# Cost Benefit Analysis
# Preliminary Planning of the North Kildonan Town Square Redevelopment Concept
# Winnipeg, Mb

As at October 2012

## Stevenson File #12-9016


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## I – EXECUTIVE SUMMARY

Stevenson Advisors has been provided with conceptual planning for the Palliser North Kildonan Town Centre Redevelopment project that envisions a mixed-use plan including the development 2000 multi-family residential housing units, approximately 172,000 square feet of commercial development, various community service uses and an outdoor market area.

Advisors has carried out an analysis to determine the Present Value of a) the potential contribution and incremental increase to the City's property tax base over the development horizon, and b) estimate the potential Net Municipal Revenues (i.e. municipal taxes and developer contributions, less municipal capital costs and ongoing municipal operating costs) over the development horizon.

The results of our analysis are summarized below.

| | **Scenario A – Municipal Property Tax Revenues** | **Scenario B – Total Property Tax Revenues (Municipal & Provincial)** |
|---|---|---|
| **Aggregate Value of Incremental Tax Revenues over 20 Year Redevelopment Horizon** | $41,507,130 | $93,162,739 |
| **PV of Incremental Property Tax Revenues over 20 Year Redevelopment Horizon** | $11,510,363 | $26,444,978 |
| **PV of Municipal Costs over 20 Year Redevelopment Horizon** | $7,820,413 | $7,820,413 |
| **PV of Developers Contribution to Municipal Costs over 20 Year Redevelopment Horizon** | $704,179 | $704,179 |
| **PV of Net Incremental Revenues over 20 Year Redevelopment Horizon** | **$4,394,129** | **$19,328,744** |

## II - INTRODUCTION

### Purpose of the Study

Stevenson Advisors has been provided with conceptual planning for the Palliser North Kildonan Town Centre Redevelopment project, to be situated in the northeast quadrant of the City of Winnipeg on lands currently identified as the Lexington Park industrial development.

Based on the conceptual information that we have been provided, the redevelopment concept will occupy (upon completion) the entire 44-acre site that is currently zoned M-1 - Light Manufacturing Industrial.

The redevelopment concept envisions a mixed-use plan that includes 2000 multi-family residential housing units, approximately 172,000 square feet of commercial development, various community service uses and an outdoor market area.

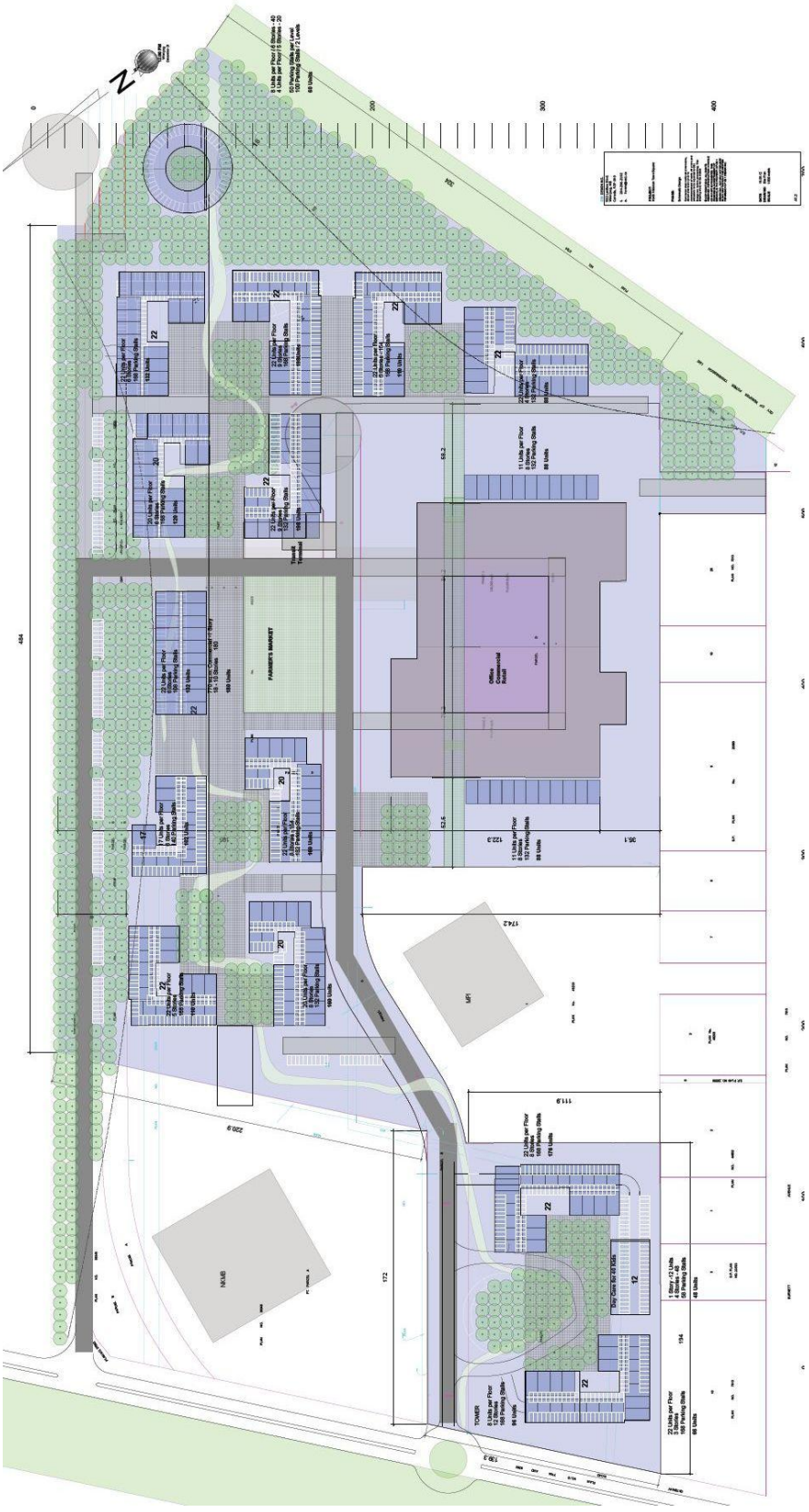
The purpose of our engagement is to:

a) Estimate the Present Value of the potential contribution and incremental increase to the City's property tax base over the development horizon.

b) Estimate the Present Value of potential Net Municipal Revenues (i.e. municipal taxes and developer contributions, less municipal capital costs and ongoing municipal operating costs) over the development horizon.

The function of the analysis is to provide the appropriate information to assist the developer with the preliminary planning approval process.

## North Kildonan Town Square Redevelopment Concept



## III –POTENTIAL MUNICIPAL PROPERTY TAX REVENUES

Municipal revenues from the North Kildonan Town Centre redevelopment project will originate from three sources:

1) Municipal property taxes from multi-unit residential rental and condominium unit construction.
2) Municipal property taxes from commercial and community service space development.
3) One time developer contribution to road and intersection improvements.

In this section we will attempt to quantify both the gross potential municipal revenues and the incremental increase in revenues from property taxes due to the redevelopment of the Town Centre site. In addition, Stantec Consulting Ltd. has been consulted in determining preliminary estimates of capital cost requirements for road and intersection improvements associated with the redevelopment.

A summary of conceptually planned development is presented in the following table.

| Conceptual Development Use | | Unit Area (sq. metres) | Unit Area (sf) | No. of Units | Occupied Building Area | Total Building Area (incl 15% gross up factor) | | |
|---|---|---|---|---|---|---|---|---|
| Residential | | | | | | | | |
| | Residential Multi-Family - Rental | 96 | 1,033 | 1,200 | 1,240,013 | 1,426,015 | Rental Total | 1,240,013 |
| | Residential - Condominiums | 120 | 1,292 | 600 | 775,008 | 891,259 | Avg sf per Unit | 1,033 |
| | Residential - Condominiums | 240 | 2,583 | 150 | 387,504 | 445,630 | | |
| | Residential - Condominiums | 340 | 3,660 | 50 | 182,988 | 210,436 | Condo Total | 1,345,500 |
| | | | | | | | Avg sf per Unit | 1,682 |
| Commercial Space | | | | | | | | |
| | Day Care | 220 | 2,368 | 1 | 2,368 | 2,723 | | |
| | Fitness Facility | 500 | 5,382 | 1 | 5,382 | 6,189 | | |
| | Music & Dance Facility | 150 | 1,615 | 5 | 8,073 | 9,284 | | |
| | Movie Theatre | 500 | 5,382 | 2 | 10,764 | 12,379 | | |
| | Design Centre | 500 | 5,382 | 1 | 5,382 | 6,189 | | |
| | | | | | | | | |
| Retail Space | | | | | | | | |
| | Bookstore | 300 | 3,229 | 1 | 3,229 | 3,714 | | |
| | Restaurants | 500 | 5,382 | 5 | 26,910 | 30,947 | | |
| | Private Wine Store | 400 | 4,306 | 1 | 4,306 | 4,951 | | |
| | Coffee Bar | 150 | 1,615 | 2 | 3,229 | 3,714 | | |
| | Bike Shop | 200 | 2,153 | 1 | 2,153 | 2,476 | | |
| | Sporting Goods/Athletic | 300 | 3,229 | 1 | 3,229 | 3,714 | | |
| | Grocer | 1,000 | 10,764 | 8 | 86,112 | 99,029 | | |
| | Indoor Farmers Maarket | 1,000 | 10,764 | 1 | 10,764 | 12,379 | | |
| | Outdoor Farmers Market | 3,000 | 32,292 | 1 | 32,292 | 37,136 | Commercial Total | 172,224 |
| | | | | | | | | |
| Community Service Space | | | | | | | | |
| | Pharmacy | 600 | 6,458 | 1 | 6,458 | 7,427 | | |
| | Library | 600 | 6,458 | 1 | 6,458 | 7,427 | | |
| | Professional & Community Service Ctr | 100 | 1,076 | 20 | 21,528 | 24,757 | | |
| | Sanctuary/Community Activity Ctr | 500 | 5,382 | 1 | 5,382 | 6,189 | | |
| | Wellness Centre | 2,500 | 26,910 | 1 | 26,910 | 30,947 | | |
| | Immigrant Education Ctr | 75 | 807 | 6 | 4,844 | 5,570 | Community Total | 71,581 |
| | | | | | | | | |
| | | | | | | | | |

In determining the potential municipal revenues that will result from the redevelopment project, we will carry out an analysis that projects the phasing of the redevelopment project over a 20-year development horizon. Although a market analysis in support of the planned development is beyond the scope of this study, Advisors will provide rationale in support of the metrics adopted in the analysis in determining both absorption rates and projected assessed values that generate future property tax revenues.

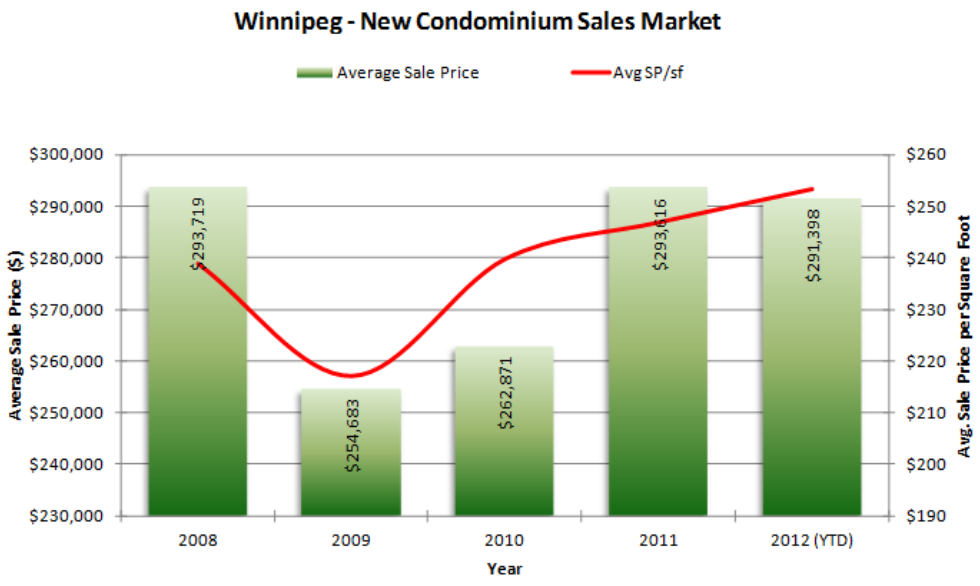
The first step in determining potential municipal tax revenues is to quantify condominium, multi-family rental market and commercial market metrics to allow for projection of potential tax revenues.

1 - Winnipeg Condominium Market – New Construction Valuation Metrics

The North Kildonan Town Centre Redevelopment Concept includes development of 800 condominium units. Unit sizes and features are conceptual at present but based on current planning envisioned, condo units will range from 1,292 square feet to 3,660 square feet, with the majority of units falling within the lower size range.

Over the past five years, newly constructed apartment condominium sales volumes have ranged from a low of 81 units in 2008 to a high of 192 units in 2010. In 2011, newly constructed condo sales totalled 115 units. In 2012, 74 new condo units were sold on MLS to mid-August. Annualizing the 2012 sales suggests potential for 118 sales for the current year.

Although average sale prices have varied somewhat over the five year period, average sale prices on a square foot basis have increased from $238 per square foot in 2008 to $253 per square foot in 2012. The price per square foot indicator is skewed somewhat in 2009 by a few projects constructed



in the northeast quadrant that were marketed at $170 to $180 per square foot.

Assuming January 2013 as a baseline for projections, we have utilized a rate of $255 per square foot to represent the value for assessment purposes of new condominium development in the subject redevelopment.

2 – Winnipeg Apartment Market – Valuation Metrics

The North Kildonan Town Centre Redevelopment Concept includes development of 1,200 multi-family rental apartment units. Unit sizes and features are conceptual at present but an average unit size of 1,033 square feet is envisioned.

A sample of recently constructed apartment projects in the Winnipeg marketplace has been analyzed to determine a reasonable and appropriate assessed value to apply to the subject rental unit redevelopment.

**MF Residential Project - Assessed Value Benchmarks**

| Market Apartment Projects | No. of Units | 2012 Assessment | Assessment per Suite |
|---|---|---|---|
| Kenwood Court – 333 Warde Avenue (built 2006) | 103 | $16,226,000 | $157,534 |
| Riverbend Terrace – 2425-2445 Main Street (built 2008) | 156 | $19,794,000 | $126,885 |
| Dawson Trail Apartments – 5 Leveque (built 2007) | 298 | $43,242,000 | $145,107 |
| River Meadow Estates – 1153-1177 St Anne's Road (built 2007) | 167 | $20,435,000 | $122,365 |
| Meadowood Gardens – 566-576 St. Anne's Road (built 2007) | 168 | $27,154,000 | $161,631 |
| Edgewood Ph II - 60 Whellams (built 2010) | 202 | $42,250,000 | $209,158 |
| The Cornerstone - Gateway & Knowles (2011) | 67 | $8,113,000 | $121,090 |
| East Concordia Manor - 1340-1370 Concordia Avenue East (2011) | 113 | $23,358,000 | $206,708 |
| Kildonan Green Apartments - 45 Kildonan Green Drive (2011) | 98 | $13,349,000 | $136,214 |
| Grand Lyon Terrace - 100 Paget Street (2012) | 160 | $25,110,000 | $156,938 |
| | | **Maximum** | **$209,158** |
| | | **Minimum** | **$121,090** |
| | | **Mean** | **$154,363** |

| Independent Living Apartment Projects | No. of Units | 2012 Assessment | Assessment per Suite |
|---|---|---|---|
| Devonshire House Phase I & II – 75 Kildonan Green Drive (built 2008) | 156 | $18,470,000 | $118,397 |
| Dakota House – 1145 Dakota Street (built 2006) | 171 | $18,600,000 | $108,772 |
| The Boulton – 45 Boulton Bay (built 2005) | 95 | $9,980,000 | $105,053 |
| Sterling House – 909 Wilkes Ave (built 2004) | 117 | $17,068,000 | $145,880 |
| The Parkway – 85 Paget Street (built 2006/07) | 121 | $19,103,000 | $157,876 |
| Sturgeon Creek Retirement Residence – 10 Hallonquist (built 2005) | 126 | $15,594,000 | $123,762 |
| Lindenwood Terrace – 490 Lindenwood Drive (built 2007) | 79 | $13,022,000 | $164,835 |
| | | **Maximum** | **$164,835** |
| | | **Minimum** | **$105,053** |
| | | **Mean** | **$132,082** |

Within our model, Advisors has utilized a rate of $155,000 per developed suite to represent the value for assessment purposes of new rental apartment development.

3 – Winnipeg Commercial Market – Valuation Metrics

The North Kildonan Town Centre Redevelopment Concept includes development of 243,805 square feet of mixed-use commercial/community service space within the existing Palliser Lexington Park industrial building. Conceptual planning envisions uses ranging from retail to commercial and community service.

A sample of retail development projects in the Winnipeg marketplace was analyzed to determine typical property assessment values applicable to new mixed-use retail development within the Town Centre Redevelopment.

**Commercial Mixed-Use Developments - Assessed Value Benchmarks**

| | Sq. Ft. developed | 2012 Assessment | Assessment per Sq. Ft. |
|---|---|---|---|
| Kenaston Common (30.7 acres) - New format retail | 440,000 | $53,777,000 | $122.22 |
| First Pro Smart Centre - 1585 Kenaston - New format retail | 481,000 | $89,721,000 | $186.53 |
| Winnipeg West Smart Centre - Portage Ave & Knox St | 329,252 | $58,429,000 | $177.46 |
| Linden Ridge SC - 1715-1765 Kenaston Blvd | 100,875 | $13,712,000 | $135.93 |
| Grant Park SC - 1080 Grant Avenue | 400,000 | $52,085,000 | $130.21 |
| Westwood SC - 3292 Portage Avenue | 110,718 | $14,430,000 | $130.33 |
| St Vital Square - 785-851 Dakota Street | 116,353 | $19,991,000 | $171.81 |
| Pembina Village SC - 2065-2085 Pembina Hwy | 132,259 | $19,029,000 | $143.88 |
| Reenders Square - 3 Reenders Drive (ARTIS SC) | 65,754 | $9,894,000 | $150.47 |
| | | **Maximum** | **$186.53** |
| | | **Minimum** | **$122.22** |
| | | **Mean** | **$149.87** |

Advisors has utilized a rate of $150 per square foot to represent the value for assessment purposes of new commercial or institutional space development in the subject redevelopment.

**Potential Municipal Property Tax Revenue Projections**

Municipal property tax projections resulting from the redevelopment concept are illustrated in the schedule on the following page. The assumptions adopted that are fundamental to the analysis are summarized below.

*Property Tax Cashflow Projection Assumptions:*

- 20 year redevelopment horizon
- Residential (condominium and rental units) development commences in Year 3 (2015)
- Commercial development commences in Year 5 (2017)
- Absorption of condominium units averages 47 units per year over 17 year build out. Annual totals projected range from 80 units in Year 3 (project initiation) to 40 units in Years 10 - 19.
- Absorption of multi-family rental units averages 67 units per year over 18 year build out. 180 units projected in Year 3 (project initiation) and reducing to 60 units annually over remaining years.
- Commercial space absorption projected at 16,254 per year over 15 year build out.
- Assessment valuation benchmarks (i.e. condominium, rental unit and commercial per unit values) inflated at a constant annual rate of 2.50 percent.
- Current property taxes for redevelopment property (Lexington Park industrial development) also inflated at a constant annual rate of 2.50 percent.
- Property tax projections based on constant 2012 Municipal mill rates (14.056 mills).
- Municipal mill rates do not reflect Provincial Levy or School Division rates.
- Residential property taxes projected using 45 percent portion percentage.
- Commercial use property taxes projected using 65 percent portion percentage.

## North Kildonan Town Centre Redevelopment – Municipal Property Tax Cash flow Projections

## Scenario A – Property Tax Revenues excluding Provincial Levy and School Division Tax Revenues

| MUNICIPAL TAX REVENUE PROJECTIONS BY YEAR | | | | | | | | | | | | | | | | | | | | | SCHEDULE 1.3 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 | |
| | | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | TOTAL |
| POTENTIAL PROPERTY TAXES FOR CONDOMINIUM UNITS | | $0 | $0 | $0 | $233,706 | $359,323 | $491,075 | $692,108 | $902,887 | $1,123,771 | $1,355,136 | $1,527,916 | $1,708,488 | $1,897,133 | $2,094,143 | $2,299,818 | $2,514,468 | $2,738,413 | $2,971,983 | $3,215,521 | $3,469,378 | **$29,595,268** |
| POTENTIAL PROPERTY TAXES FOR MF RENTAL UNITS | | $0 | $0 | $0 | $190,042 | $259,724 | $332,772 | $409,309 | $489,466 | $573,374 | $661,172 | $753,002 | $849,009 | $949,347 | $1,054,170 | $1,163,642 | $1,277,928 | $1,397,201 | $1,521,640 | $1,651,427 | $1,786,752 | **$15,319,978** |
| POTENTIAL PROPERTY TAXES FOR COMMERCIAL DEVELOPMENT | | $0 | $0 | $0 | $0 | $0 | $25,202 | $51,664 | $79,434 | $108,560 | $139,092 | $171,083 | $204,587 | $239,659 | $276,357 | $314,740 | $354,869 | $396,808 | $440,623 | $486,380 | $534,149 | **$3,823,207** |
| TOTAL PROPERTY TAX REVENUES FOR NEW DEVELOPMENT | | $0 | $0 | $0 | $423,748 | $619,047 | $849,049 | $1,153,082 | $1,471,786 | $1,805,705 | $2,155,400 | $2,452,001 | $2,762,084 | $3,086,139 | $3,424,671 | $3,778,200 | $4,147,265 | $4,532,423 | $4,934,246 | $5,353,327 | $5,790,279 | **$48,738,453** |
| CURRENT PROPERTY TAXES (INDUSTRIAL USE) | | $321,835 | $329,881 | $338,128 | $346,581 | $355,246 | $364,127 | $373,230 | $382,561 | $392,125 | $401,928 | $411,976 | $422,276 | $432,832 | $443,653 | $454,745 | $466,113 | $477,766 | $489,710 | $501,953 | $514,502 | **$8,221,167** |
| INCREMENTAL PROPERTY TAXES - REDEVELOPMENT | | $0 | $0 | $0 | $77,167 | $263,802 | $484,922 | $779,852 | $1,089,226 | $1,413,581 | $1,753,472 | $2,040,025 | $2,339,809 | $2,653,307 | $2,981,018 | $3,323,456 | $3,681,152 | $4,054,657 | $4,444,536 | $4,851,374 | $5,275,777 | **$41,507,130** |
| 2012 Property Taxes on Lexington Site (Industrial Use & Undeveloped Land) | $313,985 | | | | | | | | | | | | | | | | | | | | | |
| 2012 Municipal Mill Rate - Residential Use | 14.056 | * Municipal Mill Rates do not reflect Provincial Levy or School Division Rates | | | | | | | | | | | | | | | | | | | | |
| 2012 Municipal Mill Rate - Commercial/Institutional Use | 14.056 | | | | | | | | | | | | | | | | | | | | | |
| Portioning Percentage - Commercial/Institutional Use | 65.00% | | | | | | | | | | | | | | | | | | | | | |
| Portioning Percentage - Residential Use | 45.00% | | | | | | | | | | | | | | | | | | | | | |
| **DEVELOPMENT SCHEDULING** | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 | |
| | | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | TOTAL |
| CONDOMINIUM UNITS AT START OF YEAR | | 0 | 0 | 0 | 80 | 120 | 160 | 220 | 280 | 340 | 400 | 440 | 480 | 520 | 560 | 600 | 640 | 680 | 720 | 760 | 800 | |
| RMF MULTI-FAMILY UNITS AT START OF YEAR | | 0 | 0 | 0 | 180 | 240 | 300 | 360 | 420 | 480 | 540 | 600 | 660 | 720 | 780 | 840 | 900 | 960 | 1,020 | 1,080 | 1,140 | |
| COMMERCIAL SPACE (SQ. FT.) AT START OF YEAR | | 0 | 0 | 0 | 0 | 0 | 16,254 | 32,507 | 48,761 | 65,015 | 81,268 | 97,522 | 113,776 | 130,029 | 146,283 | 162,537 | 178,790 | 195,044 | 211,298 | 227,551 | 243,805 | |
| CONDOMINIUM UNITS DEVELOPED DURING YEAR | | 0 | 0 | 80 | 40 | 40 | 60 | 60 | 60 | 60 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 0 | **800 CONDO UNITS** |
| RMF MULTI-FAMILY UNITS DEVELOPED DURING YEAR | | 0 | 0 | 180 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | **1,200 RENTAL UNITS** |
| COMMERCIAL SPACE (SQ. FT.) DEVELOPED DURING YEAR | | 0 | 0 | 0 | 0 | 16,254 | 16,254 | 16,254 | 16,254 | 16,254 | 16,254 | 16,254 | 16,254 | 16,254 | 16,254 | 16,254 | 16,254 | 16,254 | 16,254 | 16,254 | 0 | **243,805 SQ. FT. COMMERCIAL** |
| CONDOMINIUM UNITS HELD AT END OF YEAR | | 0 | 0 | 80 | 120 | 160 | 220 | 280 | 340 | 400 | 440 | 480 | 520 | 560 | 600 | 640 | 680 | 720 | 760 | 800 | 800 | |
| RMF MULTI-FAMILY UNITS HELD AT END OF YEAR | | 0 | 0 | 180 | 240 | 300 | 360 | 420 | 480 | 540 | 600 | 660 | 720 | 780 | 840 | 900 | 960 | 1,020 | 1,080 | 1,140 | 1,200 | |
| COMMERCIAL SPACE (SQ. FT.) HELD AT END OF YEAR | | 0 | 0 | 0 | 0 | 16,254 | 32,507 | 48,761 | 65,015 | 81,268 | 97,522 | 113,776 | 130,029 | 146,283 | 162,537 | 178,790 | 195,044 | 211,298 | 227,551 | 243,805 | 243,805 | |
| INFLATIONARY FACTOR | 2.50% | 1.00 | 1.03 | 1.05 | 1.08 | 1.10 | 1.13 | 1.16 | 1.19 | 1.22 | 1.25 | 1.28 | 1.31 | 1.34 | 1.38 | 1.41 | 1.45 | 1.48 | 1.52 | 1.56 | 1.60 | |
| **ASSESSMENT VALUATION BENCHMARKS** | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 | |
| | | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | |
| CONDOMINIUM UNITS - VALUE PER SQUARE FOOT | | $255.00 | $261.38 | $267.91 | $274.61 | $281.47 | $288.51 | $295.72 | $303.11 | $310.69 | $318.46 | $326.42 | $334.58 | $342.95 | $351.52 | $360.31 | $369.32 | $378.55 | $388.01 | $397.71 | $407.66 | |
| CONDOMINIUM UNITS -AVERAGE VALUE PER UNIT | | $428,878 | $439,600 | $450,590 | $461,855 | $473,401 | $485,236 | $497,367 | $509,801 | $522,546 | $535,610 | $549,000 | $562,725 | $576,793 | $591,213 | $605,994 | $621,143 | $636,672 | $652,589 | $668,904 | $685,626 | |
| RMF MULTI-FAMILY UNITS - VALUE PER SUITE | | $155,000 | $158,875 | $162,847 | $166,918 | $171,091 | $175,368 | $179,752 | $184,246 | $188,852 | $193,574 | $198,413 | $203,373 | $208,458 | $213,669 | $219,011 | $224,486 | $230,098 | $235,851 | $241,747 | $247,791 | |
| COMMERCIAL SPACE - VALUE PER SQUARE FOOT | | $150.00 | $153.75 | $157.59 | $161.53 | $165.57 | $169.71 | $173.95 | $178.30 | $182.76 | $187.33 | $192.01 | $196.81 | $201.73 | $206.78 | $211.95 | $217.24 | $222.68 | $228.24 | $233.95 | $239.80 | |

## Scenario B – Property Tax Revenues <u>including</u> Provincial Levy and School Division Tax Revenues

| **TAXATION SUMMARY BY YEAR** | | | | | | | | | | | | | | | | | | | | | | **SCHEDULE 1.3** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **Year 1** | **Year 2** | **Year 3** | **Year 4** | **Year 5** | **Year 6** | **Year 7** | **Year 8** | **Year 9** | **Year 10** | **Year 11** | **Year 12** | **Year 13** | **Year 14** | **Year 15** | **Year 16** | **Year 17** | **Year 18** | **Year 19** | **Year 20** | |
| | | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** | **2024** | **2025** | **2026** | **2027** | **2028** | **2029** | **2030** | **2031** | **2032** | **TOTAL** |
| POTENTIAL PROPERTY TAXES FOR CONDOMINIUM UNITS | | $0 | $0 | $0 | $471,219 | $724,500 | $990,150 | $1,395,492 | $1,820,483 | $2,265,851 | $2,732,350 | $3,080,725 | $3,444,810 | $3,825,175 | $4,222,405 | $4,637,105 | $5,069,902 | $5,521,440 | $5,992,386 | $6,483,429 | $6,995,278 | **$59,672,701** |
| POTENTIAL PROPERTY TAXES FOR MF RENTAL UNITS | | $0 | $0 | $0 | $370,820 | $506,787 | $649,321 | $798,665 | $955,070 | $1,118,797 | $1,290,112 | $1,469,294 | $1,656,630 | $1,852,413 | $2,056,950 | $2,270,557 | $2,493,558 | $2,726,290 | $2,969,100 | $3,222,347 | $3,486,400 | **$29,893,111** |
| POTENTIAL PROPERTY TAXES FOR COMMERCIAL DEVELOPMENT | | $0 | $0 | $0 | $0 | $0 | $71,379 | $146,326 | $224,976 | $307,467 | $393,943 | $484,549 | $579,440 | $678,773 | $782,710 | $891,420 | $1,005,076 | $1,123,857 | $1,247,950 | $1,377,545 | $1,512,839 | **$10,828,250** |
| TOTAL PROPERTY TAX REVENUES FOR NEW DEVELOPMENT | | $0 | $0 | $0 | $842,039 | $1,231,287 | $1,710,849 | $2,340,483 | $3,000,529 | $3,692,115 | $4,416,405 | $5,034,569 | $5,680,880 | $6,356,361 | $7,062,065 | $7,799,082 | $8,568,535 | $9,371,587 | $10,209,436 | $11,083,320 | $11,994,518 | **$100,394,062** |
| CURRENT PROPERTY TAXES (INDUSTRIAL USE) | | $321,835 | $329,881 | $338,128 | $346,581 | $355,246 | $364,127 | $373,230 | $382,561 | $392,125 | $401,928 | $411,976 | $422,276 | $432,832 | $443,653 | $454,745 | $466,113 | $477,766 | $489,710 | $501,953 | $514,502 | **$8,221,167** |
| INCREMENTAL PROPERTY TAXES - REDEVELOPMENT | | $0 | $0 | $0 | $495,458 | $876,041 | $1,346,723 | $1,967,253 | $2,617,969 | $3,299,990 | $4,014,477 | $4,622,593 | $5,258,605 | $5,923,528 | $6,618,412 | $7,344,337 | $8,102,422 | $8,893,821 | $9,719,726 | $10,581,368 | $11,480,016 | **$93,162,739** |
| 2012 Property Taxes on Lexington Site (Industrial Use & Undeveloped Land) | $313,985 | | | | | | | | | | | | | | | | | | | | | |
| 2012 Combined Mill Rate - Residential Use | 28.341 | * Combined Mill Rates reflect both Provincial Levy and School Division Rates | | | | | | | | | | | | | | | | | | | | |
| 2012 Combined Mill Rate - Commercial/Institutional Use | 39.810 | | | | | | | | | | | | | | | | | | | | | |
| Portioning Percentage - Commercial/Institutional Use | 65.00% | | | | | | | | | | | | | | | | | | | | | |
| Portioning Percentage - Residential Use | 45.00% | | | | | | | | | | | | | | | | | | | | | |
| **DEVELOPMENT SCHEDULING** | | **Year 1** | **Year 2** | **Year 3** | **Year 4** | **Year 5** | **Year 6** | **Year 7** | **Year 8** | **Year 9** | **Year 10** | **Year 11** | **Year 12** | **Year 13** | **Year 14** | **Year 15** | **Year 16** | **Year 17** | **Year 18** | **Year 19** | **Year 20** | |
| | | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** | **2024** | **2025** | **2026** | **2027** | **2028** | **2029** | **2030** | **2031** | **2032** | **TOTAL** |
| CONDOMINIUM UNITS AT START OF YEAR | | 0 | 0 | 0 | 80 | 120 | 160 | 220 | 280 | 340 | 400 | 440 | 480 | 520 | 560 | 600 | 640 | 680 | 720 | 760 | 800 | |
| RMF MULTI-FAMILY UNITS AT START OF YEAR | | 0 | 0 | 0 | 180 | 240 | 300 | 360 | 420 | 480 | 540 | 600 | 660 | 720 | 780 | 840 | 900 | 960 | 1,020 | 1,080 | 1,140 | |
| COMMERCIAL SPACE (SQ. FT.) AT START OF YEAR | | 0 | 0 | 0 | 0 | 0 | 16,254 | 32,507 | 48,761 | 65,015 | 81,268 | 97,522 | 113,776 | 130,029 | 146,283 | 162,537 | 178,790 | 195,044 | 211,298 | 227,551 | 243,805 | |
| CONDOMINIUM UNITS DEVELOPED DURING YEAR | | 0 | 0 | 80 | 40 | 40 | 60 | 60 | 60 | 60 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 0 | **800 CONDO UNITS** |
| RMF MULTI-FAMILY UNITS DEVELOPED DURING YEAR | | 0 | 0 | 180 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | **1,200 RENTAL UNITS** |
| COMMERCIAL SPACE (SQ. FT.) DEVELOPED DURING YEAR | | 0 | 0 | 0 | 0 | 16,254 | 16,254 | 16,254 | 16,254 | 16,254 | 16,254 | 16,254 | 16,254 | 16,254 | 16,254 | 16,254 | 16,254 | 16,254 | 16,254 | 16,254 | 0 | **243,805 SQ. FT. COMMERCIAL** |
| CONDOMINIUM UNITS HELD AT END OF YEAR | | 0 | 0 | 80 | 120 | 160 | 220 | 280 | 340 | 400 | 440 | 480 | 520 | 560 | 600 | 640 | 680 | 720 | 760 | 800 | 800 | |
| RMF MULTI-FAMILY UNITS HELD AT END OF YEAR | | 0 | 0 | 180 | 240 | 300 | 360 | 420 | 480 | 540 | 600 | 660 | 720 | 780 | 840 | 900 | 960 | 1,020 | 1,080 | 1,140 | 1,200 | |
| COMMERCIAL SPACE (SQ. FT.) HELD AT END OF YEAR | | 0 | 0 | 0 | 0 | 16,254 | 32,507 | 48,761 | 65,015 | 81,268 | 97,522 | 113,776 | 130,029 | 146,283 | 162,537 | 178,790 | 195,044 | 211,298 | 227,551 | 243,805 | 243,805 | |
| INFLATIONARY FACTOR | 2.50% | 1.00 | 1.03 | 1.05 | 1.08 | 1.10 | 1.13 | 1.16 | 1.19 | 1.22 | 1.25 | 1.28 | 1.31 | 1.34 | 1.38 | 1.41 | 1.45 | 1.48 | 1.52 | 1.56 | 1.60 | |
| **ASSESSMENT VALUATION BENCHMARKS** | | **Year 1** | **Year 2** | **Year 3** | **Year 4** | **Year 5** | **Year 6** | **Year 7** | **Year 8** | **Year 9** | **Year 10** | **Year 11** | **Year 12** | **Year 13** | **Year 14** | **Year 15** | **Year 16** | **Year 17** | **Year 18** | **Year 19** | **Year 20** | |
| | | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** | **2024** | **2025** | **2026** | **2027** | **2028** | **2029** | **2030** | **2031** | **2032** | |
| CONDOMINIUM UNITS - VALUE PER SQUARE FOOT | | $255.00 | $261.38 | $267.91 | $274.61 | $281.47 | $288.51 | $295.72 | $303.11 | $310.69 | $318.46 | $326.42 | $334.58 | $342.95 | $351.52 | $360.31 | $369.32 | $378.55 | $388.01 | $397.71 | $407.66 | |
| CONDOMINIUM UNITS -AVERAGE VALUE PER UNIT | | $428,878 | $439,600 | $450,590 | $461,855 | $473,401 | $485,236 | $497,367 | $509,801 | $522,546 | $535,610 | $549,000 | $562,725 | $576,793 | $591,213 | $605,994 | $621,143 | $636,672 | $652,589 | $668,904 | $685,626 | |
| RMF MULTI-FAMILY UNITS - VALUE PER SUITE | | $150,000 | $153,750 | $157,594 | $161,534 | $165,572 | $169,711 | $173,954 | $178,303 | $182,760 | $187,329 | $192,013 | $196,813 | $201,733 | $206,777 | $211,946 | $217,245 | $222,676 | $228,243 | $233,949 | $239,798 | |
| COMMERCIAL SPACE - VALUE PER SQUARE FOOT | | $150.00 | $153.75 | $157.59 | $161.53 | $165.57 | $169.71 | $173.95 | $178.30 | $182.76 | $187.33 | $192.01 | $196.81 | $201.73 | $206.78 | $211.95 | $217.24 | $222.68 | $228.24 | $233.95 | $239.80 | |

**Summary of Potential Property Tax Revenues**

Potential property tax revenues that result from the North Kildonan Town Centre Concept redevelopment can be quantified in two ways,

1) Estimate of potential Municipal revenues that represent the property tax revenue that is collected by the City of Winnipeg. For 2012, the Municipal tax portion of property taxes would be determined by utilizing a mill rate of 14.056 mills.

2) Alternatively, total potential property tax revenues collected by The City of Winnipeg include an Education Support Levy and a School Division or Special Levy. For 2012, the Combined Mill Rate, that reflects both municipal and provincial levies range from 28.341 (residential) to 39.810 (commercial and institutional).

Therefore, the quantification of potential property tax revenues resulting from the redevelopment will be carried out under the two scenarios.

| | **Aggregate Value of Property Tax Revenues over 20 Year Redevelopment Horizon** | **Aggregate Value of Incremental Property Tax Revenues over 20 Year Redevelopment Horizon** | **PV of Incremental Property Tax Revenues** |
|---|---|---|---|
| **Scenario A – Municipal Property Tax Revenues** | **$48,738,453** | **$41,507,130** | **$11,510,363** |
| **Scenario B – Total Property Tax Revenues (Municipal & Provincial)** | **$100,394,062** | **$93,162,739** | **$26,444,978** |

## IV – MUNICIPAL COSTS ASSOCIATED WITH REDEVELOPMENT – NORTH KILDONAN TOWN CENTRE

Municipal costs associated with the North Kildonan Town Centre redevelopment consist of the following:

- Capital costs associated with off-site road and intersection improvements at Gateway Road and Lexington Park.
- Ongoing operating costs associated on-site servicing (water and sewer maintenance and garbage collection service) and public transit.

In the projection of future cost estimates Stevenson Advisors has relied upon current cost estimates developed by Stantec Consultants, combined with operating cost information from similar developments sourced from the City of Winnipeg.

*Municipal Cost Projection Assumptions:*

- 20 year redevelopment horizon
- Gateway Road improvements and Lexington-Gateway intersection improvements completed in Year 3 to coincide with initial residential development in project.
- Annual operating costs (water/sewer/garbage and transit) initiated in Year 3 at 50 percent of estimated total annual cost – escalated to 75 percent in Years 6 – 9 and full annual costs applied for Years 10 – 20.
- Capital costs and ongoing municipal operational costs inflated at a constant annual rate of 2.50 percent.

## North Kildonan Town Centre Redevelopment – Municipal Cost Projections

| ESTIMATED MUNICIPAL COSTS BY YEAR | | | | | | | | | | | | | | | | | | | | | SCHEDULE 1.2 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 | |
| | | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | TOTAL |
| **CAPITAL COSTS** | | | | | | | | | | | | | | | | | | | | | | |
| **Developer Contribution** | | | | | | | | | | | | | | | | | | | | | | |
| Gateway Road Improvements | | $0 | $0 | $374,023 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | **$374,023** |
| Lexington Park Intersection Improvements | | $0 | $0 | $478,034 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | **$478,034** |
| **Municipal Cost** | | | | | | | | | | | | | | | | | | | | | | |
| Gateway Road Improvements | | $0 | $0 | $1,870,113 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | **$1,870,113** |
| Lexington Park Intersection Improvements | | $0 | $0 | $956,069 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | **$956,069** |
| **ANNUAL OPERATING COSTS** | | | | | | | | | | | | | | | | | | | | | | |
| Road Maintenance and Operation | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | **$0** |
| Park Maintenance and Operation | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | **$0** |
| Water, Sewer and Garbage | | $0 | $0 | $262,656.25 | $269,222.66 | $275,953.22 | $424,278.08 | $434,885.03 | $445,757.16 | $456,901.09 | $624,431.48 | $640,042.27 | $656,043.33 | $672,444.41 | $689,255.52 | $706,486.91 | $724,149.08 | $742,252.81 | $760,809.13 | $779,829.36 | $799,325.09 | **$10,364,723** |
| Transit | | $0 | $0 | $131,328.13 | $134,611.33 | $137,976.61 | $212,139.04 | $217,442.52 | $222,878.58 | $228,450.54 | $312,215.74 | $320,021.14 | $328,021.66 | $336,222.21 | $344,627.76 | $353,243.46 | $362,074.54 | $371,126.41 | $380,404.57 | $389,914.68 | $399,662.55 | **$5,182,361** |
| INFLATIONARY FACTOR | 2.50% | 1.00 | 1.03 | 1.05 | 1.08 | 1.10 | 1.13 | 1.16 | 1.19 | 1.22 | 1.25 | 1.28 | 1.31 | 1.34 | 1.38 | 1.41 | 1.45 | 1.48 | 1.52 | 1.56 | 1.60 | |
| **2012 Benchmark Cost Estimates** | | | | | | | | | | | | | | | | | | | | | | |
| **Operating Costs** | | | | | | | | | | | | | | | | | | | | | | |
| Water, Sewer and Garbage | $500,000 | annually | | | | | | | | | | | | | | | | | | | | |
| Transit | $250,000 | annually | | | | | | | | | | | | | | | | | | | | |
| **Capital Costs** | | | | | | | | | | | | | | | | | | | | | | |
| Gateway Road Improvements | $1,780,000 | | | | | | | | | | | | | | | | | | | | | |
| Lexington Park Intersection Improvements | $910,000 | | | | | | | | | | | | | | | | | | | | | |

## V – CONCLUSIONS – PRESENT VALUE OF NET MUNICIPAL REVENUES

Potential municipal revenues and costs have been determined in the previous sections and will now be used to determine the present value of net incremental municipal revenues.

*Net Incremental Municipal Revenue Calculation Assumptions:*

- 20 year redevelopment horizon
- Incremental revenue calculation acknowledges current and projected property tax revenue from existing Palliser-Lexington industrial development.
- Future cash flows discounted to January 1, 2013 using a 10.0 percent discount factor.
- Redevelopment project revenues and costs inflated at a constant annual rate of 2.50 percent.

Detailed cash flow projections are presented in the schedules presented on following pages. A summary of the analysis findings are presented in the table below.

| | **Aggregate Value of Incremental Revenues over 20 Year Redevelopment Horizon** | **PV of Net Incremental Revenues over 20 Year Redevelopment Horizon** |
|---|---|---|
| **Scenario A – Municipal Property Tax Revenues** | **$41,507,130** | **$4,394,129** |
| **Scenario B – Total Property Tax Revenues (Municipal & Provincial)** | **$93,162,739** | **$19,328,744** |

## North Kildonan Town Centre Redevelopment – Net Municipal Revenue Projections

## Scenario A – Net Revenues <u>excluding</u> Provincial Levy and School Division Tax Revenues

| **PALLISER NORTH KILDONAN TOWN CENTRE REDEVELOPMENT CONCEPT** | | | | | | | | | | | | | | | | | | | | | **SCHEDULE 1.1** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **COST BENEFIT ANALYSIS - MUNICIPAL MILL RATES** | | | | | | | | | | | | | | | | | | | | | |
| | | **Year 1** | **Year 2** | **Year 3** | **Year 4** | **Year 5** | **Year 6** | **Year 7** | **Year 8** | **Year 9** | **Year 10** | **Year 11** | **Year 12** | **Year 13** | **Year 14** | **Year 15** | **Year 16** | **Year 17** | **Year 18** | **Year 19** | **Year 20** | |
| | | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** | **2024** | **2025** | **2026** | **2027** | **2028** | **2029** | **2030** | **2031** | **2032** | **TOTAL** |
| **MUNICIPAL REVENUES FROM PROPERTY TAXES** | | | | | | | | | | | | | | | | | | | | | |
| POTENTIAL PROPERTY TAXES FOR CONDOMINIUM UNITS | | $0 | $0 | $0 | $233,706 | $359,323 | $491,075 | $692,108 | $902,887 | $1,123,771 | $1,355,136 | $1,527,916 | $1,708,488 | $1,897,133 | $2,094,143 | $2,299,818 | $2,514,468 | $2,738,413 | $2,971,983 | $3,215,521 | $3,469,378 | $29,595,268 |
| POTENTIAL PROPERTY TAXES FOR MF RENTAL UNITS | | $0 | $0 | $0 | $190,042 | $259,724 | $332,772 | $409,309 | $489,466 | $573,374 | $661,172 | $753,002 | $849,009 | $949,347 | $1,054,170 | $1,163,642 | $1,277,928 | $1,397,201 | $1,521,640 | $1,651,427 | $1,786,752 | $15,319,978 |
| POTENTIAL PROPERTY TAXES FOR COMMERCIAL DEVELOPMENT | | $0 | $0 | $0 | $0 | $0 | $25,202 | $51,664 | $79,434 | $108,560 | $139,092 | $171,083 | $204,587 | $239,659 | $276,357 | $314,740 | $354,869 | $396,808 | $440,623 | $486,380 | $534,149 | $3,823,207 |
| TOTAL PROPERTY TAX REVENUES FOR NEW DEVELOPMENT | | $0 | $0 | $0 | $423,748 | $619,047 | $849,049 | $1,153,082 | $1,471,786 | $1,805,705 | $2,155,400 | $2,452,001 | $2,762,084 | $3,086,139 | $3,424,671 | $3,778,200 | $4,147,265 | $4,532,423 | $4,934,246 | $5,353,327 | $5,790,279 | $48,738,453 |
| CURRENT PROPERTY TAXES (INDUSTRIAL USE) | | $321,835 | $329,881 | $338,128 | $346,581 | $355,246 | $364,127 | $373,230 | $382,561 | $392,125 | $401,928 | $411,976 | $422,276 | $432,832 | $443,653 | $454,745 | $466,113 | $477,766 | $489,710 | $501,953 | $514,502 | $8,221,167 |
| INCREMENTAL PROPERTY TAXES - REDEVELOPMENT | | $0 | $0 | $0 | $77,167 | $263,802 | $484,922 | $779,852 | $1,089,226 | $1,413,581 | $1,753,472 | $2,040,025 | $2,339,809 | $2,653,307 | $2,981,018 | $3,323,456 | $3,681,152 | $4,054,657 | $4,444,536 | $4,851,374 | $5,275,777 | $41,507,130 |
| **MUNICIPAL REVENUES (DEVELOPER CONTRIBUTIONS - ROADS)** | | $0 | $0 | $852,057 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $852,057 |
| **MUNICIPAL COSTS** | | | | | | | | | | | | | | | | | | | | | |
| CAPITAL COSTS (ROADS/INTERSECTIONS) | | $0 | $0 | $2,826,181 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $2,826,181 |
| ANNUAL OPERATING COSTS | | $0 | $0 | $393,984 | $403,834 | $413,930 | $636,417 | $652,328 | $668,636 | $685,352 | $936,647 | $960,063 | $984,065 | $1,008,667 | $1,033,883 | $1,059,730 | $1,086,224 | $1,113,379 | $1,141,214 | $1,169,744 | $1,198,988 | $15,547,084 |
| **NET ANNUAL MUNICIPAL REVENUES** | | $0 | $0 | -$2,368,109 | -$326,667 | -$150,128 | -$151,495 | $127,524 | $420,590 | $728,229 | $816,825 | $1,079,961 | $1,355,744 | $1,644,640 | $1,947,134 | $2,263,725 | $2,594,929 | $2,941,277 | $3,303,322 | $3,681,630 | $4,076,789 | $23,985,921 |
| **YEARS FROM JANUARY 1, 2013** | | 0.00 | 1.00 | 2.00 | 3.00 | 4.00 | 5.00 | 6.00 | 7.00 | 8.00 | 9.00 | 10.00 | 11.00 | 12.00 | 13.00 | 14.00 | 15.00 | 16.00 | 17.00 | 18.00 | 19.00 | |
| PRESENT VALUE FACTOR | **10.0%** | | | | | | | | | | | | | | | | | | | | | |
| **PRESENT VALUE AS AT JANUARY 1, 2013** | | $0 | $0 | -$1,957,115 | -$245,430 | -$102,540 | -$94,067 | $71,984 | $215,829 | $339,724 | $346,414 | $416,372 | $475,180 | $524,033 | $564,015 | $596,110 | $621,205 | $640,108 | $653,545 | $662,174 | $666,588 | **$4,394,129** |
| **PRESENT VALUE OF FUTURE MUNICIPAL NET REVENUES AS AT JANUARY 1, 2013** | **$4,390,000 (ROUNDED)** | | | | | | | | | | | | | | | | | | | | | **$4,390,000** |

## Scenario B – Net Revenues <u>including</u> Provincial Levy and School Division Tax Revenues

| PALLISER NORTH KILDONAN TOWN CENTRE REDEVELOPMENT CONCEPT | | | | | | | | | | | | | | | | | | | | | | SCHEDULE 1.1 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| COST BENEFIT ANALYSIS - COMBINED MILL RATES | | | | | | | | | | | | | | | | | | | | | | |
| | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 | |
| | | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | TOTAL |
| **MUNICIPAL REVENUES FROM PROPERTY TAXES** | | | | | | | | | | | | | | | | | | | | | | |
| POTENTIAL PROPERTY TAXES FOR CONDOMINIUM UNITS | | $0 | $0 | $0 | $471,219 | $724,500 | $990,150 | $1,395,492 | $1,820,483 | $2,265,851 | $2,732,350 | $3,080,725 | $3,444,810 | $3,825,175 | $4,222,405 | $4,637,105 | $5,069,902 | $5,521,440 | $5,992,386 | $6,483,429 | $6,995,278 | $59,672,701 |
| POTENTIAL PROPERTY TAXES FOR MF RENTAL UNITS | | $0 | $0 | $0 | $370,820 | $506,787 | $649,321 | $798,665 | $955,070 | $1,118,797 | $1,290,112 | $1,469,294 | $1,656,630 | $1,852,413 | $2,056,950 | $2,270,557 | $2,493,558 | $2,726,290 | $2,969,100 | $3,222,347 | $3,486,400 | $29,893,111 |
| POTENTIAL PROPERTY TAXES FOR COMMERCIAL DEVELOPMENT | | $0 | $0 | $0 | $0 | $0 | $71,379 | $146,326 | $224,976 | $307,467 | $393,943 | $484,549 | $579,440 | $678,773 | $782,710 | $891,420 | $1,005,076 | $1,123,857 | $1,247,950 | $1,377,545 | $1,512,839 | $10,828,250 |
| TOTAL PROPERTY TAX REVENUES FOR NEW DEVELOPMENT | | $0 | $0 | $0 | $842,039 | $1,231,287 | $1,710,849 | $2,340,483 | $3,000,529 | $3,692,115 | $4,416,405 | $5,034,569 | $5,680,880 | $6,356,361 | $7,062,065 | $7,799,082 | $8,568,535 | $9,371,587 | $10,209,436 | $11,083,320 | $11,994,518 | $100,394,062 |
| CURRENT PROPERTY TAXES (INDUSTRIAL USE) | | $321,835 | $329,881 | $338,128 | $346,581 | $355,246 | $364,127 | $373,230 | $382,561 | $392,125 | $401,928 | $411,976 | $422,276 | $432,832 | $443,653 | $454,745 | $466,113 | $477,766 | $489,710 | $501,953 | $514,502 | $8,221,167 |
| INCREMENTAL PROPERTY TAXES - REDEVELOPMENT | | $0 | $0 | $0 | $495,458 | $876,041 | $1,346,723 | $1,967,253 | $2,617,969 | $3,299,990 | $4,014,477 | $4,622,593 | $5,258,605 | $5,923,528 | $6,618,412 | $7,344,337 | $8,102,422 | $8,893,821 | $9,719,726 | $10,581,368 | $11,480,016 | $93,162,739 |
| **MUNICIPAL REVENUES (DEVELOPER CONTRIBUTIONS - ROADS)** | | $0 | $0 | $852,057 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $852,057 |
| **MUNICIPAL COSTS** | | | | | | | | | | | | | | | | | | | | | | |
| CAPITAL COSTS (ROADS/INTERSECTIONS) | | $0 | $0 | $2,826,181 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $2,826,181 |
| ANNUAL OPERATING COSTS | | $0 | $0 | $393,984 | $403,834 | $413,930 | $636,417 | $652,328 | $668,636 | $685,352 | $936,647 | $960,063 | $984,065 | $1,008,667 | $1,033,883 | $1,059,730 | $1,086,224 | $1,113,379 | $1,141,214 | $1,169,744 | $1,198,988 | $15,547,084 |
| **NET ANNUAL MUNICIPAL REVENUES** | | $0 | $0 | -$2,368,109 | $91,624 | $462,111 | $710,305 | $1,314,926 | $1,949,333 | $2,614,639 | $3,077,830 | $3,662,529 | $4,274,540 | $4,914,862 | $5,584,528 | $6,284,607 | $7,016,198 | $7,780,442 | $8,578,512 | $9,411,623 | $10,281,029 | $75,641,530 |
| **YEARS FROM JANUARY 1, 2013** | | 0.00 | 1.00 | 2.00 | 3.00 | 4.00 | 5.00 | 6.00 | 7.00 | 8.00 | 9.00 | 10.00 | 11.00 | 12.00 | 13.00 | 14.00 | 15.00 | 16.00 | 17.00 | 18.00 | 19.00 | |
| PRESENT VALUE FACTOR | **10.0%** | | | | | | | | | | | | | | | | | | | | | |
| **PRESENT VALUE AS AT JANUARY 1, 2013** | | $0 | $0 | -$1,957,115 | $68,839 | $315,628 | $441,044 | $742,241 | $1,000,316 | $1,219,748 | $1,305,300 | $1,412,064 | $1,498,200 | $1,566,026 | $1,617,639 | $1,654,933 | $1,679,622 | $1,693,251 | $1,697,213 | $1,692,763 | $1,681,030 | **$19,328,744** |
| **PRESENT VALUE OF FUTURE MUNICIPAL NET REVENUES AS AT JANUARY 1, 2013** | **$19,330,000 (ROUNDED)** | | | | | | | | | | | | | | | | | | | | | **$19,330,000** |

Limiting Conditions

## VII - LIMITING CONDITIONS

This report has been prepared at the request of Lexington Park Real Estate Holdings Ltd, with the intended use to aid in the planning approval process. The report has been prepared during the month of October 2012. It is not reasonable for any person(s) other than those indicated above and those directly involved in financing or development of the proposed development, to rely upon this analysis without first obtaining written authorization from the above-mentioned individual and the authors, as there may be qualifications, assumptions or limiting conditions, in addition to those set out below, relevant to that person's identity or his intended use.

The report is prepared on the assumption that no other person will rely on it for any other purpose and that all liability to all such persons is denied.

Because market conditions, including economic, social and political factors, change rapidly and, on occasion, without warning, the conclusions drawn in this report may be subject to revision at a later date.

The compensation for services rendered in this report does not include a fee for court preparation or court appearance, which must be negotiated separately. Neither this nor any other of these limiting conditions, however, is an attempt to limit the use that might be made of this report should it properly become evidence in a judicial proceeding that will decide the use of the report best serving the administration of justice.

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