



District of Lantzville: Village South Special Area Plan

Economic Impact Assessment

District of Lantzville: Village South Special Area Plan

Economic Impact Assessment

Lantzville, British Columbia

Prepared for:

Kyle Young, MCIP, RPP
Direct of Planning & Community Services
District of Lantzville

Date:

November 2021

Prepared by:

Urbanics Consultants Ltd.
#1207 – 409 Granville Street
Vancouver, BC, Canada V6C 1T2

Table of Contents

Tables	3
Figures.....	3
Executive Summary.....	4
Development Program Summary	6
GDP Impacts.....	12
Employment Impacts.....	14
Development Cost Charges.....	17
Tax Revenue Impacts.....	19
Community Amenity Contribution Evaluation	23
Conclusion	27

Tables

Table 1: Village South Special Area Plan Area Allocation	6
Table 2: Village South Special Area Plan Maximum Densities.....	8
Table 3: Gross Residential Floor Area.....	9
Table 4: Gross Floor Area (Area C)	10
Table 5: Estimated Construction Costs.....	11
Table 6: Residential & Non-Residential Construction GDP Multipliers.....	12
Table 7: Construction GDP Impact	13
Table 8: Residential & Non-Residential Construction Employment Multipliers	14
Table 9: Construction Employment Impact.....	15
Table 10: Ongoing Employment Multipliers.....	16
Table 11: Ongoing Employment Impact.....	16
Table 12: Estimated Development Cost Charges.....	18
Table 13: Municipal, Library, Regional, & Hospital Tax Revenues.....	20
Table 14: CACs Generated Under Existing City of Nanaimo CAC Rates.....	23
Table 15: CACs Generated Under Maximum Proposed City of Nanaimo CAC Rates.....	24
Table 16: CAC Land Value	25
Table 17: Net Economic Benefit	27

Figures

Figure 1: Village South Special Area Plan Zoning & Phasing Maps.....	7
Figure 2: Vancouver Island Residential Months of Inventory	10
Figure 3: 2018 District of Lantzville Development Cost Charge Rates	17
Figure 4: 2021 District of Lantzville Tax Rates.....	19
Figure 5: District of Lantzville Tax Base.....	21
Figure 6: The City of Nanaimo's Existing and Proposed Future CAC Rates.....	24

Executive Summary

Urbanics Consultants Ltd. was retained by the District of Lantzville to undertake a financial analysis of an Official Community Plan (OCP) and zoning bylaw amendment application within the Village South and Village Primary Commercial Core Special Plan Areas. The primary objectives of this study are to:

- Determine if the development will pay for itself in terms of potential tax revenues weighed against the public costs to be incurred in providing local government services to the development
- Determine the benefits of the development to the community and the appropriateness of any voluntarily offered Community Amenity Contributions (CACs)

Background data for this study was obtained from a variety of public and private sector sources between October 2021 and November 2021. Similar to other studies of this nature, a number of assumptions regarding the state of the economy, the state of future servicing, and the state of utility provisions have been made. These assumptions are made with great care and are based on the most recent and reliable information available. Should any assumptions noted in this study be undermined by the course of future events, we recommend that the study's findings be re-examined.

While specific assumptions may be noted throughout the report, the following general assumptions also apply:

- No unforeseen economic or political events will occur within the study period on a national, provincial, or local level which would significantly alter the outcomes of the study's analyses
- While short-term fluctuations are likely to occur, long-term rates are presumed to prevail over time
- Tax rates and construction costs will remain steady and predictable

The impacts of COVID-19 present one of the greatest uncertainties in terms of development economics. For the purposes of this report, the Consultant has presumed that COVID-19 conditions will continue until the middle of 2022 with long-term normal population, immigration, employment, and economic growth rates resuming from then on.

The study's major findings are as follows:

- An estimated 1,362 construction jobs, 827 indirect jobs, and 463 induced jobs will be created within British Columbia
- An estimated 115 ongoing jobs will be created on-site; an additional 18 indirect and 17 induced ongoing jobs will be created within British Columbia
- Provincial GDP will increase by approximately \$297.2 million
- Approximately \$9.6 million in Development Cost Charges will be paid
- Approximately \$10.7 million in Municipal tax revenues will be generated over a 20-year period
- Approximately \$5.9 million in library, regional, and hospital tax revenues will be generated over a 20-year period
- The development will result in a population increase of approximately 1,538 District residents
- The total net economic benefit to the District of Lantzville (including DCCs, tax revenues, and CACs) is estimated to be between approximately \$36.1 million and \$38.0 million.

Development Cost Charges, tax revenues, and Community Amenity Contributions will more than cover the public costs incurred to service the development. Therefore, it's the opinion of the Consultant that the rezoning and development program outlined in this study will be economically warranted and a significant net benefit to the District of Lantzville.

Development Program Summary

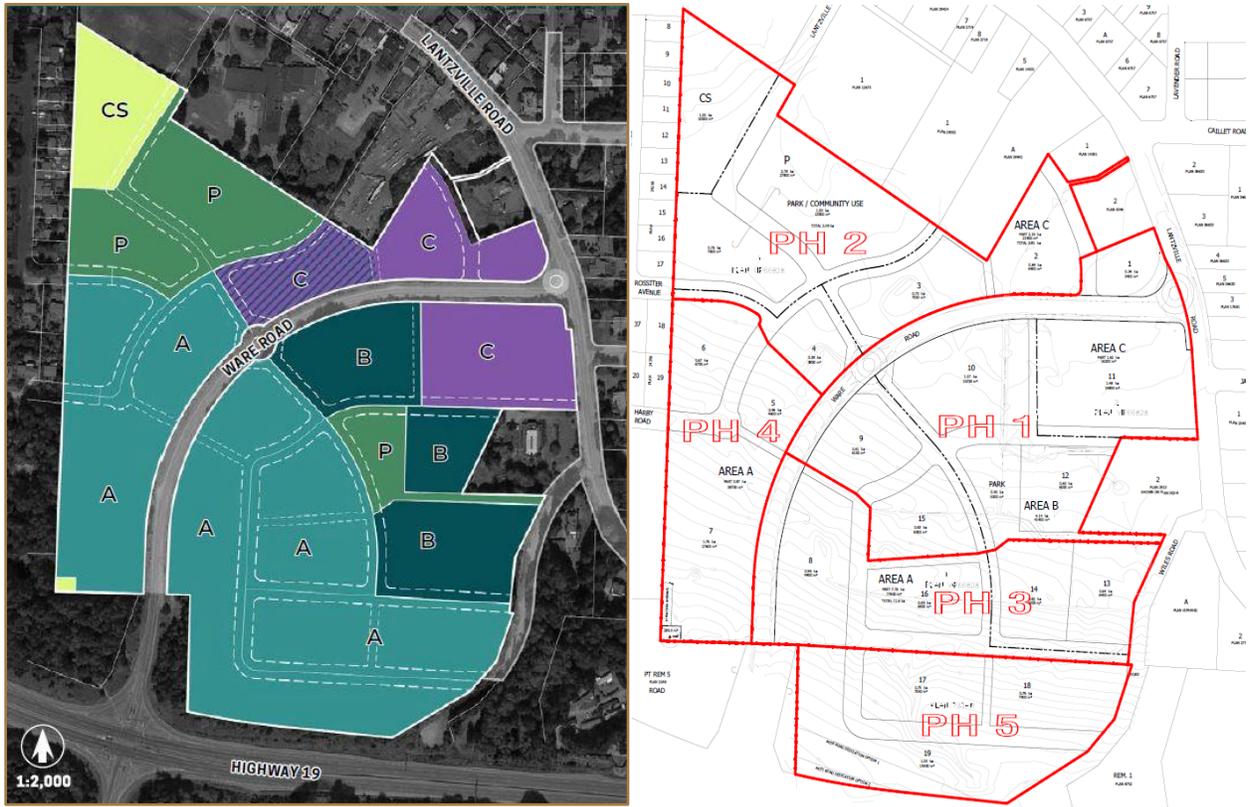
The application proposes to rezone the subject sites from the Future Special Area Plan (F-SAP) zone to a site-specific, mixed-use “Special Area Plan” zone. The new zoning regulations proposed would permit mixed-use and commercial development as well as a wide range of housing types including multi-family housing, cluster housing, seniors housing, townhomes, rowhouses, and single-unit housing. The total gross parcel area (including land area that will be dedicated to roads) is 23.27 hectares which can be further broken down as follows:

Table 1: Village South Special Area Plan Area Allocation

	Area	%
A - Ground-Oriented	9.30 ha	40%
B - Multi-Family	3.02 ha	13%
C - Mixed-Use	3.20 ha	14%
CS - Community Service	1.03 ha	4%
P - Park	2.59 ha	11%
Public Trails & Greenway	0.72 ha	3%
Site Total (excl. roads)	19.80 ha	85%
Roads	3.47 ha	15%
Site Total (incl. roads)	23.27 ha	100%

The primary project sites can be divided into 3 areas: Area A (ground-oriented), Area B (multi-family), and Area C (mixed-use). Additional areas are set aside under the CS (Community Service) and P (Park) zoning designations. The Developer intends to develop the project sites over 5 phases.

Figure 1: Village South Special Area Plan Zoning & Phasing Maps



The following maximum density and floor area ratios (FAR) have been suggested by the District of Lantzville¹:

¹ District of Lantzville Zoning Bylaw No. 180, 2020, Amendment (Village South Special Area Plan Zone) Bylaw No. 284, 2021

Table 2: Village South Special Area Plan Maximum Densities

Area	Maximum Units/Hectare	Maximum FAR
A - Ground-Oriented	25	
B - Apartment, Rowhouse, Townhouse	100	
B - Assisted Living, Community Care		2.0
C - Mixed-Use		2.0

The following additional development program guidance has been provided to the Consultant:

- Area A and Area B will target a cumulative total of 515 residential units
- Area C will target an additional 100 multi-family residential units
- Area C will target a 25,000 square foot supermarket along with an unspecified amount of retail space

In order to arrive at reasonable floor area allocations that follow the above-mentioned guidance as well as adhere to the prescribed maximum density guidelines, the following development program assumptions are made on the part of the Consultant:

- Area A will comprise of 215 single-family residential homes averaging 2,250 square feet per unit; each single-family home will include a 360 square foot garage
- Area B will comprise of 300 townhouse units averaging 1,250 square feet per unit and include 345 underground parking stalls (1.15 parking stalls per unit) averaging 300 square feet (gross) per stall
- Area C will include 100 low-rise apartment units above the street-level retail space averaging 850 square feet (gross) per unit
- Area C will include 15,000 square feet of street-level retail space and 25,000 square feet of supermarket space
- Area C will include 235 street-level parking stalls averaging 300 square feet (gross) per stall (1.15 parking stalls per residential unit and 3 parking stalls per 1000 square feet of retail/supermarket floor area)
- Each phase of development will average 2 years; the build-out period will total 10 years

Under this development program, 483,750 square feet of single-family residential space, 375,000 square feet of townhouse space, and 54,153 square feet of multi-family space would be constructed. The increase of 615 residential units is estimated to result in a population increase of 1,538 people in the District of Lantzville (based on the Lantzville average of 2.5 people per household²).

Table 3: Gross Residential Floor Area

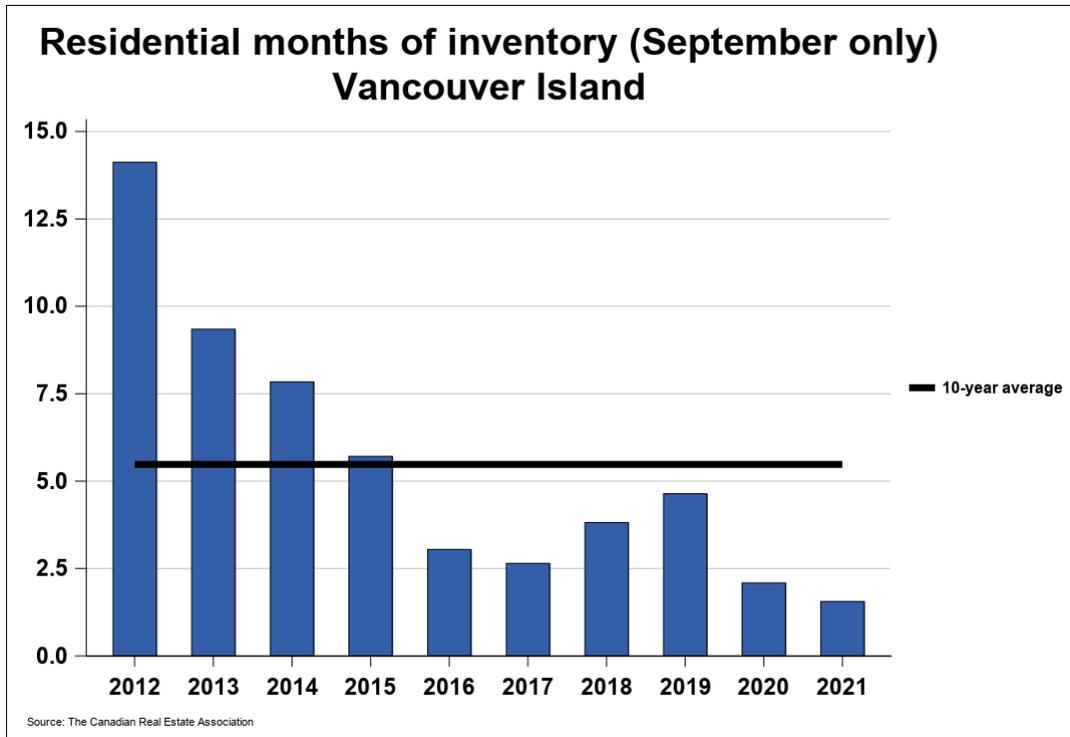
	Area A Single-Family	Area B Townhouse	Area C Multi-Family
Parcel Area	9.30 ha	3.02 ha	2.04 ha
Units / Hectare	23	99	49
Units	215	300	100
Lot Area / Unit	4,656 sq ft	1,084 sq ft	2,194 sq ft
Gross Area / Unit	2,250 sq ft	1,250 sq ft	850 sq ft
FAR	0.5	1.2	0.4
Gross Floor Area	483,750 sq ft	375,000 sq ft	85,000 sq ft
Gross Parking Area	77,400 sq ft	103,500 sq ft	34,500 sq ft

The Regional District of Nanaimo’s 2020 Regional Housing Needs Report estimated that an additional 1,760 single-detached units, 976 ground-oriented units, and 331 apartment units (less than 5 storeys) are required by 2026. Given the low vacancy rate of 1.0% in the Nanaimo Census Subdivision (according to the most recent data provided by CHMC) and historically low residential months of inventory on Vancouver Island³, it’s the view of the Consultant that housing development on the scale proposed would be reasonable and supported by the market.

² Statistics Canada. 2017. Lantzville, DM [Census subdivision], British Columbia and British Columbia [Province] (table). Census Profile. 2016 Census. Statistics Canada Catalogue no. 98-316-X2016001. Ottawa. Released November 29, 2017.

³ Canadian Real Estate Association

Figure 2: Vancouver Island Residential Months of Inventory



Area C is presumed to include 15,000 square feet of street-level retail space and 25,000 square feet of supermarket space.

Table 4: Gross Floor Area (Area C)

	Area C Retail	Area C Supermarket
Parcel Area	2.04 ha	1.16 ha
FAR	0.1	0.2
Gross Floor Area	15,000 sq ft	25,000 sq ft
Gross Parking Area	13,500 sq ft	22,500 sq ft

While it falls outside of the scope of work for this report, it's the view of the Consultant that existing demographic and competitive factors make the economic viability of any

significant retail and supermarket development challenging in the near-term. Retail and supermarket tenants generally require a significantly larger population base than currently exists in the District to be economically viable. There will likely need to be significant population growth to attract retail and commercial tenants. Additionally, they will require very robust market shares as profit margins for these types of businesses are generally very low. This is made challenging given Woodgrove Centre, Vancouver Island’s largest shopping centre featuring 748,000 square feet of retail space⁴, is located within a 5-minute drive of the development sites. According to a June, 2021 Times Colonist article, future commercial and retail development at Woodgrove Centre is being explored. These conditions make any significant retail and supermarket build out uncertain in the near term, especially if a significant population increase is not envisioned.

Assumed residential and non-residential construction cost values are based on the Vancouver private sector price per square foot estimates provided in the 2021 Altus Group Canadian Cost Guide, Nanaimo price per square foot estimates provided by Butterfield Development Consultants, and price per square foot estimates provided by the Developer. Additional soft costs are estimated at 15% of hard construction costs.

Table 5: Estimated Construction Costs

	Single-Family	Townhouse	Multi-Family	Street Plaza		Above Grade	Underground	Surface
				Retail	Supermarket	Garage	Garage	Parking
Floor Area	483,750 sq ft	375,000 sq ft	85,000 sq ft	15,000 sq ft	25,000 sq ft	77,400 sq ft	103,500 sq ft	70,500 sq ft
Assumed \$ / sq foot	\$275	\$275	\$300	\$250	\$250	\$135	\$180	\$25
Hard Costs	\$133,031,250	\$103,125,000	\$25,500,000	\$3,750,000	\$6,250,000	\$10,449,000	\$18,630,000	\$1,762,500
Soft Costs	\$19,954,688	\$15,468,750	\$3,825,000	\$562,500	\$937,500	\$1,567,350	\$2,794,500	\$264,375
Total Costs	\$152,985,938	\$118,593,750	\$29,325,000	\$4,312,500	\$7,187,500	\$12,016,350	\$21,424,500	\$2,026,875

Total residential and non-residential construction costs are estimated at about \$335.3 million and \$12.5 million respectively.

⁴ www.woodgrovecentre.com/aboutwoodgrove

GDP Impacts

The following 3 categories are used to assess GDP impacts from major real estate capital investments:

Direct GDP – GDP increase generated directly from core activities (for example: the increase in GDP resulting from construction)

Indirect GDP – GDP increase generated from supply purchases or upstream activities (for example: the increase in GDP resulting from building material purchases used in construction)

Induced GDP – GDP increase created from the expenditures of direct and indirect employees (for example: the increase in GDP resulting from construction and building material employees spending their income)

Residential and non-residential building construction employment multipliers are derived using the most recent data from Statistics Canada.⁵ These represent the direct, indirect, and induced increases in GDP in the Province of British Columbia created per \$1 in residential and non-residential construction expenditure.

Table 6: Residential & Non-Residential Construction GDP Multipliers

	Residential Building Construction	Non-Residential Building Construction
Direct GDP Multiplier	0.43x	0.47x
Indirect GDP Multiplier	0.24x	0.23x
Induced GDP Multiplier	0.18x	0.22x

Applying these GDP multipliers to estimated construction expenditure results in a total direct (construction-related) GDP increase of approximately \$151.4 million within British Columbia. In addition, indirect and induced provincial GDP increases of approximately \$84.1 million and \$61.7 million are expected. Note that these figures reflect relatively

⁵ Statistics Canada. Table 36-10-0595-01 Input-output multipliers, provincial and territorial, detail level

conservative estimates as they do not take into account GDP increases generated from the development and maintenance of roads, greenspaces, public trails, and Community Service lands.

Table 7: Construction GDP Impact

	Residential Construction	Non-Residential Construction
Total Expenditure	\$335,337,413	\$12,535,000
Direct GDP	\$145,536,437	\$5,878,915
Indirect GDP	\$81,151,654	\$2,933,190
Induced GDP	\$59,019,385	\$2,695,025
Total GDP	\$285,707,475	\$11,507,130

Employment Impacts

The following 3 categories are used to assess employment generation from major real estate capital investments:

Direct Employment – Employment directly required for core activities (for example: the increase in jobs resulting from construction)

Indirect Employment – Employment generated from supply purchases or upstream activities (for example: the increase in jobs resulting from providing building materials used in construction)

Induced Employment – Employment created from the expenditures of direct and indirect employees (for example: the increase in jobs resulting from construction and building material employees spending their income)

Residential and non-residential building construction employment multipliers are derived using the most recent data from Statistics Canada.⁶ These represent the number of direct, indirect, and induced jobs created in the Province of British Columbia per \$1.0 million in residential and non-residential construction expenditure:

Table 8: Residential & Non-Residential Construction Employment Multipliers

	Residential Building Construction	Non-Residential Building Construction
Direct Employment Multiplier	3.90x	4.40x
Indirect Employment Multiplier	2.38x	2.26x
Induced Employment Multiplier	1.32x	1.61x

Applying these multiples to previously derived residential and non-residential construction expenditure results in the creation of 1,362 total direct (construction) jobs. An additional 827 indirect and 463 induced jobs are expected to be created throughout the Province of British Columbia.

⁶ Statistics Canada. Table 36-10-0595-01 Input-output multipliers, provincial and territorial, detail level

Table 9: Construction Employment Impact

	Residential Construction	Non-Residential Construction
Total Expenditure	\$335,337,413	\$12,535,000
Direct Jobs	1,307	55
Indirect Jobs	799	28
Induced Jobs	442	20
Total Jobs	2,548	104

According to the 2018 District of Lantzville Economic Snapshot, 70% of jobs in Lantzville are filled by non-residents. Therefore, an estimated 409 new construction jobs should be filled by residents of the District of Lantzville over the life of the project's development. Assuming that the project sites are developed at the same rate of completion over 10 years, an estimated 41 construction jobs will be filled by Lantzville residents every year over the build-out period.

Note that this number represents a conservative estimate as it only considers direct (construction) job generation. While 827 indirect jobs and 463 induced jobs are expected to be created across the Province of British Columbia, it is difficult to quantify how many of these positions will be filled by residents of Lantzville. Whereas direct construction jobs typically require workers to reside close to the development site, this is not necessarily true for indirect (supplier purchaser or upstream) and induced jobs. Additionally, jobs created from the development and maintenance of roads, greenspaces, public trails, and Community Service lands are not considered in this analysis.

Miscellaneous store retailers as well as food and beverage store employment multipliers are derived using the most recent data from Statistics Canada.⁷ These represent the number of direct, indirect, and induced jobs created in the Province of British Columbia per \$1.0 million in miscellaneous store retailer (defined as establishments primarily engaged in retailing specialized merchandise excluding cannabis) and food and beverage store expenditure.

⁷ Statistics Canada. Table 36-10-0595-01 Input-output multipliers, provincial and territorial, detail level

Table 10: Ongoing Employment Multipliers

	Miscellaneous Store Retailers	Food & Beverage Stores
Direct Employment Multiplier	14.31x	14.46x
Indirect Employment Multiplier	2.61x	1.95x
Induced Employment Multiplier	2.05x	2.18x

Assuming Area C's retail and supermarket space generates a modest \$200 in sales per square foot, \$3.0 million in gross retail sales and \$5.0 million in gross supermarket sales can be expected. This implies 43 ongoing retail jobs and 72 ongoing supermarket jobs are expected to be created on-site. Of these, an estimated 35 positions are expected to be filled by District residents. An additional 18 indirect and 17 induced ongoing jobs are expected to be created within the Province of British Columbia.

Table 11: Ongoing Employment Impact

	Miscellaneous Store Retailers	Food & Beverage Stores
Total Expenditure	\$3,000,000	\$5,000,000
Direct Jobs	43	72
Indirect Jobs	8	10
Induced Jobs	6	11
Total Jobs	57	93

Development Cost Charges

The following Development Cost Charge (DCC) rates were prescribed by the District of Lantzville in 2018⁸:

Figure 3: 2018 District of Lantzville Development Cost Charge Rates

CATEGORY OF LAND USE	WATER \$	SEWAGE \$	DRAINAGE \$	HIGHWAY FACILITIES \$	PARK LAND \$	TOTAL \$
1. SINGLE FAMILY RESIDENTIAL Per lot created at subdivision or Per dwelling unit constructed	7,934.00	5030.00	1,374.00	1,868.00	1,494.00	17,700.00
2. MULTIPLE FAMILY RESIDENTIAL Per dwelling unit	6,281.00	3,982.00	975.00	1,140.00	1,183.00	13,561.00
4. CONGREGATE CARE Per sleeping unit	3,637.00	2,305.00	149.00	396.00	685.00	7,172.00
6. COMMERCIAL Per square metre of gross floor area authorized by building permit	20.00	13.00	3.00	70.00	N/A	106.00
8. INSTITUTIONAL Per square metre of gross floor area authorized by building permit	33.00	21.00	3.00	33.00	N/A	90.00
9. INDUSTRIAL Per hectare of gross site area authorized by building permit	33,060.00	20,957.00	22,906.00	24,869.00	N/A	101,792.00

Under this program, the District of Lantzville would receive approximately \$9.6 million in DCCs.

⁸ District of Lantzville Development Cost Charges Bylaw No. 154, 2018

Table 12: Estimated Development Cost Charges

	Single-Family	Multi-Family	Commercial
Floor Area	483,750 sq ft	460,000 sq ft	40,000 sq ft
Residential Units	215	400	0
DCC Rate	\$17,700 per unit	\$13,561 per unit	\$106 per m ²
Total DCC	\$3,805,500	\$5,424,400	\$393,909

Assuming that these DCC rates captured 100% of the public costs incurred for developments in 2018 and applying a 20% inflation rate to reflect the increased costs of construction in the Province of British Columbia from 2018 to 2021⁹, the District of Lantzville would require an additional amount of approximately \$1.9 million in tax revenues and/or Community Amenity Contributions in order to offset costs incurred to the public.

⁹ Statistics Canada. Table 18-10-0135-01 Building construction price indexes, by type of building

Tax Revenue Impacts

The District of Lantzville prescribes the following tax rates¹⁰:

Figure 4: 2021 District of Lantzville Tax Rates

SCHEDULE 'A'

DISTRICT OF LANTZVILLE BYLAW NO. 269

**LEVYING OF RATES FOR GENERAL MUNICIPAL, REGIONAL DISTRICT,
REGIONAL HOSPITAL, AND LIBRARY PURPOSES FOR THE YEAR 2021**

Tax Rates (Dollars of Tax per \$1,000 of Value)

	A	B	C	D
PROPERTY CLASS	GENERAL MUNICIPAL	LIBRARY	REGIONAL DISTRICT	REGIONAL HOSPITAL
Residential	1.7081	0.1565	0.6017	0.2118
Utilities	36.6434	3.3566	2.1060	0.7415
Light Industry	11.9561	1.0952	2.0458	0.7203
Business / Other	6.4052	0.5867	1.4742	0.5190
Managed Forest	13.6645	1.2517	1.8051	0.6355
Recreational / Non-Profit	2.9890	0.2738	0.6017	0.2118
Farm	2.2205	0.2034	0.6017	0.2118

According to BC Assessment, homes adjacent or close to the development sites are generally valued at between \$250 to \$350 per square foot depending on the age of the unit. We use the higher end of these assessment values as many of the homes in the area are older units built between the 1950's to 1970's. Townhomes and multi-family units are assumed to also be valued at \$350 per square foot. Existing Lantzville retail

¹⁰ District of Lantzville 2021 Tax Rates Bylaw No. 269, 2021

space north of Ware Road is currently assessed at around \$200 per square foot. Since much of this retail space is aging stock built between the 1930's and 1970's, the Consultant views a \$250 price per square foot as a reasonable valuation for new retail and supermarket space.

Using these assumptions and the tax rates prescribed by the District of Lantzville, approximately \$974,000 in tax revenues would be generated annually at build-out. Of this, approximately \$628,000 would accrue to the District of Lantzville with the remainder being allocated for library, regional, and hospital public uses.

Table 13: Municipal, Library, Regional, & Hospital Tax Revenues

	Single-Family	Townhouse	Multi-Family	Retail	Supermarket
Floor Area	483,750 sq ft	375,000 sq ft	85,000 sq ft	15,000 sq ft	25,000 sq ft
\$/ sq foot	\$350	\$350	\$350	\$250	\$250
Property Value	\$169,312,500	\$131,250,000	\$29,750,000	\$3,750,000	\$6,250,000
Municipal Tax Rate / \$1,000	1.7081	1.7081	1.7081	6.4052	6.4052
Municipal Tax Revenue	\$289,203	\$224,188	\$50,816	\$24,020	\$40,033
Library Tax Rate / \$1,000	0.1565	0.1565	0.1565	0.5867	0.5867
Library Tax Revenue	\$26,497	\$20,541	\$4,656	\$2,200	\$3,667
Regional Tax Rate / \$1,000	0.6017	0.6017	0.6017	1.4742	1.4742
Regional Tax Revenue	\$101,875	\$78,973	\$17,901	\$5,528	\$9,214
Hospital Tax Rate / \$1,000	0.2118	0.2118	0.2118	0.5190	0.5190
Hospital Tax Revenue	\$35,860	\$27,799	\$6,301	\$1,946	\$3,244
Total Tax Revenue	\$453,436	\$351,501	\$79,673	\$33,694	\$56,157

The Consultant makes the following assumptions when calculating the present value of tax revenues from 2022 to 2042:

- Each phase of development will average 2 years; the build-out period will total 10 years
- Single-family residential, townhouse, multi-family, retail, and supermarket floor space will all be constructed at the same rate of completion (10% completion per year)
- The cost of capital is 2%
- Tax rates will remain unchanged

The present value of total tax revenues collected from the development over 20 years is approximately \$16.6 million. The present value of municipal taxes is approximately \$10.7 million. Assuming the District's current mill rates are set at a level which ensures full cost recovery of administering public services, these ongoing property taxes represent a stream of income that will likely cover if not exceed total costs of providing ongoing District services to the new homes and businesses on-site.

As noted in the District's most recent financial plan, Lantzville enjoys relatively low municipal taxes and has an overwhelmingly residential tax base:

Figure 5: District of Lantzville Tax Base

Residential Tax Base Comparison

Municipalities	Population Estimate	2021 Average Residential Assessment	2021 General Municipal Taxes	Percentage Assessed Value RESIDENTIAL
Duncan	5,124	399,305	1,408	77%
Port McNeill	2,416	225,954	1,161	80%
Tofino	2,522	1,106,047	2,845	80%
Cumberland	4,558	510,441	1,651	81%
Port Hardy	4,421	212,169	1,189	81%
Port Alberni	19,060	330,911	1,997	85%
Ucluelet	1,941	519,112	1,655	85%
Courtenay	28,862	510,671	1,611	87%
Nanaimo	101,336	544,227	2,390	87%
Parksville	13,685	529,355	1,884	89%
Campbell River	36,167	483,444	2,000	90%
Highlands	2,451	889,007	2,041	93%
Ladysmith	9,036	483,347	1,827	93%
Comox	15,182	593,809	1,517	95%
Lake Cowichan	3,651	411,143	1,409	95%
Qualicum Beach	9,233	688,660	2,111	96%
Lantzville	3,816	754,076	1,406	97%



In addition, the District currently has an annual infrastructure deficit of \$424,000 and has few options to increase non-taxation revenues.¹¹ The proposed development could be a viable method for the District to address these financial challenges .

Under the proposed development program, retail and supermarket properties cumulatively make up about 4% of the sites' total floor space but contribute over 10% of total municipal taxes and over 9% of total taxes produced. This is reflective of the fact that tax rates for businesses are significantly higher than those for residential properties. As mentioned previously, greater residential densities would increase the number of businesses able to operate in the District. Therefore, increasing residential densities to a level that can support more local businesses can be a viable method to increase the quality and quantity of public services offered without a corresponding increase in residential property taxes.

¹¹ District of Lantzville 2022 – 2026 Financial Plan

Community Amenity Contribution Evaluation

The neighbouring City of Nanaimo has had the following CAC rates in place since 2010:

- \$1,000 per single residential unit
- \$1,000 per townhouse unit
- \$1,000 per multiple-family unit
- \$34 per square metre of commercial and industrial space

Should the District of Lantzville seeks to match the City of Nanaimo’s existing CAC rates, the proposed development program would result in about \$741,000 in CACs being paid to the District.

Table 14: CACs Generated Under Existing City of Nanaimo CAC Rates

	Single-Family	Townhouse	Multi-Family	Commercial
Floor Area	483,750 sq ft	375,000 sq ft	85,000 sq ft	40,000 sq ft
Residential Units	215	300	100	0
CAC Rate	\$1,000 per unit	\$1,000 per unit	\$1,000 per unit	\$34 per m ²
Total CAC	\$215,000	\$300,000	\$100,000	\$126,348

Beginning in 2021, the City of Nanaimo initiated a re-evaluation of their CAC policies. The City of Nanaimo’s Governance and Priorities Committee met on November 8th, 2021 proposing the following graduated CAC rates:

Figure 6: The City of Nanaimo's Existing and Proposed Future CAC Rates



Proposed CAC Rates

November 2021

	CAC Rate starting January 1, 2022	CAC Rate starting January 1, 2023	CAC Rate starting January 1, 2024	CAC Rate starting January 1, 2025
Single Residential Dwelling	\$3,000 per unit	\$4,200 per unit	\$6,000 per unit	\$8,000 per unit
Townhouse Residential Dwelling A dwelling that shares one or more walls with another unit, with no unit above, and has a ground level entrance.	\$2,500 per unit	\$4,000 per unit	\$5,600 per unit	\$7,500 per unit
Multiple Family Dwelling (other than Townhouse)	\$30 per m ² of gross floor area	\$41 per m ² of gross floor area	\$55 per m ² of gross floor area	\$60 per m ² of gross floor area
Commercial and Industrial	\$34 per m ² of gross floor area	\$34 per m ² of gross floor area	\$34 per m ² of gross floor area	\$34 per m ² of gross floor area
Cannabis and Liquor Retail Store	\$10,000 per store	\$10,000 per store	\$10,000 per store	\$10,000 per store
Student Housing	\$1,000 per bed	\$1,000 per bed	\$1,000 per bed	\$1,000 per bed

Under the maximum CAC rates proposed by the City of Nanaimo, the proposed development program would result in about \$4.6 million in CACs being paid to the District.

Table 15: CACs Generated Under Maximum Proposed City of Nanaimo CAC Rates

	Single-Family	Townhouse	Multi-Family	Commercial
Floor Area	483,750 sq ft	375,000 sq ft	85,000 sq ft	40,000 sq ft
Residential Units	215	300	100	0
CAC Rate	\$8,000 per unit	\$7,500 per unit	\$60 per m ²	\$34 per m ²
Total CAC	\$1,720,000	\$2,250,000	\$473,806	\$126,348

However, it's the view of the Consultant that the maximum CAC rates proposed by the City of Nanaimo are not appropriate for the District of Lantzville. District CAC rates should generally be lower compared to the City of Nanaimo to reflect relatively lower land values.

The development program proposes to set aside 3.31 hectares (or about 356,000 square feet) for parks, public trails, and greenways. An additional 1.03 hectares (or about 111,000 square feet) is set aside for Community Service uses. Using the 2021 assessed value of the project lands derives an approximately \$2 price per square foot. According to MLS data, a 6.62-acre lot of vacant land located at 6775 Alger Road (approximately 1 km southeast of the development sites) is listed at about \$6 per square foot. Using \$2 and \$6 per square foot as respective low and high-end valuation ranges, the proposed development program will contribute between approximately \$934,000 and \$2.8 million in land value towards community parks, trails, green spaces, and Community Service uses.

Table 16: CAC Land Value

	Park	Public Trails & Greenway	Community Service
Area	2.59 ha	0.72 ha	1.03 ha
Low \$ / sq foot	\$2	\$2	\$2
High \$ / sq foot	\$6	\$6	\$6
Low Value	\$557,571	\$155,000	\$221,737
High Value	\$1,672,712	\$465,001	\$665,210

The low-end estimate of \$934,000 more than covers the \$741,000 in CACs generated under the City of Nanaimo’s current CAC program. If we use the high-end estimate of \$6 per square foot (implying a \$2.8 million valuation), the proposed CACs far surpasses both the CACs generated under the City of Nanaimo’s current CAC program as well as the previously derived DCC shortfall of \$1.9 million.

In addition to the lands dedicated for parks, public trails/greenways, and Community Service uses, the Developer will construct on-site civil works (roads, water systems, playfields, etc.) at no cost to the District. The Developer has provided the following civil work construction cost estimates:

- Phase 1: \$10.7 million
- Phase 2: \$5.5 million
- Phase 3: \$4.5 million
- Phase 4: \$3.1 million
- Phase 5: \$2.2 million

- Offsite storm sewer: \$1.6 million
- Playfield construction: \$1.0 million

The Consultant makes the following assumptions when calculating the present value of the Developer's civil works construction:

- Each phase of development will average 2 years; the build-out period will total 10 years
- The offsite storm sewer and playfield will both be constructed at the same rate of completion (10% completion per year)
- The cost of capital is 2%
- Construction costs will remain unchanged
- Construction cost estimates provided are reasonable and accurate

This implies that an additional \$26.4 million in civil works CACs will be provided to the District. The total value of CACs paid to the District ranges between \$27.3 million and \$29.2 million.

The view of the Consultant is that the currently proposed CACs are appropriate given:

- The CACs offered by the Developer align with the CAC policies emphasizing the development of parks, trails, community beautification, and recreation amenities outlined in the District's 2019 OCP¹²
- Total CACs of between \$27.3 million and \$29.2 million more than cover the estimated \$1.9 million in public costs incurred to service the sites as well as greatly exceed the maximum proposed CAC rates proposed by the neighbouring City of Nanaimo

¹² District of Lantzville Bylaw No. 150, 2019

Conclusion

The economic, employment, and community benefits of the proposed OCP and zoning bylaw amendment greatly outweigh the costs incurred by the District. Tax revenues generated over a 20-year period will more than cover the \$1.9 million in public costs estimated not to be covered under the District's current DCC program. Proposed CACs align with current OCP policies and will provide an additional economic benefit of between \$27.3 million and \$29.3 million. All told, the net economic benefits of the proposed rezoning application for the District total between approximately \$36.1 million and \$38.0 million.

Table 17: Net Economic Benefit

	Low Estimate	High Estimate
DCC Shortfall	-\$1,924,762	-\$1,924,762
Municipal Tax Revenue	\$10,687,442	\$10,687,442
Total CACs	\$27,320,014	\$29,188,629
Net Economic Benefit	\$36,082,694	\$37,951,309

In addition, the District of Lantzville as well as the Province of British Columbia can expect significant GDP and employment benefits from the proposed plan. It is therefore the opinion of the Consultant that the proposed OCP and bylaw amendment will be a significant financial, economic, and community net benefit to the District.