



Downtown Burlington Fiscal Impact Analysis

City of Burlington

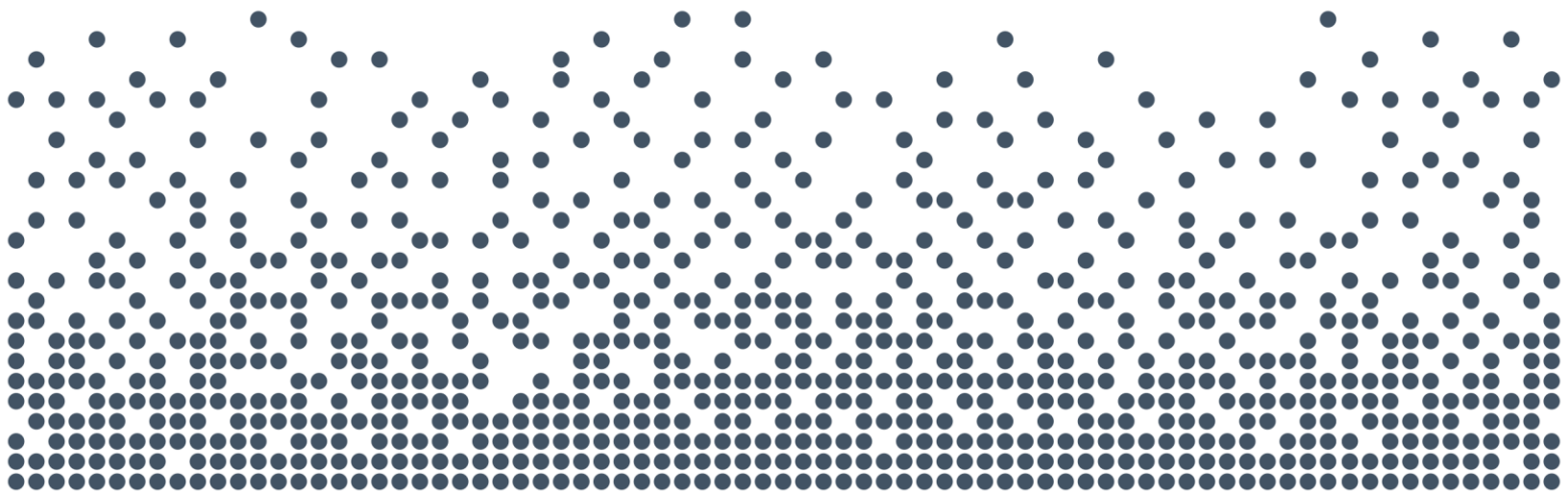
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Watson & Associates Economists Ltd.
905-272-3600
info@watsonecon.ca



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Report



Chapter 1

Introduction



1. Introduction

The City of Burlington (City) has retained SGL Planning & Design Inc. (SGL) to undertake a re-examination of the policies of the City's Official Plan, focused primarily on matters of height, intensity and conformity with provincial density targets within the Downtown Burlington area. A map of the Downtown Burlington area is provided in Figure 1-1¹. SGL, in association with a number of sub-consultants, prepared a series of background technical reports which were released in June 2020. The findings of this work include a set of recommended policy modifications to guide change in the Downtown Burlington to 2031. Watson & Associates Economists Ltd. (Watson) was retained as part of the SGL consulting team to undertake a fiscal impact analysis (FIA) of the Downtown Burlington area to 2031.

In 2016 Watson prepared the "City of Burlington Fiscal Impact Study" (2016 FIS) which measured the fiscal impacts of growth over the City's forecast period to 2031. The study analyzed development within four separate geographic quadrants within the City, for a variety of residential and non-residential development types. The underlying modeling developed for the 2016 FIS was updated and used in preparing the FIA for the Downtown Burlington to maintain consistency in approach with the previous approach.

The FIA measures the incremental net operating and capital costs of development within the Downtown Burlington Area. Moreover, it considers the City's capital asset inventory and incremental growth-related capital requirements to quantify the estimated full lifecycle cost investments in infrastructure. These net operating and capital costs of development and compared with current property tax revenues to determine the fiscal impact of development over the period.

In addition to measuring the fiscal impacts of the incremental development with Downtown Burlington to 2031, the FIA also considers the incremental capital requirements identified in the SGL Planning & Design Inc. "Taking a Closer Look at the Downtown: Final Report" (SGL Report), and associated technical reports, and the available funding to address these needs. This section of the FIA identifies the capital needs incremental to the City's current funding sources (i.e. development charges,

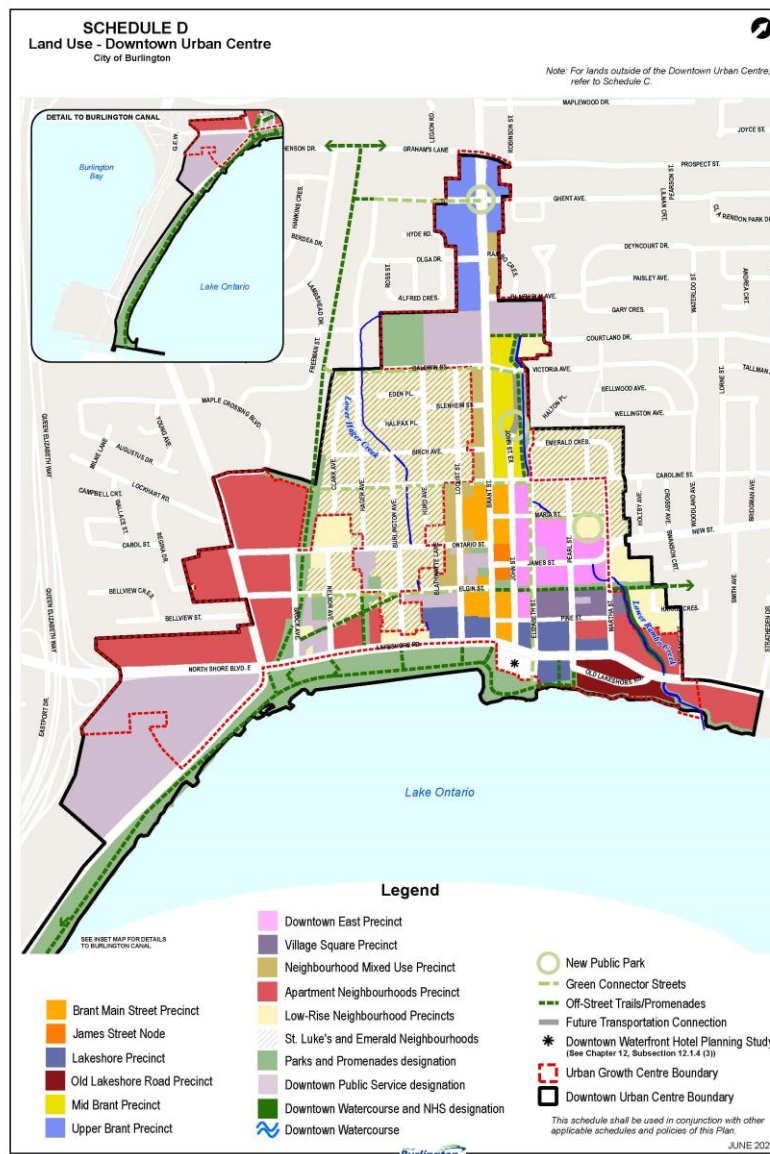
¹ Taken from PL-16-20 Appendix 3 "Recommended modified Schedules to the adopted Official Plan".



parkland acquisition, local services) and measures the impacts. With respect to these capital funding impacts, these are provided in the context of recent legislative changes arising from the *COVID 19 Economic Recovery Act*.

The following chapters of this report summarize the methodology and findings of the FIA.

Figure 1-1
Downtown Burlington Study Area





Chapter 2

Methodology



2. Methodology

2.1 General Approach to the Fiscal Impact Analysis

Figure 2-1 provides a schematic overview of the methodology undertaken for the purposes of this fiscal impact analysis (FIA), which is described as follows:

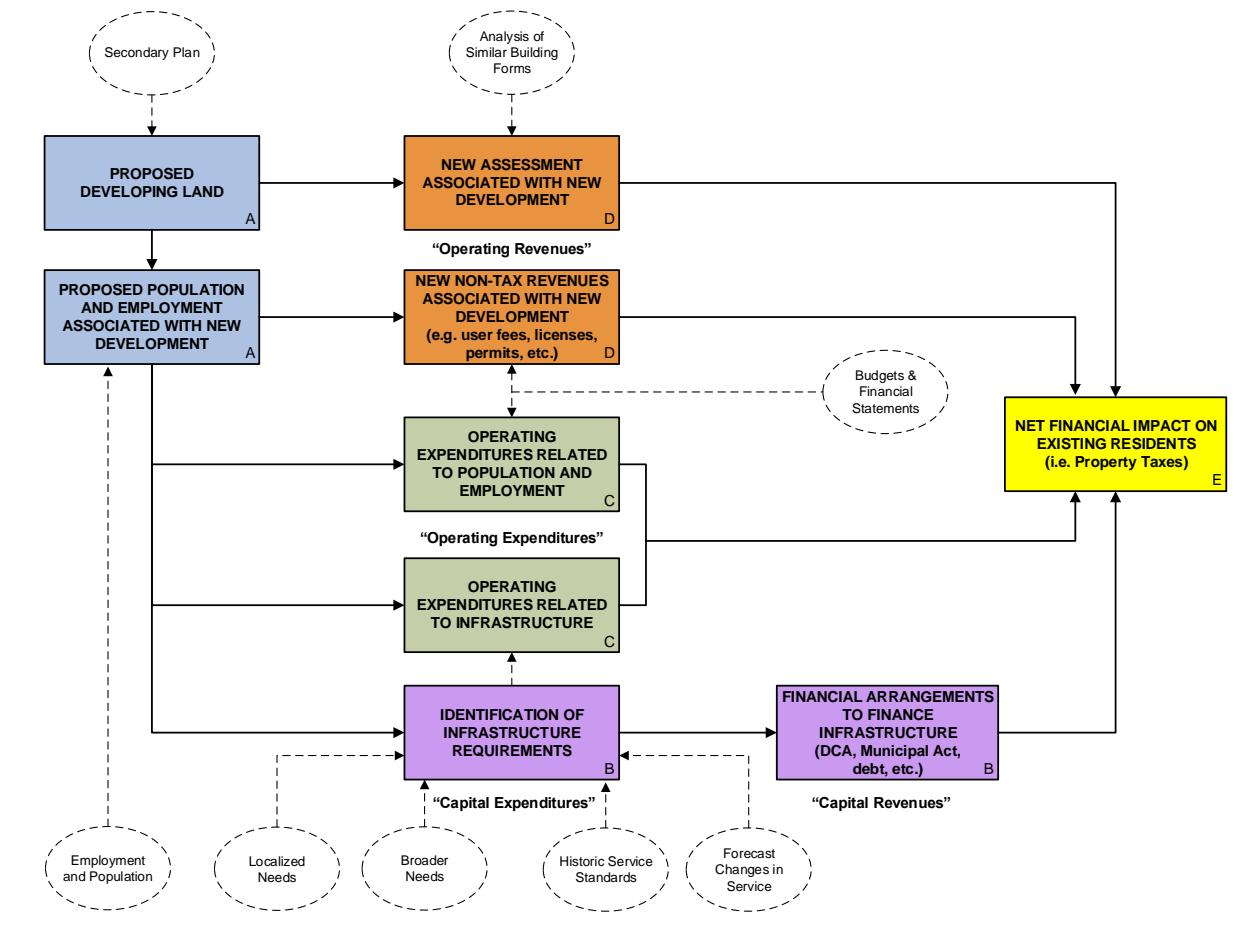
- Blue Boxes (labelled “A” in bottom right corner) – denote the anticipated development forecast for Downtown Burlington to the year 2031. The proposed population and employment associated with new development is detailed in Section 3.1 herein and reflect the City’s most recent projections as contained in the City’s 2019 Development Charges Background Study (2019 D.C.B.S.).
- Fuchsia Boxes (labelled “B” in bottom right corner) – denote capital infrastructure required to service the anticipated development over the forecast period. The capital requirements to support the servicing needs were derived from the 2019 D.C.B.S., as well as the technical reports identified within the SGL Report. Capital project costs contained therein have been indexed to 2020 values, and associated project timing identified in the 2019 D.C.B.S. has been maintained. In addition to the future development-related capital costs, the analysis also identifies the additional lifecycle requirements identified in the City’s asset management plan to provide for sustainable capital spending for existing infrastructure.
- Green Boxes (labelled “C” in bottom right corner) – denote the incremental operating expenditures anticipated over the forecast period arising from new development. These expenditures comprise two parts: program service costs assessed on the basis of anticipated population and employment; and incremental operating expenditures associated with new capital works emplacement. Consideration of economies/diseconomies of scale have been provided in the incremental operating expenditure assessment reflective of anticipated future service levels.
- Orange Boxes (labelled “D” in bottom right corner) – denote incremental revenues commensurate with growth. The new assessment associated with development produces incremental property tax revenues as residential, office



and retail building activity occurs within Downtown Burlington over the forecast period. Moreover, new non-tax revenues associated with new development reflect anticipated user fees, permits, licences, and other revenues associated with service program demands arising from population and employment growth.

- Yellow Box (labelled “E” in bottom right corner) – denotes the overall fiscal impact on the City’s net levy over the forecast period. This is the summation of the anticipated development and incremental net expenditures relative to the property taxes generated, at current tax rates, over the forecast period. Where net expenditures exceed anticipated property tax revenues, forecast development will apply increasing upward pressure on property tax rates. Where property tax revenues exceed net expenditures, additional revenues may serve to support increased funding of future service levels, increases in infrastructure lifecycle spending, etc.

Figure 2-1
Overview of the Fiscal Impact Study Methodology





2.2 Approach to the Downtown Burlington Fiscal Impact Analysis

The FIA was designed to consider the fiscal impacts in aggregate for Downtown Burlington over the projected growth horizon to 2031. The SGL report entitled “Taking a Closer Look at the Downtown: Themes, Principles and Land Use Concepts”, dated October 2019, provides the growth forecast to 2031, based on a percentage of the total buildout potential for the area (i.e. the total amount of retail and office employment and residential units that could result if every possible site were redeveloped).

Maintaining the approach used in the 2016 FIS, the residential and non-residential development was further categorized into development sub-types to reflect differences in market value assessment. The development sub-types were selected as they reflect the predominant built form which is anticipated to occur over the forecast period within Downtown Burlington. It is appropriate to consider existing conditions and trends regarding residential occupancy, average floor space per worker and current assessed values for each of the respective residential and non-residential development sub-types identified as these inputs influence the results of the fiscal impact analysis.

The FIA sampled properties for each development type within the study area. Assessed market values for each sampled property were taken from the Municipal Property Assessment Corporation’s (MPAC’s) assessment database to calculate expected incremental property taxation revenues. Property tax revenues were determined based on actual taxes paid by each sampled property for 2020.

Occupancy (i.e. persons per unit) estimates were developed for the sampled properties to calculate the per unit net operating costs. Non-tax revenues were estimated for each development type based on the City’s 2020 Budget, assessed on a per capita/per employee basis and applied based on the underlying occupancy assumptions. Similarly, annual operating expenditure calculations were assessed on a per capita/per employee basis and applied to the underlying occupancy assumptions for each development type. Operating expenditures for each service are based on the City’s 2020 Budget, with consideration for potential economies and diseconomies of scale reflective of anticipated future service levels.

Provision for per capita/per employee annual capital-related lifecycle requirements is based on the City’s Asset Management Plan, as well as incremental capital assets



identified in the 2019 D.C.B.S. and technical reports underlying the SGL Report. The capital-related lifecycle requirements were measured at replacement costs and assessed on a City-wide basis consistent with the application of the City's development charges (D.C.) and taxation policies, and in recognition of broader system-wide service delivery.

The capital costs arising from the technical reports underlying the SGL Report were considered in respect of the 2019 D.C.B.S. to identify incremental capital needs. The incremental needs were discussed with City staff to determine the applicability of D.C. funding. The impacts of the incremental capital needs on the City's D.C. by-law were measured, as well as the impacts associated with the amendments to the *Development Charges Act* arising from the *COVID 19 Economic Recovery Act*. Incremental parkland requirements were considered relative to the City's cash-in-lieu of parkland provisions.

Comparing the revenue and expenditure estimates provides net annual operating expenditures by development type. These annual net operating expenditures are then aggregated based on the anticipated development type mix within Downtown Burlington to provide the overall fiscal impacts of development.



Chapter 3

Fiscal Impact Analysis



3. Fiscal Impact Analysis

3.1 Downtown Burlington Development Forecast

The SGL report entitled “Taking a Closer Look at the Downtown: Themes, Principles and Land Use Concepts”, provides the growth projections for Downtown Burlington over the buildout horizon, as well as the period 2016-2031¹. The report identifies a buildout potential for an additional 5,750 residential units, 1,440 retail jobs, and 1,410 office/institutional jobs. However, within the broader City-wide projections for the forecast period 2016-2031, approximately 2,350 new residential units, 450 retail jobs, and 725 office and institutional employment jobs are anticipated within Downtown Burlington. These growth projections to 2031 were used by the sub-consultants in determining the impacts for the respective technical reports.

Watson further developed a population, housing and employment forecast for Downtown Burlington for the period 2020-2031. This forecast builds on 2016-2031 forecast identified above, and accounts for development that has occurred within the area between 2016-2020². These growth projections are consistent with those contained in the 2019 D.C.B.S.

Table 3-1 summarizes the residential growth projections for Downtown Burlington to 2031. It is anticipated that the within Downtown Burlington, the City’s population will grow by 2,787 population over the 2020-2031 forecast period. The population growth will be facilitated by the development of 1,720 additional high-density residential dwelling units. Consistent with the assumptions of the 2016 FIS, it is assumed that 75% of high-density residential development will be in the form of condominium development, with the remaining 25% comprising apartment developments.

¹ As prepared by Watson & Associates Economists Ltd.

² Projections account for the 1,067 units currently approved but unbuilt, buildings under construction, and those recently completed, as per the SGL Report, i.e. 625 unit completed between 2016-2020, 442 units approved but unbuilt or under construction, and 1,278 units anticipated to be built.



Table 3-1
City of Burlington
Downtown Burlington Population and Housing Forecast
Residential Growth

Period	Population (with undercount)	Housing Units			
		Low Density	Medium Density	High Density	Total Units
2016	7,210	535	200	3,145	3,880
2020	8,223	535	200	3,770	4,505
2031	11,010	535	200	5,490	6,225
2016 - 2031	3,800	0	0	2,345	2,345
2020 - 2031	2,787	0	0	1,720	1,720

Source: 2016 is based on Statistics Canada, Census.

2031 forecast prepared by Watson & Associates Economists Ltd.

Table 3-2 summarizes the employment forecast, excluding work at home employment and no fixed place of work (NFPOW) employment. Usual place of work employment within Downtown Burlington is projected to grow by 855 employees over the 2020-2031 forecast period. Street-oriented retail is anticipated to increase by 323 employees over the period, developing 145,000 square feet of gross floor area (GFA). Commercial office employment growth over the period totals 301 employees and 68,000 square feet of GFA. Institutional office growth over the forecast period is anticipated to increase by 231 employees and 116,000 square feet of GFA.

Table 3-2
City of Burlington
Downtown Burlington Employment and Non-Residential Gross Floor Area (GFA) Forecast
Non-Residential Growth

Period	Employment				
	Office	Retail	Institutional	Industrial	Total Employment
2016	600	2,095	2,880	300	5,875
2020	709	2,212	2,964	300	6,185
2031	1,010	2,535	3,195	300	7,040
2016 - 2031	410	440	315	0	1,165
2020 - 2031	301	323	231	0	855
Floor Space Per Worker	225	450	500	1,100	385
GFA, 2016 - 2031 Sq.ft.	92,000	198,000	158,000	0	448,000
GFA, 2016 - 2031 Sq.m.	8,550	18,390	14,680	0	41,620
GFA, 2020 - 2031 Sq.ft.	68,000	145,000	116,000	0	329,000
GFA, 2020 - 2031 Sq.m.	6,320	13,470	10,780	0	30,570

Source: 2016 is based on background work prepared for the City of Burlington Mobility Hubs

2031 forecast prepared by Watson & Associates Economists Ltd.



The employment densities (i.e. square feet of GFA per employee) are taken from the City's 2019 D.C.B.S. It should be noted that by comparison with the 2016 FIS, the employment density for office development have increased suggesting a lower property tax revenues per employee than previously experienced. In the 2016 FIS employment density was forecast at 325 square feet per employee, compared to the 2019 D.C.B.S. at 225 square feet per employee. The increase in density in office development has been witnessed in employment surveys undertaken in support of D.C. growth forecasts

As noted above, the employment forecasts excluded work at home and NFPOW employment. Work at home employment is not considered in the fiscal impact analysis, as consistent with D.C. practice, the impact of this type of employment on municipal services have already been included in the population base and forecast. The impacts of municipal services related to NFPOW employees have largely been included in the employment forecast by usual place of work (i.e. employment and gross floor area in the retail and accommodation sector generated from NFPOW construction employment).

The implications of the COVID-19 virus on these projections should be noted, and as such, the fiscal impacts provided herein should be considered in this context. Despite the near-term consequences of COVID-19 to some industries, firms, and individuals, the long-term economic outlook for the G.G.H. remains positive and the region will continue to be attractive to newcomers, mainly international migrants who represent a key driver of population growth to the Greater Toronto Hamilton Area (G.T.H.A.).

3.1.1 Residential Outlook

While the housing market across the G.T.H.A got off to a slow start in early 2020 due to COVID-19, pent-up demand and historically low mortgage rates has accelerated demand across the Toronto region during the summer months of 2020. According to the Toronto Real Estate Board (TREB), year-over-year average price growth across the G.T.A has increased by approximately 17%, while housing sales are also up by close to 30%, compared to July 2019. Active listings also shrank by approximately 16% compared to July 2019. Housing market demand across the City of Burlington has also picked up in recent months with home sales in May and June 2020 surpassing year-over-year levels, according to the RE/MAX Fall Market Outlook Report.



Notwithstanding the recent positive real estate trends identified for the City of Burlington and G.T.H.A. as a whole. There are a number of reasons to remain cautious with respect to the broader demand for housing across the G.T.H.A. over the near-term (i.e. next one to three years). A recent report released by R.B.C. Economics identifies that on-going border restrictions, travel-related health fears, and the global economic downturn are expected to reduce immigration levels sharply in 2020¹. The R.B.C. report also points out that while temporary foreign workers are exempt from entry restrictions, fewer are coming to Canada due to logistical and financial burdens related to COVID-19 work restrictions and isolation requirements. After the COVID-19 crisis, many economists warn that immigration may remain relatively low compared to recent years, because relatively higher unemployment rates during the post-COVID-19 economic recovery period in Canada may reduce the incentive for immigrants coming into the Country².

3.1.2 Non-Residential Outlook

In addition to its broader impacts on the economy, COVID-19 is also anticipated to accelerate changes in work and commerce as a result of technological disruptions which were already in progress prior to the pandemic. As such, enterprises will increasingly be required to rethink the way they conduct business with an increased emphasis on remote work enabled by technologies such as virtual private networks, virtual meetings, cloud technology and other remote work collaboration tools. These trends are anticipated to have a direct influence on commercial and industrial real estate needs over both the near and longer terms. In light of these anticipated trends, it is important that the long-term employment forecasts for the G.G.H. adequately consider the manner in which these impacts are likely to influence the nature of employment by type as well as by place of work. Today, approximately 7.3% of the G.G.H. workforce is identified as working from home on a full-time basis, up from 6.7% in 2001. During this same time period, the percentage of workers who reported having no fixed place of work increased from approximately 8% to 12%. It is anticipated that the percentage of people who work from home on a full-time and part-time basis, as well as those who do not have a fixed place of work, will steadily increase over the long term. As this

¹ R.B.C. Economics. Current Analysis. COVID-19 Derails Canadian Immigration. May 29, 2020.

² Stalling immigration may add to Canada's COVID-19 economic woes. Fergal Smith, Steve Scherer. Reuters. May 27, 2020.



percentage continues to steadily rise, it may reduce the relative need for future industrial and commercial building space associated with the employment forecasts. Moreover, these potential transitions of from usual place of work employment may have a corresponding decrease in demand for services.

3.2 Property Value Assessment Estimates

To measure the net levy impacts by property type, and in aggregate for Downtown Burlington, MPAC's assessment database was sampled to determine market comparables consistent with the underlying development forecast referenced above. This section of the report summarizes the results of the sampling of City properties undertaken to establish typical property value assessment estimates for various types of development, in accordance with the specified FIA development types. Sampling of MPAC's assessment database was undertaken by City Finance staff, with subsequent analysis performed by Watson, to derive a representative sample of anticipated future development types.

In total, 34 residential and 104 non-residential properties from Zone 1¹ were included in the sample that was used to establish typical property value assessment estimates. The sample also included recently constructed high-density residential developments within the Downtown Burlington area. A summary of the distribution of sampled properties is provided in Table 3-3.

The sampled properties were used to determine average property value assessment per residential dwelling unit and non-residential square foot of GFA. A summary of the average property value assessment by development type and the resultant increase in total incremental assessment for the forecast development over the period to 2031 within Downtown Burlington is provided in Table 3-4. Table 3-5 summarizes the forecast weighted assessment growth for the study area over the forecast period, based on the City's 2020 tax ratios.

Downtown Burlington weighted assessment is projected to grow by approximately \$866.5 million over the forecast period 2020-2031, representing a 1.9% increase over current City-wide weighted assessment for 2020. Residential development will

¹ This reflects the broader area considered in the 2016 FIS of which Downtown Burlington is part.



contribute the largest share of weighted assessment growth, totaling \$718.9 million or 83% of the total. Non-residential development accounts for the remaining \$147.7 million in weighted assessment growth.

Table 3-3
City of Burlington
Sample Sizes by Development Type

Development Type	Total
High Density	
Apartment (high rise)	24
Condominium (high rise)	10
Office	
Commercial	25
Institutional	10
Commercial/Retail	
Big Box	23
Street Oriented	25
Mixed Non-Residential Growth	21

Table 3-4
City of Burlington
Downtown Burlington Market Value Assessment Forecast
RESIDENTIAL

Type of Development	Tax Class	Average Assessment per Dwelling Unit	Assessment Increment 2020-2031
High Density			
Apartment (high rise)	MT	171,464	73,729,493
Condominium (high rise)	RT	442,959	571,416,775
Total			645,146,268

NON-RESIDENTIAL

Type of Development	Tax Class	Average Assessment per GFA (sq.ft.)	Assessment Increment 2020-2031
Office			
Commercial	DT	366	24,887,478
Institutional	DT	145	16,802,150
Commercial/Retail			
Big Box	CT	209	-
Street Oriented	CT	412	59,697,077
Mixed Non-Residential	CT/DT	120	-
Total			72,032,554



Table 3-5
City of Burlington
Downtown Burlington Weighted Assessment Forecast (\$)

Property Class	Tax Ratio	Weighted Assessment 2020	Weighted Assessment Increment 2020-2031	Weighted Assessment 2031
All Existing		45,853,316,642		45,853,316,642
Residential (RT)	1.000000		571,416,775	571,416,775
Multi-Residential (MT)	2.000000		147,458,986	147,458,986
Office (DT)	1.456500		60,720,944	60,720,944
Commerical (CT)	1.456500		86,948,792	86,948,792
Total		45,853,316,642	866,545,497	46,719,862,139

3.3 Net Operating Expenditures

The FIA evaluation measures the incremental service demands of development and the corresponding net operating expenditures on a service-by-service basis. The process considers the City’s 2020 budgeted expenditures within 9 broad service areas based on the City’s budget structure¹. The following summarizes the process undertaken to arrive at the incremental net operating expenditures per capita/employee for the anticipated development over the forecast period 2020-2031.

For each service, the methodology removed one-time funding from the net expenditures recognizing no further incremental demand for services. Having isolated the reoccurring service demands for future development, operating expenditures and revenues within each service area were allocated between residential and non-residential uses to determine operating expenditures for current service level demands on a per capita and per employee basis. Non-residential portions of operating expenditures and revenues were further allocated between retail and non-retail uses. The basis for these splits are trip generation rates and average trip lengths utilized in the City’s D.C. Study. Most services were allocated between residential and non-residential benefits based on 2020 estimates of population and employment. However, for services that largely address resident demands (e.g. libraries, parks and recreation, cemetery), 95% of annual operating expenditures and revenues were attributed to

¹ It should be noted that parking and Business Improvement Area net operating expenditures have not been considered within the scope of the FIA.



residential uses. This is consistent with the 2019 D.C.B.S. allocation policies and reflects the minor benefits of these services accruing to employment-related demands.

Once operating expenditures and revenues were allocated between residential and non-residential uses, a determination was made whether these service demands are expected to grow in direct proportion to growth, or whether some economies or diseconomies of scale are likely to occur. For example, many of the City's internal support functions such as Financial Management and Human Resources are not expected to grow in direct proportion to growth since these functions are already well-established. However, the costs of other functions (e.g. Transit) will likely grow at a faster pace than current per capita/employee service levels as the City enhances the service delivery of these functions.

As summarized in Table 3-6, the City's 2020 net operating expenditures provide a City-wide level of service investment of \$771 per capita, \$608 per retail employee and \$571 per non-retail employee. Adjusting for economies/diseconomies of scale, the level of service estimate for future development is \$655/capita, \$543/retail employee, and \$507/non-retail employee.

Similarly provided in Table 3-7, 2020 non-tax operating revenues provide for recovery at approximately \$228 per capita, \$174 per retail employee, and \$169 per non-retail employee. Adjusted, reoccurring non-tax operating revenues are projected at \$191/capita, \$143/retail employee, and \$138/non-retail employee.

Measured in current dollars (i.e. excluding inflation) and applying these per capita and per employee service demands to the anticipated development in the Downtown Burlington over the forecast period would result in an increase of approximately \$2.2 million in annual gross operating expenditures by 2031. These annual operating costs would be mitigated by an increase in annual non-tax operating revenue of \$643,000. This represents an increase of approximately \$1.6 million in annual net operating expenditures compared to the City's 2020 budget, or an increase of approximately 1.4%. This compares with the anticipated increase in weighted property assessment of new development of approximately 1.9%, suggesting sufficient property tax revenues, at current rates, to address the incremental operating costs of service demands. It should be noted however that these net operating expenditure impacts are net of incremental capital-related expenditures, which will be addresses in subsequent sections. Tables



3-6 and 3-7 summarize the City's 2020 annual operating expenditures and non-tax operating revenues and 2031 estimates based on downtown growth, by service.



Table 3-6
City of Burlington
2020 and Forecast 2031 Annual Operating Expenditures by Service – Downtown Growth

Expenditures	2020 Annual Operating Expenditures	Existing Costs				Incremental Annual Costs				Incremental Annual Operating Expenditures	2031 Annual Operating Expenditures
		Per Capita	Per Employee			Per Capita	Per Employee				
			Average	Retail	Non-retail		Average	Retail	Non-retail		
City Services											
A City that Grows	9,700,000	24.08	57.33	57.33	57.33	24.08	57.33	57.33	57.33	116,134	9,816,134
A City that Moves	51,310,000	170.77	170.77	194.38	157.64	211.98	211.98	235.59	198.85	763,998	52,073,998
A Healthy and Greener City	39,415,000	173.10	40.46	40.46	40.46	141.31	36.77	36.77	36.77	415,684	39,830,684
An Engaging City	23,080,000	111.97	20.48	20.48	20.48	83.98	15.36	15.36	15.36	241,267	23,321,267
A Safe City	35,701,000	131.27	131.27	131.27	131.27	68.40	68.40	68.40	68.40	246,112	35,947,112
Good Governance	8,402,000	30.40	30.40	30.40	30.40	15.31	15.31	15.31	15.31	55,074	8,457,074
Enabling Services	21,307,000	77.88	82.04	82.04	82.04	71.81	75.98	75.98	75.98	262,059	21,569,059
Corporate Expenditures											
Financial Transactions	10,570,390	39.34	39.34	39.34	39.34	27.80	27.80	27.80	27.80	100,030	10,670,420
Shared Costs	3,354,343	12.48	12.48	12.48	12.48	10.70	10.70	10.70	10.70	38,515	3,392,858
TOTAL	202,839,733	771.29	584.58	608.19	571.45	655.38	519.64	543.25	506.50	2,238,873	205,078,606

Table 3-7
City of Burlington
2020 and Forecast 2031 Annual Non-Tax Operating Revenues by Service – Downtown Growth

Revenues	2020 Annual Non-Tax Revenues	Existing Revenues				Incremental Annual Revenues				Incremental Annual Non-Tax Revenues 2020-2031	2031 Annual Non-Tax Revenues
		Per Capita	Per Employee			Per Capita	Per Employee				
			Average	Retail	Non-retail		Average	Retail	Non-retail		
City Services											
A City that Grows	9,047,000	18.17	48.99	48.99	48.99	18.17	48.99	48.99	48.99	92,724	9,139,724
A City that Moves	18,467,000	45.83	45.83	48.87	44.14	56.26	56.26	59.30	54.57	202,590	18,669,590
A Healthy and Greener City	16,012,000	73.61	8.89	8.89	8.89	73.28	8.89	8.89	8.89	206,528	16,218,528
An Engaging City	19,977,000	26.54	3.26	3.26	3.26	20.67	2.54	2.54	2.54	58,279	20,035,279
A Safe City	3,838,000	11.20	11.20	11.20	11.20	11.20	11.20	11.20	11.20	40,291	3,878,291
Good Governance	909,000	2.52	2.52	2.52	2.52	0.86	0.86	0.86	0.86	3,080	912,080
Enabling Services	5,637,000	2.98	2.98	2.98	2.98	2.98	2.98	2.98	2.98	10,712	5,647,712
Corporate Revenues											
	12,627,496	47.00	47.00	47.00	47.00	7.91	7.91	7.91	7.91	28,454	12,655,950
TOTAL	86,514,496	227.84	170.67	173.71	168.98	191.32	139.63	142.67	137.94	642,657	87,157,153



3.4 Capital-Related Expenditures

Section 3.3 quantifies the incremental net operating expenditures for new development within Downtown Burlington over the forecast period, based on anticipated service demands and current service levels. The incremental operating expenditures do not provide for annual capital-related expenditures, which form part of the annual net levy to provide funding for on-going rehabilitation and replacement of existing assets (and to fund ineligible growth-related capital expenditures). This section summarizes how these expenditures have been quantified and considered in the FIA analysis.

3.4.1 Existing Capital Infrastructure

The City has completed an Asset Management Plan (A.M.P.), which is comprehensive document outlining the management of the City's infrastructure and appropriate levels of ongoing capital funding for asset lifecycle requirements. Information regarding asset inventory replacement costs, estimated useful life, and annual funding levels are obtained from the City's A.M.P. The City's tangible capital asset inventory, inflated to 2020 dollars, totals approximately \$3.4 billion, and a breakdown of this inventory by asset type is provided in Table 3-8.

The City's A.M.P. defines the full-cost annual lifecycle needs to sustain its existing inventory of assets at the current levels of service. This annual lifecycle need totals approximately \$77.5 million (2020\$). By comparison, capital-related funding within the City's 2020 budget totals of approximately \$40.1 million. Similar to other municipalities transitioning to address long-term lifecycle requirements, an increase of \$37.4 million in annual capital-related funding would be required to achieve full lifecycle costing. The City recognizes as the asset management program is refined, improvements will be made to asset management practices and better information will become available regarding its infrastructure and needs. The level of capital funding will periodically be assessed to address long-term lifecycle needs.

In the context of the FIA, these costs have been updated and reflected in the development type fiscal analysis contained in Chapter 4. The purpose of their inclusion is to illustrate the impact of the City moving from existing funding levels to full lifecycle funding levels, with and without development, to measure the extent that the incremental development in Downtown Burlington may service to influence future property tax rates.



Table 3-8
City of Burlington
Asset Inventory by Asset Class – 2020\$

Asset Category	Asset Management Plan Replacement Value (2020\$)
Roadways	2,310,349,127
Stormwater Management	76,394,795
Facilities	628,494,102
Parks	229,856,465
Information Technology	51,330,999
Fleet	81,013,217
Total	3,377,438,704
Annual Lifecycle Contribution	77,453,226
Proportion of asset replacement value	2.3%

3.4.2 Growth-Related Infrastructure

In the context of a fiscal impact analysis, incremental development-related capital expenditures are considered to be largely a null factor, generally falling outside of the analysis, as the City has the ability to recover most growth-related capital costs through development charges, parkland acquisition, community benefits, or other mechanisms. However, it is recognized that development charges potentially fail to recover some capital costs, such as service standard increases. It also needs to be recognized that the emplacement of new infrastructure, even if funded fully by development charges, results in on-going capital asset lifecycle costs (i.e. subsequent rehabilitation and replacement of infrastructure over its useful life).

This FIA seeks to measure the impacts on both the initial growth-related funding source (i.e. development charges and cash-in-lieu of parkland), this is contained in subsection 3.4.2.1., as well as the longer-term lifecycle costs of development. Regarding the latter, the annual lifecycle needs were calculated for the incremental development based on the D.C. capital funding within the 2019 D.C.B.S. and the incremental¹ capital required

¹ Incremental needs determined in consultation of the 2019 D.C.B.S. and discussions with City staff.



in the technical reports identified in the SGL Report. Similar to the existing asset base, growth-related annual lifecycle costs were calculated on a sinking-fund basis.

The following table summarizes the additional incremental capital costs identified in the various technical reports that are not included in the 2019 D.C.B.S. Capital cost estimates were provided by City staff based on benchmark cost estimates. In total approximately \$37.5 million in incremental capital needs have been identified for the Downtown Burlington area.

Table 3-9
City of Burlington
Incremental Growth-Related Capital – 2020\$

Technical Report/Capital Needs	Estimated Capital Cost
<u>SGL “Taking a Closer Look at the Downtown: Final Report”</u>	
<u>New public urban park (Mid Brant Precinct)</u>	
Parkland (0.74 acres)	\$7,400,000
Parkland Development (0.74 acres)	\$2,072,000
<u>New public urban park (Upper Brant Precinct)</u>	
Parkland (1.00 acres)	\$10,000,000
Parkland Development (1.00 acres)	\$2,800,000
Linkages between the waterfront trail and north-south green connector streets and off-street trails (Lakeshore Precinct)	Design improvements to existing public streets, will vary considerably
<u>Open space and 600m walking trail along the west side of Rambo Creek (Mid Brant Precinct)</u>	
Parkland (1.11 acres)	\$11,119,725
Trail Development (600 metres)	\$461,469
<u>Transportation connection extending north from John Street to Victoria Avenue</u>	
John Street from Caroline Street to Plaza	\$378,000
John Street from Plaza to Victoria Avenue	\$440,000



Technical Report/Capital Needs	Estimated Capital Cost
<u>CIMA+ “Downtown Burlington Micro-Level Traffic Operations”</u>	
<u>Geometric improvements</u>	
Maple Avenue at Lakeshore Road/North Shore Boulevard (WB approach)	\$51,600
<u>Active Transportation Improvements</u>	
i. Elgin Street Local Street Bikeway	\$38,900
ii. Caroline Street Local Street Bikeway	\$74,550
iii. Martha Street Local Street Bikeway	\$28,100
iv. Brant Street Protected Bikeway	\$543,200
v. North Shore Blvd E. Protected Bikeway	\$207,760
vi. Maple Avenue Protected Bikeway	\$132,840
vii. Lakeshore Road Painted Buffered Bike Lane	\$132,840
viii. Lakeshore Road Painted Buffered Bike	\$93,780
ix. Locust Street Local Street Bikeway	\$43,800
x. Elgin Street Multi-use Trail	\$131,600
xi. Brant Street Painted Buffered Bike Lane	\$66,060
xii. Brock Avenue Local Street Bikeway	\$10,750
xiii. Elizabeth Street Local Street Bikeway	\$27,850
<u>Wood “Flood Hazard and Scoped Stormwater Management Assessment”</u>	
<p><u>Burlington GO Mobility Hub</u></p> <p>Hydraulic structure (culvert) upgrades along Lower Rambo Creek:</p> <p>For West Rambo Creek, consider upsizing to: a) Driveway culvert in front of 2021 Plains Road; b) Private road culvert at 2021 Plains Road; c) Private culvert at 2078 Queensway Drive; and d) Main CNR</p> <p>For East Rambo Creek, consider upsizing to Main CNR</p>	<p>No capital estimates provided.</p> <p>Recommended culvert upgrades do not qualify for DC funding. The City requires downtown developments to implement Stormwater Management, controlling post-</p>



Technical Report/Capital Needs	Estimated Capital Cost
<p><u>Downtown Mobility Hub</u></p> <p>Hydraulic structure (culvert) upgrades:</p> <p style="padding-left: 40px;">Enclosure downstream of Blairholm Avenue</p> <hr/> <p style="padding-left: 40px;">Victoria Avenue</p> <hr/> <p style="padding-left: 40px;">Martha Street</p> <hr/> <p style="padding-left: 40px;">Waterfront Trail</p> <hr/> <p style="padding-left: 40px;">Lakeshore Road</p> <hr/> <p>Capacity upgrades for deficient storm sewers (surcharging or flooding for the 5-year storm event)</p>	<p>development peak flows to predevelopment levels (i.e. no increase in peak flow because of development). Improvements are required as a result of changes in design standards not development.</p>
<p><u>Notes:</u></p> <ul style="list-style-type: none"> • City currently owns approx. 0.7 ha of land beside the creek in the Mid Brant Precinct being used for public parking. Opportunities may exist for parkland requirements may be mitigated in this area with potential land swap with landowners. • Properties greater than 0.4 ha. in Upper Brant Precinct to include a Park Concept Plan for a publicly owned urban square or Privately Owned Publicly Accessible Open Space (remains in private ownership) at the discretion of the City. If more lands are delivered as POPs this may have the effect of mitigating the overall costs of parkland. • Lakeshore Precinct linkages cost estimates to be identified in future with completion of new guidelines/standards to better identify Green Connector Streets implementation. • New multi-purpose trail to run along the west side of Rambo Creek north of Caroline Street. Approximately 330m between Caroline St and Victoria Ave. Approximately 270m of trail north of Victoria connecting Victoria, Brant, and Courtland. • Funding for John Street extension may be a combination of local service and development charges to be considered further. The southerly portion (existing City-owned John Street extension north of Caroline Street) will be a public local street that will serve multiple adjacent development sites and approximate the existing alignment. The northerly portion alignment, ownership, and design are to be determined through block planning exercise. 	



Table 3-10 summarizes the incremental capital-related expenditures for existing and growth-related capital needs (including 2019 D.C.B.S. and incremental growth-related capital from the technical reports) and associated annual lifecycle costs. In total, the annual lifecycle costs associated with growth-related infrastructure emplaced over the 2020-2031 forecast period is \$3.9 million.

Table 3-10
City of Burlington
Asset Inventory and Incremental Capital by Asset Class – 2020\$

Asset Category	Asset Management Plan Replacement Value (2020\$)	Incremental (D.C.) Capital (2020\$)
Roadways	2,310,349,127	121,218,653
Stormwater Management	76,394,795	13,493,300
Facilities	628,494,102	645,138
Parks	229,856,465	12,380,629
Information Technology	51,330,999	n/a ¹
Fleet	81,013,217	7,276,378
Total	3,377,438,704	155,014,098
Annual Lifecycle Contribution	77,453,226	3,939,432
Proportion of asset replacement value	2.3%	2.5%

¹ I.T. Infrastructure is not a D.C.-eligible cost and therefore would not be captured in the City's D.C. Study. As such, there could be incremental I.T. costs that are not captured within this analysis.

3.4.2.1 Development Charge Impacts

Development charges are a mechanism for municipalities to recover the costs of growth-related capital costs for development to pay for the increase in services. City Council passed D.C. By-law 29-2019 on May 27, 2019 under the D.C.A. The charges came into effect of June 1, 2019. The schedule of charges, indexed to July, 2020 are summarized in Table 3-11.

Since the passage of the D.C. By-law, the COVID-19 Economic Recovery Act has received Royal Assent by the Ontario Legislature. Schedule 3 of the Act contains amendments to the D.C.A., that once fully proclaimed, will have impacts on the City's



D.C. By-law. The City will have 2 years after the date of proclamation to transition the current D.C. By-law to the new rules. The following summarizes the amendments and the implications for the City:

- Eligible services – the amendments reframe the context of the D.C.A from a tool to fund services that are not defined as ‘ineligible’, to only include ‘eligible’ services for which D.C. may be imposed. The services included in the City’s D.C. By-law will remain eligible for funding under the amended D.C.A.
- A Community Benefits Charge (C.B.C.) may be imposed with respect to the services listed above, provided that the capital costs that are intended to be funded by the community benefits charge are not capital costs that are intended to be funded under a D.C. by-law. These provisions would allow the City to maintain its ability to recovery costs, such as parkland development, under a C.B.C. if not already included for funding under a D.C.
- Amendments remove categorization of ‘soft services’, removing the statutory 10% deduction and limitation of 10-year forecast period. The removal of the 10% statutory deduction from the City’s existing D.C. By-law would increase the amount of growth-related capital funding by approximately \$950,000.
- Classes of services may be established for purposes of the by-law and reserve funds

Table 3-11
City of Burlington
Schedule of Development Charges

Service	RESIDENTIAL						NON-RESIDENTIAL (per m ² of GFA)	
	Single and Semi-Detached Dwelling	Apartment s - 2 or more Bedrooms	Apartment s - Bachelor or 1 Bedroom	Multiples - 3 or more Bedrooms	Multiples - 1 or 2 Bedrooms	Special Care/Special Need	Retail	Non-Retail
Transportation	\$ 8,633	\$ 4,391	\$ 3,235	\$ 6,215	\$ 4,920	\$ 2,776	\$ 135.59	\$ 69.18
Storm Drainage	\$ 1,550	\$ 788	\$ 581	\$ 1,117	\$ 884	\$ 499	\$ 5.83	\$ 5.83
Fire	\$ 168	\$ 85	\$ 63	\$ 121	\$ 96	\$ 54	\$ 1.71	\$ 1.71
Transit	\$ 179	\$ 92	\$ 67	\$ 129	\$ 102	\$ 58	\$ 1.83	\$ 1.83
Parks & Recreation	\$ 2,092	\$ 1,064	\$ 784	\$ 1,506	\$ 1,193	\$ 673	\$ 1.00	\$ 1.00
Library	\$ 156	\$ 79	\$ 59	\$ 112	\$ 89	\$ 50	\$ 0.07	\$ 0.07
Studies	\$ 14	\$ 7	\$ 5	\$ 10	\$ 8	\$ 5	\$ 0.14	\$ 0.14
TOTAL	\$ 12,792	\$ 6,507	\$ 4,794	\$ 9,210	\$ 7,292	\$ 4,114	146.18	79.77



In addition to the modeling the changes for the *COVID-19 Economic Recovery Act* amendments. The incremental capital costs were incorporated into the current D.C. By-law to measure the impacts. The incremental growth-related capital costs summarized in Table 3-9, were considered in respect of current funding practices within the 2019 D.C.B.S. (i.e. benefit to existing deductions, post-period benefit, etc.) for the purpose of the calculations. Of the \$37.5 million in incremental capital costs, approximately \$9.0 million is eligible for consideration within the D.C. (the remainder is for parkland, which is an ineligible service under the D.C.A.). Approximately \$6.9 million would be eligible for future D.C. funding under current practices. The remaining \$2.1 million, reflecting benefit to existing deductions, would be funded from a non-D.C. source.

Table 3-12 summarizes the recalculated D.C.s with the above noted funding. In total the D.C.s for high-density residential units would increase by approximately \$710-\$960 per unit, based on number of bedrooms within the dwelling unit, for and increase of approximately 13% in the total D.C. payable. For non-residential retail development, the charge would increase by \$6.10 per square metre (sq.mt.) or 4%. Non-residential office development, and other forms of non-retail development, would increase by \$3.49 per sq.mt., or 4%.

Table 3-12
City of Burlington
Impact on the City's Schedule of Development Charges

Service	RESIDENTIAL						NON-RESIDENTIAL (per m ² of GFA)	
	Single and Semi-Detached Dwelling	Apartment s - 2 or more Bedrooms	Apartment s - Bachelor or 1 Bedroom	Multiples - 3 or more Bedrooms	Multiples - 1 or 2 Bedrooms	Special Care/Special Need	Retail	Non-Retail
Transportation	\$ 8,971	\$ 4,563	\$ 3,362	\$ 6,458	\$ 5,113	\$ 2,884	\$ 140.90	\$ 71.88
Storm Drainage	\$ 1,550	\$ 788	\$ 581	\$ 1,117	\$ 884	\$ 499	\$ 5.83	\$ 5.83
Fire	\$ 168	\$ 85	\$ 63	\$ 121	\$ 96	\$ 54	\$ 1.71	\$ 1.71
Transit	\$ 179	\$ 92	\$ 67	\$ 129	\$ 102	\$ 58	\$ 1.83	\$ 1.83
Parks & Recreation	\$ 3,615	\$ 1,838	\$ 1,354	\$ 2,604	\$ 2,061	\$ 1,163	\$ 1.74	\$ 1.74
Library	\$ 175	\$ 89	\$ 66	\$ 126	\$ 100	\$ 57	\$ 0.08	\$ 0.08
Studies	\$ 19	\$ 9	\$ 7	\$ 13	\$ 10	\$ 6	\$ 0.19	\$ 0.19
TOTAL	\$ 14,677	\$ 7,464	\$ 5,500	\$ 10,567	\$ 8,366	\$ 4,720	\$ 152.28	\$ 83.26



3.4.2.2 Parkland Dedication Impacts

Initial provisions under the *More Homes, More Choice Act*, sought to replace municipalities abilities to use cash-in-lieu of parkland provisions under the *Planning Act*, and replace these funding provisions with a C.B.C. Under the provisions of the *COVID-19 Economic Recovery Act*, these changes will no longer occur and existing parkland dedication provisions under the *Planning Act* are maintained.

However, within the Schedule 12 amendments to the *Planning Act* under the *COVID-19 Economic Recovery Act*, s.42 of the Act is amended with respect to the alternative parkland rate that can be imposed by by-law. The amendments require certain procedural matters to followed by municipalities passing a by-law with respect to the alternative parkland rate, as well as establishing a process for appealing the by-law to the Local Planning Appeal Tribunal (LPAT).

As provided in Table 3-9, approximately \$28.5 million in incremental capital costs pertain to additional land (2.85 acres) requirements for the two urban parks and multi-purpose trail projects. It should be noted that City currently owns approximately 1.73 acres (0.7 ha) of land beside the creek in the Mid Brant Precinct, which is currently being used for public parking. Also, properties greater than 0.4 ha. in the Upper Brant Precinct are required to include a Park Concept Plan for a publicly owned urban square or Privately Owned Publicly Accessible Open Space. Opportunities may exist to minimize the costs for parkland requirements through potential a land swap with landowners, or as Publicly Accessible Open Space is delivered.

Table 3-13 summarizes the total costs of parkland acquisition and the anticipated recovery under the City's current cash-in-lieu of parkland policy. The City's current policy imposed a charge of \$5,500 per high-density residential dwelling unit and 2% of non-residential land value¹. For development within Downtown Burlington to 2031, approximately \$12 million in cash-in-lieu revenues would be received. This accounts for 42% of the total parkland requirements. Over the Downtown Burlington buildout forecast period, \$34.9 million would be recovered, satisfying the additional land requirements if achieved.

¹ For the purposes of determining non-residential land value, the anticipated GFA forecast in Table 3-2 and lot coverage of 60% was assumed to determine land area.



Table 3-13
City of Burlington
Impact on the City's Cash-In-Lieu of Parkland within Downtown Burlington

	Acres	Land Cost Per Acre	Total Land Cost
Additional Parkland Acquisition			
New public urban park (Mid Brant Precinct)	0.74	\$ 10,000,000	\$ 7,400,000
New public urban park (Upper Brant Precinct)	1.00	\$ 10,000,000	\$ 10,000,000
New multi-purpose trail to run along the west side of Rambo Creek north of Caroline Street	1.11	\$ 10,000,000	\$ 11,119,725
Total Parkland Costs			\$ 28,519,725
Parkland Dedication			
Cash-in Lieu of Parkland (2020-2031)			
\$5,500 per unit cap	1,720	\$ 5,500	\$ 9,460,000
2% non-residential	12.59	\$ 125,900,000	\$ 2,518,000
2020-2031 Total CIL of Parkland			\$ 11,978,000
Cash-in Lieu of Parkland (2020-Buildout)			
\$5,500 per unit cap	5,125	\$ 5,500	\$ 28,187,500
2% non-residential	33.42	\$ 334,200,000	\$ 6,684,000
2020-2031 Total CIL of Parkland			\$ 34,871,500

3.4.2.3 Community Benefits Impacts

The City has established practices of community benefit agreements under s.37 of the *Planning Act*. Schedule 12 amendments to the *Planning Act* under the *COVID-19 Economic Recovery Act*, replace the current community benefit provisions (i.e. s.37 and s.37.1). The re-enacted s.37 permits the council of a local municipality to impose a C.B.C. against land to pay for the capital costs of facilities, services and matters required because of development or redevelopment in the area to which the by-law applies. One of the limitations under the amended section is that a C.B.C. may not be imposed with respect to development or redevelopment of fewer than 10 residential units or in respect of buildings or structures with fewer than five storeys. Moreover, to adopt a C.B.C. by-law the municipality must undertake a C.B.C. Strategy, similar to a D.C. Background Study, follow the public procedure and the by-law is appealable to LPAT. Also, regulations will specify a maximum charge that can be imposed relative to value of land at the time of building permit issuance (draft regulations establish this rate at 10% for lower-tier municipalities).



In the context of the Downtown Burlington. The density restriction for the charge would not appear to be a limiting factor as the proposed development within Downtown Burlington would be in excess of this threshold. Also, in reference to the capital costs included within the City's current s.37 agreements, the majority would still appear to be eligible under a C.B.C. Capital costs eligible for inclusion in a C.B.C. may include costs for D.C. eligible services (e.g. parkland development) and for parkland acquisition, as long as they are not intended to fund the same capital costs. It should be noted however, that a C.B.C. may be restricted to capital costs of the municipality, and as such could preclude provisions such as requiring reduced purchase prices for housing, etc.



Chapter 4

Fiscal Impacts by Downtown Burlington Development Types



4. Fiscal Impacts by Downtown Burlington Development Types

4.1 Introduction

The following sub-sections summarize the net levy fiscal impacts on a per residential dwelling unit basis for residential development, and on a per employee basis for non-residential development. The development types provided herein relate to those contained in the growth forecast for Downtown Burlington. The development type analysis measures the fiscal impact over the forecast period, considering current state (i.e. 2020), current state with full cost lifecycle funding levels, incremental development during 2020-2031, and at 2031 with full cost lifecycle funding.

The individual development impact assessments are based on average market assessment data, as discussed in section 3.2. Estimated taxes payable per capita and per employee were calculated based on the sampled properties' actual 2020 taxes payable and known dwelling units and G.F.A. These revenues are compared with the annual net expenditure estimates per capita and per employee, for both operating and capital-related expenditures, applied to the underlying occupancy by development type to arrive at the annual service expenditure demands. Comparing the annual tax revenues with the net expenditure service demands provides a measure of the specific development type's impacts on the City's net levy (i.e. are these developments providing sufficient tax revenues to address their demands for service).

4.2 High Density – High-Rise Apartment Dwelling Units

Table 4-1 summarizes the impacts for high-rise apartment residential dwelling units. In 2020, average high-rise apartment dwelling units generated a net surplus of approximately \$74 annually per unit. At the full lifecycle funding levels, this unit would produce a net annual deficit of \$159 per unit. High-rise apartment units constructed over the forecast period can be expected to generate net annual deficits of \$108 annually per unit, indicating that the marginal increase in net expenditures generated by this type of unit is greater than the increase in assessment and consequent additional tax revenues. By 2031, the average dwelling unit of this type is projected to produce an annual operating deficit of \$155.



Table 4-1
City of Burlington
Fiscal Impact Summary for High Density – High-Rise Apartment Residential Dwelling
Units (2020\$ per dwelling unit)

	Current (2020)	Current (2020) at Full Lifecycle Level of Funding	2020-2031 Growth	At 2031 (Full Lifecycle Level of Funding)
Operating				
Expenditures	\$ 1,216	\$ 1,216	\$ 1,033	\$ 1,209
Revenues	\$ (359)	\$ (359)	\$ (302)	\$ (357)
Net Operating	\$ 856	\$ 856	\$ 731	\$ 852
Capital				
Asset Lifecycle Funding	\$ 235	\$ 468		\$ 444
Additional (DC) Capital			\$ 543	\$ 24
Total Capital	\$ 235	\$ 468	\$ 543	\$ 469
Operating & Capital	\$ 1,092	\$ 1,325	\$ 1,274	\$ 1,321
Property Tax Revenue	\$ (1,166)	\$ (1,166)	\$ (1,166)	\$ (1,166)
Net Deficit/(Surplus)	\$ (74)	\$ 159	\$ 108	\$ 155

4.3 High Density – High-Rise Condominium Dwelling Units

Table 4-2 summarizes the impacts for high-rise condominium residential dwelling units. By comparison with high-rise apartment dwelling units, both units exhibit the same occupancy levels (i.e. 1.6 persons per unit) and thus the same service demands. In 2020, average high-rise condominium dwellings unit generated a net surplus of approximately \$414 annually per unit. At the full lifecycle funding levels, this unit would produce a net annual surplus of \$181 per unit. High-rise condominium units constructed over the forecast period can be expected to generate net annual surplus tax revenues of \$232 annually per unit, indicating that the marginal increase in net expenditures generated by this type of unit is more than made up for by the increase in assessment and consequently tax revenues. By 2031, the average dwelling unit of this type is projected to produce annual surplus tax revenues of \$185.



Table 4-2
City of Burlington
Fiscal Impact Summary for High Density – High-Rise Condominium Residential
Dwelling Units (2020\$ per dwelling unit)

	Current (2020)	Current (2020) at Full Lifecycle Level of Funding	2020-2031 Growth	At 2031 (Full Lifecycle Level of Funding)
Operating				
Expenditures	\$ 1,216	\$ 1,216	\$ 1,033	\$ 1,209
Revenues	\$ (359)	\$ (359)	\$ (302)	\$ (357)
Net Operating	\$ 856	\$ 856	\$ 731	\$ 852
Capital				
Asset Lifecycle Funding	\$ 235	\$ 468		\$ 444
Additional (DC) Capital			\$ 543	\$ 24
Total Capital	\$ 235	\$ 468	\$ 543	\$ 469
Operating & Capital	\$ 1,092	\$ 1,325	\$ 1,274	\$ 1,321
Property Tax Revenue	\$ (1,506)	\$ (1,506)	\$ (1,506)	\$ (1,506)
Net Deficit/(Surplus)	\$ (414)	\$ (181)	\$ (232)	\$ (185)

4.4 Non-Residential – Commercial Office Developments

The net impacts of non-residential developments are presented on a per employee basis. Table 4-3 summarizes the per employee impacts for non-residential commercial developments. In 2020, commercial office developments generated net deficits of approximately \$259 per employee annually. At the full lifecycle funding levels, this net annual deficit would increase to \$349 per employee. For commercial office developments constructed over the forecast period 2020-2031, it is anticipated that they would generate net annual deficits of \$244 per employee, indicating that the marginal increase in net expenditures generated by this type of development would not be recovered through the incremental assessment and tax revenues generated. By 2031, commercial office developments are projected to produce an annual operating deficit of \$344 per employee.



Table 4-3
City of Burlington
Fiscal Impact Summary for Non-Residential – Commercial Office
Developments in Zone 1 (2020\$ per dwelling unit)

	Current (2020)	Current (2020) at Full Lifecycle Level of Funding	2020-2031 Growth	At 2031 (Full Lifecycle Level of Funding)
Operating				
Expenditures	\$ 571	\$ 571	\$ 507	\$ 566
Revenues	\$ (169)	\$ (169)	\$ (138)	\$ (166)
Net Operating	\$ 402	\$ 402	\$ 369	\$ 399
Capital				
Asset Lifecycle Funding	\$ 149	\$ 239		\$ 225
Additional (DC) Capital			\$ 167	\$ 11
Total Capital	\$ 149	\$ 239	\$ 167	\$ 237
Operating & Capital	\$ 552	\$ 641	\$ 536	\$ 636
Property Tax Revenue	\$ (292)	\$ (292)	\$ (292)	\$ (292)
Net Deficit/(Surplus)	\$ 259	\$ 349	\$ 244	\$ 344

4.5 Non-Residential – Institutional Office Developments

The net impacts of institutional development, presented on a per employee basis, are provided in Table 4-4. Compared to other types of non-residential development, institutional office developments consistently produce higher annual deficits due to the limited taxable assessment generated. It should be noted that in some cases payments in lieu of taxes are provided for these types of properties, however incremental increases in payments in lieu of taxes have not been assumed within this analysis. On this basis, in 2020, institutional office developments generate annual net deficits of approximately \$442 per employee, as compared with taxable commercial office developments with annual deficits of \$259 per employee. At the full lifecycle level of capital funding, existing institutional office developments would generate annual net deficits of \$532 per employee. New institutional office development constructed over the forecast period can be expected to generate annual net deficits of \$427 per employee. By 2031, institutional office development is projected to produce an annual operating deficit of \$527 per employee, with full lifecycle funding.



Table 4-4
City of Burlington
Fiscal Impact Summary for Non-Residential – Institutional Office
Developments (2020\$ per dwelling unit)

	Current (2020)	Current (2020) at Full Lifecycle Level of Funding	2020-2031 Growth	At 2031 (Full Lifecycle Level of Funding)
Operating				
Expenditures	\$ 571	\$ 571	\$ 507	\$ 566
Revenues	\$ (169)	\$ (169)	\$ (138)	\$ (166)
Net Operating	\$ 402	\$ 402	\$ 369	\$ 399
Capital				
Asset Lifecycle Funding	\$ 149	\$ 239		\$ 225
Additional (DC) Capital			\$ 167	\$ 11
Total Capital	\$ 149	\$ 239	\$ 167	\$ 237
Operating & Capital	\$ 552	\$ 641	\$ 536	\$ 636
Property Tax Revenue	\$ (109)	\$ (109)	\$ (109)	\$ (109)
Net Deficit/(Surplus)	\$ 442	\$ 532	\$ 427	\$ 527

4.6 Non-Residential - Commercial/Retail Street-Oriented Developments

The net impacts for commercial/retail street-oriented developments are provided in Table 4-5. In 2020, commercial/retail street-oriented developments generated annual net surpluses of approximately \$61 per employee. At the full lifecycle level of capital funding, existing commercial/retail street-oriented developments would generate annual net deficits of \$110 per employee, suggesting higher tax rates for full cost recovery. New commercial/retail street-oriented developments constructed over the forecast period can be expected to generate annual net tax revenues of \$5 per employee. By 2031, these developments are projected to produce annual operating deficits of \$100 per employee, with full lifecycle funding.



Table 4-5
 City of Burlington
 Fiscal Impact Summary for Non-Residential – Commercial/Retail
 Street Oriented Developments in Zone 1 (2020\$ per dwelling unit)

	Current (2020)	Current (2020) at Full Lifecycle Level of Funding	2020-2031 Growth	At 2031 (Full Lifecycle Level of Funding)
Operating				
Expenditures	\$ 608	\$ 608	\$ 543	\$ 602
Revenues	\$ (174)	\$ (174)	\$ (143)	\$ (171)
Net Operating	\$ 434	\$ 434	\$ 401	\$ 431
Capital				
Asset Lifecycle Funding	\$ 149	\$ 320		\$ 302
Additional (DC) Capital			\$ 239	\$ 11
Total Capital	\$ 149	\$ 320	\$ 239	\$ 313
Operating & Capital	\$ 584	\$ 755	\$ 640	\$ 745
Property Tax Revenue	\$ (645)	\$ (645)	\$ (645)	\$ (645)
Net Deficit/(Surplus)	\$ (61)	\$ 110	\$ (5)	\$ 100



Chapter 5

Downtown Burlington Fiscal Impact of Development



5. Downtown Burlington Fiscal Impact of Development

The fiscal impacts of development for Downtown Burlington are calculated by applying the development type impacts provided in Chapter 4 to the anticipated development in the area to 2031. The forecast development in Downtown Burlington to 2031 is summarized in Tables 3-1 and 3-2. As noted in the growth forecast section of this report, high-density residential development is estimated at 75% condominium ownership and 25% rental apartment. This is consistent with the assumptions of the 2016 FIS and has been reviewed with City staff.

The fiscal impacts for development in Downtown Burlington to 2031 indicate a net modest net surplus of approximately \$82,000 in aggregate, suggesting sufficient funding for development at current tax rates to meet with the increase in need for services. These results are generally as a result of the surplus property taxation revenues being provided by condominium developments to off-set the deficits produced by rental apartment and office development. Street-oriented retail development is generally at a break-even position.

As noted throughout the report, these fiscal impacts may be influenced by office density forecast assumptions, capital needs arising from longer-term changes in operations post-COVID-19, amendments to the City's D.C. By-law to incorporate the incremental capital costs, and securing parkland acquisition costs through the full buildout of the Downtown Burlington or use of C.B.C.

Table 4-5
City of Burlington
Fiscal Impact Summary for Downtown Burlington

Development Type	Dwelling Unit/ Empl. Split	2020-2031 Incremental Dwelling Unit/ Empl.	Net Deficit/ (Surplus) per Dwelling Unit/ Empl.	Total Annual Deficit/ (Surplus)
Residential				
Apartments	25%	430	108	46,525
Condos	75%	1,290	(232)	(298,839)
Non-Residential				
<u>Office</u>				
Commercial		301	244	73,382
Institutional		231	427	98,570
<u>Retail</u>				
Street Oriented	100%	323	(5)	(1,614)
Total				(81,976)