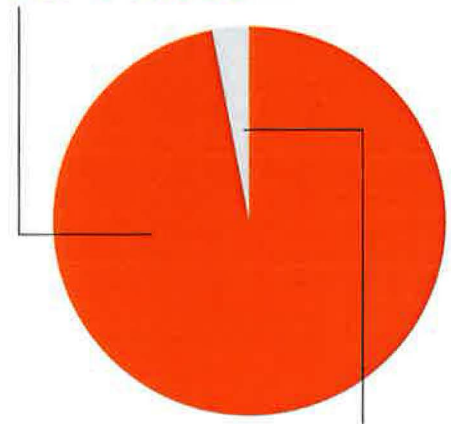


The Case for Providence: Request for \$10.1M of City Infrastructure Funding and Removal of Community #1 Growth Management Overlay on 550 Acres



Providence Community #1:

97% of Leading Infrastructure Cost in Place



3% Leading Infrastructure Remaining
\$10.1M City Investment Requested

Which Generates:

\$50M	\$96.6M	\$1.6B
Property Tax Surplus Over 10 years	Offsite Levy Capital Deposit	Direct Economic Impact

Community #1 at a Glance:

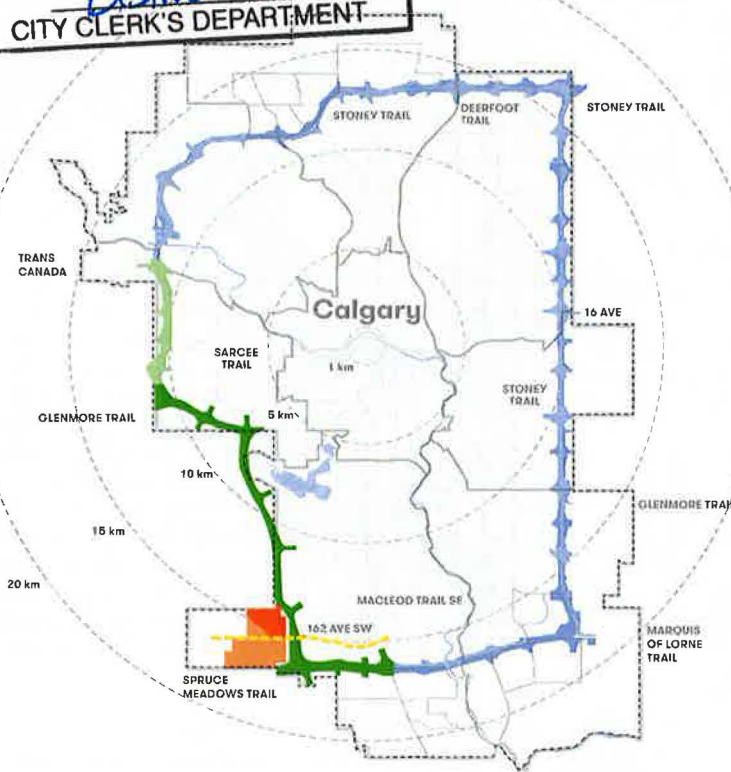
4,000 Permanent Jobs	9,300 Residents	15km to Downtown Calgary
3,200 Homes	3M Sq. Ft. of Non-Residential Space at Full Build Out	550 Acre Community

LEGEND

- Community #1 (550Ac)** ■
- Providence ASP** ■
- 162nd Ave Transitway —
- S.W Ring Road —
- Existing Ring Road —

The South West Ring Road

The long awaited South West Ring Road (SWRR) is under construction and is scheduled for completion in 2020. It's a \$2 billion project including two interchanges connecting to Providence that are fully funded by the provincial and federal governments. The SWRR unlocks the potential of Providence as an economic juggernaut in the Calgary region.



Building a Great City

Providence exemplifies the MDP's Seven Goals for Building a Great City due to its transportation infrastructure, location, mix of uses, urban design.



1. Prosperous Economy

Providence will bring major commercial development and employment to a region in Calgary where none exists at present. The \$2 billion investment in the SWRR by the provincial and federal governments, including two all-directional interchanges at 146th Avenue and 162nd Avenue valued at close to \$250 million, connect directly to the Providence lands. The investment also includes infrastructure for the 162nd Avenue Transitway, which will be a key public transit amenity for both the commercial and residential communities. All of these factors will result in a complete community that will assist Calgary to compete economically on a regional and global scale, attracting new investment to the City of Calgary.



2. Compact City

The combination of employment uses and access to an efficient transit system forms the foundation to develop a complete community that can be built in a more compact form. The recent Intermunicipal Development Plan has proposed a one mile wide greenbelt in Foothills County that encircles the Providence area and defines it as the outer limit for future city growth. Having this de-facto urban growth boundary provides more certainty in future growth patterns and enables a highly compact form to emerge.



3. Great Communities

The true mix of uses that can be achieved in Providence provided the foundation for planning a great community. The objective was to make the central amenity of the community the community itself. This meant bringing in the globally acclaimed planning firm Calthorpe Associates to assist in shaping a community that embodies all elements that create great communities where people can make a great living and make a great life.



4. Good Urban Design

Good urban design is dependent on having the essential ingredients including location, transportation, transit and the ability to develop a full mix of uses. All of these elements are present in Providence and provided the foundation to create a community plan that provides a full array of uses, housing mix, and pedestrian and transit supportive design. Providence will truly raise the bar.



400 Acre Dream portion of Community #1 - Concept Plan by Calthorpe Associates



5. Connecting the City

Providence provides connection for all modes and purposes. With no other necessary leading infrastructure for transportation required, revenues from the off-site levies for Transportation collected from Providence could be earmarked to building the 162nd Transitway, which is the only Rapid Transit infrastructure calculated in the off-site levy bylaw. The 162nd Avenue Transitway is part of the Primary Transit Network and will serve as an important amenity to the employment and high density residential uses in Providence. The Transitway combined with the extension of existing transit routes, the SWRR interchanges, pedestrian and bicycle routes and mix of uses provides for efficient and safe movement for all modes of travel in Providence.



6. Greening the City

Achieving a true mixed use development that can support employment and allows people to live, work and play within their own community is one of the best ways to green the city. Corporately, Dream operates Dream Alternatives, which is focused on investment and development of renewable energy projects in solar and wind. Renewable energy will be integral to the community's development.



7. Managing Growth and Change

Providence will utilize and leverage hundreds of millions of dollars in infrastructure investment that has been made by all three levels of government. This includes \$250 million in two interchanges at 146th and 162nd Avenues, the 162nd Avenue sanitary trunk and the new Evergreen Fire Station. Development of Providence is long-awaited. The area was annexed in 1989 and the City commenced an ASP in 2006, recognizing it as the next logical growth area. However, it could not be unlocked until the SWRR's realization. Providence's time has come.



Illustration of NE portion of Community #1 Calthorpe Associates Concept Plan

Market Share and Absorption

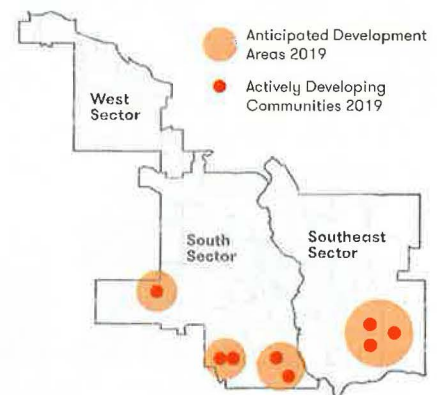
The Providence development area comprises a necessary share of the supply to serve projected housing demand in the south half of Calgary.

	Past 10 Years	Projected for 2019-29
Average Annual Total City Greenfield Absorption - Single & Semi	5100	4500
Average South Share	60%	60%
Average South Total	3060	2700
Average Number of Actively Developing Communities	10	8 (Including Providence)
Average Absorption per Actively Developing Community	308	338

Derived from the City of Calgary Suburban Residential Growth 2016-2020 Report

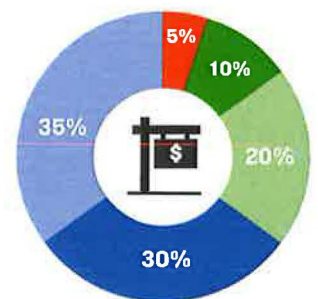
Bringing on Providence as an actively developing community by 2019 is necessary to effectively meet the single & semi housing demand. With Providence included, it would begin at 7% of the south greenfield market share in 2019 and level out at 11% between 2021 and 2029. 89% of market share would be distributed across other actively developing communities in the south.

Providence will be a new urbanist community with a different urban form than other actively developing communities. The housing mix will be highly diverse and will include a higher proportion of long term income producing rentals. Providence improves market competition by adding Dream as a new developer, not currently active in Calgary.



Estimated Community #1 Housing Prices

Less than \$400k
\$400k to \$500k
\$500k to \$600k
\$600k to \$700k
\$700k +



The Business Case

Providence Community #1 has a low City capital cost and high return in levy and tax revenues, as well as direct economic impact. The community's large non-residential tax base enables Providence to become cash-flow positive by year four of development.

Generating Significant Direct Economic Impact

Through servicing of land and development of residential and non-residential uses, Providence will have an immediate and substantial direct economic impact. The investment of \$10.1 million into a water pump station and leveraging hundreds of millions of transportation infrastructure associated with the SWRR will result in over \$1.6 billion of direct private investment. Industry and City accepted methods of investment and job creation multipliers have been employed to derive the expected direct economic impact of Community #1 in Providence.



Helping De-Risk the City's Growth Strategy

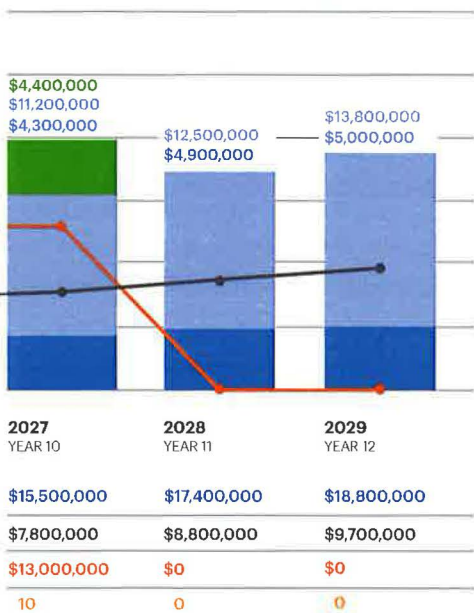
The inclusion of Providence in the City's Growth Strategy is crucial to reducing risk as it relates to the City's operating budget. The presence of Providence's major employment hub helps capture crucial non-residential tax base within the City's boundaries. Providence produces more than double the property tax revenue compared to a primarily residential community. Developing only residential focused communities in the greenfield areas through the Growth Strategy would substantially increase risk in the balance between revenues and operating cost.

Establishing a Key Element of Calgary's Long Term Economic Development

Providence does not just provide direct economic impact through its construction. As envisioned in the Providence ASP, the large employment hub (130 acres in Community #1 and 190 acres in Community #2) will produce over 6 million square feet of non-residential uses including office, institutional, medical and research facilities, light industrial, retail and other uses and over 10,000 permanent jobs. Almost half of these jobs will be produced in Community #1. This can materialize because of the outstanding access and location within the Calgary region. Providence will be a crucial component of Calgary's long term economic resiliency. Dream develops all classes of non-residential uses and intends on owning the majority of assets developed in the employment area. Working with partners including the City of Calgary and Calgary Economic Development, we will be selling the Providence vision globally, and attracting businesses that will be the foundation of Calgary's economy into the future.

Enabling Operational Efficiency

- \$** Transit, Police, Fire and other City services are partially or wholly property-tax supported. Providence Community #1 produces a much higher tax yield to support these services compared to more residential-focused communities.
- Transit:** Calgary Transit indicates short and long term service would be provided by extending existing routes rather than creating new routes. The proposed urban form and non-residential uses promote commuting in both directions, resulting in much better fare recovery. The operational efficiency of existing routes will be improved by their extension in to Providence.
- Fire:** The Evergreen fire station was designed to serve Providence Community #1 and the Providence ASP area. Community #1 development results in greater utilization of this existing City asset.



Annual Commercial Property Tax Revenue to 2029 based on 2.1 million sq. ft. absorption. Up to 1 million sq. ft. of additional commercial space in Community #1 beyond 2029.

Community #1 by the Numbers

\$18.9M

Annual Property Tax Revenue - 2029

\$9.7M

Annual City Operating Cost at Build Out

286.1M

Total Owner Investment Land Only

\$1.6B

Direct Economic Impact Through Construction

14,000

Development-Related Jobs

4,000

Permanent Jobs at Build Out

\$96.6M

Total Levy Capital Deposit

Supplementing City Operating Costs

The City and Industry working groups are considering two models for supplementing City operating costs when bringing on additional greenfield development areas: 1) The 'Keystone Model', and; 2) an inefficiency supplement model on a target unit build out. We propose to participate fully in either model and will align with the preferred model that emerges as a result of further City-Industry discussions. Existing fire service, straight forward transit service extensions and presence of employment simplify operating cost considerations in Providence.

Infrastructure & Funding

Providence leverages substantial in-place infrastructure including the SWRR, Evergreen Fire Station and 162nd Avenue sanitary trunk. A water pump station is required to open Providence Community #1 for development.



■ Non-Residential
■ Community development

97% of Leading Infrastructure Cost in Place



TRANSPORTATION

During Ring Road Construction

There is an obligation for Alberta Transportation to maintain the existing at-grade intersection throughout Ring Road construction. This provides capacity for up to 1000 homes and 125,000 sq ft commercial.



NO CITY COSTS

Post Ring Road Completion

Two provincially and federally funded interchanges at 146th Ave and 162nd Ave provide all necessary leading transportation infrastructure for Community #1 and Community #2.



FIRE

During Ring Road Construction

The existing Evergreen Fire Station can serve a portion of Community #1 via the above noted intersection.



NO CITY COSTS

Post Ring Road Completion

The two new provincially and federally funded interchanges provide Calgary Fire access to serve Community #1 and beyond.



SANITARY

The extent of the Community #1 area is defined by the sanitary catchment. Only a short connection across the Ring Road to the existing 162nd Ave sanitary trunk is required.



NO CITY COSTS

\$0.5 MILLION DEVELOPER COST



STORM

Two new storm out-falls will drain storm water to Fish Creek.



NO CITY COSTS

\$9.5 MILLION DEVELOPER COST

3% of Leading Infrastructure Cost Remaining



\$10.1m

WATER PUMP STATION COST

A new pump station at the existing Lower Sarcee Reservoir is required to serve Community #1 and beyond.

FUNDING OPTION A:

City-funded through the recasting of the capital budget

We respectfully request consideration for City funding of the water pump station through the current recasting of the City's capital budget. This submission highlights the alignment with the goals of the MDP, substantial short and long term return on investment, and operating cost/ revenue upside that would result from a commitment of public funds for the water pump station. Providence can be considered an integral component of the City's growth strategy and therefore would be worthy candidate for capital investment.

FUNDING OPTION B:

Developer-led funding leveraging Off-site levy revenue

However, in the event no City funding is available, we propose to fund the water pump station construction through developer funding -specifically a levy oversize agreement and recovery through an offset of applicable levies as the community builds out. This would involve no City debt obligation. Discussions are ongoing between the industry and City regarding potentially acceptable mechanisms for developer financed leading infrastructure.

Water Servicing Staging

The ASP highlights the need to service the first stages of Providence via a pump station. A new reservoir at 162nd Avenue near 45th Street will eventually gravity feed the area east of 37th Street in Providence, but is primarily meant to replace a pump station that currently serves the majority of the communities of Evergreen and Bridlewood as a closed system. In the long term, another reservoir outside City boundaries is anticipated to serve a large portion of the 4000 acre 'greater Providence area'. If a reservoir site outside of the City cannot be secured, an alternative scenario using additional reservoirs and pump stations would be implemented that would provide service to all 4000 acres in Providence. In either scenario the pump station that is to be constructed to service the initial stages of Providence will become an important component of the overall water network that will serve all areas of Providence.

What's Next?

Community #2: Approximately 800 acres. Low leading infrastructure costs and a large future development area.



An approximately \$30 million sanitary extension from Silverado, expands the serviced area by at least 800 acres.



The Evergreen Fire Station covers the majority of the ASP area east of 53rd Street.



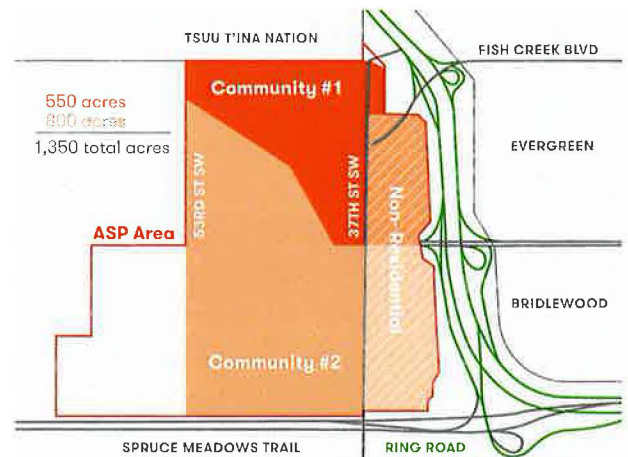
The two interchanges will have capacity for the Community #2. Development west of 53rd Street, for the balance of the ASP area and beyond, likely requires a planned interchange at Spruce Meadows Trail and 53rd Street". Levy revenues from Community #1 will more easily enable financing of the 162nd Avenue Transitway prior to commencement of Community #2.



Storm infrastructure is developer funded.



Alternative water servicing scenarios were developed for the Providence ASP area. However, recent engineering work indicates that the initial water pump station required for Community #1 would also satisfy the water needs for Community #2. With the relatively small cost of a second pump station located with the new reservoir at 162nd Avenue near 45th Street, water could be supplied to the entire remaining greater Providence area. This solution defers the need for a water reservoir site outside the City boundary south of Spruce Meadows Trail for many years into the future.



Conceptual Map of Community #2 Servicing Area

We believe in building better communities.

DREAM HAS GROWN a lot since we started in 1994, becoming one of Canada's leading real estate companies with over 1,000 employees and \$15.0 billion of assets under management in North America and Europe. The scope of the business includes residential land development, housing and condominium development, asset management & management services for four TSX-listed funds, investments in and management of Canadian renewable energy infrastructure and commercial property ownership.



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