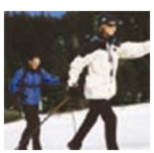


Comparative Analysis of Growth Scenarios

Presentation to Planning and Economic Development Committee

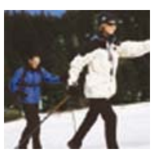
(Committee Report No. D2)

Paul Bottomley

April 30, 2008

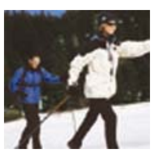
Growth Management




- 4 Growth Scenarios
  - 30%
  - 40%
  - 50%
  - No Boundary Expansion
- Evaluated from 5 Perspectives
  - Transportation (IP)
  - Water/Wastewater (IP)
  - Human Services (Carlton University)
  - Environment (TRCA & LSCA)
  - Fiscal (Cam Watson)

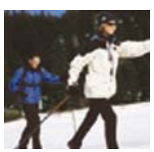
Scenario Development



The scenarios differ in terms of the residential unit mix and total additional household growth from 2006 to 2031 based on each level of intensification as follows:

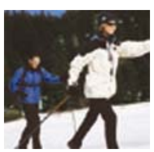
Scenario	Singles/Semis	Rows	Apartments	Total
30% Intensification	110,200	43,000	69,900	223,100
40% Intensification	99,700	43,000	88,000	230,700
50% Intensification	88,700	43,000	108,000	239,700
No Boundary Expansion	76,400	31,600	151,400	259,400

Observations



- Transportation
  - Marginal positive impact results with each level of intensification e.g. modal split, vehicle kms travelled per capita, auto mean trip length
- Water/Wastewater
  - Similar capital costs
  - Water usage in condos potentially could be less
  - Area municipalities may see higher savings
- Human Services
  - A detailed Human Services cost analysis will be completed by Carlton
  - A number of services will be evaluated (i.e. EMS, LTC, Social Housing, Education, Health/Hospitals)

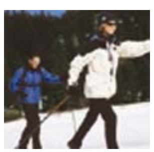
Observations



- Environmental
  - Generally, high levels of intensification are more efficient
  - Quality of surface water in LSRCA may improve with development
  - TRCA issues focus on quantity run off
  - Best Practices are essential

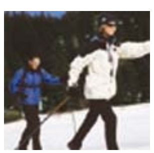
- Fiscal/Economic
  - 25 Year Fiscal Analysis is underway
  - Fiscal/Economic Analysis is a key part of our GM deliberations
  - Cam Watson will provide an overview

Overview



- ROP has evolved from 20% intensification in 1994 to 30% in 2005
- Demographics, housing preferences, economics are influencing Regional housing market to more condos, apartments
- 40% Intensification supports Regional urban structure and transit investment
- “Minimum 40% intensification” is achievable but will be a challenge
- Places to Grow requires “minimum 40% intensification”

Conclusion



- Generally speaking, the higher the intensification levels the more efficient and cost effective
- Higher levels (50% and No Boundary Expansion) are “risky” because the market is unlikely to support that level of apartments
- Preferred scenario is for a “minimum 40%”
- Need to monitor carefully
- In depth analysis of “minimum 40% intensification” is underway and will be the basis for public consultation in September

Region of York

SUMMARY PRESENTATION TO PLANNING AND ECONOMIC DEVELOPMENT COMMITTEE RE

THE FISCAL AND ECONOMIC IMPLICATIONS OF THE REGIONAL GROWTH MANAGEMENT STRATEGY SCENARIOS

APRIL 30, 2008

Presentation Topics

1. The four scenarios
2. Market feasibility re apartment assumptions
3. Fiscal impacts
4. Other economic implications
5. Fiscal and economic conclusions

Figure 1
Annual Housing Forecast
York Region 2000-2030
30% Intensification Scenario

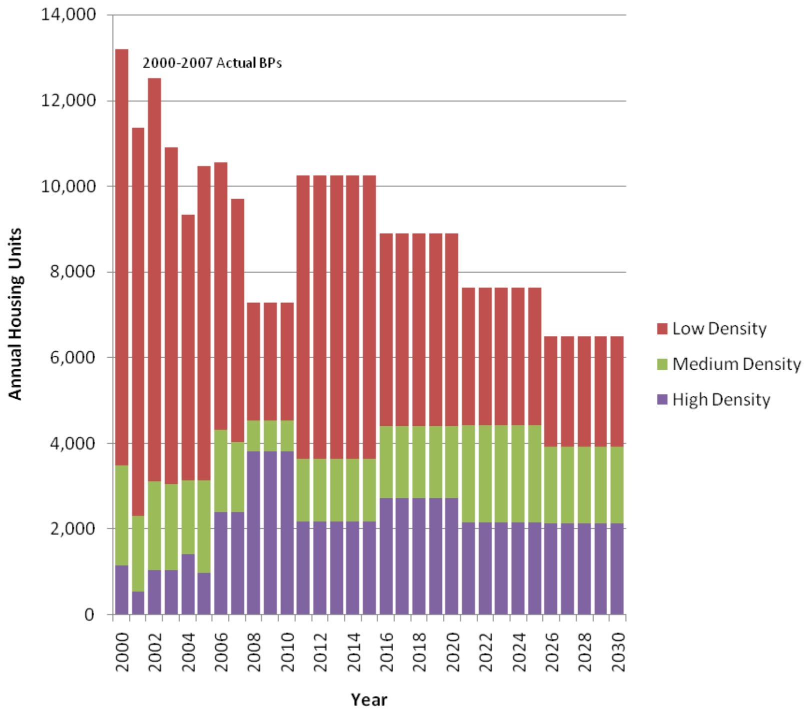
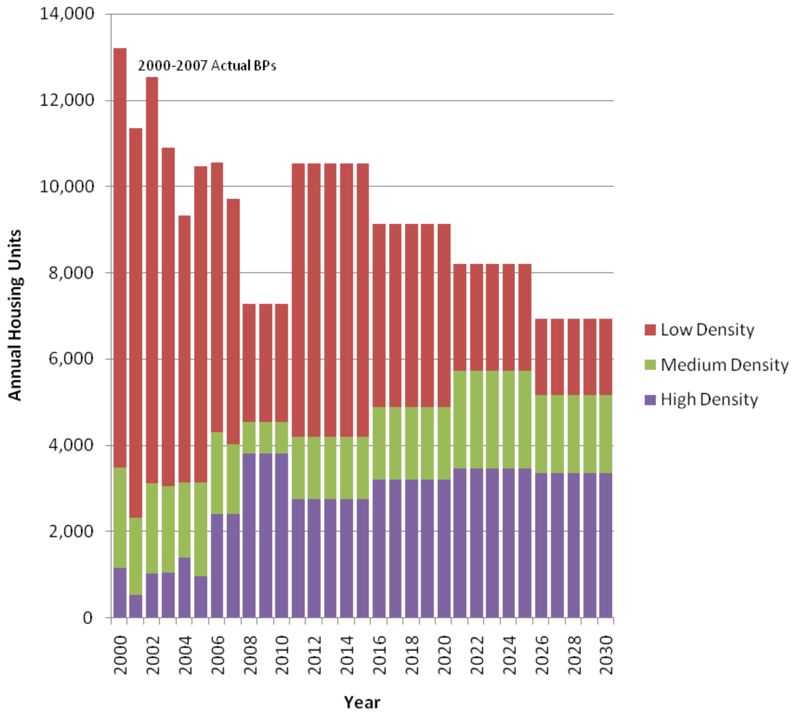


Figure 2
Annual Housing Forecast
York Region 2000-2030
40% Intensification Scenario



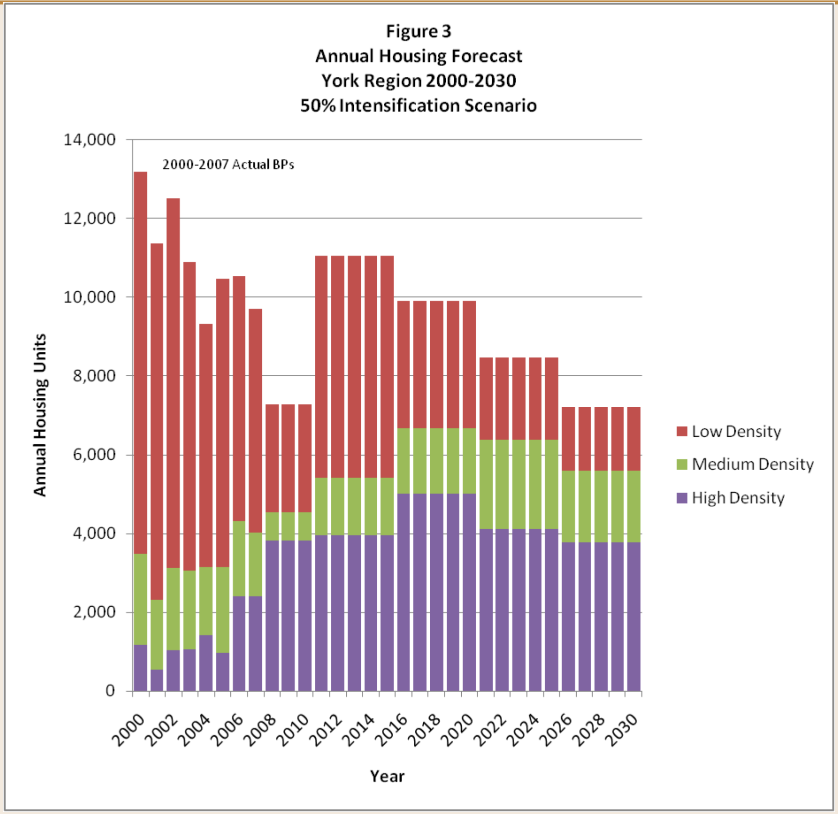


Figure 3
Annual Housing Forecast
York Region 2000-2030
50% Intensification Scenario
2000-2007 Actual BPs
Annual Housing Units
Year
Low Density
Medium Density
High Density

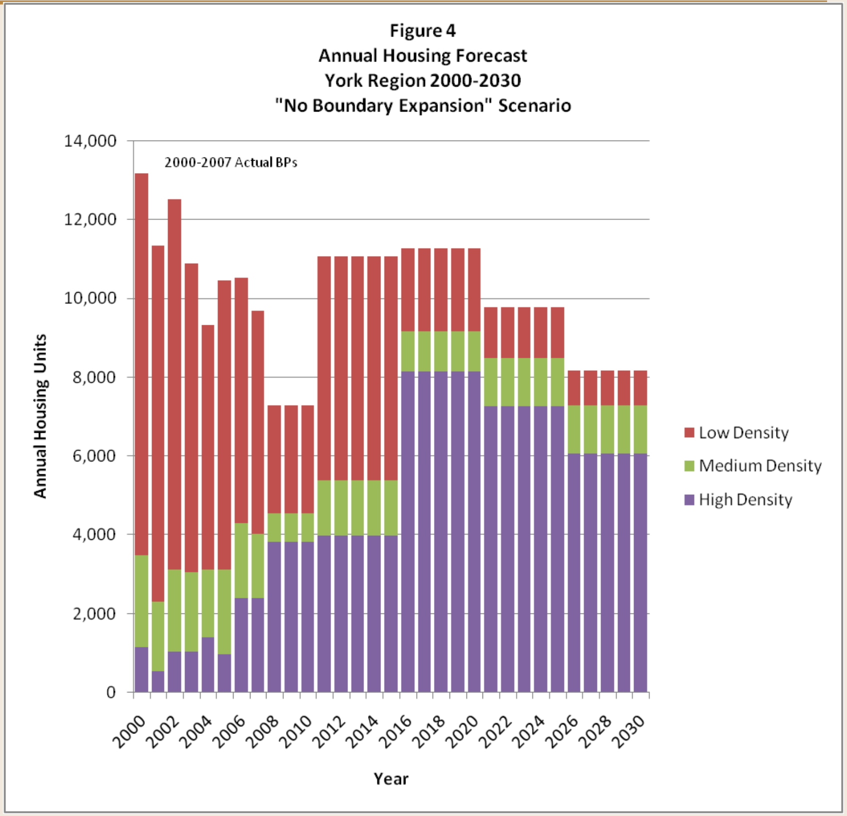


Figure 4
Annual Housing Forecast
York Region 2000-2030
"No Boundary Expansion" Scenario
2000-2007 Actual BPs
Annual Housing Units
Year
Low Density
Medium Density
High Density

2. Forecast Demand for Apartments in York

- Represents the most significant difference between the scenarios.
- Are all four scenarios market feasible in this regard?

FACTORS INCREASING FUTURE APARTMENT DEMAND IN YORK

1. Aging population – more empty-nesters and seniors.
2. The affordability gap re low density housing for first time buyers.
3. An improved apartment environment in York, re attractive centres, transit, planning incentives, etc.
4. Ripple effect of development moving out from Toronto.

York's GTAH Apartment Market Share

- 2000-2007 10,988 Building Permits = 11.3% (Toronto 69.1%)
- 2007 24,000 Apartment Planning Applications = 13.5% (Toronto 68.4%)

- GTA/H apartment construction has increased from well below 10,000 units/year throughout the 1990s (excluding 1999) to 13,000-20,000 units/year over the past five years.

- If recent GTA/H apartment demand increased from approx. 12,000 units/year (2000-2007 average) to 18,000/year (2011-2031) and York's share increased from 11-14% to 18%, York would generate 65,000 new apartments = the 40% scenario.

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3. Primary Fiscal Differences Between the Scenarios

1. Tax-funded Operating Costs

- Based on the relationship between average assessment (re revenues) and occupancy (re operating expenditures), each type of development, on average, generates an initial estimate of annual tax surplus or a deficit.

- York's apartment developments produce somewhat more favourable fiscal results than most other forms of residential development.

- As a result, the "No Boundary Expansion" growth increment produces the most favourable fiscal results, equivalent to approximately 1% of the Regional tax levy on build-out. The differences between 30%/40%/50% are smaller.

3. Primary Fiscal Differences Between the Scenarios

2. <u>Capital Costs</u> – differences largely absorbed by development charges, but lower DCs may translate into lower house prices.

- Regional Roads – reduced vehicle km involves intensification-related <u>capital</u> savings of approximately $176 million for "No Boundary Expansion" in comparison with 30% and a $44 million savings difference between 40% and 30%.
- Water and Wastewater – 30%/40%/50% same capital cost. "No Boundary Expansion" involves capital savings of approx. $50 million.
- Schools – more population in apartments = fewer pupils = reduced bus and school needs in York, but no difference in tax burden.
- Area Municipal –intensification of centres should produce savings re Fire, Parks, Waste Management and local Sewer/Water infrastructure

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4. Other Economic Implications of the Scenarios

- High Intensification = more apartments = better office/retail/industrial labour force to job match = reduced commuting + easier recruitment for local business + more successful functioning of the centres.

- Unrealizable Intensification Plans = reduced growth rates + further increases in low density housing prices + unanticipated delays in recouping the cost of oversized Regional infrastructure. This potential risk can be mitigated via monitoring and any necessary adjustments to land designation.

5. Fiscal and Economic Conclusions

- The 50% and “No Boundary Expansion” scenarios may not have sound market basis and, as a result, represent a financial and economic risk to the Region.
- While those two scenarios offer tangible fiscal and economic benefits, these benefits are of modest size.
- For these reasons, our evaluation favours the 30% and 40%. 40% is preferred for the reasons already noted and its potential for:
  - better utilization of the Region’s transit investment and more balanced transportation network;
  - reduced environmental costs;
  - a higher contribution to the vibrancy and diversity of Regional centres.