

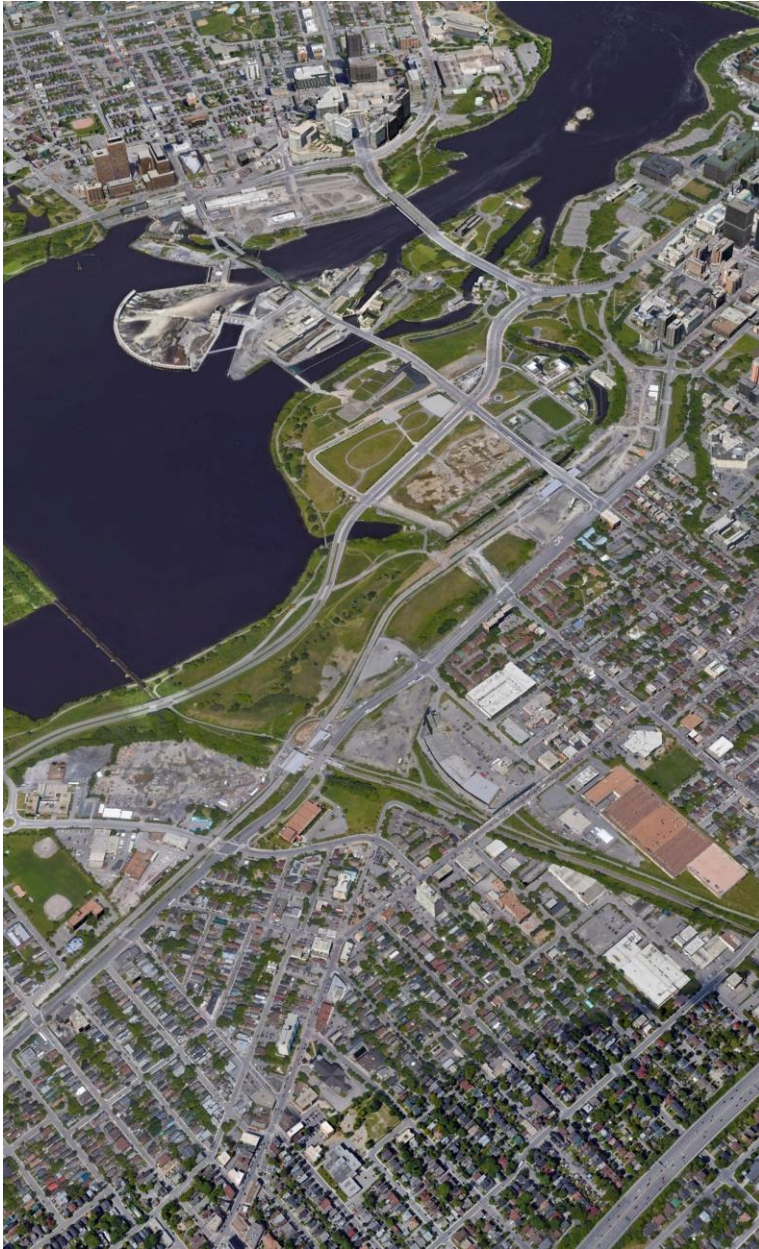
Executive Summary

Building LeBreton
Economic Impact Evaluation

The National Capital Commission
September 2020

nblc

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The conclusions contained in this report have been prepared based on both primary and secondary data sources. NBLC makes every effort to ensure the data is correct but cannot guarantee its accuracy. It is also important to note that it is not possible to fully document all factors or account for all changes that may occur in the future and influence the viability of any development. NBLC, therefore, assumes no responsibility for losses sustained as a result of implementing any recommendation provided in this report.

This report has been prepared solely for the purposes outlined herein and is not to be relied upon, or used for any other purposes, or by any other party without the prior written authorization from N. Barry Lyon Consultants Limited.

Executive Summary

N. Barry Lyon Consultants Limited (NBLC) was retained by the National Capital Commission (NCC) to evaluate the potential economic impacts that may occur as a result of the redevelopment of LeBreton Flats. The site is located in Ottawa, Ontario, just west of the downtown and comprises about 28.3 hectares (70 acres) of land, of which about half would be developable land. The area is currently experiencing renewal, in part through the recent introduction of the Confederation Line LRT, with two stations servicing the site.

The redevelopment of LeBreton Flats will create a broad set of economic benefits to the City of Ottawa and other levels of government. These benefits include those traditionally considered in evaluations of economic impacts such as jobs and tax assessment growth but also the social equity, environmental and quality of life benefits that accrue from transit orient communities.

At the time of writing this report, global markets are in flux because of the public health implications related to the novel coronavirus pandemic. The degree to which COVID-19 will have long term implications on real estate markets is currently unknown. However, the underlying fundamentals of Ottawa's real estate market have been positive, and, from a historical perspective the City's market has been remarkably stable. While it is possible that we will see some retraction in the housing market in 2021-22 the long term outlook – especially as immigration rebounds – is positive.

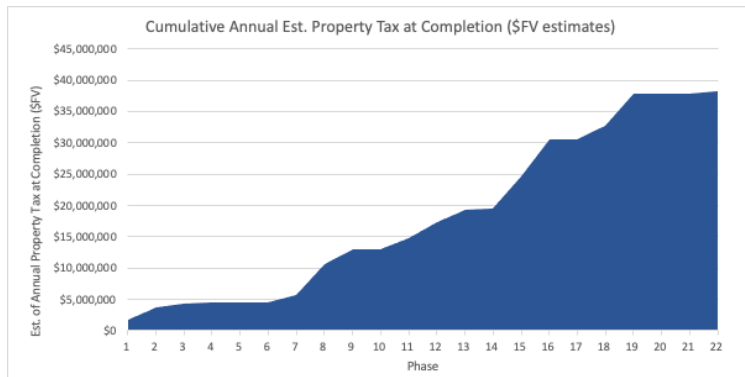
This study assesses potential economic impacts of the NCC's Master Concept Plan (MCP) for LeBreton Flats. The economic impact assessment is predicated on an estimate development yields for various forms of development. While the planning process is still in its infancy, the development estimates – which include inputs for significant open space

additions and major infrastructure upgrades – have been reviewed by planning, transportation, and infrastructure experts and are thought to be reasonable for early testing purposes.

This analysis summarizes the possible economic impacts that arise from the construction phases of LeBreton Flats based on GDP multipliers published by Statistics Canada. It also considers several of the key benefits that would accrue post development.

Following are some of the most notable potential economic impacts forecasted. These significant economic benefits are in addition to the important qualitative benefits that are the foundation and focus of the MCP, including: development of affordable housing, remediation of contaminated soil, creation of parks and public spaces, and supporting transit use and active transportation.

- The operational economic benefits of the development would be primarily drawn from both Federal and Provincial income tax, as well as municipal property taxation.
- The average value of municipal property tax across the total build out in present value terms is estimated at approximately \$13.7M per annum (in 2020 dollars). The following chart demonstrates how property assessment growth is estimated to accrue over time.
- Construction would support upwards of 1,740 annual full time equivalent (FTE) jobs throughout the projected 30-year development cycle. This estimate is equivalent to approximately 38,000 total jobs.
- These jobs are estimated to produce approximately \$20.3M per annum towards federal income tax and approximately \$8.0M annually towards provincial income taxes (both in 2020 dollars).



- The Master Concept Plan will include ancillary retail spaces, new destination retail and event spaces and office uses over time. The creation of these new spaces will allow for businesses to start, grow and expand. The volume of additional new permanent full-time equivalent jobs is currently undetermined given the inherent flexibility of the plan, however the location and scale of opportunity sites for these uses indicate that these enduring employment impacts could be significant over time.
- Construction spending (from direct, indirect, and induced spending) over the projected development timeline is likely to contribute about \$13.2B in future value dollars (\$4.7B in present value terms) to the Canadian economy.
- For every \$1.00 of construction expenditure, about \$3.57 of impact would ripple through the Canadian economy.
- The plan would support about \$1.2M (present value) in development charge payments annually throughout the development period.
- The economic benefits related to business taxation as well as land transfer taxes paid through the resale of newly created homes and offices would be highly variable but could also be significant.

Summary of Economic Impacts - Construction Phase	
Avg. No. of Construction Jobs Supported per Annum	1,700
Total Impact (Future \$) from Initial Construction Spending	\$13.2B
Development Charge Payments (Future \$)	\$95M

NBLC has also considered a range of positive qualitative benefits that could also be realized, including:

- The addition/ improvement of public spaces and connectivity.
- The remediation of contaminated lands.
- The development of affordable housing.
- Efficient municipal service delivery and enhanced transit ridership.

The construction impacts that are likely to result over time from the development of LeBreton Flats are significant, but the long-term enduring impacts associated with the tax assessment are more compelling. Tax assessment uplift from the previous under-utilized land use, to what is proposed, is important in terms of increasing the City’s revenue streams. Moreover, the transit-oriented LeBreton plan “unlocks” downtown land, facilitating a sustainable pattern of growth that is much more cost effective to service than growth in a suburban location.

The confidence that a successful development of LeBreton Flats may instil in the marketplace is also notable. This would be a signal to the greater market that Ottawa is a city which is rapidly growing and ready for additional large-scale investments in transit, technology, employment investment, or residential development; resulting in additional impacts.

If approved, the proposed redevelopment could return meaningful benefits, contributing to a greater range and supply of housing and aiding the City in achieving other strategic objectives held commonly with the NCC.