

TOWN OF CALEDON  
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April 20, 2021

# Town of Caledon Fiscal Impact Study

Independent Real Estate Intelligence

March 5, 2021



# **Town of Caledon Fiscal Impact Study**

Prepared for:

**12599 Hwy 50 Ltd.**

Prepared by:

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## EXECUTIVE SUMMARY

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Altus Group Economic Consulting was retained by 12599 Hwy 50 Ltd. to examine the potential financial impacts of a proposed mixed-use development (the “proposed development”) on the finances of the Town of Caledon (the “Town”).

The proposed development consists 2,204 apartment units, and 25 townhouse units, for a total of 2,229 residential units across five separate residential buildings. The apartment units include a mix of unit types, including 1,046 one-bedroom units, 1,042 two-bedroom units, and 116 three-bedroom units. There would also be approximately 34,000 square feet of commercial space constructed at-grade in four of the five buildings.

Based on average household sizes for the unit types being proposed from the Town’s 2019 DC Study, it is estimated that the proposed development would accommodate approximately 3,844 persons. The 34,200 square feet of commercial space is estimated to generate approximately 62 jobs.

The development is not expected to require any external road improvements or storm water management improvements. The internal road to be constructed on the development site will be a private road, while the storm sewers constructed on site will be the responsibility of the developer, and storm water will be managed by two underground tanks.

In addition to the one-time expenditures and revenues for infrastructure, the development will generate on-going revenues and costs for the Town:

- \$3,121,800 in annual property tax revenues;
- \$138,800 in non-tax revenues;
- \$2,171,980 in net operating expenditures; and
- \$768,900 in annual lifecycle expenditures (direct and indirect).

Combined, the annual revenues and costs the proposed development would generate for the Town achieve a positive annual fiscal benefit of approximately \$319,700 per year, or \$81.80 per person and job within the development.

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# 1 INTRODUCTION

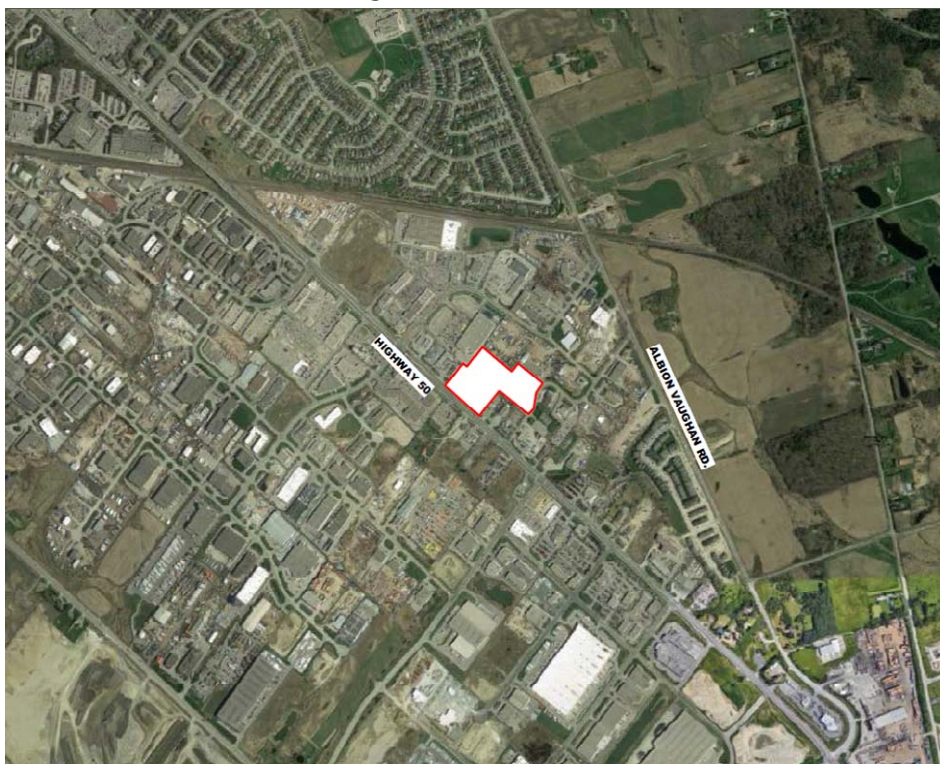
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## 1.1 BACKGROUND

Figure 1 shows the location of the subject site, which is located in the Town of Caledon, in the community of Bolton. The municipal address for the properties are 12563 Highway 50, and 2 Industrial Drive. The total size of the subject site is 3.61 hectares excluding any conveyances.

Figure 1

### Location of Subject Site



Source: SRN Architects

## 1.2 PROPOSED DEVELOPMENT

The proposed development consists 2,204 apartment units, and 25 townhouse units, for a total of 2,229 residential units across five (5) separate

residential buildings. There would also be approximately 34,000 square feet of commercial space constructed at-grade in four (4) of the five (5) buildings (Building 4 being the one exception).

Figure 2 provides a breakdown of the proposal by unit type and the unit-mix for apartments. In total, for apartments, there would be 1,046 one-bedroom units, 1,042 two-bedroom units, and 116 three-bedroom units.

Figure 2

**Development Statistics, Proposed Development**

<b>Residential</b>	Total <i>Units</i>
1-Bedroom	229
1-Bedroom + Den	817
2-Bedroom	890
2-Bedroom + Den	152
3-Bedroom	116
Townhouses	25
<b>Total Residential Units</b>	<b>2,229</b>
<b>Non-Residential</b>	<i>Square Feet</i>
Commercial	34,218

Source: Altus Group Economic Consulting

Based on average household sizes for the unit types being proposed from the Town’s 2019 DC Study, of 1.25 persons per unit (PPU) for small apartments<sup>1</sup>, a 2.13 PPU for large apartments<sup>2</sup>, and 2.79 PPU for townhouses, it is estimated that the proposed development would accommodate approximately 3,844 persons. Similarly, the Town’s 2019 DC Study provides a “Floor Space per Worker” factor (“FSW Factor”) for commercial space of 550 square feet per job, meaning that the 34,200 square feet of commercial space is estimated to generate approximately 62 jobs.

<sup>1</sup> Less than 70 square metres (750 square feet)

<sup>2</sup> Over 70 square metres (750 square feet)

## 2 CAPITAL REVENUES & EXPENDITURES

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

### 2.1 ESTIMATES OF DC REVENUES

#### 2.1.1 Municipal-Wide Services DC Revenues

Based on the DC rates in effect in the Town as of February 2021, it is estimated that the proposed development would generate approximately \$33.2 million in DC revenues.

Figure 3

<b>Estimated DC Revenues, Proposed Development, Town of Caledon</b>				
Units	25	1,158	1,046	
		Large Apartments (>70m <sup>2</sup> )	Small Apartments (<70m <sup>2</sup> )	
	Tow nhouses			
<b>DC Rates</b>				
Services Related to a Highway Operations	12,236	9,338	5,481	
Fire Protection Services	1,207	921	541	
Parkland and Trail Development	1,005	767	450	
Indoor Recreation Facilities	1,488	1,136	667	
Library Services	6,608	5,043	2,960	
Development Related Studies	686	524	307	
Animal Control	643	490	288	
Provincial Offences Act	68	52	31	
	159	121	71	
<b>Total</b>	<b>24,101</b>	<b>18,393</b>	<b>10,795</b>	
				<b>Total</b>
<b>DC Revenues</b>				
Services Related to a Highway Operations	305,901	10,813,577	5,732,658	16,852,136
Fire Protection Services	30,179	1,066,839	565,569	1,662,587
Parkland and Trail Development	25,126	888,202	470,867	1,384,195
Indoor Recreation Facilities	37,206	1,315,222	697,246	2,049,674
Library Services	165,212	5,840,214	3,096,103	9,101,529
Development Related Studies	17,153	606,369	321,457	944,980
Animal Control	16,066	567,937	301,083	885,087
Provincial Offences Act	1,711	60,495	32,070	94,276
	3,966	140,205	74,328	218,499
<b>Total</b>	<b>602,521</b>	<b>21,299,059</b>	<b>11,291,382</b>	<b>33,192,962</b>

Source: Altus Group Economic Consulting based on Town of Caledon DC Rates in effect as of February 2021

## **2.2 CAPITAL INFRASTRUCTURE REQUIREMENTS**

### **2.2.1 Roads**

It is not expected that the proposed development will require any external road improvements, and the internal road constructed within the development site will be a private road that will not need to be assumed by the Town.

### **2.2.2 Storm Water Management**

The Town's 2019 DC Study includes local service policies for stormwater management works, however it is not anticipated that the subject development will require any external storm water works, including stormwater management ponds or storm sewers. The development will be serviced by approximately 25 metres of internal storm sewers (300mm and 450mm diameter storm sewers), and two underground stormwater tanks incorporated into the construction of the underground parking structure.



### 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 Property Tax Revenues

The estimate of property tax revenues is based on assumptions regarding assessment value for the residential and non-residential components of the proposed development. The estimates of residential assessment are based on sales prices per square foot for similar units in the Town, reduced to reflect the typical differences between sales prices and assessment values. The estimates of non-residential assessment are based on assessment values for other commercial developments within the Town.

Figure 4

#### Estimated Annual Property Tax Revenues, Town of Caledon

	Units	Assessment Value / Unit	Total Assessment Value	
<b>Residential</b>				
		<i>\$ / Unit</i>	<i>Dollars</i>	
Small Apartments	1,046	325,000	339,950,000	
Large Apartments	1,158	400,000	463,200,000	
Townhouses	25	600,000	15,000,000	
Total Residential	2,229		818,150,000	
<b>Non-Residential</b>				
Commercial	34,218	200	6,843,600	
	Town	Region	Education	Total
<i>Percent</i>				
<b>Tax Rates</b>				
Residential	0.377318%	0.278689%	0.161000%	0.817007%
Commercial	0.508449%	0.375543%	0.981594%	1.865586%
<b>Tax Revenues</b>				
			<i>Dollars</i>	
Residential	3,087,027	2,280,094	1,317,222	6,684,343
Commercial	34,796	25,701	67,176	127,673
Total	3,121,823	2,305,795	1,384,398	6,812,016

Source: Altus Group Economic Consulting based on MPAC data - 2019 tax year, Town of Caledon 2019 Tax Rates

It is estimated that the development would generate approximately \$818 million in assessment value. These estimated assessment values would, based on the Town's 2019 tax rates (chosen so as to be consistent with the most

recently released Financial Information Return data from 2019 relied upon for estimates of operating cost impacts from development), generate approximately \$3.1 million in property tax revenues annually for the Town.

The development would also generate approximately \$2.3 million for the Region and \$1.4 million for education purposes.

### 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 \$35.52 per capita (for both persons and jobs generated by the development) to the Town's annual non-tax revenues. See Appendix Figure A-1 for more details.

## 3.2 EXPENDITURES

### 3.2.1 Net Operating Expenditures

The additional operating costs that will result from residential and non-residential uses for services such as recreation, cultural services, and fire protection are calculated using the following five steps:

1. Obtain the operating expenditures of the Town in 2019, from Schedule 40 of the Town's 2019 *Financial Information Return*;
2. Expenditures for each service relating to long-term debt interest, amortization, and any user fee and service charge revenues associated with each service are deducted to reach net operating expenditures;
3. Deductions are also made for grants that are provided by the federal government, provincial government and other municipalities to fund County administered services, such as social assistance, child care, and public housing.

4. To estimate the degree to which the net operating expenditures will increase in step with growth, a “growth-related factor” is applied to the net operating expenditures, to reach net growth-related operating expenditures. In most cases, the need for services will generate a nearly proportional increase in operating costs, with a small allowance made for efficiencies and economies of scale. Other services will grow at a much slower pace than population growth, such as government, and planning department costs.
5. A share of the net growth-related operating expenditures is allocated to residential growth, by applying residential/non-residential factors to each service based on typical usage and/or the prevailing residential/non-residential split in the Town. The result of this calculation is known as the net residential growth-related operating expenditures.

In total, we have estimated that Proposal would represent an additional annual operating cost to the Town of approximately of \$558.07 *per capita*, plus another \$431.67 per job generated. See Appendix Figure A-2 for more details.

The average operating and lifecycle costs relating to roads, water, and wastewater are excluded from this part of the analysis. Instead, the impacts on the Town’s finances for these hard services will be calculated separately, based on actual incremental infrastructure to be constructed, and average operating, lifecycle and maintenance costs for those works.

### **3.2.2 Annual Operating Costs for Required Infrastructure Works to be Installed**

The calculation of annual incremental operating costs for roads and storm sewer more appropriately done on a *per unit basis (per km, etc.)* than a *per capita basis*, as each development will have differing infrastructure needs.

As there are no external road improvements required, and the internal road will be a private road, there will be no annual operating costs to the Town.

The Town financial data from 2019 shows no annual operating expenditures for urban storm sewers, therefore the 25 metres of storm sewers within the proposed development are assumed to generate no annual operating costs for the Town.



Figure 6

**Calculation of Annual Lifecycle Costs, Town of Caledon, 2019 DC Study Capital Program**

	Average Useful Life Years	Lifecycle Cost Factor	Estimated Annual Lifecycle Costs - 2018 DC Study Capital Program					
			Gross Cost Less BTE	Less: PPB	Less: DC RF Adjustment	Net Costs	Lifecycle Cost Factor	Lifecycle Costs
Roads	30	0.02465						
Facilities (Fire, Recreation, Library)	40	0.01656						
Facilities (Depots and Domes)	75	0.00586						
Vehicles and Equipment	15	0.05783						
Wastewater	75	0.00586						
Water	80	0.00516						
Parkland Development	31	0.02360						
<b>Roads</b>								
Roads			331,580,480	87,122,887	28,195,007	216,262,586	0.02465	5,330,873
PW Vehicles			28,214,380	6,003,200	879,181	21,331,999	0.05783	1,233,630
<b>Fire Protection</b>								
Facilities			14,857,500	-	2,947,424	11,910,076	0.01656	197,231
Vehicles			4,137,870	-	-	4,137,870	0.05783	239,293
Small Equip.			1,710,000	-	-	1,710,000	0.05783	98,889
<b>Recreation</b>								
Parkland Devt			17,931,615	-	775,014	17,156,601	0.02360	404,896
Recreation facilities			94,329,061	8,980,900	3,604,773	81,743,388	0.01656	1,353,671
Vehicles & equip			268,858	-	-	268,858	n.a.	n.a.
<b>Library Services</b>								
Facilities			7,952,500	-	645,815	7,306,685	0.01656	120,999
Materials			760,000	-	-	760,000	0.05783	43,951
<b>Provincial Offences Act</b>								
Facilities			5,180,000	1,813,000	632,074	2,734,926	0.01656	45,290
<b>Animal Control</b>								
Facilities			4,095,000	3,321,500	71,269	702,231	0.01656	11,629
Vehicles			60,000	-	-	60,000	0.05783	3,470
<b>Administration</b>								
Studies			n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Total</b>			<b>511,077,264</b>	<b>107,241,487</b>	<b>37,750,557</b>	<b>366,085,220</b>		<b>9,083,820</b>

Note: Approach differs from the Town's DC Study, and incorporates deductions for PPB costs, DC Reserve Fund Balances and applies the lifecycle cost factors in Appendix C of the DC Study

Source: Altus Group Economic Consulting based on Town of Caledon 2019 Development Charge Study

Based on the works included in the capital project lists in the Town's DC Study, after deducting elements such as Post Period Benefit costs<sup>3</sup> and DC reserve fund balances<sup>4</sup>, applying the appropriate useful life periods and

<sup>3</sup> Post Period Benefit allocations are deducted as the later step in the calculation seeks to find the subject development's share of 10 or 20-year residential forecasts. As the amount of 'post-period' growth is not known, the same calculation would not be possible against an indeterminate denominator for 'total growth' in the Town.

<sup>4</sup> Adding DC reserve fund deficits onto net costs or deducting DC reserve fund surpluses from net costs

associated sinking fund factors for each classification of capital work, and then calculating the share of Town-wide development within the proposed development - the annual lifecycle costs for Town-wide growth-related capital attributable to the proposed development are estimated to be \$768,900, with that allocated to the residential and non-residential components of the development based on proportionate shares of total population and jobs.

**Figure 7** **Estimated Indirect Lifecycle Costs, Town of Caledon**

	Annual Lifecycle Contribution	Forecast Period	Population & Job Growth	ALC per Capita	Population & Jobs in Proposed Development	Proportionate Share of Annual Lifecycle Costs for Subject Development
	<i>Dollars</i>				<i>Percent</i>	<i>Dollars</i>
<b>Tax-Supported</b>						
Roads and Related	6,564,502	12 years (2019-31)	47,956	136.89	3,906	534,681
Fire	535,413	12 years (2019-31)	47,956	11.16	3,906	43,610
Recreation Services	1,758,566	10 years (2019-28)	40,648	43.26	3,906	168,988
Library Services	164,950	10 years (2019-28)	40,648	4.06	3,906	15,851
Provincial Offences	45,290	10 years (2019-28)	40,648	1.11	3,906	4,352
Animal Control	15,099	10 years (2019-28)	40,648	0.37	3,906	1,451
<b>Total Tax-Supported</b>	<b>9,083,820</b>			<b>196.86</b>		<b>768,931</b>
				Residential Share	98.4%	756,684
				Non-Residential Share	1.6%	12,247

Source: Altus Group Economic Consulting based on Town of Caledon 2019 DC Study

## 4 CONCLUSIONS

Figure 8 shows the calculation of the net annual fiscal impact of the proposed development.

The subject proposal is estimated to generate a significant positive fiscal impact for the Town of approximately \$319,700 per year, or \$81.84 per person and job within the development at build-out.

**Figure 8**

### Estimate of Net Annual Fiscal Impact, Caledon

Units	2,229					
Persons	3,844					
Jobs	62					
Total Persons and Jobs	3,906					
	Residential		Non-Residential		Total	
	Dollars	Dollars per Capita	Dollars	Dollars per Capita	Dollars	Dollars per Capita
Property Taxes	3,087,027	803.12	34,796	559.29	3,121,823	799.23
Non-Tax Revenues	136,545	35.52	2,210	35.52	138,755	35.52
Total Revenues	3,223,572	838.64	37,006	594.82	3,260,578	834.76
Net Operating Expenditures	2,145,128	558.07	26,856	431.67	2,171,984	556.06
Lifecycle Costs - Roads/Storm	-	-	-	-	-	-
Operating Expenditures - Tax Supported	-	-	-	-	-	-
Indirect Lifecycle Costs - Tax Supported	756,684	196.86	12,247	196.86	768,931	196.86
Total Expenditures	2,901,812	754.93	39,103	628.53	2,940,915	752.92
Net Fiscal Surplus / (Deficit)	321,760	83.71	(2,097)	(33.71)	319,663	81.84

Source: Altus Group Economic Consulting

**Appendix A**  
**Detailed 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	Res. Share	Residential Growth Related Non-Tax Revenues	Non-Residential Growth Related Non-Tax Revenues
		Dollars		Percent	Dollars	Percent	Dollars	
<b>Licenses, Permits, Rents, etc.</b>								
Licenses and Permits	3,108,551	1,554,276 <sup>1</sup>	1,554,276	95%	1,476,562	0.73	1,081,781	394,780
Rents, Concessions, etc.	390,567	-	390,567	0%	-	73%	-	-
Subtotal	3,499,118	1,554,276	1,944,843		1,476,562		1,081,781	394,780
<b>Fines and Penalties</b>								
Other Fines	33,774	-	33,774	95%	32,085	73%	23,507	8,578
Penalties and Interest on Taxes	2,008,708	-	2,008,708	95%	1,908,273	73%	1,398,068	510,205
Subtotal	2,042,482	-	2,042,482		1,940,358		1,421,575	518,783
<b>Other Revenue</b>								
Investment Income	1,764,258	-	1,764,258	0%	-	73%	-	-
Sale of Publications, Equipment	793	-	793	95%	753	73%	552	201
Donations	245,162	-	245,162	95%	232,904	73%	170,634	62,270
Subtotal	2,010,213	-	2,010,213		233,657		171,186	62,472
<b>Total</b>	<b>7,551,813</b>	<b>1,554,276</b>	<b>5,997,538</b>		<b>3,650,577</b>		<b>2,674,542</b>	<b>976,035</b>
							<i>Persons</i>	<i>Jobs</i>
							75,290	27,476
							<i>\$/ Capita</i>	
<b>\$/ Capita or Employee - Growth Related Non Tax Revenues</b>							35.52	35.52

<sup>1</sup> Assumed that 50% of Licenses and Permit fees are from building permits

Source: Altus Group Economic Consulting based on Town of Caledon 2019 Financial Information Returns, and 2019 Development Charge Study

Figure A-2

Estimate of Net Operating Expenditures, Town of Caledon										
Expenditures	Less: Interest on Long Term Debt	Less: User Fees and Service Charges	Less: Amortization	Net Expenditures	%	Growth Related				
						Net Operating Expenditures	Residential Share	Residential Growth Related Net Operating Expenditures	Non-Residential Growth Related Net Operating Expenditures	
<b>General Government</b>										
Governance	858,776	-	-	858,776	75%	644,082	73%	471,877	172,205	
Corporate Management	9,984,607	164,455	-	8,278,702	75%	6,209,027	73%	4,548,952	1,660,074	
Program Support	-	-	-	-	75%	-	73%	-	-	
Subtotal	10,843,383	164,455	412,042	1,541,450		6,853,109		5,020,829	1,832,279	
<b>Protection Services</b>										
Fire	13,296,709	22,438	669,432	1,817,078	95%	10,248,373	73%	7,508,320	2,740,053	
Police	946,252	-	-	447,255	95%	474,047	73%	347,304	126,743	
Protective Inspection and Control	2,408,866	-	428,473	-	95%	1,881,373	73%	1,378,361	503,013	
Building Permit and Inspection Service	2,867,223	-	-	2,867,223	95%	2,723,862	73%	1,995,597	728,264	
Emergency Measures	2,332,487	-	-	2,332,487	95%	2,215,863	73%	1,623,419	592,443	
Subtotal	21,851,537	22,438	1,097,905	2,264,333		17,543,518		12,853,001	4,690,517	
<b>Transportation Services</b>										
Roads - Traffic Operations & Roadside	9,460,005	-	446,000	1,774,333	95%	6,877,688	73%	5,038,837	1,838,851	
Winter Control	3,015,230	-	-	-	95%	2,864,469	73%	2,098,611	765,858	
Transit	159,807	-	-	159,807	95%	151,817	73%	111,226	40,590	
Parking	603,627	-	-	603,627	95%	573,446	73%	420,127	153,319	
Street Lighting	1,328,961	-	-	1,328,961	95%	1,262,513	73%	924,962	337,551	
Subtotal	14,567,630	-	446,000	1,774,333		11,729,932		8,593,762	3,136,170	
<b>Environmental Services</b>										
Rural Storm Sewer System	888,054	-	-	199,887	95%	653,759	73%	478,967	174,792	
Community Green Fund	30,003	-	-	30,003	95%	28,503	73%	20,882	7,621	
Subtotal	918,057	-	-	199,887		682,262		499,849	182,413	
<b>Social and Family Services</b>										
Assistance to Aged Persons	52,628	-	-	52,628	95%	49,997	100%	49,997	-	
Subtotal	52,628	-	-	52,628		49,997		49,997	-	
<b>Recreation and Cultural Services</b>										
Parks	4,095,603	-	491,979	788,697	95%	2,674,181	95%	2,540,472	133,709	
Recreation Programs	3,047,299	-	2,564,308	-	95%	458,841	95%	435,899	22,942	
Recreation Facilities	12,326,697	-	1,745,066	3,469,655	95%	6,756,377	95%	6,418,558	337,819	
Libraries	4,353,750	-	12,123	404,607	95%	3,740,169	95%	3,553,161	187,008	
Subtotal	23,823,349	-	4,813,476	4,662,959		13,629,568		12,948,090	681,478	
<b>Planning and Development</b>										
Planning and Zoning	6,327,651	-	2,593,627	-	75%	2,800,518	73%	2,051,758	748,760	
Commercial and Industrial	810,032	-	24,748	97	75%	588,890	0%	-	588,890	
Subtotal	7,137,683	-	2,618,375	97		3,389,408		2,051,758	1,337,650	
<b>Total</b>	<b>79,194,267</b>	<b>186,893</b>	<b>9,387,798</b>	<b>10,443,059</b>		<b>53,877,793</b>		<b>42,017,286</b>	<b>11,860,507</b>	
								<i>Persons</i>	<i>Jobs</i>	
								75,290	27,476	
								<b>\$ / Capita - Growth Related Net Operating Expenditures</b>	558.07	431.67

Source: Altus Group Economic Consulting based on Town of Caledon 2019 Financial Information Returns and 2019 Development Charge Study