354,664	-	69,804	284,860	100%	284,860	100%	284,860	1.63
Total	354,664	-	69,804	284,860		284,860		284,860	1.63
Recreation and cultural services									
Parks	14,074,513	144,193	694,072	13,236,248	50%	6,618,124	100%	6,618,124	37.80
Recreation programs	10,644,357	-	4,852,948	5,791,409	125%	7,239,261	100%	7,239,261	41.34
Recreation Facilities - Golf, Marina, Ski	1,665,200	(11)	1,033,151	632,060	125%	790,075	100%	790,075	4.51
Recreation Facilities - Other	20,346,309	588,673	4,209,550	15,548,086	125%	19,435,108	100%	19,435,108	110.99
Libraries	12,069,067	183,423	192,849	11,692,795	100%	11,692,795	100%	11,692,795	66.78
Museums	146,967	-	-	146,967	100%	146,967	100%	146,967	0.84
Cultural Services	6,752,076	-	1,893,469	4,858,607	100%	4,858,607	100%	4,858,607	27.75
Total	65,698,489	916,278	12,876,039	51,906,172		50,780,937		50,780,937	290.01
Planning and development									
Planning and zoning	5,909,420	-	1,990,593	3,918,827	50%	1,959,414	65%	1,264,414	7.22
Commercial and industrial	1,905,040	-	220,204	1,684,836	50%	842,418	65%	543,614	3.10
Total	7,814,460	-	2,210,797	5,603,663		2,801,832		1,808,029	10.33
Total	234,188,445	2,592,051	23,065,538	208,530,856		159,391,636		120,968,725	690.84

Source: City of Burlington, 2015 Financial Information Return, Watson & Associates Economics Ltd., City of Burlington 2014 Development Charges Background Study, (May 2014)

Figure A- 5

Additional Operating and Lifecycle Costs: Roads, Water and Wastewater, City of Burlington

	Operating and Amortization Costs	Municipal Inventory	Cost per Unit	Proposed Plan	
				Units in Proposed Development	Annual Costs
		<i>Lane Km</i>	<i>\$/ Lane Km</i>	<i>Lane Km</i>	<i>Dollars</i>
Paved Roads	28,560,025	1,584	18,030.32	0.60	10,818
			<i>\$/ Km</i>	<i>Kilometres</i>	<i>Dollars</i>
Stormwater - Storm Sewers			7,443.47	0.64	4,764
		<i>Kilometres</i>	<i>\$/ Km</i>	<i>Kilometres</i>	
<u>Wastewater</u>					
WW Collection	-	-	n.a.	0.40	n.a.
		<i>Kilometres</i>	<i>\$/ Km</i>	<i>Kilometres</i>	
<u>Water</u>					
Water Distribution	-	-	n.a.	0.56	n.a.

Source: Altus Group Economic Consulting based on City of Burlington 2013 Financial Information Return
