

May 19, 2021

Memorandum to: Friday Harbour Village Inc.  
Cheryl Shindruk

From: Daryl Keleher, Senior Director  
Justin Shin, Consultant  
Altus Group Economic Consulting

**Subject: Friday Harbour – Economic Benefits Analysis – Sunseeker Resort  
Residential Condominium**

**Our File: P-6687**

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Altus Group Economic Consulting (“Altus”) was retained by Friday Harbour Village Inc. to provide an assessment of the economic benefits relating to the development of the Sunseeker Resort Residential Condominium (“Sunseeker Resort Residential building”) within the Friday Harbour community. This memorandum provides an overview of the economic benefits that the proposed development would generate.

## **SUMMARY**

The proposed development of the Sunseeker Resort Residential building would generate the following economic and fiscal benefits for the Town and County:

- \$4.6 million in development charges and education development charges, including \$2.4 million in DCs for the Town, \$1.3 million in DCs for the County, and \$836,400 for school boards;
- \$470,000 in building permit fees;
- 580-person years of employment during the construction of the project, including 380-person years of employment directly in the construction industry;
- \$111 million in gross output and \$53 million in GDP;
- An increase of approximately \$107 million in property assessment values; and
- \$1.06 million in additional annual property tax revenue, including \$607,500 annually for the Town, \$291,900 for the County per year, and \$163,200 annually for education purposes; and
- The Resort unit owners can be expected to spend approximately \$15.9 million each year on goods and services, a significant proportion can be expected to be spent at stores and businesses within Friday Harbour, as well as elsewhere in the Town and Simcoe County. Additional spending can be expected from visitors to the units.

A more detailed explanation of the above estimates is presented in the memorandum below.

## OVERVIEW OF DEVELOPMENT

Friday Harbour is a resort development at Big Bay Point in the northern part of the Town of Innisfil that includes a mix of mid-rise resort residential apartments and townhomes with numerous amenities including a modern state of the art marina, championship golf course, retail shopping along the boardwalk, a beach area, and a 200-acre nature preserve with an extensive trail system. Hotel and conference facilities are planned. The master plan for Friday Harbour is shown in Figure 1 below.

Figure 1

### Master Plan, Friday Harbour



Source: Friday Harbour

The Sunseeker Resort Residential building is a proposed condominium apartment development that will be built within the Friday Harbour community. The development will have a total of 235 resort residential units, including 58 1-bedroom units, 152 2-bedroom units, and 25 3-bedroom units.

Figure 2

### Development Statistics, Sunseeker Building, Town of Innisfil, Friday Harbour

	Units
Residential	
1 Bedroom Apartments	58
2 Bedroom Apartments	152
3 Bedroom Apartments	25
Total	235

Source: Altus Group Economic Consulting

The location of the parcel within the Friday Harbour Resort upon which the Sunseeker Resort Residential building will be constructed is shown in Figure 3 below.

**Figure 3**      **Location of Sunseeker Resort Residential Site**



Source: Friday Harbour

## ONE-TIME ECONOMIC BENEFITS

### Development Charges

The proposed development of the Sunseeker Resort Residential building would generate development charge (DCs) revenues that can be used by the Town and County to fund growth-related capital projects, such as roads, water works, sewers, libraries, recreation facilities, fire services, etc.

The development of the subject site would also generate Education Development Charges (EDCs) which would provide revenue for local school boards to acquire land for prospective school sites.

Based on the Town's DC rate schedule the proposed development would generate approximately \$4.6 million in DC and EDC revenues, including roughly \$2.4 million for the Town, \$1.3 million for the County and \$836,400 for the school boards.

**Figure 4 Estimated Development Charge Revenues, Sunseeker Development, Town of Innisfil**

	DC Rates			Total
	Town of Innisfil	Simcoe County	School Boards	
<i>Dollars per Unit</i>				
Residential				
1 Bedroom Apartments	8,279	5,634	3,559	17,472
2 Bedroom Apartments	10,851	5,634	3,559	20,044
3 Bedroom Apartments	10,851	5,634	3,559	20,044
DC Revenues				
	Town of Innisfil	Simcoe County	School Boards	Total
<i>Dollars</i>				
Residential				
1 Bedroom Apartments	480,182	326,772	206,422	1,013,376
2 Bedroom Apartments	1,649,352	856,368	540,968	3,046,688
3 Bedroom Apartments	271,275	140,850	88,975	501,100
Total	2,400,809	1,323,990	836,365	4,561,164

Source: Altus Group Economic Consulting based on DC rates in effect as of May 2021

## Building Permit Fees

The estimated building permit revenues to be generated by the development of the Sunseeker Resort Residential building is summarized in Figure 5. These revenues contribute a source of funding for the day-to-day operation of the Town's building department. Based on the current 2021 fee rates, the development would generate approximately \$470,000 in building permit revenues for the Town.

**Figure 5 Estimated Building Permit Revenues, Sunseeker Development, Town of Innisfil**

	Building Permit Rates	GFA	Building Permit Revenues
	<i>\$ per Sq. Ft.</i>	<i>Square Feet</i>	<i>Dollars</i>
Residential Apartments	1.88	250,000	470,000

Source: Altus Group Economic Consulting

## CONSTRUCTION-RELATED BENEFITS

Using an economic input-output model, construction-related activity associated with the development of the subject site would generate a variety of one-time economic benefits in the economy, in terms of economic output, direct employment in the construction of the development, as well as derivative benefits for businesses that provide services and materials to the construction industry.

## Construction Employment and Economic Output

Figure 6 summarizes construction-related employment that will be generated from the development of the subject site. In total, the construction of the proposed development is estimated to result in approximately 580-person years of employment. This includes approximately 380-person-years of employment in the construction industry and approximately 200-person years of employment in businesses and services that provide materials and services to the construction industry.

**Figure 6 Economic Impacts of Construction of Sunseeker Development, Town of Innisfil**

	Proposed Development
<u>Construction-Related Employment</u>	
	<i>Person-Years</i>
Direct	377
Indirect	203
Total	580
<u>Economic Output</u>	
	<i>Dollars</i>
Gross Output	111,250,000
GDP	53,370,000

Source: Altus Group Economic Consulting

Economic activity relating to construction of the proposed development on the subject site can be measured from Gross Output<sup>1</sup> or Gross Domestic Product (GDP).<sup>2</sup> Figure 6 summarizes that the construction of the proposed development would generate \$111.3 million in Gross Output and \$53.4 million in GDP.

## ON-GOING ECONOMIC BENEFITS

### Estimated Assessment Value and Annual Property Tax Revenues at Full Build-Out

Development of the subject site will result in an increase of the Town and County's property tax assessment base and will generate additional ongoing property tax revenues for the Town, County and school boards.

<sup>1</sup> Gross Output represents a measure of economic activity in the production of new goods and services, and includes intermediate and final outputs. For example, in the production of wood furniture, the purchase of wood from a sawmill for \$100 (the intermediate input) and the end-price of the finished furniture of \$400 (the final output) are added together to estimate Gross Output, or the value of all goods and services purchased throughout.

<sup>2</sup> Gross Domestic Product represents economic activity in the production of new goods and services and includes only final outputs, and in the example of the production of wood furniture, would represent the "value added" to the raw wood, where the \$400 furniture was created from a \$100 input. Therefore, in this case, the GDP would be \$300 (or \$400 final value less \$100 intermediate input value)

The assessment value estimates were developed using benchmarks of comparable residential properties in Innisfil and are consistent with the inputs used in the peer reviewed Fiscal Impact Study done by Altus Group for the Friday Harbour development.

Figure 7 provides a summary of the assessment value that will be generated by the development of the Sunseeker Resort Residential building. Based on the approach outlined above to estimating assessment values, the development would generate approximately \$106.7 million in new assessment value.

**Figure 7 Assessment Value Estimates at Build-Out, Sunseeker Development, Town of Innisfil**

	Proposed Development	Assessment Value Assumption	Total Assessment Value
Residential	<i>Units</i>	<i>\$/ Unit</i>	<i>Dollars</i>
1 Bedroom Apartments	58	330,000	19,140,000
2 Bedroom Apartments	152	487,000	74,024,000
3 Bedroom Apartments	25	541,000	13,525,000
Total	235		106,689,000

Source: Altus Group Economic Consulting

The estimates of annual property tax revenue generated from the proposed Sunseeker development are summarized in Figure 8. Based on the 2021 property tax rates, the proposed development would generate annual property tax revenue of approximately \$1.06 million, including approximately \$607,500 per year for the Town, \$291,900 per year for County, and another \$163,200 for education purposes.

**Figure 8 Property Tax Revenue Estimates at Build-Out, Sunseeker Development, Town of Innisfil**

Tax Class	Assessment Value	2021 Property Tax Rates			
		Tow n of Innisfil	Simcoe County	School Boards	
	<i>Dollars</i>		<i>Percent</i>		Total
Residential	106,689,000	0.56941%	0.27357%	0.15300%	0.99598%

  

Land Use	Property Tax Revenues			
	Tow n of Innisfil	Simcoe County	School Boards	
	<i>Dollars</i>			
Residential	607,497	291,870	163,234	1,062,601

Source: Altus Group Economic Consulting

## Retail Spending in the Community

It is expected that the resort unit owners will help support local retail stores and businesses – it is estimated that annual spending on goods and services by resort unit owners will be nearly \$15.9 million per year. A significant proportion of this annual spending can be expected to be spent at businesses within the stores in the Friday Harbour Resort, but also more broadly within the Town and Simcoe County. Additional spending can be expected from visitors to the units.

Figure 9

### Estimated Spending on Goods and Services by Households in Sunseeker Resort Residential

Average Household Spending, Ontario, 2019	\$97,385
Less:	
Shelter Costs	(\$22,364)
Personal Taxes	(\$1,791)
Insurance and Pension Contributions	(\$5,346)
Gifts of Money	(\$2,252)
Games of Chance (net)	(\$193)
Household Spending, Goods and Services, 2019	\$65,439
Proposed Units, Sunseeker Resort Residential	235
Estimated Annual Retail Sales, 2019 dollars	\$15,378,165
Inflation Factor - 2019 dollars to 2021 dollars	3.3%
<b>Estimated Annual Retail Sales, 2021 dollars</b>	<b>\$15,885,562</b>

Note: Household Spending after deductions includes food, household operation, furnishings and equipment, clothing, transportation, health care, personal care, recreation, reading materials and other printed matter, education, tobacco products and alcoholic beverages, and miscellaneous expenditures

Source: Statistics Canada, CANSIM Table 203-0021, Survey of Household Spending, 2019