Development Impacts Report for 2089 20th St. – Piercy Creek Estates

45 unit townhome development situated on the West side of Courtenay & close to downtown. Phase 1 offers 21 spacious units for sale while Phase 2 offers 24 units. Priced from $209,900. to $249,900. 3 bedroom, 2½ bathroom. 1350 to 1382 sq. ft

TEMPORARY CONSTRUCTION IMPACTS

Direct construction spending in the Comox Valley	**$4,442,000**
Local employment (person-years)	**38.2**
Development-related revenue to the City of Courtenay	
Development Fees	**$39,200**
Development Cost Charges	**$186,100**
Total	**$225,200**
Development-related revenue to the Comox Valley RD	**$363,200**

(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)	**$40,500**
Costs (Additional municipal expenses)	**$67,400**
Net Impact (annual)	**-$26,900**

ADDITIONAL PROPERTY TAX REVENUE FOR OTHER LOCAL AUTHORITIES (ANNUAL)

Comox Valley Regional District tax revenue, annual	**$8,100**
Hospital District tax revenue, annual	**$8,300**
School District tax revenue, annual	**$23,700**

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 were 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	Length of Road	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 Drivers			
Cost Category	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