

Development Impacts Report for 444 Lerwick – Crown Isle Shopping Centre

102,084 square feet of retail, office and restaurant space. Anchored by Thrifty Foods as a grocer, the Centre also features Cascadia Liquor Store, CIBC, Starbucks and TD Wealth Management.

TEMPORARY CONSTRUCTION IMPACTS

| | |
|---|---------------------|
| Direct construction spending in the Comox Valley | \$10,797,000 |
| Local employment (person-years) | 92.4 |
| Development-related revenue to the City of Courtenay | |
| Development Fees | \$105,500 |
| Development Cost Charges | <u>\$592,900</u> |
| Total | \$698,400 |
| Development-related revenue to the Comox Valley RD | \$433,300 |

(Note that development-related revenue is partially or wholly offset by staff costs and other expenses to manage the development process).

ONGOING CITY OF COURTENAY IMPACTS (ANNUAL)

| | |
|--|------------------|
| Revenue (Additional property tax) | \$161,300 |
| Costs (Additional municipal expenses) | \$3,900 |
| Net Impact (annual) | \$157,500 |

ADDITIONAL PROPERTY TAX REVENUE FOR OTHER LOCAL AUTHORITIES (ANNUAL)

| | |
|---|-----------------|
| Comox Valley Regional District tax revenue, annual | \$29,600 |
| Hospital District tax revenue, annual | \$28,300 |
| School District tax revenue, annual | \$89,300 |

Note that all figures are estimates based on the best available information supplied by the project developer and the local and regional governments.

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COMOX VALLEY DEVELOPMENT IMPACTS MODEL

- NOTES ON COURTENAY VERSION

The draft Comox Valley Development Impacts Model has been developed by Comox Valley Economic Development Society (CVEDS) to provide an estimate of the following development-related impacts:

1. **Temporary Construction Impacts**
2. **Ongoing City of Courtenay Impacts (Annual)**
3. **Additional Property Tax Revenue for other Local Authorities (Annual)**

Project details are entered by CVEDS staff into a spreadsheet-based model that is programmed with the rate schedules, cost ratios, employment multipliers and other values that are required to generate the three types of impacts described above.

The interpretation of each type of impact is described below, along with the key assumptions underlying the model's calculations.

1. TEMPORARY CONSTRUCTION IMPACTS

Direct Construction Spending in the Comox Valley

This calculation is based on the project construction budget, adjusted by the percentage of spending that is estimated to occur in the Comox Valley. (Some major capital items, for example, may be purchased outside the region).

Local employment (person-years)

Employment is estimated using multipliers from the BC Input-Output Model (BCIOM). This model converts spending in a given industry (such as construction) into a corresponding employment impact, expressed in terms of "person-years." A person-year is equivalent to one person working for one year, so 10 people working on a construction project for 6 months is equal to 5 person-years.

The BCIOM also calculates the "spinoff" effects of increased revenue in each industry. This includes "indirect" impacts, which are caused when the direct industry (construction) purchases supplies (lumber, paint, equipment rentals, bookkeeping services) in order to meet the increased demand. There are also "induced" impacts, which are caused by the employees of all affected companies (construction workers, lumber store clerks, bookkeepers) spending some of their additional income on typical household expenditures, creating additional employment in local grocery stores, restaurants and hair salons.

BC Stats has estimates for the local share of all of these employment impacts and these are programmed into the Development Impacts Model.

Development-related revenue to the City of Courtenay

Values for calculated for **Development Fees** and **Development Cost Charges** based on the City's current application fees and DCC bylaws and the characteristics of each project application (such as amount of commercial floorspace, number of housing units, etc.).

Development-related revenue to the Comox Valley RD

Some development cost charges for projects in Courtenay are paid to the Comox Valley Regional District. The calculation is based on the CVRD's DCC bylaw.

2. ONGOING CITY OF COURTENAY IMPACTS (ANNUAL)

Revenue (Additional property tax)

Revenue is calculated by estimating the difference between the current assessed value of the subject property and its future assessed value upon completion, multiplied by the appropriate property tax rate.

Current assessed values are known and future values are estimated based on the construction value of the project (unless the project developer provides a different estimate of future project value).

Costs (Additional municipal expenses)

Estimating increased municipal costs in response to a development application is the most complex part of the Development Impacts Model and relies on a two-part process described in greater detail in the appendix to this report.

The underlying rationale is that each new development application, because it will increase either the number of residents or the volume of non-residential development, will generate a range of new costs across most City departments.

Net Impact (annual)

The Net Impact is simply the difference between the estimated Revenue and the estimated Costs. This is an annual estimate of the net impact on the City's finances once the project reaches full build-out.

3. ADDITIONAL PROPERTY TAX REVENUE FOR OTHER LOCAL AUTHORITIES (ANNUAL)

Comox Valley Regional District tax revenue, annual

Based on the increase in property assessment and the appropriate Regional District tax rate.

Hospital District tax revenue, annual

Based on the increase in property assessment and the appropriate Hospital District tax rate.

School District tax revenue, annual

Based on the increase in property assessment and the appropriate School District tax rate.

INPUTS

The three categories of project impacts are calculated based on the following key inputs that are entered in the model for each development application:

- Type of project (Industrial, Institutional, Office, Residential Multi-Family, Residential Single-Family, Retail)
- Size of construction budget and local share of construction spending
- Size of project (Floor area, land area, number of housing units)
- Length of additional road constructed
- Types of local government permits included in the application
- Current assessed value of project site
- Estimate future assessed value of project upon completion

The first step in the estimation of municipal costs is to separate costs into residential and non-residential projects.

Step 1: Floorspace Analysis

The floorspace analysis involved a detailed examination of building floorspace data provided to the City of Courtenay by BC Assessment. The raw data file required significant manipulation in order to filter out duplicate floorspace data and to separate residential from non-residential floorspace (for example, a building with multiple uses might have the entire building area listed for each use, or a property with multiple industrial or office units would list the property's entire floor area for each unit).

The purpose behind this detailed analysis is to establish a baseline for the amount of non-residential floorspace in the city that will allow municipal cost impacts from new development to be estimated both for new residential projects (where the impacts are generally associated with the number of new residents) as well as commercial or industrial projects (where floorspace is the best available metric with which to estimate cost impacts).

The final estimates, which are shown in the table below for non-residential uses, are about 8.5 million square feet of non-residential floorspace (including commercial, industrial and institutional uses) and about 18.7 million square feet of residential floorspace. **Non-residential uses comprise 31% of total floorspace.**

Note that the estimated 18.7 million square feet of total residential floor area (including the residential portion of mixed-use properties) translates to an average of about 1,700 square feet per housing unit, which seems reasonable.

Non-Residential Floor Area by Actual Use, City of Courtenay, Based on 2013 Assessment Roll

| Actual Use (BC Assessment Code) | Square Feet | Share of Total |
|--|-------------|----------------|
| Recreational & Cultural Buildings (Includes Curling | 730,434 | 8.6% |
| Storage & Warehousing (Closed) | 645,434 | 7.6% |
| Office Building (Primary Use) | 597,247 | 7.0% |
| Commercial Strata-Lot | 533,199 | 6.2% |
| Store(S) And Service Commercial | 483,647 | 5.7% |
| Big Box | 415,922 | 4.9% |
| Shopping Centre (Regional) | 398,282 | 4.7% |
| Automobile Dealership | 371,173 | 4.3% |
| Schools & Universities, College Or Technical Schools | 345,466 | 4.0% |
| Airports, Heliports, Etc. | 334,122 | 3.9% |
| Seniors Independent & Assisted Living | 295,614 | 3.5% |

| Actual Use (BC Assessment Code) | Square Feet | Share of Total |
|---|-------------|----------------|
| Parks & Playing Fields | 293,869 | 3.4% |
| Shopping Centre (Community) | 280,640 | 3.3% |
| Churches & Bible Schools | 269,786 | 3.2% |
| Hotel | 251,664 | 2.9% |
| Shopping Centre (Neighbourhood) | 240,298 | 2.8% |
| Automobile Paint Shop, Garages, Etc. | 179,250 | 2.1% |
| Works Yards | 176,569 | 2.1% |
| Golf Courses (Includes Public & Private) | 153,985 | 1.8% |
| Self Storage | 138,151 | 1.6% |
| Motel & Auto Court | 136,685 | 1.6% |
| Retail Strip | 124,106 | 1.5% |
| Individual Strata Lot (Hotel/Motel) | 120,815 | 1.4% |
| Seniors Licensed Care | 107,278 | 1.3% |
| Automobile Sales (Lot) | 100,410 | 1.2% |
| Government Buildings (Includes Courthouse, Post Office) | 94,844 | 1.1% |
| Food Market | 83,350 | 1.0% |
| Lumber Yard Or Building Supplies | 82,423 | 1.0% |
| Storage & Warehousing (Open) | 77,233 | 0.9% |
| Store(S) And Living Quarters | 70,313 | 0.8% |
| Bank | 45,115 | 0.5% |
| Marine Facilities (Marina) | 44,905 | 0.5% |
| Restaurant Only | 43,687 | 0.5% |
| Stores And/Or Offices With Apartments | 40,371 | 0.5% |
| Store(S) And Offices | 39,301 | 0.5% |
| Group Home | 37,375 | 0.4% |
| Hall (Community, Lodge, Club, Etc.) | 30,722 | 0.4% |
| Dairy Products | 21,110 | 0.2% |
| Convenience Store/Service Station | 20,333 | 0.2% |
| Self-Serve Service Station | 17,359 | 0.2% |
| Railway | 15,538 | 0.2% |
| Fast Food Restaurants | 15,167 | 0.2% |
| Neighbourhood Pub | 11,620 | 0.1% |
| Neighbourhood Store | 5,567 | 0.1% |
| Telephone | 5,294 | 0.1% |
| Bowling Alley | 4,637 | 0.1% |
| Miscellaneous (Forest And Allied Industry) | 4,387 | 0.1% |
| Cemeteries (Includes Public Or Private). | 2,262 | 0.0% |
| Water Distribution Systems | 852 | 0.0% |
| Campground (Commercial) | 814 | 0.0% |
| Manufactured Home Park | 664 | 0.0% |
| Sawmills | 300 | 0.0% |

| Actual Use (BC Assessment Code) | Square Feet | Share of Total |
|--|------------------|----------------|
| Garbage Dumps, Sanitary Fills, Sewer Lagoons, Etc. | 100 | 0.0% |
| Total | 8,539,689 | 100.0% |

Step 2: Municipal Cost Drivers

Based on discussions with City of Courtenay staff and incorporating the non-residential floorspace data described above, City of Courtenay expenditures by category are assumed to have the cost drivers shown below.

For example, Recreation and Cultural Services are assumed to be 100% related to the size of the local population and not to the amount of non-residential development. Policing costs are an example where costs are driven by both the size of the population and the amount of non-residential development.

Note that where non-residential floor area is identified as a cost driver, it is typically assumed to be responsible for one-third of the City's costs. This is based on its 31% share of total floorspace in the community.

Assumed Cost Drivers for City of Courtenay Municipal Expenditures

| City of Courtenay Cost Category | Cost Drivers | | |
|--|--|---------------|-------------------------------|
| | Population | Housing Units | Non-Residential Floor Area |
| General Government Services | 100% | | |
| Protective Services | | | |
| ...Police | 66.7% | | 33.3% |
| ...Fire | | 66.7% | 33.3% |
| ...Other Protective | 66.7% | | 33.3% |
| Transportation Services | | | |
| ...Roads and Streets | | | 100% |
| ...Other Transportation | 66.7% | | 33.3% |
| Environmental Health Services | --- Assumed full cost recovery through user charges. --- | | |
| Public Health and Welfare Services* | 66.7% | | 33.3% |
| Planning & Development Services | | 50% | 50% |
| Recreation and Cultural Services | | | |
| ...Recreation | 100% | | |
| ...Culture | 100% | | |

*It is assumed that only 25% of the cost of Public Health and Welfare Services is reliant on the cost drivers shown in the table. The other 75% is recovered from user fees, primarily from the cemetery.

Average Costs

The Development Impacts Model is currently using 2012 municipal expenditure data. Based on discussions with City of Courtenay staff, the agreed way to estimate the cost impacts of a

proposed development is to apply the City's average cost with respect to each cost driver to the characteristics of the proposed development.

For example, a proposed residential development with a projected population of 100 people can be expected to generate a cost increase in general government services of 100 multiplied by the per capita cost of general government services (\$86) for a total cost impact of \$8,600 per year at full build-out.

Average Municipal Expenditures Expressed in Terms of Cost Drivers, 2012

| Cost Category | Cost Drivers | | | |
|--|----------------------------|-----------------------------|----------------------------|--|
| | Population (per capita) | Housing Units (per unit) | Length of Road (per km) | Non-Residential Floor Area (per 1,000 m ²) |
| General Government Services | \$86 | | | |
| Protective Services | | | | |
| ...Police | \$150 | | | \$214 |
| ...Fire | | \$93 | | \$60 |
| ...Other Protective | \$18 | | | \$25 |
| Transportation Services | | | | |
| ...Roads and Streets | | | \$8,498 | |
| ...Other Transportation | \$53 | | | \$76 |
| Public Health and Welfare Services | \$2 | | | \$2 |
| Planning & Development Services | | \$23 | | \$30 |
| Recreation and Cultural Services | | | | |
| ...Recreation | \$208 | | | |
| ...Culture | \$63 | | | |

The values for each cost driver that are used to generate the average values are outlined below. Note that these values can regularly be updated as new information becomes available.

Base Values for Cost Drivers

| | Population | Housing Units | Length of Road | Non-Residential Floor Area |
|--------------------|-------------------|---------------------------------------|---|-------------------------------|
| Base Year | 2012 | 2012 | 2012 | 2013 |
| Value | 24,450 | 10,958 | 189 | 8,539,689 |
| Data Source | BC Stats estimate | 2011 Census, 2012 building permits | Ministry of Community, Sport and Cultural Development | BC Assessment |