

Lasby, Mary

Subject: FW: Email - Communication - Devin Clarke - Catterall and Wright - Concept Plan Amendment Application - Willows Neighbourhood - CK 4350-023-002 x 4131-24
Attachments: 2023-05-11 Willows Economic Impact Assessment report.pdf

From: Web NoReply <web-noreply@saskatoon.ca>

Sent: Monday, June 26, 2023 2:10 PM

To: City Council <City.Council@saskatoon.ca>

Subject: Email - Communication - Devin Clarke - Catterall and Wright - Concept Plan Amendment Application - Willows Neighbourhood - CK 4350-023-002 x 4131-24

--- Replies to this email will go to [REDACTED] ---

Submitted on Monday, June 26, 2023 - 14:09

Submitted by user: Anonymous

Submitted values are:

I have read and understand the above statements.: Yes

I do not want my comments placed on a public agenda. They will be shared with members of Council through their online repository.: No

I only want my comments shared with the Mayor or my Ward Councillor.: No

Date: Monday, June 26, 2023

To: His Worship the Mayor and Members of City Council

First Name: Devin

Last Name: Clarke

Phonetic spelling of first and/or last name: [REDACTED]

Email: [REDACTED]

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Province: Saskatchewan

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Name of the organization or agency you are representing (if applicable): Catterall & Wright

What do you wish to do ?: Submit Comments / Request to Speak

What meeting do you wish to speak/submit comments ? (if known):: June 28th City Council - Public Hearing

What agenda item do you wish to comment on ?: 6.1.2

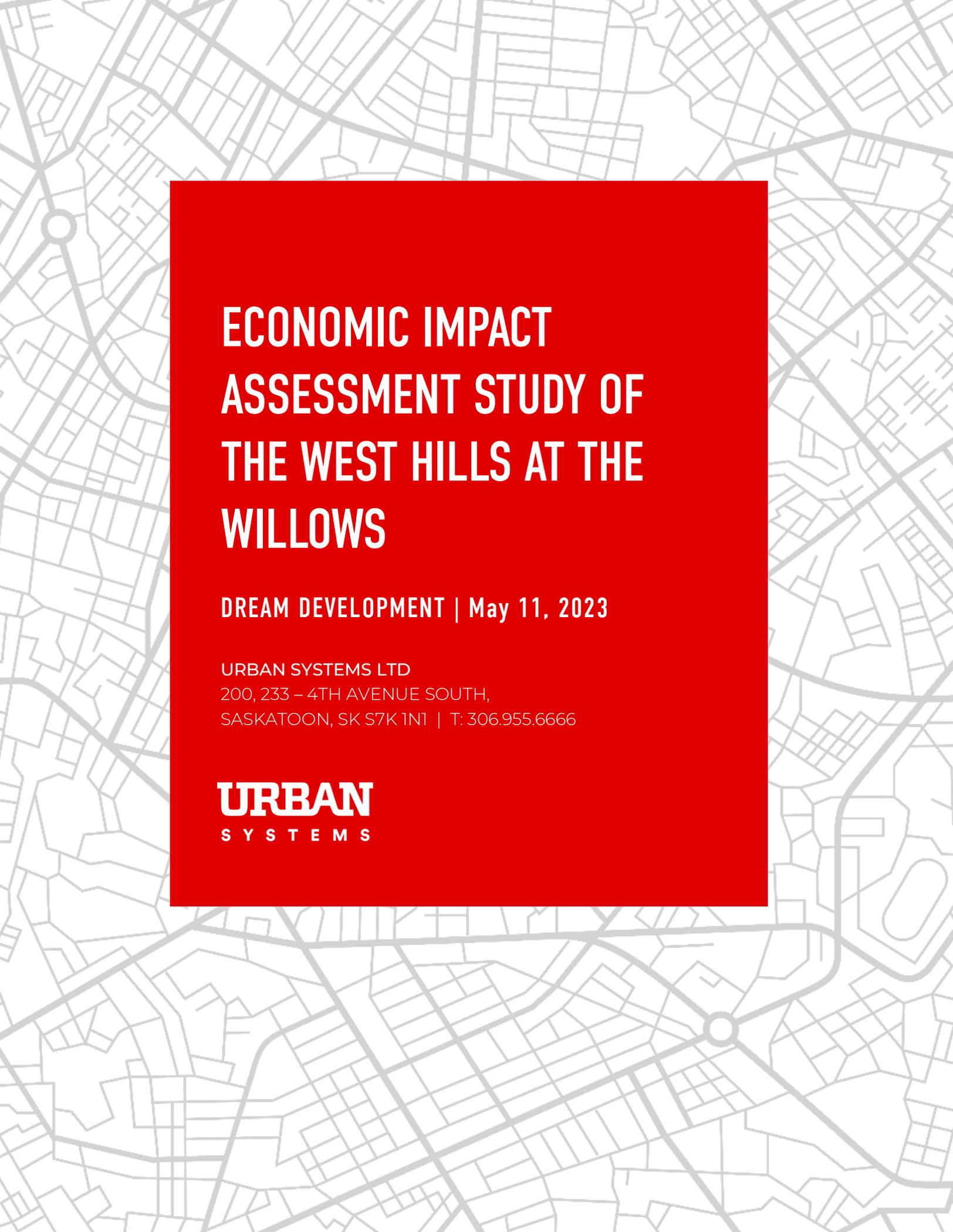
Comments:

On behalf of Dream Developments (applicant), I am requesting the attached Economic Impact Assessment for The Willows be included in the agenda package.

Attachments:

- [2023-05-11 Willows Economic Impact Assessment report.pdf](#) 1.66 MB

Will you be submitting a video to be vetted prior to council meeting?: No



ECONOMIC IMPACT ASSESSMENT STUDY OF THE WEST HILLS AT THE WILLOWS

DREAM DEVELOPMENT | May 11, 2023

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ATTENTION:

BRAD ZUREVINSKI, LAND DEVELOPMENT MANAGER

PREPARED BY:

URBAN SYSTEMS LTD.

DATE: MAY 11, 2023

FILE:

3009.0003.01

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EXECUTIVE SUMMARY

Urban Systems prepared an economic impact assessment for the planned expansion of the Willows West Hills Development.

Findings are explained in more detail in the report, but in summary, the following two tables highlight the key economic impacts of the project for both the construction phase and the ongoing impacts after project completion.

The total output for the project is expected to be \$1.165 billion during construction. This would include over 3,200 direct jobs, and almost 2,000 indirect and induced jobs during the construction phase.

Table 1: Economic Impact During Construction Phases

Impact	Jobs	Labour Income	Total Output
Direct	3,242	\$179,944,000	\$818,750,000
Indirect	1,306	\$74,115,500	\$236,668,750
Induced	620	\$26,978,000	\$109,821,750
Total	5,168	\$281,037,500	\$1,165,240,500

The Willows development will also bring over \$18 million in fees to the City of Saskatoon through the Servicing Agreement.

Ongoing impacts would include annual property taxes, which were estimated to be \$3.2 million based on this year's rates. The development would also add an estimated 120 direct jobs which would equate to approximately \$6 million in wages.

Table 2: Economic Impact After Occupancy

Servicing Agreement Fees	\$18.36 M
Annual Property Taxes	\$3.2 M
Direct Employment (Commercial) in Wages	\$6 M
Direct Employment (Commercial) in Jobs	120 jobs

1.0 INTRODUCTION

Dream Development retained Urban Systems Ltd. to prepare an economic impact assessment related to a proposed residential and commercial development in Saskatoon, Saskatchewan. The purpose of this report is to quantify the potential economic impacts and benefits to the municipality and community resulting from the proposed additions (“West Hills at the Willows”) to the Willows Residential Community and Golf Club by the Dream Development.

The proposed additions to the Willows development are to be completed in four different phases. Altogether, the development area will encompass a land size of approximately 39 hectares. The proposed developments include residential and commercial uses. These components are highlighted below:

- 704 dwellings (305 single-detached, 399 medium and low-density multiple units);
- A clubhouse and amenity spaces;
- A commercial hotel and Nordic spa; and
- Redesign of the existing golf course.

This review examines the economic benefits that will accrue to the City of Saskatoon from both the **approvals and construction phase**; and **subsequent ongoing operations** once this project has completed construction. The approvals and construction phase of the project will generate immediate and short-term economic impacts, whereas the completed project will generate economic activity and municipal revenues in perpetuity. The specific economic metrics examined are as follows:

- Jobs (person-years and full-time equivalent jobs);
- Wages;
- Overall economic output;
- Servicing agreement levies; and
- Ongoing property taxes.

This report is structured as follows:

- Section 1 – Introduction
- Section 2 – Development concept and costs
- Section 3 – Economic impact during construction
- Section 4 – Ongoing economic impact
- Section 5 – Summary

2.0 DEVELOPMENT CONCEPT AND COSTS

The proposed West Hills development will be the final community within The Willows, a master planned community to be developed in phases. The community currently consists of the Willows Golf Club (a 27-hole championship golf course), the Westworth subdivision, and the Waterford subdivisions. This scope of work focuses on the economic impacts of the proposed West Hills development only.

For the purposes of this report, the West Hills development concept is based on the development application submitted by the applicant in January 2023. As the proposed development concept for the site is under planning review at the City of Saskatoon, the components and number of dwelling units of the project may change or undergo revisions during the planning approvals process.

2.1 DEVELOPMENT PHASING

The West Hills development is proposed to be completed in four phases: Phase 3, Phase 4, Phase 5 and Phase 6, as shown in Figure 1 below.

Figure 1: The Willows Phase Map



Source: Dream Development

2.2 DEVELOPMENT AREA AND USES

Altogether, the project will encompass a land area of approximately 39 hectares for which 38 hectares is designated for residential development and the remaining area is for commercial uses (Table 3).

The first phase of the project, Phase 3, will consist of a commercial hotel and a mix of dwellings of various densities, with both uses covering an area of 12.5 hectares.

Phase 4 and Phase 5 will be entirely residential uses only, and cover 13.7 hectares and 9.9 hectares, respectively. Phase 6 will include a mix of low and medium density multiple dwellings and cover 3.1 hectares in land area.

Table 3: Proposed West Hills Development by Land Size (Hectares)

	Hectares (Ha)				
	One Unit Dwelling	Low Density Multiple Unit Dwelling	Medium Density Multiple Unit Dwelling	Commercial	Total
Phase 3	5.2	4.4	1.5	1.3	12.5
Phase 4	10.8	2.9	0.0	0.0	13.7
Phase 5	9.9	0.0	0.0	0.0	9.9
Phase 6	0.0	1.6	1.5	0.0	3.1
Total	26.0	8.9	3.1	1.3	39.2

The proposed West Hills development will bring a total of 704 dwellings (Table 4) all composed of a mix of structural dwelling types. Forty-three percent (43%) of dwellings are proposed to be one-unit dwellings (305 units), 34% will be medium density multiple units (239 units), and 23% will be low density multiple units (160 units). There will also be a club house and outdoor amenities for residents.

The commercial component of the proposed plan will be a hotel and a Nordic spa. In addition, the development will refresh the golf course design and will be redesigned from offering 27 holes to 18 holes. The proposed construction will also provide major infrastructure upgrades, including irrigation and traffic lighting signals.

Table 4: Proposed West Hills Development by Structural Type of Dwelling

	One Unit Dwelling	Low Density Multiple Unit Dwelling	Medium Density Multiple Unit Dwelling	Total Units
Phase 3	61	79	119	259
Phase 4	127	53	0	180
Phase 5	117	0	0	117
Phase 6	0	28	120	148
Total	305	160	239	704

Table 5 below outlines the estimated construction costs estimated for each category of use in the proposed development. The total estimated construction costs for the development is approximately \$819 million dollars. Of this, the residential construction costs make up \$750M. The estimated construction cost for the commercial component is \$48M and for engineering construction it is \$22M.

Table 5: Estimated Construction Costs

	Estimated Construction Cost*
Residential	\$748,750,000
Commercial (Nordic Spa, Clubhouse/outdoor amenities)	\$48,000,000
Engineering Construction (Golf Course Redesign, Major Projects)	\$22,000,000
Total	\$818,750,000

*Hard + Soft construction costs, excluding cost of land and financing.

Source: Urban Systems calculations based on cost estimates from Dream Development.

The construction costs will be used to understand the likely economic benefits of the project, including both direct, indirect and induced effects that are discussed in the next section.

3.0 ECONOMIC IMPACT DURING CONSTRUCTION

This section describes the conceptual approach to the application of economic impact multipliers.

3.1 OVERVIEW

There are two main sources of economic impact for the Willows West Hills development:

1. The construction phase, both infrastructure and buildings; and
2. The ongoing economic benefits associated with the completed project, offering a sizeable residential tax base and some commercial tax opportunities.

The **direct** impacts of the Willows West Hills development will include construction and related jobs created or supported by the construction phase, and the labour earnings associated with those jobs. The impact would include jobs and income tied to all aspects of construction of the buildings but excluding any offsite infrastructure upgrades.

The **indirect** impacts of the construction project will include spending by the construction (and related) industries on inputs such as building materials and equipment, which support jobs and earnings in industries that supply inputs.

The **induced** effects of the project come from the wages and salaries earned by employees in the relevant industry sectors, and by employees in the industries that supply inputs, which are then recirculated in the local and regional economy by spending on goods and services. The direct, indirect and induced effects reflect the three components of the economic impact equation.

The Multiplier Effect

Captures the secondary effects from the interconnection between various local economic sectors:

1. **Indirect effects** → measures economic impact on various industry suppliers of local goods and services.
2. **Induced effects** → measures impact of changes in household spending.

Measurement of the direct, indirect and induce effects from the construction phase are prepared using Statistics Canada's economic multipliers and cost estimates. The conceptual approach to the application of economic impact multipliers is noted on the following page.

Equation #1 shows how we calculate total economic impact for a construction project. Equation #2 shows the components of the 'economic output' calculation. Equation #3 shows the calculation for the overall 'multiplier effect.'

Equation #1 shows how we calculate total economic impact for a construction project.

Equation #1: Total Economic Impact

Total Effect = Direct Effect + Indirect Effect + Induced Effect

Within each of these effects, we focus on the impact to employment (jobs) and total output (\$). The total output includes the value of intermediate purchases in other industries, and the value-added by the industry (see below). The value-added includes the labour income associated with employment in the associated industry sectors.

Equation #2 shows the components of the 'economic output' calculation.

Equation #2: Output

Output = Intermediate Purchases + Value Added

The total output includes the value of intermediate purchases in other industries, and the value-added by the industry. The value-added includes the labour income associated with employment in the associated industry sectors.

Equation #3 shows the calculation for the overall 'multiplier effect.'

Equation #3: Multiplier Effect

Multiplier Effect = (Direct + Indirect + Induced) / (Direct)

The multiplier effect captures the secondary effects from the interconnection between various local economic sectors.

These calculations are applied primarily for the construction phase analysis, whereas ongoing benefits are parsed out and separately analysed based on our understanding of the scale of the project, the likely end-user types, and the associated ongoing benefits in terms of both property tax revenues to the municipality and employment for local and regional residents.

As discussed in Section 2.0, the project will (as currently envisioned) encompass around 39 hectares of residential use and partial commercial use. The estimated total cost to construct the development, is estimated at **\$819 million**.

3.2 CONSTRUCTION PHASE ECONOMIC IMPACT ANALYSIS

The output metric is the total dollar increase in expenditures in the Provincial economy, including the direct, indirect, and induced impacts, and purchases of intermediate inputs used to produce the final goods and services during the construction phase of the Willows project.

3.2.1 DIRECT, INDIRECT, INDUCED EMPLOYMENT

Table 6 below provides a summary of the employment implications of the construction phases. The estimated number of jobs that are associated with the project's construction are calculated based on the estimated direct costs to develop (infrastructure + construction) and the Statistics Canada jobs multipliers.¹ The latter are derived from labour productivity and related measures by business sector industry, such as average annual number of hours worked and typical compensation per hour worked. On this basis, we calculate **3,242 jobs** that will be created or supported by the construction project.

In addition, there are indirect and induced jobs tied to the project's construction phase. The **indirect jobs (1,306)** are the jobs created or supported by the intermediate inputs necessary for the project. The **induced jobs** accounts for those that are created or supported as a result of household spending on local goods and services from the wages and salaries associated with the construction project. **Total jobs (5,168)** are the aggregate jobs created or supported by the construction phases.

Table 6: Employment Impact (Person Years) of Building Construction

Multiplier Category	Jobs (person years)			Grand Total
	Residential	Commercial	Engineering Construction	
Direct	2,976	213	53	3,242
Indirect	1,199	73	34	1,306
Induced	551	50	20	620
Total	4,726	336	106	5,168

Source: Urban Systems calculations using Statistics Canada multipliers (36-10-0113-01).

3.2.2 LABOUR INCOME

The estimated labour income associated with the direct, indirect, and induced jobs created during the construction phase of the project is shown in Table 7. The total labour income is

¹ Statistics Canada. Table 36-10-0113-01 Input-output multipliers, provincial and territorial, summary level.

estimated at \$281.04 million. Note that this is based on in-province multipliers so the figures in Table 6 do not account for income (or jobs) generated through the sourcing of materials outside of the province.

The direct labour income measures the employment income generated from construction-related industries that created or supported by the project. This is estimated to be \$179.94 million. The indirect labour income measures the additional employment income generated by local and other Saskatchewan-based suppliers to the construction industries, which is estimated to be around \$74.12 million. Furthermore, an estimated \$26.98 million is to be generated because of household spending from the additional wages and earnings to industries such as retail and service commercial. The project will increase jobs and earnings in a variety of industry sectors across the economy.

Table 7: Labour Income Impact of Building Construction

	Labour Income (\$)			
Multiplier Category	Residential	Commercial	Engineering Construction	Grand Total
Direct	161,730,000	13,968,000	4,246,000	179,944,000
Indirect	67,387,500	4,176,000	2,552,000	74,115,500
Induced	23,960,000	2,160,000	858,000	26,978,000
Total	253,077,500	20,304,000	7,656,000	281,037,500

Source: Urban Systems calculations using Statistics Canada multipliers (36-10-0113-01).

3.2.3 TOTAL OUTPUT

The total output metric is the total dollar increase in expenditures in the Saskatchewan economy, including the direct, indirect, and induced impacts, including purchases of intermediate inputs used to produce the final goods and services (Table 8). For the construction of this project, the total output is calculated as \$1.17 billion.

Of this total, \$818.75 million is the direct output, meaning the value is generated directly from the construction-related activities of the development project. Another \$236.67 million is generated indirectly from local or other Saskatchewan-based suppliers. An additional \$109.82 million is generated by induced output from the additional spending created from the new jobs that result from the project.

Table 8: Output Impact of Building Construction

Multiplier Category	Output (\$)			
	Residential	Commercial	Engineering Construction	Grand Total
Direct	748,750,000	48,000,000	22,000,000	818,750,000
Indirect	216,388,750	12,624,000	7,656,000	236,668,750
Induced	99,583,750	6,696,000	3,542,000	109,821,750
Total	1,064,722,500	67,320,000	33,198,000	1,165,240,500

Source: Urban Systems calculations using Statistics Canada multipliers (36-10-0113-01)

In total, the proposed West Hills development project will generate a total output of nearly \$1.165 billion to the economy in Saskatchewan. This translates to an output multiplier of 1.42 (Total Output / Direct Output). This impact is summarized by the direct, indirect, and induced effects below.

The total output directly associated with the building construction of the Willows development project (i.e., cost to build excluding land and financing) is approximately \$819 million.

For suppliers to the construction and engineering industries in Saskatchewan, the total indirect output from this project is expected to be approximately \$237 million.

For local and other Saskatchewan retailers and other industries that will see a bump in sales from the additional household income generated by this project, their total induced output is expected to be approximately \$110 million.

3.2.4 OVERALL CONSTRUCTION PERIOD ECONOMIC IMPACT

Table 98 below is a summary of the economic impact generated during the construction period of this project.

The total output directly associated with the construction of the West Hills project (i.e., cost to build excluding land and financing) is \$818.75 million. This includes creating 3,242 direct jobs and \$179.94 million in direct labour income.

For suppliers to the construction (infrastructure + building) and engineering industries in Saskatchewan, their total output is expected to increase by \$236.67 million. For local and other Saskatchewan retailers and other industries that will see a bump in sales from the additional household income generated by this project, their total output is expected to increase by \$109.82 million.

Table 9: Overall Construction Period Economic Impact

	Jobs	Labour Income	Total Output
Direct	3,242	\$179,944,000	\$818,750,000
Indirect	1,306	\$74,115,500	\$236,668,750
Induced	620	\$26,978,000	\$109,821,750
Total	5,168	\$281,037,500	\$1,165,240,500

The total number of jobs created during the construction phase of the project are estimated to equal 5,168 jobs. These jobs will generate total wages of approximately \$281 million.

3.3 SERVICING AGREEMENT LEVIES

A Servicing Agreements is a legal contract that the City of Saskatoon may require from developers for approval of a development application. The City of Saskatoon levies servicing agreement fees on private developments to fund growth-related infrastructure, such as:

- Trunk sewers
- Watermains
- Arterial roads
- Parks and recreation infrastructure
- Sidewalks
- Street lighting

Negotiations between Dream Development and the City of Saskatoon regarding the servicing agreement for the proposed development would entail approximately **\$18.36 million** in fees.

4.0 ONGOING ECONOMIC IMPACT

4.1 PROPERTY TAX REVENUES AFTER OCCUPANCY

Property taxes for the completed development will be an ongoing source of revenue for the City of Saskatoon. Property taxes in Saskatoon have three components:

- Municipal Tax
- Library Tax
- Education Tax

Saskatoon City Council sets the municipal and library budgets each year, and this budget determines the amount of tax revenue required from property taxes. The annual tax rates for these line items will vary based on the City's budgets.

The education tax component of property taxes is set by the Provincial Government and is collected by the City of Saskatoon and passed on to the Province.

4.1.1 RESIDENTIAL PROPERTY TAXES

Residential property taxes were calculated based on the average values and taxes paid by existing properties in the Willows development. In 2021 it was calculated that the existing Willows residential units paid approximately \$2.3 million dollars in property taxes.

Based on these valuations and current tax rates, it is estimated that the additional units planned in the new Willows development would pay an additional **\$3.2 million** in property taxes once completed.

4.1.2 COMMERCIAL PROPERTY TAXES

The final details for the hotel / spa have not been confirmed, so for this analysis a 60-room hotel has been assumed. HVS produces a Hotel Valuation Index that estimates hotel values across Canada. The 2019 Valuation index forecasted hotel values in Saskatoon would average \$117,600 per room in 2022. This means that a 60-room hotel would have an estimated value of approximately \$7 million.

Based on an estimated 2023 Mill Rate for commercial properties for 10.757 the annual taxes from the new hotel and spa would be an estimated **\$75,300**.

4.2 DIRECT EMPLOYMENT AND WAGES

The ongoing employment from the Willows development will come from the proposed hotel and spa. It is estimated that the hotel will have 60 rooms.

Estimates of employees per room of a hotel vary based on the category of hotel being considered. Based on a range of industry sources, employment per room by hotel category might generally be:

- Budget Hotel: 0.4 – 1 employee per room
- Upscale Hotel: 1 – 2 employees per room
- Luxury Hotel: 2 – 3.5 employees per room

For this exercise, it is assumed the proposed hotel / spa will be an upscale hotel. The inclusion of the spa would push the new hotel to the higher end of the upscale hotel employment range – so a total of 120 employees was estimated for the 60-room hotel.

If the average salary for hotel workers was \$50,000 per year, that would imply **\$6 million** in wages generated from the new hotel / spa.

5.0 SUMMARY

The proposed addition to the Willows project proceeded it is expected to bring considerable longer-term economic benefits to the City of Saskatoon. Based on the envisioned development concept, the site could be home to 3,242 direct jobs. At build-out, the project is projected to yield over \$3.2 million in annual residential and commercial property tax revenue for the City.

Additionally, both the City and industries in the Province can expect to see GDP and employment benefits through the construction phase, including 5,168 combined jobs (direct, indirect and induced), over \$281.01 million in combined labour income, and \$1.16 billion in total economic output.

Following is a brief summary of key metrics:

- 3,242 direct jobs, 1,306 indirect jobs, and 620 induced jobs within BC during the construction phase. Of the 3,242 direct jobs, 4,043 of these are estimated to be full-time equivalent jobs.
- Over \$281.01 million in direct, indirect and induced labour income during construction
- \$3.2 million in annual property taxes generated from the residential units and commercial businesses
- An estimated \$18.36 million in one-time servicing agreement levies.
- Estimated 120 ongoing jobs created on-site once the hotel / spa is built out.