

May 7, 2020

Bolton Midtown Developments Inc.
6198 Tremaine Court
Mississauga, ON L5V 1B5

Attention: Mr. Sam Morra

**Re: Fiscal Impact Study – Proposed Residential Development, 13247 and 13233
Nunnville Road, Town of Caledon**
Our File: P-6173

Please see attached the revised Fiscal Impact Study for the above-mentioned project. The report was revised to capture revisions to the plan in the draft plan of subdivision dated January 17, 2020. The following revisions have been made from the prior version of the report dated July 18, 2019:

- The calculations summarized in the report have been adjusted to reflect changes to the number of units from 35 single-detached units to 29 single-detached units, including estimated population generated from the new units, property tax revenues, etc.
- The calculation of development charge revenues generated by the proposal have been updated to reflect changes to the Town's DC rates, and are now based on the DC rates in effect as of February 1, 2020;
- The section summarizing the capital infrastructure requirements of the development have been updated to reflect the revised lengths of roads, water mains, sanitary sewers, and storm sewers, based on input from WSP Canada. This has required adjustments to calculated operating and lifecycle costs for transportation and stormwater infrastructure.

Should you have any questions with the above or the attached report, please contact the undersigned.

Sincerely,



Daryl Keleher, MCIP, RPP
Senior Director, Research, Valuation & Advisory, Economic Consulting
Altus Expert Services, Altus Group

Town of Caledon Fiscal Impact Study

Independent Real Estate Intelligence

May 7, 2020



Town of Caledon Fiscal Impact Study

Prepared for:

Bolton Midtown Developments Inc.

Prepared by:

Altus Group Economic Consulting

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May 7, 2020

EXECUTIVE SUMMARY

Altus Group Economic Consulting was retained by Bolton Midtown Developments Inc. to examine the financial impacts of a proposed development in the Town of Caledon.

The proposed development will contain a total of 29 single-detached units, on a 3.3-hectare site. Based on the Person per Unit (PPU) factors from the 2016 Census by unit type, the development can be expected to generate approximately 106 persons.

The proposed development would generate approximately \$897,500 in development charge revenues for the Town (based on current DC rates in-force as of February 1, 2020). The development generally only requires the construction of new internal infrastructure that will be funded by the developer.

In addition to the one-time expenditures and revenues for infrastructure, the development of the subject lands will generate on-going revenues and costs at build-out:

- Annual property tax revenues for the Town of \$86,800;
- Non-tax revenues of approximately \$4,700 per year;
- Annual net operating expenditures of \$55,600 plus an additional \$12,500 in annual budgeted contributions towards capital works;
- Approximately \$9,000 in annual operating and lifecycle costs for internal roads and storm sewers.

Combined, the annual revenues and costs generated by the development at build-out will produce an annual net fiscal benefit for the Town of approximately \$14,380, or roughly \$135.28 per capita.

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1 INTRODUCTION

Altus Group Economic Consulting was retained by Bolton Midtown Developments Inc. to examine the potential financial impacts of a proposed residential development on the finances of the Town of Caledon.

1.1 BACKGROUND

Figure 1 shows the location of the subject site, which is located in the Town of Caledon, and more specifically, the community of Bolton.

Figure 1

Overview of Subject Development 13247 & 13233 Nunnville Road, Bolton (Caledon)



Source: WSP Canada

The proposed development will contain a total of 29 single-detached units. Based on the Person per Unit (PPU) factors from the 2016 Census by unit type of 3.67 PPU for newly constructed single-detached units, the development can be expected to generate approximately 106 persons.

1.2 APPROACH

This report will analyse the net annual fiscal impact of the proposed development on the Town’s finances, both from a capital and net annual operating perspective.

2 CAPITAL REVENUES AND EXPENDITURES

This section outlines the capital expenditures required to service the proposed development, and the sources of funding for the works, and the associated impact on the Town’s budget.

2.1 DEVELOPMENT CHARGE AND FEE REVENUES

2.1.1 Town of Caledon Development Charges

Figure 2 shows the DC revenues that would be generated by the proposed development for the Town. In total, at current DC rates (as of February 1, 2020), it would generate over \$897,500 in DC revenues, including:

- Approximately \$455,600 for roads;
- \$246,100 for indoor recreation facilities;
- \$55,400 for parkland and trail development;
- \$44,950 for operations (public works);
- \$37,400 for fire protection services;
- \$25,600 for library services;
- \$23,900 for development-related studies;

Figure 2

Development Charge Rates and Estimated Revenues, Town of Caledon		
Single-Detached Units	29	
	DC Rates	DC Revenues
<u>DC Rates by Service</u>	<i>Dollars per Unit</i>	<i>Dollars</i>
Services Related to a Highway	15,712	455,645
Operations	1,550	44,953
Fire Protection Services	1,291	37,426
Parkland and Trail Development	1,911	55,419
Indoor Recreation Facilities	8,486	246,085
Library Services	881	25,550
Development Related Studies	825	23,931
Animal Control	88	2,549
Provincial Offences Act	204	5,908
Total with Full Services	30,947	897,465

Note: DC Rates in effect as of February 1, 2020
 Source: Altus Group Economic Consulting based on Town of Caledon DC By-law 2019-31

The Town 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, or other growth-related capital works elsewhere in the Town.

2.2 CAPITAL INFRASTRUCTURE REQUIREMENTS

2.2.1 Water & Sewer

According to the plans provided by the client, there are requirements for 286 metres of 150mm diameter watermains, and 250 metres of 250mm diameter sanitary sewer.

As water and sanitary sewer services are the responsibility of Peel Region, the long-term operating, maintenance and replacement costs for both the internal watermains and internal sanitary sewers will not be the responsibility of the Town of Caledon and are therefore not considered within this study.

2.2.2 Roads

According to plans provided by the client, there will be 236 metres of internal local road required, which will be constructed by the developer and assumed by the Town. Based on the Town's local service guidelines, construction of the internal roads in the development will be the responsibility of the developer.

Once constructed, this road would be assumed by the Town, who would be responsible for all ongoing operating, maintenance and replacement costs. The ongoing maintenance and lifecycle costs of the local road to be constructed is considered within the estimates of fiscal impact in this study.

2.2.3 Storm Water Management

There are requirements for 190 metres of 2400mm storm sewer, 56 metres of 375mm storm sewer, and 416 metres of 300mm storm sewer. The costs associated with construction and installation of these storm sewers will be incurred by the landowner. The Town of Caledon will be responsible for the ongoing operating, maintenance and lifecycle costs associated with these storm sewers.

3 ONGOING REVENUES AND COSTS

This section provides an overview of the methodology for determining the net annual fiscal impact of development.

3.1 REVENUES

3.1.1 Assessment and Property Tax Revenues for Freehold Single-Detached Units

We have based the assessment values on comparable single-detached housing units and properties in the Town of Caledon.¹ For the single-detached lots, we have found comparable properties in the Town have assessment values in the range of \$630,000 for the smaller single-detached lots, and \$790,000 for the larger single-detached lots.

For the larger single-detached lots that are backing onto the ravine lands, we have applied a 15% premium (the comparable properties elsewhere in the Town did not have similar premium lots). Therefore, the nine (9) larger single-detached lots backing onto the ravine lands have an assumed assessment value of \$908,500.

Figure 3

Estimated Annual Property Tax Revenues, Town of Caledon

Unit by Type	Units	Assessment Value / Unit	Total Assessment Value	
		\$ / Unit	Dollars	
Smaller Singles	6	630,000	3,780,000	
Larger Singles	14	790,000	11,060,000	
Larger Singles - Premium Lots	9	908,500	8,176,500	
	29		23,016,500	

	Tax Rates and Revenue			
	Town	Region	Education	Total
	<i>Percent</i>			
Tax Rate	0.377318%	0.278689%	0.161000%	0.817007%
	<i>Dollars</i>			
Tax Revenue	86,845	64,144	37,057	188,046

Source: Altus Group Economic Consulting based on MPAC data, Town of Caledon 2019 property tax rates

¹ We have obtained MPAC records for recently constructed single-detached homes on similarly shaped and sized lots on cul-de-sacs in the Town, including homes on Strawberry Hill Court, Deer Hollow Court and Blueberry Hill Court

As Figure 3 shows, using the Town’s 2019 tax rates (to be consistent with the assessment year for the MPAC data obtained for comparable properties), the total amount of annual property tax revenue generated by the plan would be \$188,000, including almost \$86,900 annually for the Town.

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 Town. These non-tax revenues include Town fees for items such as licenses, permits (excluding building permits), fines and donations, etc.

After making provisions for non-tax revenues that would increase along with residential growth, 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 \$44.33 per capita to the Town’s annual non-tax revenues.

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 Town, as taken from Schedule 40 of the *Financial Information Return* municipalities submit 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 most cases, the need for services by new residents will require a nearly proportionate increase in operating costs to the amount expended on existing residents, with 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 (or at all in the case of smaller developments) when the Town grows.

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 projected population and job growth in the Town. This results in the net residential growth-related operating expenditures.

We have estimated that the freehold development would generate additional annual operating costs to the Town of \$523.44 per capita. Our estimate of annual operating costs does not deduct “Amortization” costs from the estimate of annual operating expenditure per capita so as to include the ongoing lifecycle costs for each service that the new residents of the proposed development will be responsible for, assuming that the additional infrastructure they will require will generate annual lifecycle costs at the same rate as the Town’s existing infrastructure base does.

Detailed estimates regarding net operating expenditures are included in the Appendix to this report.

3.2.2 Operating Contribution to Capital

We have assumed that an annual contribution will be made from the Town’s annual operating budget to the capital budget. We have based this contribution on the same amounts as the Town’s 2018 budget. In the Town’s 2018 budget, the capital contribution identified amounted to 22.5% of the non-capital operating expenditures (\$21.1 million out of \$93.5 million in overall expenditures).

Based on the estimated operating expenditures the development is estimated to generate, the proportionate capital contribution equates to \$117.81 per capita, or approximately \$12,500 per year.

3.2.3 Lifecycle Funding Requirements

In reviewing the costs associated with roads and storm water works, which will ultimately be the responsibility of the Town, not only do the additional operating and maintenance 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 Town to replace the works at the end of the useful life of the works to be constructed. These cost estimates are based on the actual internal and external works required for development.

3.2.3.1 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 Town's 2018 *Financial Information Return (FIR)*², and estimated the annual contribution required to operate and eventually replace the amount of roads to be constructed in the development.

Based on the estimated 236 metres (or 472 lane metres) of new roads in the development, or required externally, the new internal road will add approximately \$3,930 in annual operating and lifecycle costs for the Town. This amount will be funded through general revenues and is incorporated into the calculation of the net annual fiscal impact.

3.2.3.2 Storm Sewer

The Town's 2018 FIR shows an average cost for existing rural storm sewers in the Town of \$330,300 per km. Based on the 662 metres of new storm sewers to be constructed, the annual operating and lifecycle costs associated with storm sewer infrastructure are approximately \$5,073.

4 CONCLUSION

Figure 4 shows the net annual fiscal impact of the proposed development on the Town’s finances. The plan would generate a net annual surplus of approximately \$14,380, or \$135.28 per capita.

Figure 4

Estimate of Net Annual Fiscal Surplus, Town of Caledon			
Units	29		
Persons	106		
		Dollars	Dollars per Capita
Revenues			
Property Taxes		86,845	816.88
Non-Tax Revenues		4,713	44.33
Total Revenues		91,558	861.21
Expenditures			
Net Operating Expenditures		55,649	523.44
Direct Operating & Lifecycle Costs - Transportation Infrastructure		3,930	36.96
Direct Operating & Lifecycle Costs - Stormwater Infrastructure		5,073	47.72
Operating Contribution to Capital		12,525	117.81
Total Expenditures		77,176	725.93
Net Fiscal Surplus / (Deficit)		14,382	135.28
Source: Altus Group Economic Consulting			

Appendix A

Detailed Financial Impact Tables

Figure A- 1

Estimate of Non-Tax Revenues, Town of Caledon

	Non-Tax Revenues	Less: Building Permit Revenues	Net Non-Tax Revenues	Growth Related	Growth Related Non- Tax Revenues	Residential Share	Residential Growth Related Non-Tax Revenues
		Dollars		Percent	Dollars	Percent	Dollars
Licenses, Permits, Rents, etc.							
Licenses and Permits	3,243,857	2,648,213 ¹	595,644	95%	565,862	66%	373,469
Rents, Concessions and Franchises	366,424	-	366,424	95%	348,103	66%	229,748
Subtotal	3,610,281	2,648,213	962,068		913,964		603,216
Fines and Penalties							
Other Fines	31,848	-	31,848	95%	30,256	66%	19,969
Penalties and Interest on Taxes	1,787,218	-	1,787,218	95%	1,697,857	66%	1,120,586
Subtotal	1,819,066	-	1,819,066		1,728,113		1,140,554
Other Revenue							
Investment Income	2,067,875	-	2,067,875	95%	1,964,481	66%	1,296,558
Donations	211,448	-	211,448	95%	200,876	66%	132,578
Sale of Publications, Equipment, etc.	93,878	-	93,878	95%	89,184	66%	58,862
Subtotal	2,373,201	-	2,373,201		2,254,541		1,487,997
Total	7,802,548	2,648,213	5,154,335		4,896,618		3,231,768
						2018 Population	72,900
						\$ / Capita - Growth Related Non Tax Revenues	44.33

¹ Based on 75% of user fees and service charges received by planning and development sector for 2018 (FIR)
 Source: Altus Group Economic Consulting, based on Town of Caledon Financial Information Return 2018

Figure A- 2

Estimate of Growth Related Net Operating Expenditures, Town of Caledon

	Operating Expenditures	Less: Interest on Long Term Debt	Less: User Fees and Service Charges	Net Operating Expenditures	Growth Related		Residential Net Growth-Related Operating Expenditures		
					%	Net Operating Expenditures		Res. Share	
					Percent	Dollars	Percent	Dollars	
General Government									
Governance ¹	1,320,812	-	378,686	942,126	0%	-	66%	-	
Corporate Management	9,356,000	318,735	-	9,037,265	0%	-	66%	-	
Program Support	9,261,035	-	-	9,261,035	0%	-	66%	-	
Subtotal	19,937,847	318,735	79,112	19,240,426		-		-	
Protection Services									
Fire	10,963,611	23,097	546,587	10,393,927	95%	9,874,231	66%	6,516,992	
Police	826,347	-	-	826,347	95%	785,030	66%	518,120	
Protective Inspection and Control	2,002,048	-	429,385	1,572,663	95%	1,494,030	66%	986,060	
Building Permit and Inspection Services	1,787,317	-	-	1,787,317	95%	1,697,951	66%	1,120,648	
Provincial Offices Act (POA)	1,764,784	-	-	1,764,784	95%	1,676,545	66%	1,106,520	
Subtotal	17,344,107	23,097	975,972	16,345,038		15,527,786		10,248,339	
Transportation Services									
Roads - Paved	7,175,588	423,955	116,848	6,634,785	95%	6,303,046	66%	4,160,010	
Roads - Unpaved	673,985	-	-	673,985	95%	640,286	66%	422,589	
Roads - Bridges and Culverts	1,838,288	-	-	1,838,288	95%	1,746,374	66%	1,152,607	
Roads - Traffic Ops & Roadside	8,007,323	-	881,963	7,125,360	95%	6,769,092	66%	4,467,601	
Winter Control	2,654,466	-	-	2,654,466	95%	2,521,743	66%	1,664,350	
Transit - Disabled & Special Needs	48,634	-	-	48,634	95%	46,202	66%	30,494	
Parking	437,115	-	-	437,115	95%	415,259	66%	274,071	
Street lighting	1,165,639	-	-	1,165,639	95%	1,107,357	66%	730,856	
Subtotal	22,001,038	423,955	998,811	20,578,272		19,549,358		12,902,577	
Environmental Services									
Rural Storm Sewer	763,837	-	-	763,837	95%	725,645	66%	478,926	
Subtotal	763,837	-	-	763,837		725,645		478,926	
Recreation and Cultural Services									
Parks	3,382,158	-	460,655	2,921,503	95%	2,775,428	95%	2,636,656	
Recreation Programs	2,843,665	-	2,892,655	(48,990)	95%	(46,541)	95%	(44,213)	
Rec Fac - All Other	11,674,141	-	1,722,291	9,951,850	95%	9,454,258	95%	8,981,545	
Libraries	3,291,512	-	17,583	3,273,929	95%	3,110,233	95%	2,954,721	
Subtotal	21,191,476	-	5,093,184	16,098,292		15,293,377		14,528,709	
Planning and Development									
Planning and Zoning	4,440,768	-	3,530,951	909,817	0%	-	95%	-	
Commercial and Industrial	596,318	-	19,250	577,068	0%	-	0%	-	
Other (BIA)	36,171	-	-	36,171	0%	-	95%	-	
Subtotal	5,073,257	-	3,550,201	1,523,056		-		-	
Total	86,311,562	765,787	10,697,280	74,548,921		51,096,167		38,158,550	
								2018 Population	72,900
								\$ / Capita - Growth Related Net Operating Expenditures	523.44

Source: Altus Group Economic Consulting, based on Town of Caledon Financial Information Return 2018

Figure A- 3

Estimated Lifecycle Costs, Internal and External Infrastructure, Town of Caledon

	<u>Unit Measure</u>	<u>Unit Cost</u>	<u>Capital Cost</u>	<u>Asset Useful Life</u>	<u>Lifecycle Factor</u>	<u>Annual Contribution</u>
	<i>Lane Km</i>	<i>\$ / Lane Km</i>	<i>Dollars</i>	<i>Years</i>		<i>Dollars</i>
Transportation						
Local Roads (lane km)	0.472	254,575	120,159			
			Base	75	0.0059	2,268
			Surface	25	0.0312	1,662
Total - Transportation Infrastructure						3,930
Stormwater Management						
Storm Sewers (km)	0.662	330,262	218,633	100	0.0032	5,073
Total - Stormwater Management						5,073

Source: Altus Group Economic Consulting, based on Town of Caledon 2018 Financial Information Return, Schedules 51A and 80D