

The Parker Lands Community Development: An Economic Benefits Analysis

Independent Real Estate Intelligence

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The Parker Lands Community Development: An Economic Benefits Analysis

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EXECUTIVE SUMMARY

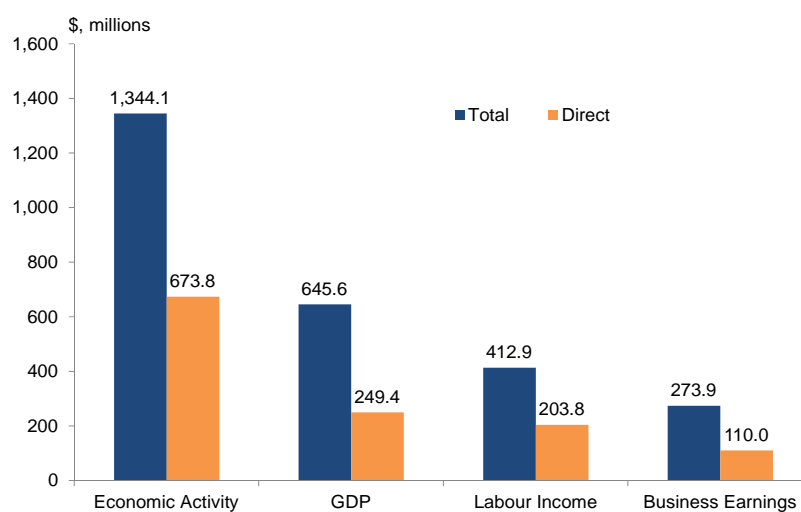
The construction of a new residential community on the Parker Lands in the City of Winnipeg will generate substantial economic benefits in terms of jobs, GDP, incomes and tax revenues for governments. In addition, it will bring a host of other benefits including revitalizing previously underutilized vacant lands in a manner consistent with the goals outlined in the OurWinnipeg development plan.

BENEFITS FROM CONSTRUCTION & DEVELOPMENT

Construction and development activities related to the proposed development will create the following benefits in terms of economic impact upon full completion:

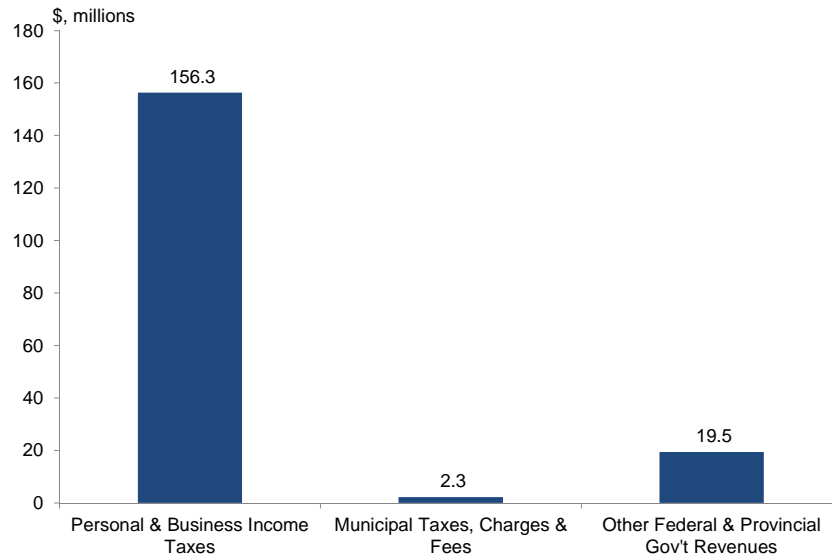
- About **\$1.3 billion in economic activity** - \$674 million of which is direct economic activity;
- About **\$650 million in net contribution to GDP**;
- About **7,435 person-years of employment**;
- About **\$415 million in income** for households;
- Some **\$270 million in business operating earnings**; and
- **\$178 million in tax revenues**, generated across all levels of government.

Economic Benefits Accruing From Construction & Development Activities



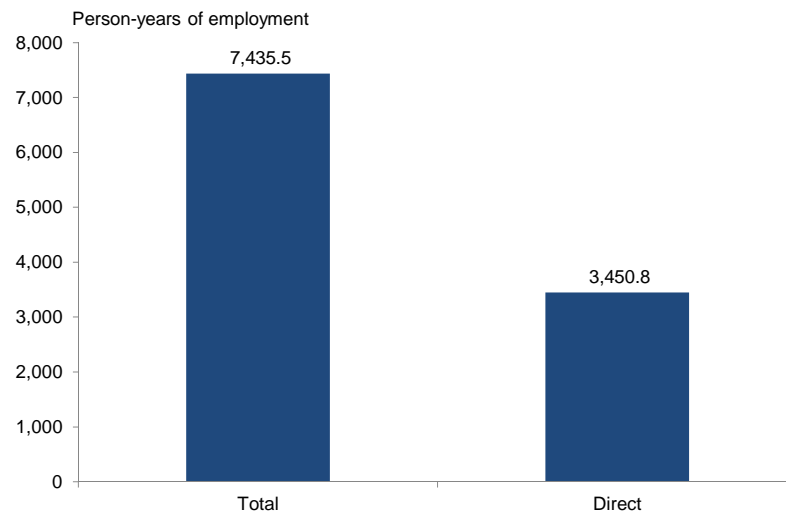
Source: Altus Group Economic Consulting based on Statistics Canada's I/O Model

Government Revenues Generated From Construction & Development Activities



Source: Altus Group Economic Consulting based on Statistics Canada's I/O Model and other sources

Jobs Generated From Construction and Development Activities



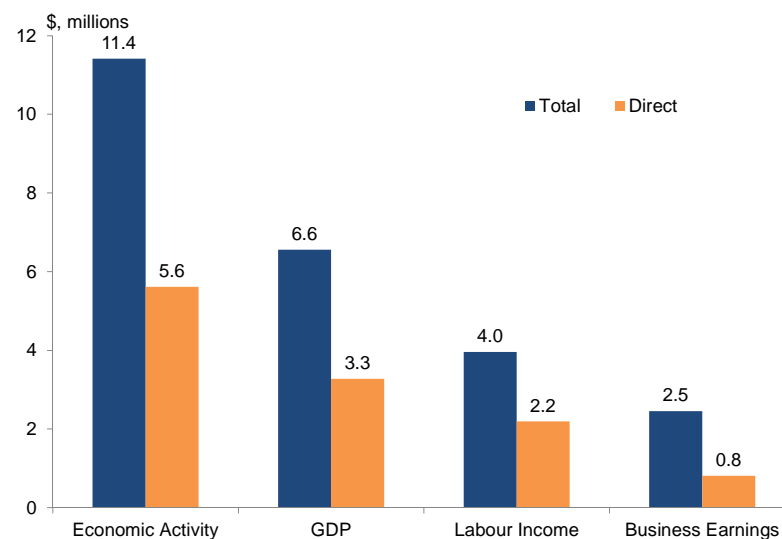
Source: Altus Group Economic Consulting based on Statistics Canada's I/O Model

BENEFITS FROM ON-GOING OPERATIONS

Altus Group estimates that the economic benefits generated from the on-going operation of this newly created development (for a single-year) amounts to:

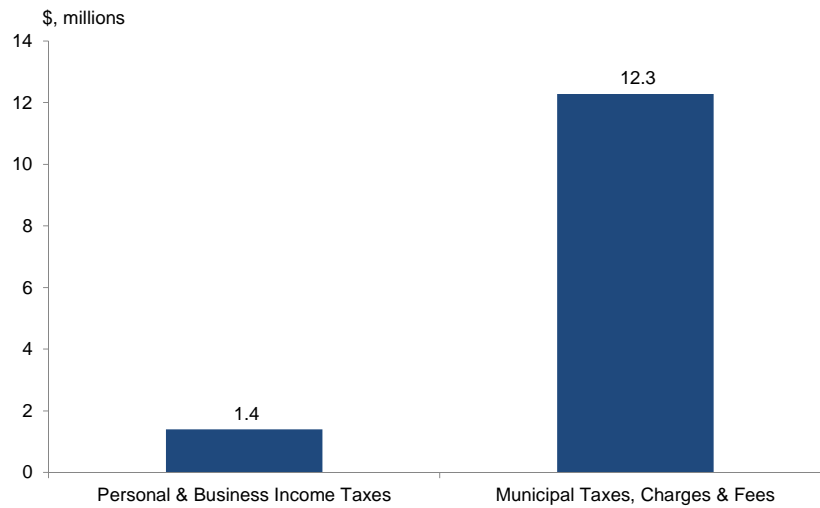
- Over **\$11 million in economic activity**;
- About **\$6.6 million in net contribution to GDP**;
- **75 person-years of employment**;
- About **\$4 million in income** by households;
- **\$2.5 million in operating business earnings**; and
- **\$14 million in tax revenues**, generated across all levels of government.

Economic Benefits Accruing from On-Going Operations



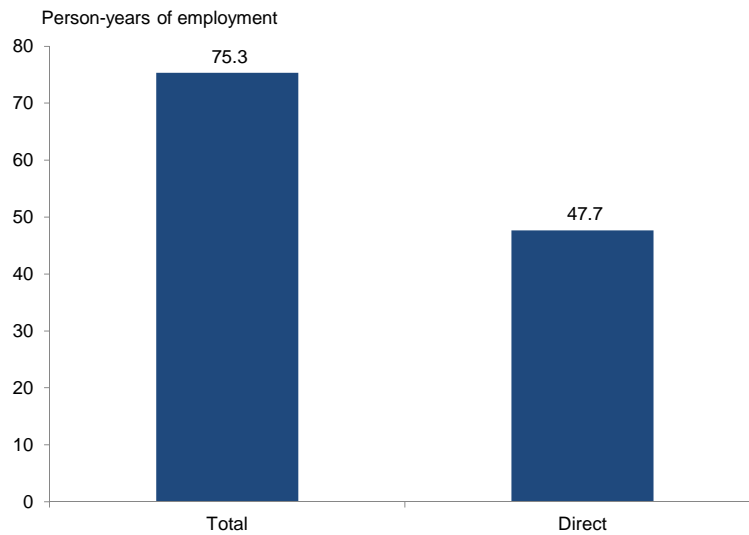
Source: Altus Group Economic Consulting based on Statistics Canada's I/O Model

Government Revenues Generated From On-Going Operations



Source: Altus Group Economic Consulting based on Statistics Canada's I/O Model

Jobs Generated From On-Going Operations



Source: Altus Group Economic Consulting based on Statistics Canada's I/O Model

The proposed development will provide other benefits:

- The redevelopment of the Parker Lands help **transform an older, underutilized part of the City** by repurposing a largely vacant land parcel into a vibrant, modern neighbourhood with significant park space served by a brand new rapid transit station;
- The development will help **support development goals** set out in the City of Winnipeg's *OurWinnipeg* development plan;
- Some **3.87 acres of natural park space** will be retained in the proposed development allowing local residents in the district the opportunity to benefit from improved physical and psychological health;
- The transit-oriented nature of the proposed development will also generate benefits, **including reduced automobile usage and improved health**;
- The creation of new residential units will help the City **manage its anticipated population growth**;
- The development represents a **significant infusion of new population** into the River-Heights Fort-Garry ward, which has not seen significant population growth in many years; and
- An estimated **\$62.5 million of potential retail expenditure** will be introduced into the local ward and beyond, providing a tremendous boost to the many retailers and personal service providers that surround the site.

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1 INTRODUCTION

6165347 Manitoba Inc. approached Altus Group Economic Consulting to undertake an analysis of the economic benefits arising from the construction and operation of a new residential development in the City of Winnipeg.

1.1 BACKGROUND

In 2008, Altus Group was retained by the City of Winnipeg to prepare a comprehensive employment lands strategy¹. In the report it was found that the City has an employment land supply of some 1,210 acres that encompasses some 760 acres of vacant parcels and an additional estimated 450 acres of lands considered available for development with existing occupied, but underutilized lands.

The report noted that the Parker Lands had some 96.8 net acres of vacant land. It was recommended that:

“the Parker Industrial Area be redesignated to a Neighbourhood Policy Area in view of its unsuitability for development as employment lands.” (pg. 56)

The City of Winnipeg retained Altus’ recommendation, designating the Parker Lands as a Major Redevelopment Site (MRS) under the *OurWinnipeg* development plan. *OurWinnipeg* is the current official development plan guiding growth and change for the City of Winnipeg over a 25-year period.

According to *OurWinnipeg*:

“Major Redevelopment Sites will provide transformative opportunities for the development of complete communities with significant residential and employment densities and attractive urban design, capitalizing on vacant or underutilized sites within the existing urban fabric.” (*OurWinnipeg* pg. 37)

In 2009, a vacant land parcel was acquired within the Parker Lands with the intention of transforming it into a major new residential community. This presents a significant opportunity to revitalize an older, underutilized part of the City by repurposing a largely vacant land parcel into a vibrant, modern neighbourhood with significant park space, serviced by a brand new transit line.

¹ Altus Group, *City of Winnipeg Comprehensive Employment Lands Strategy*, March 2008

1.2 THE PARKER LANDS

The subject site is located on the Parker Lands, situated west of the Pembina Highway, south of the CNR rail line, north of Parker Avenue and Heatherdale Avenue and east of Hurst Way (Figure 1).

Figure 1



Uses surrounding the Parker Lands include:

- Commercial uses to the west;
- Commercial and residential uses to the north;
- Residential uses to the south and;
- Commercial uses to the east.

1.3 THE SUBJECT SITE

A new residential community is planned for the subject site, with some convenience-oriented retail developed to serve new site residents.

The site is planned to include:

- 240 single-family, low-to-medium density units;
- 1,502 multi-family, high-density units;
- New commercial space;
- Some 1,448 new parking spaces;

- 3.87 acres of forest preserved from the current Aspen Forest; and
- Local roads;

In addition, Hurst Way will be extended eastwards into the site (Figure 2).

Figure 2

Subject Site – Development Plans



Source: Client

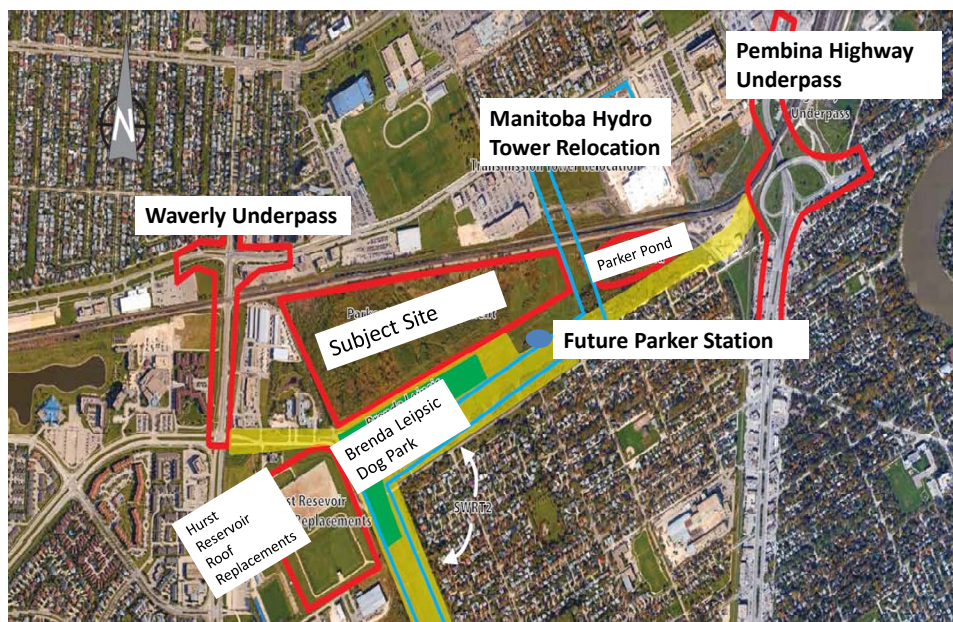
1.4 PUBLIC INVESTMENTS SURROUNDING THE SUBJECT SITE

Significant public investments that are/will be undertaken near the subject site include:

- A deep-water retention pond in the Parker Lands at a cost of \$75-\$90 million;
- The renewed Brenda Leipsic dog park in the Parker Lands;
- The new \$155 million Waverly Underpass;
- The Hurst Reservoir roof replacement project; and
- A Manitoba Hydro transmission tower relocation (Figure 3);

Figure 3

Parker Lands and Nearby Major Projects Under Development



Source: Client

1.4.1 New Transit Station

A new Bus Rapid Transit (BRT) station will be constructed south of the subject site in the Parker Lands. The station is part of the \$467 million² Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass Project, on which construction began in August 2016 and is expected to be complete in 2019³.

The project involves the completion of Stage 2 of the Southwest Transitway, the development of new transportation infrastructure as well as the renewal and expansion of the Pembina Underpass⁴.

1.5 ECONOMIC BENEFITS ASSESSED

This report analyzes economic benefits stemming from the new community. The benefits are generated by:

² Plenary Group, *Plenary Reaches Financial Close on Winnipeg Southwest Rapid Transitway Project*, June 2016. Retrieved from <http://plenarygroup.com/news-and-media/news-articles-and-press-releases/2016/plenary-reaches-financial-close-on-winnipeg-southwest-rapid-transitway-project.html>

³ Winnipeg Transit, *Rapid Transit Continues Moving Forward, Preferred Bidder Selected to Construct Southwest Rapid Transitway; Functional Study to be Undertaken for Second Rapid Transit Corridor*, City of Winnipeg, May 13, 2016.

⁴ Ibid.

- **The construction of the project:** The construction of the proposed residential community would contribute significantly to Winnipeg's economy and generate substantial "spinoff" benefits; and
- **The ongoing operations of the property:** Main activities related to the on-going operation of the community include maintaining the property, leasing and property management, budgeting improvements and maintaining records. In addition, the new employment accommodated by the commercial uses of the development would generate further economic benefits.

Several measures of economic benefits are assessed in this report:

- **Economic Activity:** the volume of goods and services consumed related to the proposed development, including indirect and induced benefits;
- **Contribution to GDP:** the value added component of the economic activities, a measure of the contribution to Gross Domestic Product from the construction and on-going activities of the proposed development;
- **Jobs:** The number of jobs (person-years of employment) directly and indirectly tied the development, including induced jobs;
- **Income:** The volume of income generated through the construction and operation of the proposed development and income earned by households through wages and other earnings;
- **Taxes, levies and charges:** Estimated taxes, levies and charges generated through construction and on-going operations of the development for all levels of government. Government revenues created from the construction of the development include sales taxes, land transfer taxes, labour and business income taxes, development charges and building permit fees. Government revenues generated from the on-going operations of the facility include property taxes collected from tenants as well as those collected from labour and business income; and
- Other related benefits.

This report presents a review of these estimates. It measures the magnitude of economic benefits to the community from both the construction of the development along with its on-going operation.

This study relies on analysis from the Input Output Model of the Canadian Economy, which is maintained by Statistics Canada.

2 CONTEXT BEHIND ECONOMIC IMPACT ANALYSIS

This report presents analysis on economic impacts from the construction and operation of the new community. These economic benefits are estimated using the Input-Output Multiplier Model developed and maintained by Statistics Canada.

The impact of the construction and on-going operation of the new community will take three principal forms:

- The **Direct Production and Jobs Generated** by expenditures on project construction, and those related to the on-going operation of the development;
- The **Indirect Production and Jobs Generated** from the demand for materials and services used in the direct round of activities. These indirect impacts also include the subsequent rounds of indirect impacts⁵; and
- In addition to the direct and indirect economic production impacts, many economists point to a third round of **“Induced” Economic Impacts** from an economic event. This third round of impacts acknowledges that the increased production in the direct and indirect rounds will itself spur further positive economic effects through the labour income it creates that ultimately stimulates further economic activity through personal consumption. For example, people directly employed (such as construction workers) will spend part of their income on consumption items such as food, rent or recreation, thus supporting jobs in the economy.

⁵ For example, for the residential construction – the first round of indirect impacts are jobs created by companies supplying goods or services to the construction process – such as a lumber company – and the second round would be jobs created by companies supplying goods or services to the lumber company – such as the logging companies. Subsequent rounds of impact would be those jobs generated even earlier in the production chain. The same “rounds” of indirect impact also relate to the on-going operations of the development, where the first indirect round would include firms who supply the retailers who will be utilizing the commercial space in the development, who in turn consume other goods and services.

3 ESTIMATED ECONOMIC BENEFITS

3.1 ECONOMIC BENEFITS ASSOCIATED WITH CONSTRUCTION AND DEVELOPMENT ACTIVITIES

Construction and development activities related to the project will deliver tremendous economic benefits by generating:

- About **7,435 person-years** of direct, indirect and induced employment;
- About **\$1.3 billion** in direct, indirect and induced economic activity;
- About **\$650 million** in net contribution to GDP;
- About **\$415 million** in personal income tied to the creation of direct, indirect and induced jobs;
- Some **\$270 million** in operating business earnings; and
- Some **\$178 million** in tax revenues and other charges for various levels of government (Figure 4).

Figure 4

Estimated Economic Benefits of New Mixed-use Development: Construction and Development Activities

	Direct	Indirect	Induced	Total
Economic Activity (\$millions)	673.8	415.8	254.5	1,344.1
Gross Domestic Product (\$millions)	249.4	238.1	158.1	645.6
Number of Jobs*	3,450.8	2,554.6	1,430.1	7,435.5
Wages (\$millions)	203.8	139.3	69.8	412.9
Business Earnings (\$millions)	110.0	90.6	73.3	273.9
Tax Revenue (\$millions)				
Personal & Business Income Taxes				156.3
Municipal Taxes, Charges & Fees				2.3
Other Government Revenues (Land Transfer Taxes, GST & PST)				19.5
Total Government Revenues				178.1

* Person-years of employment

Source: Altus Group Economic Consulting based on Statistics Canada Input / Output Model and Other Sources

3.2 ECONOMIC BENEFITS ASSOCIATED WITH ON-GOING OPERATIONS

The ongoing operation of the proposed development (for a single-year) will generate:

- Approximately **75 person-years** of direct, indirect and induced employment;
- About **\$11 million** in direct, indirect and induced economic activity;
- Some **\$6.6 million** in total net contribution to GDP;
- About **\$4 million** in personal income from the creation of direct, indirect and induced jobs;
- Some **\$2.5 million** in total operating business earnings; and
- Approximately **\$14 million** in property, business and income tax revenues for all levels of government (Figure 5).

Figure 5

Estimated Economic Benefits of New Residential Development: On-going Operations (Single-Year)

	<u>Direct</u>	<u>Indirect</u>	<u>Induced</u>	<u>Total</u>
Economic Activity (\$millions)	5.6	3.2	2.6	11.4
Gross Domestic Product (\$millions)	3.3	1.8	1.5	6.6
Number of Jobs*	47.7	15.6	12.0	75.3
Wages (\$millions)	2.2	1.1	0.7	4.0
Business Earnings (\$millions)	0.8	0.9	0.7	2.5
Tax Revenue (\$millions)				
Personal & Business Income Taxes				1.4
Municipal Taxes (Property Taxes)				12.3
Total Government Revenues				13.7

* Person-years of employment

Source: Altus Group Economic Consulting based on Statistics Canada Input / Output Model and Other Sources

4 OTHER BENEFITS

4.1 PLANNING AND POLICY

4.1.1 OurWinnipeg

According to Section 01-1 of the *OurWinnipeg* development plan:

...complete communities should provide a range of housing options to accommodate various incomes, household types, abilities and stages of life...offering choices from traditional, single-family neighbourhoods to more dense forms of urban housing and new neighbourhoods...

The development will provide dwelling units in various densities from single-family houses to multi-unit residential buildings, and a range of tenures including rental, freehold owner and condominium to serve the needs of people from different age groups, household types and income levels. This community will provide the type of new, complete community envisioned by the *OurWinnipeg* plan.

4.1.1.1 Complete Communities

Complete Communities, one of four Direction Strategies supporting *OurWinnipeg*, is adopted as the City's land use and development guide. According to *Complete Communities*, the Parker Lands MRS should be developed following principles that:

- Support rapid transit and high-frequency transit service by encouraging higher density residential and higher intensity commercial and mixed uses within the centre of the development. These will be focused on major transit stops;
- Create strong, multi-modal and active transportation linkages;
- Promote development in accordance with Transit Oriented Development (TOD) principles;
- Promote development in accordance with Universal Design and Crime Prevention Through Environmental Design (CPTED) policies; and
- Mitigate any negative impacts new development may have on neighbouring streets, parks and properties.

The subject site and surrounding developments within the Parker Lands MRS comply with the above principles, and will help create complete communities in the City as:

- The previous Hydro Corridor will be transformed to accommodate public uses including the new Southwest Rapid Transit (SWRT) lines and the renewed Brenda Leipsic Dog Park;
- There will be an 18-hour activity zone around the SWRT station, formed by high-density residential buildings with active commercial on ground floors, a Station Plaza, nature parks, active transportation paths and various seasonal uses;
- The development will follow the Guidelines for New Development in Proximity to Railway Operations (May 2013), prepared for the Federation of Canadian Municipalities and the Railway Association of Canada;
- Following CPTED policies, the development will create public spaces that are visible to passers-by, have entrances accessible from the public pedestrian realm and have ground floors that offer a high degree of transparency; and
- New construction will be far enough from the existing neighbourhoods to avoid any negative impacts. Existing trees will be retained, and paths through parks will be universally accessible to minimize impacts on the existing natural environment.

4.1.2 Transportation Master Plan

Rapid transit is stated as an essential component for Winnipeg's on-going growth in the OP. The development of the Southwest Rapid Transitway is recognized as an initial priority in the Transportation Master Plan (TMP). According to the TMP, ridership is projected to be 1,800 passengers per hour at peak hours in the Southwest corridor, and an average density of 76 persons plus jobs per hectare is required to support the rapid transit on the corridor by 2031.

According to the City's TMP:

A key goal in OurWinnipeg is to accommodate a greater proportion of the City's future growth within the existing built boundary. This would be accomplished through redevelopment and intensification in the City's transit-supportive land-use areas: the downtown, mixed-use centres, mixed-use corridors and major

redevelopment sites...In addition, increased density will be needed to justify major transportation investments such as rapid transit.

As a transit-oriented development (TOD) in a MRS that will create 1,742 dwelling units accommodating new a population base, the development is consistent with a key goal set out in the TMP. This is because the increase in density will contribute towards the viability of the SWRT line by boosting ridership and supporting TOD in Winnipeg. Additionally, a well-designed pedestrian network will ensure that the majority of new residents will be within 400m walking distance of the SWRT station, integrating the SWRT corridor as a part of the site.

Additionally, the TMP states that,

A key underlying goal of the transportation plan is to expand the range of travel options that are available to residents, workers and visitors, and to ensure that people are not dependent on one single mode.

The new residential community helps achieve the above goal by providing a network of roads, rapid transit corridors, active transportation routes, pedestrian paths and public spaces to new residents, current residents of nearby neighbourhoods and users of other parts of the Parker Lands. By offering greater access and options for walking, cycling and transit, the proposed development will help build more healthy, livable and socially active communities.

4.2 BENEFITS OF OPEN SPACE

The subject site will retain some 3.87 acres of natural parkland which will be visible and accessible to residents. Additionally, the Parker Lands MRS will be redeveloped to include parks dedicated to both leisure and nature. As part of the redevelopment of the Parker Lands MRS, the Brenda Leipsic Dog Park will be renewed to include new walking paths and activity areas.

Parks are an essential component of any city, offering a broad range of leisure and recreation opportunities, transportation routes and places for residents to experience nature and interact with each other⁶. They also have a variety of health benefits⁷ including:

⁶ Sherer, P. *The Benefits of Parks: Why America Needs More City Parks and Open Space*. The Trust for Public Land, 2006.

⁷ Geis, E. *The Health Benefits of Parks*. The Trust for Public Land, 2006.

- Increased frequency of exercise;
- Improved psychological health;
- Improved social health of communities through making cities more liveable; and
- Mitigating air pollution;

Studies also show clear positive impacts of urban park space and property values. The presence of trees has been found to increase the selling price of a residential unit from 1.9%⁸ to 7%⁹. Additionally, studies have found that park space has a positive impact on property values, particularly for those located 1 km or closer to the park¹⁰.

4.3 BENEFITS OF TRANSIT ORIENTED DEVELOPMENT

There are substantive benefits associated with transit-oriented development¹¹:

- Those living close to a transit station drive less as their needs can be fulfilled without driving, thereby creating fewer negative impacts from their driving (pollution, noise, congestion);
- These individuals' increased use of public transit generates increased revenue for transit agencies; and
- Those living near transit stations tend to be more frequent walkers, which has health benefits;

Regarding the first point, the reduction of driving by those living close to transit stations would generate savings in vehicle operating and ownership costs. According to a 2013 study by the Canadian Automobile Association (CAA)¹², the costs of operating a vehicle (including fuel, maintenance and tires) is roughly \$0.15 per kilometre driven. Furthermore, according to the CAA study, there are also fixed costs of automobile ownership, amounting to \$6,500 per year (including insurance, license and registration, depreciation and interest on car loans).

⁸ Dombrow et al. *The Market Value of Mature Trees in Single-Family Housing Markets*. Appraisal Journal, January 2000.

⁹ Payne, B.R. *The Twenty-nine Tree Home Improvement Plan*. Natural History, 1973.

¹⁰ Smith, D. *Valuing Housing and Green Spaces: Understanding Local Amenities, the Built Environment and House Prices in London*. Greater London Authority: London, U.K., September 2010.

¹¹ Noland et al., *Measuring Benefits of Transit Oriented Development*. Mineta National Transit Research Consortium, 2014.

¹² Canadian Automobile Association. *Driving Costs*. Canadian Automobile Association, 2013

Reduced driving would also improve the health of the environment. Studies have indicated that each automobile kilometre travelled generates 0.23 kg of CO₂ emissions, and the cost of CO₂ emissions for each kilometre driven is \$0.01¹³.

4.4 ACCOMMODATING GROWTH

According to the City of Winnipeg, the population of the City is anticipated to increase by some 200,000 individuals from 2015-2040¹⁴. The proposed development will include some 1,742 new residential units. These new units are estimated to accommodate some 4,180 persons¹⁵. As a result, the development of this new property will be a key contributor in helping manage the City's anticipated population growth.

4.4.1 Ward Revitalisation

The development will attract over 4,000 new residents to the River-Heights Fort-Garry ward in the City of Winnipeg. Census of Canada data shows that the ward's population has grown by only 270 individuals from 2001 – 2011, or 0.6% per year.

The population of the ward was 4,649 in 2011. This development will result in the ward's population growing by a substantial 95% from its 2011 level, thereby helping to substantially revitalize a mature area in the City.

This new population will also introduce new expenditure potential to the local area and beyond. Statistics Canada's data implies that Manitoba residents spent an estimated \$14,953 per person on retail expenditures in 2016¹⁶. A new population of 4,180 individuals implies that a substantial \$62.5 million in new retail expenditures per year could be introduced into the local ward and beyond. This will help strengthen the planned and existing commercial structures in proximity to the Parker Lands.

¹³ Region of Waterloo, City of Kitchener et. al. *Innovative Regional Economies and Strategic Infrastructure*. Region of Waterloo, April 2015

¹⁴ City of Winnipeg, *City of Winnipeg Population, Housing and Economic Forecast*. City of Winnipeg, 2016

¹⁵ These estimates are formulated using persons per unit housing estimates contained in the 2011 Census of Canada.

¹⁶ This figure is estimated using Statistics Canada's Retail Trade Survey and the 2016 Census of Canada population estimate for Manitoba.

5 CONCLUSIONS

The construction of a new residential community on the Parker Lands in the City of Winnipeg will generate substantial economic benefits in terms of jobs, GDP, incomes and tax revenues for governments. In addition, it will bring a host of other benefits including revitalizing previously underutilized vacant lands in a manner consistent with the goals outlined in the OurWinnipeg development plan.

Construction and development activities related to the proposed development will create the following benefits in terms of economic impact upon full completion:

- Over **\$1.3 billion** in economic activity - **\$674 million** of which is direct economic activity;
- About **\$650 million** in net contribution to GDP;
- About **7,435** person-years of employment;
- Nearly **\$415 million** in income for households;
- Some **\$270 million** in business operating earnings; and
- **\$178 million** in tax revenues, generated across all levels of government.

It is estimated that the annual economic benefits generated from the on-going operation of the newly created commercial facilities as well as from the management of the property amounts to:

- **\$11 million** in economic activity;
- Some **\$6.6 million** in total net contribution to GDP;
- About **75 person years** of employment;
- Some **\$6.5 million** in labour income and business operating earnings; and
- About **\$14 million** in tax revenues generated across all levels of government.

Other benefits include:

- The redevelopment of the Parker Lands will help transform an older, underutilized part of the City by repurposing a largely vacant land parcel into a vibrant, modern neighbourhood with significant park space served by a brand new rapid transit station;

- The development will help support development goals set out in the City of Winnipeg's *OurWinnipeg* development plan;
- Some 3.87 acres of natural park space will be retained in the proposed development allowing local residents in the district the opportunity to benefit from improved physical and psychological health;
- The transit-oriented nature of the proposed development will also generate benefits, including reduced automobile usage and improved health;
- The creation of new residential units will help the City manage its anticipated population growth;
- The development represents a significant infusion of new population into the River-Heights Fort-Garry ward, which has not seen significant population growth in many years; and
- An estimated \$62.5 million of potential retail expenditure will be introduced into the local ward and beyond, providing a tremendous boost to the many retailers and personal service providers that surround the site.