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Corporation of the City of
NEW WESTMINSTER

REPORT
Development Services

To:	Mayor Coté and Members of Council	**Date**:	1/14/2019
From:	Emilie K Adin, MCIP Director of Development Services	**File**:	01.0110.20
		Item #:	13/2019

Subject: **Proposed Rental Housing Revitalization Initiative**

RECOMMENDATION

THAT *Council endorse, in principle, the proposed Rental Housing Revitalization Initiative, with the following next steps:*

a. *That the Draft Rental Replacement Policy be endorsed as the basis for initiating consultation with the public and stakeholders;*
b. *That staff apply the Draft Rental Replacement Policy as an interim guideline to move applications under Pre-Application and/or initial Formal Application Review forward for consideration until the policy is adopted and becomes effective.*
c. *That the Business Regulations and Licensing (Rental Units) Bylaw Amendment Bylaw 8085, 2019 be considered for three readings and forwarded to an Opportunity to Be Heard and for consideration of adoption on January 28, 2019;*
d. *That staff report back to Council with further amendments to City bylaws to allow future fines for properties that proceed with renovictions;*
e. *That staff report back to Council with a draft Rental Housing Revitalization Program Policy, including the percentage of tax exemption to be considered.*

EXECUTIVE SUMMARY

Council has requested that staff develop policies that address the need for affordable rental housing, the risk of renovictions and the maintenance of existing purpose-built rental buildings. To this end, a draft Inclusionary Housing Policy was considered by Council on Dec 10, 2018. This report brings forward a proposed Rental Housing Revitalization Initiative, which includes a Rental Replacement Policy as the basis for negotiation of rezoning applications to redevelop existing purpose-built market rental buildings; and, a Rental Housing Revitalization Program that would include actions to dis-incent renovictions and incent the maintenance of purpose-built rental buildings through: (1) revitalization tax exemption for securing, maintaining and revitalizing of existing rental units; and, (2) business licensing restrictions against renovictions.

PURPOSE

The purpose of this report is to introduce the proposed Rental Housing Revitalization Initiative, which includes a Rental Replacement Policy and Rental Housing Revitalization Program.

POLICY AND REGULATIONS

Official Community Plan (OCP)

The *Official Community Plan* (2017) includes the following goal:

> *New Westminster's neighbourhoods are great places to live and have diverse housing choices that meet the needs of the community.*

Affordable Housing Strategy (AHS)

The Affordable Housing Strategy (2010) contains the following two goals:

1. *To preserve and enhance New Westminster's stock of safe, appropriate and affordable rental housing.*
2. *To improve the choice of housing for New Westminster's low and moderate income residents and households with unique needs.*

Specifically, the AHS identified a strategic direction as follows:

> *Strategic Direction # 2: Limit the loss of existing affordable rental housing.*

Secured Market Rental Housing Policy (SMRP)

The Secured Market Rental Housing Policy (2013) contains strategies and actions aimed at retaining, renewing and enhancing the supply of secured market rental housing. It contains the following objectives for retention of existing rental stock:

- *Reduce the likelihood that the existing purpose-built market rental housing stock will be redeveloped; and,*
- *If demolition occurs, reduce the impact of the loss of the rental housing stock on tenants.*

Tenant Relocation Policy

The Tenant Relocation Policy (2015) applies to rezoning applications and Heritage Revitalization Agreements which involve the demolition of 6 or more purpose-built market rental housing units and offers additional compensation, as well as assistance, to tenants beyond what is provided for under the *Residential Tenancy Act.*

Business Regulations and Licensing (Rental Units) Bylaw

Business Regulations and Licensing Bylaw (Rental Units) Bylaw No. 6926, 2004, is a City of New Westminster bylaw to regulate and licence the letting of rooms for living purposes and to prescribe standards for the maintenance of residential property and rental units.

Rental Tenure Zoning

Section 481.1 of the *Local Government Act* lays out provisions for local governments to enact zoning bylaws governing rental tenure, including the ability to establish rental tenure housing as a specific land use. Council received a Report to Council in Closed Meeting on this subject on August 27, 2018.

Section 481.1 Subsections (1) and (2) of the Local Government Act (LGA) are as follows:

481.1 Residential rental tenure

(1) A zoning bylaw may limit the form of tenure to residential rental tenure within a zone or part of a zone for a location in relation to which multi-family residential use is permitted.

(2) A limit under subsection (1) may limit the form of tenure to residential rental tenure in relation to a specified number, portion or percentage of housing units in a building.

Revitalization Tax Exemptions

Section 226 of the *Community Charter* lays out provisions for local governments to adopt revitalization program bylaws to establish the following:

- Revitalization program objectives
- Eligibility criteria for exemptions
- Extent of exemptions available, either absolute dollar amounts or formulas or a specified percentage
- Maximum term of an exemption, which may not exceed 10 years.

BACKGROUND

Enabling Safe, Secure, Affordable Housing

This report is one of several that focus directly on safe, secure, affordable housing. Staff is providing Council a number of reports on the short term horizon on proposed City initiatives and initiatives already underway to address affordable rental housing, renovictions, maintenance of purpose-built rental housing, and the potential use of the new rental zoning authority, including:

1. Potential use of multi-family residential rental tenure zoning for existing stratified rental buildings to protect as rental up to 10 stratified rental buildings *(November 19, 2018)*
2. Potential rezoning to the residential rental tenure zone – City owned properties *(December 10, 2018)*
3. Inclusionary housing policy to help address the City's need for affordable rental housing *(December 10, 2018)*
4. Proposed Rental Housing Revitalization Initiative to address renovictions, maintenance of existing purpose-built rental buildings, and rental replacement ***(this report)***
5. Multifamily residential rental tenure zoning – zoning amendment bylaw for first and second readings ***(on today's Regular Agenda)***
6. Potential expanded use of multi-family residential rental tenure zoning including exploring uses of this new authority in areas undergoing neighbourhood planning (22nd Street Station) and master planning (Sapperton Green) *(March 2019)*

Demonstrated Need

The proposed Rental Housing Revitalization Initiative seeks to implement policies that are within its authority and financial capacity to address renovictions, maintenance of existing purpose-built rental buildings, and rental replacement. New Westminster has a large, aging stock of over 9,000 purpose built rental units, in 300 plus buildings representing over 60% of our rental supply. The majority (70%) are located in Residential – Medium Density zones. These units feature lower rents than new secure market rental because of their age and the

control of rent increases through the Residential Tenancy Act (see Attachment A for details of New Westminster's purpose-built rental inventory). To date, few rental buildings have been redeveloped due to zoning and density bonus provisions, and supported by the City's policies in the Affordable Housing Strategy and Secured Market Rental Policy which seek to preserve existing purpose built rental housing stock by not supporting redevelopment. That policy has largely been successful as very limited redevelopment has taken place, although there have been a number of recent enquiries, suggesting the need for a policy providing clear guidance.

At the same time, the practice of renovictions, in which some landlords evict their tenants under the guise of performing major renovations and then significantly increase the rent on those units, is becoming more commonplace. Over the last two years, there is evidence that renovictions have occurred in at least fifteen rental buildings in New Westminster, affecting at least 315 units, and there may be other occasions that have not come to the attention of the City.

Federal and Provincial Context

Senior governments have traditionally provided the programs and funding for new non-profit or social housing that is affordable for low-income households. After many years of absence from this role, both the federal and provincial governments have re-entered the housing arena, through the National Housing Strategy (November 2017) and the provincial strategy, Homes for BC: A 30 Point Plan for Housing Affordability in BC (February 2018). This is a unique period, with federal and provincial governments offering a range of financing and capital support for new and existing non-profit housing, and to some extent, new market rental housing. These programs provide an important backdrop for local government policies and initiatives. While federal and provincial support is available now, federal and provincial priorities could change if elected governments change. As such, designing policies that can work independently of senior government funding is desirable.

Previous Council Direction

The City adopted a Renovictions Action Plan in 2016. Staff regularly provides implementation updates to the Mayor's Task Force on Housing Affordability and to Council.

On June 26, 2017, Council adopted the following resolution regarding renovictions:

> **MOVED and SECONDED**
>
> *THAT Council endorse the recommended Union of BC Municipalities (UBCM) resolution related to proposed amendments to the Residential Tenancy Act; and*

THAT Council direct staff to forward the resolution and background documentation to UBCM and to actively seek municipal support for the resolution; and,

THAT staff seek a legal opinion on a local government's ability to impose a moratorium, or other trigger delays, on 'renovictions', subject to the city's rental vacancy rates.

CARRIED.

On January 8, 2018, Council endorsed a work plan in support of the development of a Rental Replacement Policy and an Inclusionary Housing Policy.

On June 25, 2018, Council received a report titled, "Renovictions Update: Union of BC Municipalities Resolution Related to Proposed Amendments to the Residential Tenancy Act" and adopted the following resolutions related to renovictions:

THAT Council receives this report for information; and,

THAT staff investigate how to prevent a building owner from charging for a previous free parking space after an apartment building renovation and explore imposing building fees to recover the costs of processing renoviction issues using the model of extraordinary charges for policing calls.

CARRIED.

On Aug 27, 2018 Council endorsed the proposed next steps and timeline in support of the development of the Rental Replacement Policy and the Inclusionary Housing Policy.

Given the goal of the work related to rental replacement and to renovictions is to ensure provision of safe, secure, affordable housing, the outcomes of both are now combined in the Proposed Rental Housing Revitalization Initiative.

PROPOSED RENTAL HOUSING REVITALIZATION INITIATIVE

The proposed Rental Housing Revitalization Initiative has two main components, presented in the following sections:

A. Rental Replacement Policy
- A.1 Scope of Work and Approach
- A.2 Context Analysis
- A.3 Economic Analysis
- A.4 Draft Rental Replacement Policy

B. Rental Housing Revitalization Program
B.1 Rental Revitalization Tax Exemption
B.2 Business Licensing Restrictions against Renovictions

A. Rental Replacement Policy

Rental replacement policies are municipal policies that aim to: ensure that redevelopment of older purpose-built market rental buildings does not lead to loss of affordable rental housing thereby displacing existing tenants; and, add to the supply of rental and below-market rental housing.

The draft Rental Replacement Policy seeks 100% purpose built market rental housing including 10% below-market rental housing in redevelopment applications for existing purpose-built market rental housing sites requesting additional density above what is permitted under current zoning. The draft Policy aims to support only very gradual redevelopment of the aging purpose-built market rental stock, while increasing the market rental and below-market rental supply, neither of which has kept pace with demand in New Westminster or the region at large.

A.1 Scope of Work and Approach

The work to develop the draft Rental Replacement Policy has focused on two inter-related elements: the financial viability of different rental replacement scenarios (including provision of some below-market rental units); and, suitable management arrangements for the successful long-term operation of below-market units secured in these privately-owned rental buildings. Work has proceeded as follows:

Step 1: Guiding Principles and Gap Analysis (Winter 2017)
Step 2: Case Study Research (Winter 2017)
Step 3: Internal Stakeholder Consultation (Winter 2017)
Step 4: Land Economics Analysis (consultant) (Winter 2017 / Spring 2018)
Step 5: Policy Development (Summer/Fall 2018)

A.2 Context Analysis

New Westminster Below-Market Rent

Low and moderate income New Westminster renter households are the target of this policy. Staff reviewed available data and prepared a summary of New Westminster renter demographics, rental demand and rents (Attachment A) to determine the rent these households could afford to pay (i.e. low: $750 to $1,250/ month, moderate: $1,875/ month). To specifically target New Westminster households, a new rent measure called "New Westminster Below-Market Rent" has been created. It would be set at 10% below the

annually reported Canada Mortgage and Housing Corporation (CMHC) rental market median rent, all years of construction, for New Westminster. Currently the New Westminster Below-Market Rent ranges from $777 per month for a studio unit to $1,529 per month for a three bedroom unit. The New Westminster Below-Market Rent measure is significantly below the rents charged for newly constructed secure market rental units.

Experience in Other Municipalities

Eight Metro Vancouver municipalities have adopted a rental replacement policy. The City of Vancouver's Rate of Change Policy was the first in the 1990s, and has resulted in limited rental redevelopment. Most other municipal replacement policies were implemented in the mid to late 2010s, so it is early to know how effective they have been. The usual replacement ratio sought by these policies is one-for-one units, although some accept less or require 100% rental. Some policies require inclusion of some or all below-market units in rental redevelopment, intended to match current rents (City of North Vancouver and Richmond), and Surrey will seek 100% rental replacement at below-market rents in its new policy. Burnaby Council has instructed staff to develop a rental replacement policy using the new Residential Rental Tenure Zoning tool after losing over 700 purpose-built rental units (net) to redevelopment as strata residential. Attachment B summarizes these policies.

Ownership and Management of Below-market Rental Units

In the traditional non-profit housing model, a non-profit housing society owns the units, and owns or leases the site. The non-profit provides all property management, including care of the physical property and occupancy management (tenant selection/ income verification/rent setting etc.) In other municipalities, occupancy management of below-market units secured through rental replacement policies is usually not specified and is left to private owners. (See Attachment B for details on occupancy management options for below-market rental units.)

For below-market units secured in redeveloping purpose-built market rental buildings, separating ownership is impractical given the small building size and number of units. However, the City recognizes that non-profit organizations are best suited to property management of below-market units, which have unique property management functions. As such, it is recommended for the City's policy that the building owner retains ownership of below-market units with a stipulation that all property management be done by a non-profit housing society or non-profit occupancy management entity. This entity would be selected from a pre-qualified list that meets certain conditions related to experience, and would be retained by the owner at their expense. Response to a City-issued Request for Expression of Interest for non-profit housing providers indicates that there are several non-profits interested in owning and/or managing below or non-market rental units. A similar process would be undertaken for experienced third party property management entities, including BC Housing.

A.3 Economic Analysis

Coriolis Consulting Corporation was retained in March 2018 following a public Request for Proposal process to conduct a financial analysis to establish the viability of the Draft Rental Replacement Policy. Coriolis identified case study sites and determined their valus based on current development potential under the City's OCP, and the effect a rental replacement requirement would have on the financial viability of redevelopment. The Consultant also considered the financial viability of a below-market rental unit requirement.

Assumptions of Analysis

A number of assumptions were made for the financial analysis, as documented in the Coriolis report, with four emphasized here:

- Density is generally assumed to be consistent with maximum density outlined in the Official Community Plan or Density Bonus Program.
- Rental replacement rezonings would be exempt from density bonus payments, and the replacement rental and below-market rental represent the entire contribution of the project.
- The financial analysis was updated to incorporate recent amendments to the *Residential Tenancy Act* to reduce permissible rent increases to inflation only.
- Below-market rent is defined as New Westminster Below-Market Rent, and units were considered to be owned by a non-profit housing organization or a private owner with occupancy managed by an entity experienced with non-profit housing.

Policy Scenarios

The consultant tested the financial viability of five rental replacement policy scenarios on the rental case study sites. Policy scenarios included different combinations of unit types (market rental, below-market rental and strata) as below:

A. 100% rental replacement (remaining units strata)
B. 100% rental replacement with 10% below-market units (remaining unit's strata)
C. 50% rental replacement with 10% below-market units (remaining unit's strata)
D. 100% rental (no strata, no below-market units)
E. 100% rental with 10% below-market units (no strata)

Findings

Table 2 summarizes the findings of the economic analysis and identifies the rationale for the recommended policy approach: Scenario E, which has been incorporated in the draft Rental Replacement Policy (detailed in the following section).

The most common rental properties in the city are wood-frame purpose-built rental, outside of downtown, on midrise zoned sites with an RM designation allowing up to 6 stories, approximate FSR 2.5. Generally, the analysis indicates these properties are more valuable as rental properties than redevelopment sites; therefore there is little risk of demolition, except in unique circumstances. This means that all five scenarios, including Scenario E, are unviable on most sites at this time, suggesting that limited redevelopment would take place on a limited number of sites, in unique circumstances, with senior government financing assistance, and/ or in the future when land economics change. The intent of the policy is to ensure that redevelopment meets Council objectives if and when it proceeds.

Table 2: Summary of Economic Analysis Findings and Rationale for Staff Recommendation

Scenario	Outcome	Financially Viable	Recommend	Rationale
A	100% rental replacement (remaining units strata)	Yes	No	No below-market units to accommodate existing tenants.
B	100% rental replacement with 10% below-market units (remaining units strata)	Yes	No	Mix of strata, market rental and below-market rental impractical and complex to operate on typically small sites, at relatively low densities
C	50% rental replacement with 10% below-market units (remaining units strata)	Yes	No	Mix of strata, market rental and below-market rental impractical and complex to operate on typically small sites, at relatively low densities. Allows loss of rental stock.
D	100% rental (no strata, no below-market units)	Possibly viable	No	Increases rental supply and practical to operate. No below-market units to accommodate existing tenants. Would be viable with small changes in rent levels or in unique situations. Enables gradual redevelopment.
E	100% rental with 10% below-market rental	Very limited viability at this time	Yes	Increases rental supply, practical to operate and provides below-market rental units to accommodate existing tenants. Not viable on most sites today. May be viable in unique situations, with senior government assistance or in the future.

In addition to the most common rental sites described above, there are some downtown high-rise residential sites built below their current density entitlement which may be at risk of redevelopment to 100% strata residential today, and are not financially viable for redevelopment under the City's preferred Scenario E. This situation could be addressed by exploring tools to ensure these properties remain rental, such as updating the existing density

bonus rates for zoning districts that include existing purpose-built market rental properties to set a rate level that does not incentivize premature redevelopment; and, to apply the new multi-family residential rental tenure zoning to these sites. Staff would explore this further as part of upcoming public consultation.

Attachment C summarizes the findings from the financial analysis and the full report titled, "Financial Analysis for City of New Westminster Affordable Housing Policies" is included as Attachment D.

A.4 Draft Rental Replacement Policy

The Draft Rental Replacement Policy is included as Attachment E, and is consistent with the findings summarized in Table 2 above. The draft Rental Replacement Policy is intended to enable redevelopment to occur at a slow pace while meeting Council objectives, and provides clarity about expectations for that redevelopment, including:

- provisions for cash in lieu contribution or other flexibility considerations;
- requirements for partnerships with pre-qualified non-profit housing providers or occupancy management entities, with costs paid by building owner. As noted, staff will identify qualified private or non-profit occupancy management entities with experience managing non-profit housing, including BC Housing, to determine their interest in partnering with local property owners for occupancy management of below-market rental units; and,
- a proposed grace period after the policy is adopted for application of the policy.

The results of the policy will be monitored and reported to Council over the next two years with a view to amending the Policy should circumstances warrant.

B. RENTAL REVITALIZATION PROGRAM

The practice of renovictions is becoming more commonplace in New Westminster, and over the last two years there is evidence that renovictions have occurred in at least fifteen rental buildings in New Westminster, affecting at least 315 units.

The Rental Housing Revitalization Program would include levers to dis-incent renovictions and incent the maintenance of purpose-built rental buildings through: (1) revitalization tax exemption for securing, maintaining and revitalizing of existing rental units; and, (2) business licensing restrictions against renovictions.

A companion Rental Housing Revitalization Program Policy outlining the terms and use of the Program, and a robust communications campaign to inform rental property owners would be developed, should it be supported by Council.

While the Program would apply to all purpose built rental properties, it is anticipated that the majority of existing buildings would continue to operate without triggering use of the Program's provisions.

B.1 Rental Revitalization Tax Exemption

Use of the permissive authority granted through s.266 of the Community Charter (revitalization tax exemptions) is proposed to provide an opportunity for landlords who have consented to the following to partially exempt their City property taxes (see Attachment F for details on this authority):

- Agree to rental tenure zoning and a housing agreement to be registered on their properties;
- Agree to negotiated building maintenance expenditures;
- Agree to a regime of annual building inspections; and,
- Agree to not engage in renovictions to undertake maintenance or renovations.

In order to establish the Rental Revitalization Tax Exemption, a bylaw would be required to establish the following:

- Revitalization program objectives, which could include the renovation of existing rental housing units;
- Eligibility criteria for exemptions (such as that the property owner would not engage in renovictions to undertake maintenance or renovations);
- Extent of exemptions available, established as a specified percentage of the total tax. The percentage would be set in relation to the typical cost of non-renoviction property maintenance, to be determined by the City following further analysis;
- Maximum term of an exemption, which may not exceed 10 years; and,
- Specify conditions that must be met for the exemption to continue and provisions for "recapture" of taxes if a condition in the tax exemption certificate is not met.

Once the program is in place, the City would enter into agreements with property owners of eligible properties and issue revitalization exemption certificates. The tax exemption certificate would apply to the property and would remain in effect for the term specified in the certificate, regardless of ownership of the property.

B.2 Business Licensing Restrictions against Renovictions

The Business Regulations and Licensing (Rental Units) Bylaw is proposed to be amended to add new regulations pertaining to building renovations (proposed amendment bylaw included as Attachment G). The intent of the proposed amendment bylaw would be to deter owners of purpose built rental buildings from evicting tenants for renovictions. It would empower the City to revoke the business licenses of multi-family rental property owners who

do not comply with the bylaw. The amendment bylaw would add a new section addressing building renovations and would include a number of regulations pertaining to restrictions on evictions, including:

- Conditions under which evictions would be considered;
- Provisions for temporary accommodation for tenants in situations when evictions are deemed necessary;
- Provisions to prohibit increases in rent payable following renovations;
- Provisions for contravention of the bylaw; and,
- Conditions under which exemptions would be considered.

The above regulations would deter renovictions, however the ability to affect change will be limited if the regulations are not enforceable. For this reason it is recommended the City establish corresponding fines for the regulations proposed in the amendment bylaw, including:

- Eviction without permits
- Eviction without relocating tenant
- Failure to provide relocation agreement
- Failure to provide relocation documentation
- Excessive rent increase

The City enforces City bylaws using two municipal ticketing systems: the Bylaw Offence Notice (BON) system with maximum fine amounts capped at $500 and the Municipal Ticketing Information (MTI) system with maximum fine amounts capped at $1000.
It is recommended that the maximum fine amounts for both systems be assigned for violations of each of the above regulations.
Other opportunities for enforcement are presented by refusal of the business licence and the already available offence of carrying on business without a licence.

The City would also:

- consider imposing multi-family residential rental tenure zoning on a case by case basis for multi-family rental properties where owners do not comply with the proposed anti-renovictions business licensing bylaw requirements.

NEXT STEPS

Consultation

A consultation program with stakeholders on the Draft Rental Replacement Policy and the incentive components of the Rental Housing Revitalization Program is proposed to be conducted in February and March 2019 together with consultations for the Draft Inclusionary

Housing Policy. Identified stakeholders include renters, housing advocates such as the New Westminster Tenants Union and Acorn Canada, rental property owners, Landlord BC, non-profit housing providers, third party occupancy management entities, the development community, BC Housing, and others.

The proposed consultation program will include a variety of approaches to inform, consult and involve the public, stakeholders and key agencies in the policy review process. Staff would work collaboratively communications to ensure that specific populations of interest are included in the consultation program (e.g. seniors, youth, newcomers, renters, among others).

The proposed program includes the following elements:

Online Survey: An online survey for residents to provide feedback on the draft policy and draft program would be available on the City website in February and March, 2019.

Open House: A public open house for community members, non-profit housing providers, and other stakeholders would be held in the evening to ensure the public can attend.

Stakeholder Workshops: Two more focused stakeholder workshops would be held: one with non-profit housing providers, third party occupancy managers, housing advocates such as the New Westminster Tenants Union and Acorn Canada, and Landlord BC; and, one with the Urban Development Institute Local Liaison Committee.

City Committee Consultation: The draft policy and draft program would be presented to the Community and Social Issues Subcommittee and Advisory Planning Commission for review and feedback.

Staff would report back to Council with the outcomes of the consultation on the Draft Rental Replacement Policy, the Draft Rental Housing Revitalization Program Policy, including the proposed percentage of tax exemption, any proposed amendments to the policies, and proposed amendments to the City's fine bylaws related to renovictions. The Draft Inclusionary Housing Policy would also form part of this report back.

FINANCIAL IMPLICATIONS

Financial implications and risks of the proposed Rental Housing Revitalization Initiative would be further explored in consultation with the Director of Finance.

INTERDEPARTMENTAL LIAISON

Interdepartmental discussions have occurred and will be ongoing through to implementation.

OPTIONS

There are two options for Council's consideration:

1. That Council endorse, in principle, the proposed Rental Housing Revitalization Initiative, with the following next steps:

    a. That the Draft Rental Replacement Policy be endorsed as the basis for initiating consultation with the public and stakeholders;
    b. That staff apply the Draft Rental Replacement Policy as an interim guideline to move applications under Pre-Application and/ or initial Formal Application Review forward for consideration until the policy is adopted and becomes effective;
    c. That the Business Regulations and Licensing (Rental Units) Bylaw Amendment Bylaw 8085, 2019 be considered for three readings and forwarded to an Opportunity to Be Heard and for consideration of adoption on January 28, 2019;
    d. That staff report back to Council with further amendments to City bylaws to allow future fines for properties that proceed with renovictions;
    e. That staff report back to Council with a Draft Rental Housing Revitalization Program Policy, including the percentage of tax exemption to be considered.

2. That Council provide alternative direction to staff.

Staff recommends Option 1.

ATTACHMENTS

Attachment A: New Westminster Context: Existing Purpose-Built Market Rental Housing Stock; and , Rental Demographics, Rental Demand and Rents
Attachment B: Municipal Rental Replacement Policies and Occupancy Management
Attachment C: Summary of Findings from the Financial Analysis
Attachment D: Coriolis Consulting Corp. Financial Analysis for City of New Westminster Affordable Housing Policies November, 2018
Attachment E: Draft Rental Replacement Policy
Attachment F: Memorandum re: Revitalization Tax Exemptions for Rental Unit Renovations
Attachment G: Bylaw No. 8085, 2019 - A Bylaw to Amend Business Regulations and Licensing (Rental Units) Bylaw No. 6926, 2004

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Approved for Presentation to Council

Original Signed by:

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Original Signed by:

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Corporation of the City of
NEW WESTMINSTER

Attachment A

New Westminster Context: Existing Purpose-Built Market Rental Housing Stock; and, Rental Demographics, Rental Demand and Rents

Attachment A

New Westminster Context

Existing Purpose-Built Market Rental Housing Stock

An inventory of the existing purpose-built market rental housing stock was compiled as of December 2017 to support policy development, with the following main findings:

- About half of all purpose-built market rental buildings are located in Uptown (23% of buildings) and Brow of the Hill (29% of buildings)
- The purpose-built market rental units are even more concentrated, with approximately two in three rental units being located in either Uptown (31%) or Brow of the Hill (35%).
- The most common building size for purpose-built market rental buildings in New Westminster is 10-24 units (34% of buildings). Buildings with 25-49 units (27%) and 3-9 units (24%) are also very common.
- Almost half (46%) of all current purpose-built market rental buildings were built in the 1960s.
- Two in three rental buildings (66%) are low-rises 3 to 4 storeys tall. There are only 24 high-rise rental buildings (7 or more storeys) in New Westminster, composing 8% of rental buildings.
- The majority of purpose-built market rental buildings (70%) are located in RM (residential – medium density) zones.
- Most (63%) of the purpose-built market rental units in New Westminster are one bedroom units. There are very few three bedroom units (2%) or four+ bedroom units (0%).
- Based on the Heritage Protection Map there is only one rental building with formal heritage protection.
- There are 21 rental buildings on the heritage resource inventory (7% of all rental buildings).
- Building permits are a proxy measure of building owners investment in a building. Just over one-quarter of rental buildings have had a building permit issued in the past ten years (2008-present) for renovations etc. (85 rental buildings).
- Most of these investments (37%) were under $50,000. This is a relatively small investment relative to the value of the properties.
- Another proxy for building condition is bylaw complaints. Approximately three quarters of rental buildings (229 rental buildings) have had no property condition related bylaw complaints over the past three years.
- Fifteen buildings with 316 units have been affected by renovictions as of December 2018.

Rental Demographics, Rental Demand and Rents

In order to develop appropriately targeted policies, staff reviewed available data and prepared a summary of renter demographics, rental demand and rents to answer the following questions:

a) Who are New Westminster renters, what are their housing conditions, and what can they afford to pay for rent?

   Most tenant households are headed by persons under age 65, and tend to be non-family households, with a smaller household size than owners. Tenant households have significantly lower incomes than owners, with non-family households having the lowest incomes, and the greatest affordability challenges, although 88% of tenant households receive no housing subsidies. At 30% of 2015 household incomes, a median New Westminster non-subsidized non-family renter could afford to pay $940/month and a median non-subsidized family renter could afford $1,707/month.

b) What is the current need and estimated future demand for rental housing for New Westminster households, focusing on very low, low and moderate income households?

   In April 2018, there were 570 applicants on file for New Westminster at the BC Housing Registry (social housing) waitlist representing current unmet need. Future rental housing demand was estimated by Metro Vancouver for New Westminster at 220 units per year, mostly for households earning below $30,000 per year, followed by households earning $30,000 to $50,000 per year, as detailed in Table 1.

   Table 1: Estimated Annual Rental Housing Demand by Household Income Level (2016-2026) for City of New Westminster

Household income level	Estimated Annual Rental Housing Demand
Very low income <$30,000/yr	122
Low income $30,000-$50,000/yr	50
Moderate income $50,000-$75,000/yr	27
Above moderate income $75,000-$100,000/yr	12
High income >$100,000/yr	9
Total	220

Source: Metro Vancouver Regional Affordable Housing Strategy 2016 Appendix 1.

To meet current and future rental demand, the City will need an estimated 570 units for very low income households on the waitlist, 122 additional units per year affordable for households earning under $30,000 per year, 50 units per year for households earning between $30,000 and $50,000 per year, and 27 units per year for households earning between $50,000 and $75,000.

c) What are the appropriate target rent levels to meet local need?

Very low income New Westminster renter households earning below $30,000 can afford to pay up to $750 per month. This policy does not target this rent level.

Low and moderate income renter households are the target of this policy. Low income New Westminster renter households earning between $30,000 and $50,000 per year can afford to pay between $750 and $1,250 per month. And moderate income New Westminster renter households earning between $50,000 and $75,000 can afford to pay up to $1,875 per month.

Toward creating affordable housing policy specific to New Westminster, a new rent measure called "New Westminster Below-Market Rent" has been created. It would be set at 10% below the annually reported Canada Mortgage and Housing Corporation (CMHC) rental market median rent, all years of construction, for New Westminster. Currently the New Westminster Below-Market Rent ranges from $777 per month for a studio unit to $1,529 per month for a 3 bedroom unit. This rent level would help to address the needs of current tenants who are paying well below-market rents in existing purpose-built market rental buildings and may be displaced by redevelopment. The New Westminster Below-Market Rent measure is significantly below the rents charged for newly constructed secure market rental units.

Renter demographic profile

2016 Census data and City sources reveal that a high proportion of New Westminster tenants live in purpose-built market rental housing , followed by rented condominiums, secondary suites and independent social housing (subsidized). Some tenants receive a rent supplement while living in market rental housing.

Table B1 – Rental Housing Supply New Westminster, August 2018

Type of rental housing	Number of units	Source
Secondary suites, occupied[1]	2,338	City data

[1] Note that the Census underestimates the supply of secondary suites. For example, the Census estimated that there were 1,245 occupied secondary suites in 2016, whereas City data estimated that there were

Purpose-built market rental	9,147	City data
Independent social housing	1,065	City data
Coop housing	415	City data
Rented condos	3,109	Metro Vancouver.
Rented houses	555	2016 Census
Total rented housing	16,629	Combination

The following provides an overview of all New Westminster renter households as of the 2016 Census:

- Most renter households are headed by a household maintainer under age 65, with the largest share (about one quarter of renter households) being 25-34 years old
- Proportionally fewer (17%) renter households are senior led (age 65+), compared to 24% of owner households
- Approximately half of all New Westminster renter households (50%) live in low rise apartments (fewer than 5 stories), followed by mid to high rise apartments (33%).
- More than half (57%) of renters are non-family households (roommate and one-person households) and they have a smaller average household size (1.8 persons) than owners
- About 2 in 5 New Westminster renter households have not moved within five years and are likely paying much lower rents than if they had to find a place today
- Housing affordability challenges (spending 30% or more of income on housing costs) are much more common among renters in New Westminster (40%) than owner households (24%)
- Family and non-family renter households differ in their characteristics: renter family households are more likely to live in overcrowded dwellings (i.e., not enough bedrooms) than renter non-family households. Over one in five renter families (21%) lived in overcrowded housing, compared with just under one in twenty renter non-family households (5%) in 2016
- Renters have much lower incomes than owners, with non-family renters having the lowest incomes, and paying the lowest rents
- Non-family renter households are more likely to struggle with affordability (half of them spend 30% or more of before-tax household income on rent) than family renter households (over one quarter of them spending 30% or more of before-tax household income on rent).

2,338 occupied secondary suites in 2018. This is a significant difference despite the difference in time periods.

Most renters are non-subsidized renters (88%) living in the purpose built and secondary rental market. Non-subsidized tenants' demographic characteristics mirror all renters (since they are the largest component of renters) but there are some important differences:

- Almost half of all non-subsidized renter households (45%) were led by someone between the ages of 25 and 44 years old compared to 15% of subsidized renter households
- Only 13% of non-subsidized renters are senior households, compared to 48% of subsidized renters
- Non-subsidized renters are more likely to be family households (45%) than subsidized renters (29%)

New Westminster non-subsidized renter households have the following incomes and rent characteristics:

- Non-subsidized renters tend to have higher incomes than subsidized renters
- The income gap between family and non-family non-subsidized renters is significant. The median before tax household income for non-family renter households was $37,559, and the before tax household income for family renter households was $68,279 in 2015
- At 30% of 2015 household incomes, a median New Westminster non-subsidized non-family renter could afford to pay $940/month and a median non-subsidized renter family could afford $1,707/month
- This compares with reported median shelter costs for non-subsidized non-family renter households of $902/month and median shelter costs for renter family households of $1,132/month.

Rental Housing Demand

Rental housing demand consists of both existing housing need and growth-related future demand or need.

New Westminster's vacancy rate has been consistently low throughout the past several decades, falling below a balanced vacancy rate of 3.0% for 24 out of the past 28 years and every year from 2011 onwards, suggesting unmet rental housing demand. In October 2018, the rental vacancy rate in New Westminster was 1.6%, up slightly from 1.1% a year ago.

The BC Housing waitlist provides an indicator of the existing unmet need for subsidized housing for very low-income households. There were 570 households on the BC Housing registry waitlist for social housing in New Westminster in April 2018, up from 440 households in 2011[2]. Those on the waitlist are primarily seniors (181), families (194)

[2] Note that some non-profit housing providers do not use the Housing Registry, and therefore waitlist figures likely are an underestimate.

and persons with a disability (100) as well as singles (47), those needing wheelchair accessible units (19), and transfers (28).[3]

In addition to existing unmet need or demand, future population growth and household formation will generate additional demand for rental housing. The New Westminster Official Community Plan estimates that 600 new units would be needed annually to accommodate expected population growth, but it did not consider the tenure of those units. The Metro Vancouver Regional Affordable Housing Strategy (RAHS) forecast housing demand by tenure for member municipalities, and estimates that 500 new units would be needed annually to meet growth related demand in New Westminster. Of these, roughly 220 units (or 44%) would be rental units, based largely on past trends. The RAHS further estimates the breakdown by income level. Table B2 shows that most additional rental demand will occur among lower income households. Further Metro Vancouver data indicates that very low-income rental demand consists predominantly of single person households, including seniors.

Table B2: Estimated Annual Rental Housing Demand by Household Income Level (2016-2026) for City of New Westminster

Household income level	Estimated Annual Rental Housing Demand
Very low income <$30,000/yr	122
Low income $30,000-$50,000/yr	50
Moderate income $50,000-$75,000	27
Above moderate income $75,000-$100,000	12
High income $100,000	9
Total	220

Source: Metro Vancouver Regional Affordable Housing Strategy 2016 Appendix 1.

The largest share of growth related rental housing demand is for very low-income households earning under $30,000 per year. This is similar to the incomes of those households on the BC Housing waitlist.

Rental housing demand consists of existing need plus estimated future rental demand. As such, the demand for rental housing for households earning under $30,000 per year is 470 units to meet existing demand (as per BC Housing Waitlist) plus an additional 122 units per year for growth related demand (Table B2 above). Growth related housing demand for households earning $30,000-50,000/year is the next largest component, at an estimated 50 units per year.

[3] Metro Vancouver Housing Databook. Data as of June 2017.

Rents

Chart B3 displays current rent rates for New Westminster and affordable rent thresholds used by BC Housing. The left most bars represent median rents in the existing New Westminster purpose built market rental housing stock as reported by CMHC, Fall 2017. Second from the left is the average rent charged for new secure market rental units in New Westminster (based on newly constructed market rental buildings). There is a significant difference of $400-$500 between the two rents.

The centre bars represent two provincial rent thresholds set by government policy. They highlight the significant difference between the shelter component of income assistance and both existing market rent and new market rent. Housing Income Limits (HILS) rents are somewhat above the CMHC median rent in New Westminster, because HILS rents apply to the Metro Vancouver region.

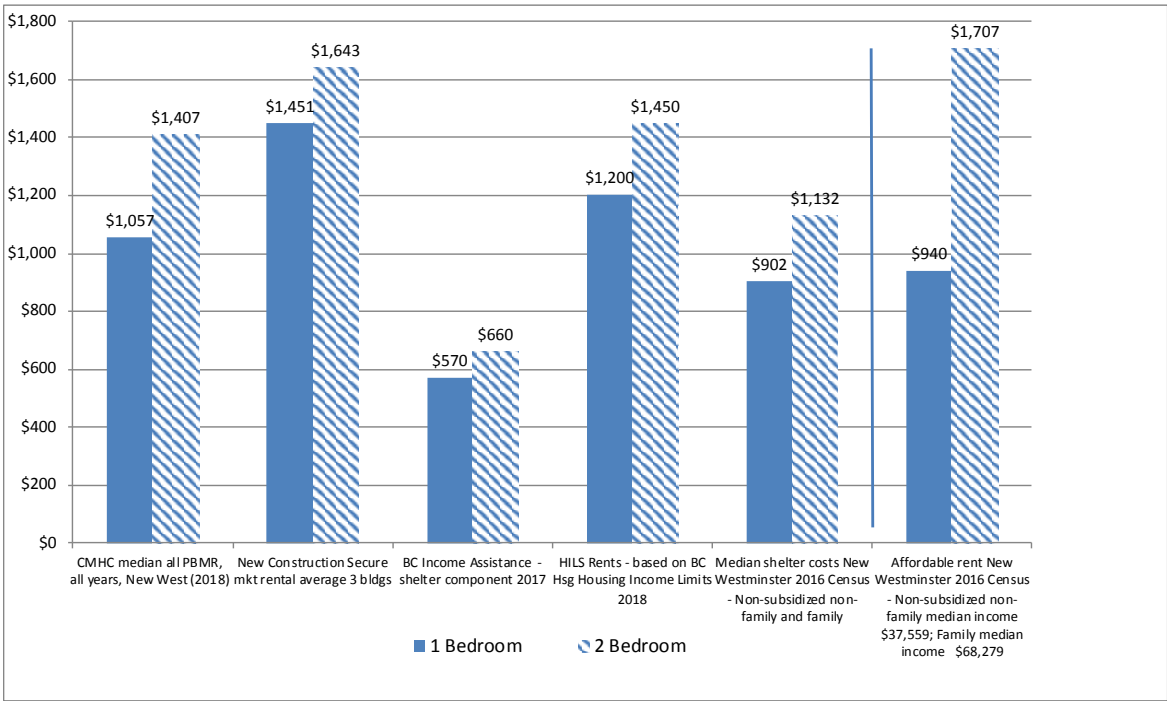
The two right-most sets of bars depict what New Westminster non-subsidized renter households report paying for rent and what they can afford to pay based on their family type and household income in the 2016 Census.

Non-family households are paying approximately what they can afford and roughly the rent charged in the existing purpose-built market rental stock for 1- bedroom units. Family renter households on average report paying slightly less than they could afford for a 2-bedroom unit based on 30% of household income in 2016. Their average household incomes are more closely aligned with the rents of new 2-bedroom market units and this is likely the source of demand for newer, more expensive market rental housing.

What is not captured in averages and medians is the fact that some long-term tenants in existing purpose-built market rental units are paying rent that is significantly below median market rent, as their rent increases have been limited by the Residential Tenancy Act (RTA) permissible rent increases for several years.

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Chart B3: Common rent measures and affordability thresholds, New Westminster



To account for this fact, and to set a rent benchmark that ensures New Westminster residents can afford the rent in new non-market units created through an inclusionary or rental replacement policy, a new rent measure called “New Westminster Below Market Rent” is proposed. It would be set as 10% below the annually reported CMHC rental market median rent, all years of construction, for New Westminster. The rationale is that this rent level helps to address the needs of current tenants who are paying well below market rents. Table B4 shows how this rent benchmark compares with the standard CMHC measure and more importantly, with rents charged for new secure market rental units in New Westminster. It shows that the proposed Below Market Rent is from 23% to 34% below the rents charged in newly constructed rental units depending on unit type.

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Table B4 –New Westminster Target Rent Levels for Below-Market Rental Housing

Rent Measures	1 Bedroom	2 Bedroom
CMHC Median Rent PBMR, all years, New Westminster (2018)*	$1,057	$1,407
Below-Market Rent New Westminster - 10% below CMHC Median Rent (above)	**$951**	**$1,266**
New construction secure market rents (average, New Westminster calculations 2018)	$1,451	$1,643
Difference between average new construction secure market rent and below-market rent $	$500	$377
Difference between average new construction secure market rent and below-market rent %	34%	23%

Source: * CMHC Rental Market Report, Dec 2018.

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Attachment B

Municipal Rental Replacement Policies and Occupancy Management

Attachment B

Municipal Rental Replacement Policies and Occupancy Management

Experience in Other Municipalities

Eight Metro Vancouver municipalities have adopted a rental replacement policy and another municipality is developing one. Others may have negotiated rental replacement on a case by case basis. The City of Vancouver's Rate of Change Policy was the first, spurred by a spate of rental building demolitions in the 1990s, and has resulted in limited rental redevelopment. The City of Vancouver has since set out some conditions for rental replacement in local area plans, for example, the West End Area Plan, where sites may be zoned to permit a level of density that generates moderate interest and uptake by the private sector for development applications. In some cases, zoning schedules or rezoning policies are set-up so that existing rental housing is only encouraged to redevelop on the condition that the new development is secured as 100% rental housing (thus achieving the objective of increasing the rental supply) or in other cases, social housing.

Most other municipal replacement policies were implemented in the mid to late 2010s, so it is early to know how effective they have been. The usual replacement ratio sought by these policies is 1 for 1 although some municipalities have accepted less and others effectively require 100% rental. Some municipal policies require inclusion of some or all below-market units in rental redevelopment situations, intended to match current rents, specifically the City of North Vancouver and Richmond. Surrey will seek 100% rental replacement at below-market rents in its new policy. Burnaby Council has instructed staff to develop a rental replacement policy using the new Residential Rental Tenure Zoning tool after losing over 700 purpose-built rental units (net) to redevelopment as strata residential. Attachment C summarizes these policies.

The table below describes active rental replacement policies in Metro Vancouver municipalities. The usual replacement ratio sought by these policies is 1:1 although some municipalities have accepted less and others effectively require 100% rental. Some municipal policies require inclusion of some or all below-market units in rental redevelopment situations, intended to match current rents, specifically the City of North Vancouver and Richmond. Surrey will seek 100% replacement at below-market rents in its new policy. Burnaby Council has instructed staff to develop a rental replacement policy using the new Residential Rental Tenure Zoning tool after losing over 700 purpose-built rental units (net) to redevelopment as strata residential. Vancouver's policy has effectively limited redevelopment of existing rental properties, while new area plans provide some economically viable replacement opportunities. Most other municipal policies have been adopted in the last five years, and there has been little experience with them.

Table C1- Municipal Rental Replacement Policies November 2018

Municipality	Policy name	Year Adopted	Replacement Ratio	Outcomes
Richmond	Market Rental Housing Policy, in OCP and Zoning Bylaw.	OCP - 2012, Market Rental Housing Policy, Sept 2018	Existing market rental units must be replaced at a minimum ratio of 1:1, with the replacement units secured as affordable housing at the City's low-end market rental (LEMR) rates.	TBD
District of North Vancouver	Goal 4: Enable the replacement of existing rental housing with conditions (in District of North Vancouver's Rental Affordable Housing Strategy)	OCP - 2011, Town Centre plans various	1:1 when feasible	Allows for payment in lieu and other arrangements
City of Vancouver	Rental Housing Stock Official Development Plan (known as Rate of Change Policy), rezoning policies, and neighbourhood plans	1990s, June 2018	1:1 replacement when rate of change of rental demolition exceeds 0.	Has effectively limited redevelopment. Council adopted neighbourhood plans which allow redevelopment, with conditions.
City of North Vancouver	Density bonus and community benefits policy, and 10 10 Perpetuity Mid Market Policy	May 2015, amended in July 2017, July 2018	At least 1:1	Generally, replacement projects are larger than the original building
Maple Ridge	Housing Action Plan Strategy 9: Minimize the loss of existing rental housing	Sept 2014	No set rate	Case of 222nd Street and 121st Ave, 291 rental units replaced 95 rental units
White Rock	OCP Policy 11.2.1 and 11.2.2	2016	At least 1:1. Not in a Bylaw, but more prescriptive than many OCP policies	TBD
Surrey	Policy O61: Rental Housing Redevelopment: Rental Replacement and Tenant Relocation Assistance Policy	2018	1:1 Affordable rental, 10% below current CMHC avg rents for appl unit size for Surrey, annually.	TBD
Port Moody	Rental Protection Policy	2018	1:1 and like for like. Less than 1:1 considered if below market rents.	TBD

Occupancy Management Options for Below-market Rental Units

In the traditional non-profit housing model, where non-profits have ownership or leasehold tenure, both occupancy management and physical property management of non-market units is carried out by the non-profit housing society. While ownership and management usually go hand in hand, in rental replacement scenarios, these functions may be separated and handled by different entities, with different missions, objectives etc. Different ownership structures of the below-market rental units can affect the financial viability of the project. The way that occupancy management is handled (i.e. the selection and income verification of tenants) is important to ensure alignment with Council objectives and can have financial implications. Physical property management would usually be handled by the building owner or its property manager.

Staff was able to find few situations where an alternate approach has been applied. One example, not directly related to rental replacement, but rather the management of below-market rental units in a market rental setting, was employed by UBC. There, a third party occupancy management entity was retained by UBC Housing and Relocation Services to income test and set rents for tenants in its new Staff Rent Geared to Income Housing program.

Staff examined options for ownership and occupancy management of below-market rental units that might be secured in New Westminster through a rental replacement policy (in redeveloping rental buildings).

Separation of ownership of the below-market units from other units, including strata units, is challenging on the typical New Westminster rental building site which is designated for a maximum of six stories. A newly redeveloped wood-frame rental building would have to be stratified or divided into two separate airspace parcels to allow for separate owners for two different tenure types, be they strata and secure rental or secure rental and below-market rental. Air space parcels are expensive and cumbersome in small buildings. To use stratification, all units would have to be stratified and then some of the units transferred to the City or a non-profit society as a condition of development, but this would affect the economics of the project.

The City's Secure Market Rental Policy requires no stratification covenants and housing agreements. Further complicating the matter, this approach would create the possibility of three tenures in one building – replacement rental units, non-market rental units, and strata units, resulting in potentially three different management regimes. Given the small number of units involved on most RM sites, there appears no practical way to separate ownership. As such, staff recommend that all new rental units remain in the hands of rental building owner/investor/landlord, with conditions imposed through housing agreements to achieve desired outcomes. The advantage of this approach is that the

rental owners/operators are experienced physical property managers. The two options considered for occupancy management in rental replacement scenarios are as follows:

1. Building owner retains ownership of below-market units and manages the units/tenants under terms specified by Housing Agreement for a specified period of time with annual reporting to the City.
2. Building owner retains ownership of below-market units with a stipulation that a non-profit management entity, from a list of pre-qualified non-profits or non-profit management entities developed by City, is retained to by owner at the owners expense to manage the units/tenants according to the terms of a Housing Agreement.

Management principles

Based on research, best practices, and outreach with non-profit housing societies, staff developed the following management principles to guide development of an inclusionary and rental replacement policies:

a) Below and non-market rental units secured through the policy serve the intended residents and household income levels for the life of the building.
b) Below and non-market rental units are owned, or occupancy is managed, by qualified non-profit housing societies or occupancy management entities.
c) Housing agreements control the terms of occupancy management.
d) Regular reporting to the City on occupancy of below and non-market rental housing units to ensure alignment with policy objectives.
e) Transparent process for allocating below and non-market rental units among non-profit housing societies.
f) The non-profit manager /partner is brought into the process as early as practical.
g) The approach should be flexible to accommodate a variety of situations and non-profits housing societies.
h) Minimizes the burden on City staff time.

Evaluation criteria are based on the management principles and incorporate the City's own experience, other municipalities' experience, the non-profit perspective and legal opinion. Table D1 shows where each approach has been used regionally, if at all, whether it is a recommended approach, and the rationale.

Table D1: Evaluation of Occupancy Management Options - Below-Market Rental Units in Redeveloping Rental Buildings

Below market rental units in redeveloping rental buildings	**Where used**	**Who owns asset?**	**Who manages tenants?**	**Recommend**	**Rationale**
Building owner retains ownership of below-market units and manages the units/tenants according to terms in Housing Agreement.	City of North Vancouver	Building Owner/ Landlord	Landlord/ property manager	No	Poor outcomes and difficult to monitor. Risk losing fidelity to Council objectives. Some municipalities are moving away from this approach.
Building owner retains ownership of below-market units with stipulation that a third party occupancy management entity, from a pre-qualified list created by City, manages units/tenants according to Housing Agreement.	UBC Staff Housing Rent Geared to Income program	Building Owner/ Landlord	Occupancy management entity	Yes	Possible for City to pre-qualify. Small pool of qualified third party occupancy managers could limit ability of development to proceed. Limited experience regionally. More entities entering this business, including potentially BC Housing.

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Attachment C

Summary of Findings from the Financial Analysis

Attachment C

Summary of Findings from the Financial Analysis

Under existing entitlements, including OCP designations, most rental buildings on low-rise zoned sites in the city are more valuable as rental properties than redevelopment sites; therefore there is little risk of demolition, except in unique circumstances.

Other findings include:

- The City's current Density Bonus Program is protecting the existing purpose-built market rental inventory due to the cost of bonus density.
- This could change over time if strata unit prices continue to rise, resulting in a higher risk of rental building redevelopment.
- Circumstances such as poor building condition or the need for major capital investment may cause some property owners to redevelop early.
- On typical rental sites, if up-zoned to Official Community Plan (OCP) maximum Floor Space Ratios (FSR), policy scenarios A, B and C are viable today based on land value.
- Scenario D is possibly viable, that is minor changes in key assumptions (rents, construction costs etc.) could tip the results from not viable to viable.
- Scenario E is not viable on most sites today.
- Exceeding maximum OCP density is the only way to improve the outcomes of these policy scenarios, particularly with respect to the provision of below-market rental units. Future work could explore higher densities in select areas of the City in return for 100% rental and a greater share of below-market rental units in redevelopment situations.

Table 2 summarizes the findings for the most common type of rental site in New Westminster (midrise, outside of downtown, wood-frame purpose-built rental site/building with an RM designation allowing up to 6 stories (approx. FSR 2.5)). It provides an overview of the recommended policy approach, with rationale. Scenario E is recommended and has been incorporated in the draft Rental Replacement Policy (detailed in the following section). Although the financial analyses has shown Scenario E to be unviable on most sites at this time, and suggests that limited redevelopment will take place, it may work for a small number of sites, in unique circumstances, with senior government financing assistance, or in the future. The intent of the policy is to ensure that redevelopment that does proceed will meet Council's objectives. Scenarios A through D either support no below-market rental units or are impractical and complex to operate as they result in combinations of rental, below-market rental and strata on one site/building and are not recommended, as noted in the table below.

Table 2: Summary of Economic Analysis Findings for Typical Wood-frame 6 storey Rental Building

Scenario	Outcome	Financially Viable	Recommend	Rationale
A	100% rental replacement (remaining units strata)	Yes	No	No below-market units to accommodate existing tenants.
B	100% rental replacement with 10% below-market units (remaining units strata)	Yes	No	Mix of strata, market rental and below-market rental impractical and complex to operate on typically small sites, at relatively low densities
C	50% rental replacement with 10% below-market units (remaining units strata)	Yes	No	Mix of strata, market rental and below-market rental impractical and complex to operate on typically small sites, at relatively low densities. Allows loss of rental stock.
D	100% rental (no strata, no below-market units)	Possibly viable	No	Increases rental supply and practical to operate. No below-market units to accommodate existing tenants. Would be viable with small changes in rent levels or in unique situations. Enables gradual redevelopment.
E	100% rental with 10% below-market rental	Very limited viability at this time	Yes	Increases rental supply, practical to operate and provides below-market rental units to accommodate existing tenants. Not viable on most sites today. May be viable in unique situations, with senior government assistance or in the future.

In addition to the typical rental sites described above, there are some downtown high-rise residential sites built to low existing density (Base 2.0 FSR rezoned to 4.0 FSR Residential) with different financial results, as follows:

- They are not financially viable under Policy Scenario D or E.
- These sites may be at risk of redevelopment to 100% strata residential today under existing entitlements, with density bonus payment, potentially resulting in the loss of existing rental stock with no replacement.

This situation could be addressed by exploring tools to ensure these properties remain rental. Examples include, updating the existing density bonus rates for the density bonus zoning districts that include existing purpose-built market rental properties to

ensure that density bonus rates continue to be set at a level that does not create an incentive (i.e. less than the value of the bonus density) to redevelop under existing zoning (to strata residential) prematurely and/or to apply the new multi-family residential rental tenure zoning these sites.

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Attachment D

Coriolis Consulting Corp. Financial Analysis for City of New Westminster Affordable Housing Policies November, 2018

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Financial Analysis for City of New Westminster Affordable Housing Policies

9 November 2018

Prepared for:
City of New Westminster

By:
coriolis
CONSULTING CORP.

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1.0 Introduction

1.1 Background

The City of New Westminster has policies in place to encourage the creation of market rental housing and affordable rental housing and to protect tenants of existing rental buildings. While the City's Secured Market Rental Housing Policy (SMRP) has helped encourage a significant amount of market rental housing development in the City over the past few years, there has been very little new affordable rental or non-market housing created. In addition, New Westminster has a large inventory of older rental housing some of which is at risk of demolition and redevelopment which puts much of the existing stock of affordable housing at risk.

Therefore, the City wants to examine opportunities to encourage new affordable housing as part of new multifamily developments. Specifically, the City wants to:

- Secure new affordable rental housing units as part of new strata housing development (i.e., Inclusionary Housing Policy).
- Require the replacement of existing rental units that are demolished due to redevelopment of existing rental buildings (i.e., Rental Replacement Policy) and evaluate the opportunity to require below market rental units.
- Determine whether it is financially viable for market rental buildings that proceed under the SMRP to include below market rental units.

Therefore, the City retained Coriolis Consulting Corp. to analyze the financial performance of new strata and market rental projects in the City to determine the viability of including affordable rental housing within new projects and to assist with policy development.

This report provides a summary of the analysis that we completed and identifies the key findings. **The financial analysis summarized in this report is based on market conditions as of Q2 2018.**

1.2 Professional Disclaimer

This document may contain estimates and forecasts of future growth and urban development prospects, estimates of the financial performance of possible future urban development projects, opinions regarding the likelihood of approval of development projects, and recommendations regarding development strategy or municipal policy. All such estimates, forecasts, opinions, and recommendations are based in part on forecasts and assumptions regarding population change, economic growth, policy, market conditions, development costs and other variables. The assumptions, estimates, forecasts, opinions, and recommendations are based on interpreting past trends, gauging current conditions, and making judgments about the future. As with all judgments concerning future trends and events, however, there is uncertainty and risk that conditions change or unanticipated circumstances occur such that actual events turn out differently than as anticipated in this document, which is intended to be used as a reasonable indicator of potential outcomes rather than as a precise prediction of future events.

Nothing contained in this report, express or implied, shall confer rights or remedies upon, or create any contractual relationship with, or cause of action in favor of, any third party relying upon this document.

In no event shall Coriolis Consulting Corp. be liable to the City of New Westminster or any third party for any indirect, incidental, special, or consequential damages whatsoever, including lost revenues or profits.

2.0 Scope and Assumptions

The City is interested in determining:

- The share of affordable housing units that can be provided by strata residential rezonings based on the increase in land value created by the increased density (i.e. bonus density) available through rezoning. The City refers to this as Inclusionary Housing.
- Whether it is financially viable for rezonings that involve demolition of existing rental units to replace the rental units (at market and/or below market rents) as part of redevelopment. The City refers to this as Rental Replacement.
- Whether it is financially viable for market rental buildings that proceed under the Secured Market Rental Housing Policy (SMRP) to include below market units.

Therefore, we analyzed the financial performance of a variety of hypothetical residential rezonings in the City to determine the ability of different types of rezonings to include market rental and affordable housing.

There are a number of key assumptions underlying our approach and analysis:

1. The City wants to ensure that any new affordable housing requirement does not impact the viability of new development. The financial ability of new projects to provide affordable units is created by the value of any additional density that is available either through rezoning or through density bonusing. The greater the value of the additional density, the greater the amount of affordable housing that can be provided by a project. Therefore, our analysis focuses on projects that are in OCP designations where additional density can be achieved through rezoning. We assume that projects which proceed under existing zoning would not be expected to include affordable housing units. If affordable housing units were required at projects that are not seeking rezoning, it would significantly reduce the number of sites that are financially viable for redevelopment, which would likely reduce the amount of new housing supply in the City. In the face of continued demand, this can lead to market wide price increases for housing.
2. The maximum density assumed for the analysis is based on the maximum identified in the OCP. We have not assumed increases in density beyond the OCP maximum to achieve increased affordable housing.
3. For the inclusionary housing analysis, the affordable housing contribution is calibrated to be equal to 75% of the increase in land value generated by the bonus density. This is consistent with the City's approach to negotiated Voluntary Amenity Contributions (VACs) and consistent with setting the existing density bonus rates in Downtown.
4. For the rental replacement analysis, the analysis assumes 100% of any increased land value would be used to support replacement housing as the City does not want to create any incentive to demolish existing rental housing stock. If the rental replacement requirement was based on less than 100% of the increased land value created by rezoning, it would create an additional incentive to redevelop rental properties.
5. The City's affordable housing targets for individual projects are based on a percentage of units in each project rather than a percentage of total floorspace. Since the affordable housing units are smaller than the market units, the affordable housing will make up a smaller share of floorspace than its share of units.
6. The amount of affordable housing that is supportable at each project will be influenced by factors that affect the cost of creating the units, such as the size of the affordable housing units and the mix of

affordable housing units (studio, 1BR, 2BR, 3BR). Based on information provided by the City, our analysis makes the following assumptions about unit mix and size.

Exhibit 1: Affordable Housing Unit Sizes and Distribution by Unit Type

Unit Type	Share of Units	Average Size (sf) for Below Market Units	Typical Average Unit Size for Market Rental Units (for comparison)
Studios	20%	400	400 to 450
1-Bedroom	55%	510	500 to 600
2-Bedroom	20%	770	750 to 850
3-Bedroom	5%	1,000	1,000 to 1,100
Total	100%	565	Depends on mix

The City provided the mix of unit types for the below market unit analysis. The actual unit sizes at projects will vary from project to project. The average unit sizes for the affordable units were selected to fall within the typical range for market unit rental units, but near the lower end of the range to help reduce estimated unit construction costs.

7. The amount of affordable housing that is supportable at each project will be influenced by factors that affect the value of the completed affordable units, such as rents. Based on information provided by the City, our analysis assumes that the below market rental units would rent at 10% below the median monthly rent in the City (according to CMHC) as shown in the following exhibit.

Exhibit 2: Below Market Unit Rents by Unit Type

Unit Type	Share of Units	Average Size (sf) for Below Market Units	Below Market Monthly Rents
Studios	20%	400	$724
1-Bedroom	55%	510	$855
2-Bedroom	20%	770	$1,164
3-Bedroom	5%	1,000	$1,395
Total	100%	565	$918

The below market unit rents in a project are assumed to average 10% below the annually reported CMHC rental market median rent for New Westminster. Some unit rents could be higher while other unit rents lower, but total must average to this amount or lower.

Some of the affordable housing scenarios tested in this analysis (specifically Scenarios C and D outlined in Section 4.2) include non-market rental housing units (which would be owned and operated by a non-profit). The non-market units are intended to provide a greater level of affordability than below market units. For any non-market units, the maximum rents will be the below market rents outlined above. However, a minimum of 50% of all non-market units will be rented at the shelter component of income assistance, or rent geared to income for very low income households. These rents will be determined by the non-profit housing provider to meet client needs.

8. The rents for market units and below rental market units will be permitted to increase each year at the Consumer Price Index (CPI), which is consistent with the recent changes (Fall 2018) to the rent regulations in the Residential Tenancy Act (RTA). Rents for the market units will be permitted to increase to market rates at turnover.

9. Strata apartment projects in Downtown that are seeking bonus density are required to make a density bonus contribution per square foot of bonus floorspace. The current rate is $50 per square foot of bonus floorspace. Of this, 30% is allocated to the City's affordable housing reserve fund. For these types of rezonings, our inclusionary housing analysis assumes that the density bonus payment would be reduced

by 30% (to $35 per square foot) as the project is assumed to provide on-site affordable rental units. In addition, our analysis assumes that affordable rental unit floorspace is excluded from the density bonus calculation.

10. The case study rezonings that we examined outside of Downtown are not assumed to make a VAC in our inclusionary housing analysis. The affordable housing (or rental replacement units) are assumed to represent the entire contribution from the project.
11. The rental replacement and SMRP analysis assumes that rezonings would be exempt from any density bonus or VAC requirements. The replacement housing is assumed to be the entire amenity contribution.
12. The analysis assumes that no funding is provided by CMHC or senior levels of government to help cover the cost of creating any affordable housing[1]. The intention is that the affordable housing policies should be viable for private developers with or without funding from senior levels of government.
13. Off street parking assumptions for the rental, below market rental and non-market units are based on the required parking for Secured Market Rental units.

[1] The exception to this is Affordable Housing Scenario D in the Inclusionary Housing analysis as this scenario assumes that a non-profit partner funds the construction costs of the affordable housing. This funding could come from senior levels of government (or other sources).

3.0 Urban Land Economics Rationale for Analysis

The reason that development projects are able, in financial terms, to provide amenities, such as affordable housing, in exchange for additional development rights is that the additional development rights achieved via rezoning (or bonus density zoning) have value. Otherwise, a developer could not absorb the cost of the affordable housing.

When a developer acquires a development site, the developer is buying land of course, but in land economics terms the developer is buying the development entitlements that go along with the land (in the form of zoning). The amount a developer is able to pay for a property is in large part a function of the type and amount of development likely to be approved and the anticipated financial performance of that development.

To illustrate the impact of an affordable housing requirement in land economics terms, Exhibit 3 shows simplified financial analysis for a hypothetical development project (in this case a strata apartment development) under four different scenarios:

- The first scenario assumes the site is zoned for 90 strata apartment units.
- The second scenario assumes the site is up-zoned to allow 150 strata apartment units with no affordable housing.
- The third scenario assumes the site is up-zoned to allow 150 apartment units with a requirement that 10% of the units are affordable housing units.
- The fourth scenario assumes the site is up-zoned to allow 150 apartment units with a requirement that 20% of the units are affordable housing units.

The site is assumed to be improved with an existing commercial building that has a market value of about $11.5 million based on the net income generated by the building (i.e. the value of the property if sold to an investor). In all four scenarios, the site size, the assumed average selling price of individual units (measured in dollars per square foot), and the assumed construction cost (measured in dollars per square foot) are the same.

Please note that all of the figures are for illustrative purposes only and are not intended to be reflective of actual market values or costs in New Westminster.

Exhibit 3: Redevelopment Economics for Hypothetical Apartment Project (Illustrative only)

All figures rounded	Scenario 1 Site zoned for 90 unit apartment project	Scenario 2 Site up-zoned to 150 units, no affordable units	Scenario 3 Site up-zoned to 150 units with 10% affordable units (15 units)	Scenario 4 Site up-zoned to 150 units with 20% affordable units (30 units)
Revenue				
Strata Units ($700K per unit)	$63,000,000	$105,000,000	$94,500,000	$84,000,000
Affordable Units ($100K per unit)	$0	$0	$1,500,000	$3,000,000
Total Revenue	$63,000,000	$105,000,000	$96,000,000	$87,000,000
Less Costs				
Marketing/commissions (5% of strata revenue)	$3,150,000	$5,250,000	$4,725,000	$4,200,000
Cost of rezoning	$150,000	$150,000	$150,000	$150,000
Hard & soft costs strata units ($450K per unit)	$40,500,000	$67,500,000	$60,750,000	$54,000,000
Hard & soft costs Affordable Units ($350K per unit)	$0	$0	$5,250,000	$10,500,000
Less Profit Allowance (15% of costs including land)	$8,200,000	$13,700,000	$12,500,000	$11,300,000
Equals Land Value Supported by Development	**$11,000,000**	**$18,400,000**	**$12,625,000**	**$6,850,000**
Value under existing use	$11,500,000	$11,500,000	$11,500,000	$11,500,000
Increase over existing value	none	$6,900,000	$1,225,000	none
Viable for redevelopment	no	yes	yes	no

Scenario 1 is the base case and shows how this project performs, in financial terms, under existing zoning. The developer in this case earns a typical profit margin (calculated as a margin of 15% of total costs), if the developer pays a maximum of $11.0 million for the site. However, the existing use supports a value of about $11.5 million (if sold to an investor) so the site is not attractive for redevelopment at the required profit margin. It is important to note that this is not always the case as some sites are financially attractive for redevelopment under existing zoning. However, this result is often the situation for existing low density commercial buildings in New Westminster.

Scenario 2 shows how the project would perform if the site is rezoned to allow a higher density project without providing any affordable housing (or a community benefit/amenity contribution). The project is bigger so the total revenue from unit sales, total cost, total profit, and total supportable land value are of course higher (proportionately). However, it is important to note that the profit margin is the same (15% of costs). The developer's ability to pay for the property increases to $18.4 million (or $6.9 million more than the existing value of $11.5 million) because it allows a larger project (more density). This is higher than the site's value under existing use as a commercial investment property, so there is an incentive for the existing owners to sell and the site is now financially attractive for redevelopment.

In this case, the rezoning creates additional density and value which makes a site viable for redevelopment that was not viable for development under existing zoning (Scenario 1). The question now is whether the project can also support affordable housing (or an amenity contribution).

Scenario 3 shows how the project would work if the site is rezoned with a requirement for 10% of the units to be affordable housing units. The project is now the same size as in Scenario 2, but the value of the affordable housing units is lower than the strata units so the total revenue in Scenario 3 is lower. This illustrates that:

- The project is still financially viable to the developer.
- The project includes 15 affordable housing units (10%).
- The developer can afford to pay $12.6 million, which is higher than the $11.5 million existing property value. This still creates the opportunity for the developer to offer an incentive to the existing property owner to make their property available for redevelopment.

Scenario 4 shows that the project is no longer viable when the amount of affordable housing is increased to 20% of total units. The project is the same size as Scenarios 2 and 3, but the additional 15 affordable housing units reduces the value the developer can pay to acquire the site to less than the existing value of the site.

These scenarios illustrate key points about rezonings and affordable housing requirements:

1. The inclusion of the affordable units does not change the price of the market units (the market units in Scenario 3 and 4 sell for the same price as in the other scenarios) because prices are set by supply and demand in the marketplace.
2. With the affordable housing requirement, the rezoning is still attractive to the developer in Scenario 3, who earns the same profit margin in Scenarios 2 and 3 (15% of costs). The difference is that the developer cannot pay the same amount to the land owner in Scenario 3 as in Scenario 2.
3. Land owners often require an incentive to sell their property (particularly if the site is not vacant). The financial impact of the affordable housing requirement should be less than the additional value created by the rezoning to create an incentive for the property owner to sell to the developer.
4. In Scenario 4, the addition of 15 affordable housing units reduces the value the developer can pay below the existing value of the site so the site is no longer attractive as a development site. This shows how the amount a developer can pay for a site is highly sensitive to the number of affordable housing units that are required at a project.
5. The additional land value created by the bonus density:
    - Can make redevelopment of a site financially viable when it is not viable under existing zoning.
    - Creates the potential for the inclusion of affordable housing units or the potential for a community benefit/amenity contribution (or both).
    - Creates an incentive to the existing owner to sell the property for redevelopment, if the affordable housing requirement is set appropriately.
6. The amount of the affordable housing is limited by the value created by the additional bonus density.

4.0 Inclusionary Housing Analysis

The City wants to encourage the creation of new affordable rental housing. Therefore, the City asked us to analyze the financial ability of new strata residential projects to include affordable rental housing units.

4.1 Approach

Using proforma analysis, we analyzed the financial performance of rezoning and redevelopment of different case study sites to estimate the amount of affordable housing that could be supported from rezoning to the maximum densities permitted under the OCP.

Our analysis was completed using the following main steps:

1. We identified case study sites for the financial analysis. Sites were improved with older, low density buildings that are similar to the types of properties that have been the focus of development in New Westminster over the past several years. The sites were selected to represent a cross-section of the different land use categories, locations, zoning districts and existing uses in the City where rezoning to allow increased strata residential density is supported by the OCP.
2. We estimated the existing land value of each case study at the assumed base density (existing zoning). It is possible that a site could have a higher value under its existing use (i.e. the value supported by the net income generated by existing improvements) than the existing land value. However, our analysis is intended to determine the affordable housing potential created by the value of any increased permitted density. Therefore, the starting point for our analysis is the base land value, not the value supported by the existing use. If the existing improvements create a higher value, then the site is not yet a redevelopment candidate.
3. We estimated the rezoned land value at the assumed rezoned density, but without any amenity contribution (or affordable housing).
4. We calculated the increase in land value associated with the assumed rezoning (step 3 less step 2) and the amount of the potential amenity contribution at 75% of the estimated increase in land value.
5. We estimated the amount of affordable housing that could be funded by the total value of the amenity contribution for each of the affordable housing scenarios (i.e. 75% of the estimated increase in land value associated with the increased density). The affordable housing component is assumed to replace space that would otherwise have been used for strata residential. Because the affordable housing has less value per square foot than the strata residential space, it negatively impacts the financial performance of the overall project and reduces the estimated increase in value associated with the bonus density.

   For each affordable housing scenario, the target supportable land value in our analysis is equal to the base land value (step 2) plus a 25% share of the increased land value associated with rezoning, assuming no amenity contribution or affordable housing (i.e. 25% of the extra value estimated in step 4). This approach results in 75% of the increased land value associated with the rezoning being allocated to the affordable housing.

4.2 Inclusionary Housing Case Studies and Affordable Housing Scenarios

Some projects will have the financial room to provide a greater share of affordable units than other projects due to the amount of additional density permitted under the OCP and/or the cost of creating the affordable units (for example, creation costs will be lower for woodframe projects than concrete projects). Therefore, we tested several case studies that represent a cross-section of the different land use categories, locations, zoning districts and existing uses in the City.

For the inclusionary housing analysis, we analyzed the financial performance of redevelopment of four different case study sites. However, for one of the sites, we examined three different base density and maximum density scenarios to reflect different rezoning opportunities that exist in Downtown. Therefore, we analyzed six different density scenarios for the inclusionary analysis.

Each of the sites are improved with older, low density improvements, similar to the types of properties that have been the focus of redevelopment in the City. The case study sites and density assumptions are summarized in Exhibit 4.

Exhibit 4: Inclusionary Housing Case Study Sites and Density Assumptions

Case Study #	Site Address	Neigh-bourhood	Total Site Size (SF)	Existing Improvements	Existing Zoning	OCP Designation	Assumed Base Density for Analysis (FSR)	Assumed Maximum Rezoned Density (FSR)
1	600 Block Royal Avenue	Downtown	21,720	11,773 sf of commercial floorspace	C-4	Mixed Use High Density	3.0[2]	5.2[1]
2	700 Block Victoria Street	Downtown	26,069	15,284 sf of commercial floorspace	C-4	Mixed Use High Density	3.0	5.2
3	300 Block Carnarvon Street	Downtown	20,288	28 rental units	RM-6A	Residential Midrise Apartment	2.0	4.0
4	300 Block Carnarvon Street	Downtown	20,288	28 rental units	RM-6A	Residential Midrise Apartment	2.5	4.0
5	300 Block Carnarvon Street	Downtown	20,288	28 rental units	RM-6A	Residential Midrise Apartment	2.0	3.0
6	900 Block Twelfth Street	Twelfth Street	11,783	5,779 sf of commercial floorspace	C-2A	RM Residential Multiple Unit	2.15[1]	2.5 (woodframe)

For each case study, we analyzed four different affordable rental housing scenarios:

- Scenario A assumes that the developer constructs the affordable rental units, but is required to sell the units to a non-profit operator who would own and manage the units. In this scenario, the payment to the developer for the affordable units is assumed to be based on the maximum mortgage that is supportable from the net income that will be generated by the units (based on the rents outlined in Section 2.0). This

[2] This development scenario is assumed to include grade level commercial space.

may be conservative if the non-profit also has access to equity that it can also use to help fund a higher acquisition price for the units from the developer.

- Scenario B assumes that the developer constructs the affordable rental units and is permitted to retain ownership of the units upon completion. However, as instructed by the City, the analysis assumes that the owner of the units would be required to retain a non-profit operator to manage the units to help ensure that the units are rented to the intended income groups (resulting in higher than typical management costs). The value of the affordable units to the owner is based on the capitalized value of the net income stream after operating costs and management (based on the rents outlined in Section 2.0). This is a higher value than the estimated supportable mortgage calculated in Scenario A.
- Scenario C assumes that developer constructs the affordable rental units and is required to dedicate the turnkey units to the City or a non-profit operator who would own and manage the units. In this scenario, the completed affordable rental units create no value for the developer. In this scenario, the rents could be set lower than the below market rents outlined in Section 2.0 as there is no payment made to the developer.
- Scenario D assumes the developer partners with a non-profit. The non-profit is responsible for funding the construction and development costs associated with the affordable housing component and the developer is responsible all remaining project costs (including land). Therefore, the developer receives revenue for the affordable rental component that is equal to the incremental construction costs associated with the affordable component. This is just one possible financial arrangement that could be negotiated between the developer and the non-profit partner. However, it is intended to illustrate the potential positive impact on the amount of affordable housing that is supportable if the developer secures a partner that is able to fund all (or a significant portion) of the incremental costs associated with the affordable housing.

4.3 Inclusionary Analysis Findings

Because of the large number of sites and scenarios analyzed (about 36 scenarios[3]), we have not included the detailed proformas for each site. However, we have included the proformas for one representative case study in the attachments. This section summarizes the key findings for each case study site and affordable rental scenario.

Case Study 1 – Downtown Highrise Mixed Use – 5.2 FSR

Case study 1 is a 21,720 sf site located in Downtown. The existing zoning permits a density of 3.0 FSR (plus commercial) and the OCP supports rezoning to 5.2 FSR. Redevelopment of this site is assumed to be mixed use residential with commercial at grade. Our financial analysis indicates that rezoning and redevelopment to 5.2 FSR mixed use would support the following maximum shares of below market rental units:

[3] For each site we produced a minimum of 6 proformas, including an estimate of the land value at the base density, an estimate of the land value at the maximum density (with no affordable housing or amenity contribution) and four affordable housing scenarios. This results in over 36 proformas for the inclusionary housing analysis.

	Scenario A (Sold to Non Profit)	Scenario B (Developer Owned)	Scenario C (Turnkey)	Scenario D (Non Profit Partnership)
Total Units in Project	115	116[4]	115	121
Total Affordable Units	8	9	7	28
Share of Affordable Units in Project[5]	7%	8%	6%	23%

It should be noted that the results of the analysis are sensitive to the amount of commercial space included in the maximum density scenario. The greater the amount of commercial space included (or required), the less affordable housing that can be provided. One option the City could consider to support a larger share of affordable housing would be to exclude some (or all) of the commercial space from FSR (or increase the maximum permitted density slightly to account for grade level commercial space). For example, if the grade level commercial space was excluded from FSR, the estimated supportable share of affordable housing increases to 7% in Scenario C, 9% in Scenario A, and 10% in Scenario B.

Case Study 2 – Downtown Highrise Residential – 5.2 FSR

Case study 2 is a 26,069 sf site located in Downtown. The existing zoning permits a density of 3.0 FSR and the OCP supports rezoning to 5.2 FSR. Redevelopment of this site is assumed to be 100% residential. Our financial analysis indicates that rezoning and redevelopment to 5.2 FSR would support the following maximum shares of below market rental units:

	Scenario A (Sold to Non Profit)	Scenario B (Developer Owned)	Scenario C (Turnkey)	Scenario D (Non Profit Partnership)
Total Units in Project	148	148	147	155
Total Affordable Units	12	14	10	39
Share of Affordable Units in Project	8%	10%	7%	25%

Case Study 3 – Downtown Highrise Residential – 4.0 FSR (with low base density)

Case study 3 is a 20,288 sf site located in Downtown. The existing zoning permits a density of 2.0 FSR and the OCP supports rezoning to 4.0 FSR. Redevelopment of this site is assumed to be 100% residential. Our financial analysis indicates that rezoning and redevelopment to 4.0 FSR would support the following maximum shares of below market rental units:

	Scenario A (Sold to Non Profit)	Scenario B (Developer Owned)	Scenario C (Turnkey)	Scenario D (Non Profit Partnership)
Total Units in Project	88	88	87	90
Total Affordable Units	5	5	4	15
Share of Affordable Units in Project	6%	6%	5%	17%

The City is interested in understanding the likely density required to achieve 20% affordable units under Scenario D (development with a non-profit partner). We estimate that the overall required density to make 20% of the units viable as affordable rental in Scenario D is about 4.4 FSR. This represents a modest increase from the rezoned density that is currently achievable of 4.0 FSR.

[4] The number of units in the overall project increases as the number of affordable units increases as the affordable units are smaller than the market units.

[5] All shares are rounded to nearest whole percentage point.

Case Study 4 – Downtown Highrise Residential – 4.0 FSR (high base density)

Case study 4 is a 20,288 sf site located in Downtown. The existing zoning permits a density of 2.5 FSR (the upper end of the range for this OCP designation in Downtown) and the OCP supports rezoning to 4.0 FSR. Redevelopment of this site is assumed to be 100% residential. Our financial analysis indicates that rezoning and redevelopment to 4.0 FSR would support the following maximum shares of below market rental units:

	Scenario A (Sold to Non Profit)	Scenario B (Developer Owned)	Scenario C (Turnkey)	Scenario D (Non Profit Partnership)
Total Units in Project	86	86	86	86
Total Affordable Units	0	0	0	0
Share of Affordable Units in Project	0%	0%	0%	0%

We estimate that the overall required density to make 20% of the units viable as affordable rental in Scenario D is about 5.3 FSR. This represents a significant increase from the rezoned density that is currently achievable of 4.0 FSR.

Case Study 5 – Downtown Midrise Residential – 3.0 FSR

Case study 5 is a 20,288 sf site located in Downtown. The existing zoning permits a density of 2.0 FSR and the OCP supports rezoning to 3.0 FSR. Redevelopment of this site is assumed to be 100% residential. Our financial analysis indicates that rezoning and redevelopment to 3.0 FSR would support the following maximum shares of below market rental units:

	Scenario A (Sold to Non Profit)	Scenario B (Developer Owned)	Scenario C (Turnkey)	Scenario D (Non Profit Partnership)
Total Units in Project	65	65	65	65
Total Affordable Units	0	0	0	0
Share of Affordable Units in Project	0%	0%	0%	0%

We estimate that the overall required density to make 20% of the units viable as affordable rental in Scenario D is about 4.4 FSR. This represents a significant increase from the rezoned density that is currently achievable of 3.0 FSR and would likely require a highrise form of development.

Case Study 6 – Midrise Residential Outside Downtown – 2.5 FSR (6 storeys)

Case study 6 is an 11,783 sf site located in the 12th Street corridor. The existing zoning permits a maximum density of about 2.15 FSR (mixed use under existing zoning) and maximum height of 4 storeys. The OCP supports rezoning to 6 storeys residential. The maximum residential density typically achievable in 6 storeys is about 2.5 FSR. Our financial analysis indicates that rezoning and redevelopment to 2.5 FSR would support the following maximum shares of below market rental units:

	Scenario A (Sold to Non Profit)	Scenario B (Developer Owned)	Scenario C (Turnkey)	Scenario D (Non Profit Partnership)
Total Units in Project	32	32	32	32
Total Affordable Units	4	4	2	6
Share of Affordable Units in Project	13%	13%	6%	19%

We estimate that the overall required density to make 20% of the units viable as affordable rental in Scenario D is about 2.6 FSR. This represents a small increase from the assumed rezoned density that is currently achievable of about 2.5 FSR (6 storeys).

4.4 Summary of Inclusionary Analysis

Exhibit 5 summarizes the maximum share of affordable rental housing that is likely viable for each of the different case study sites.

Exhibit 5: Estimated Maximum Supportable Share of Affordable Units by Scenario

	Case Study	Base Density (FSR)	Maximum Density (FSR)	Scenario A (Sold to Non Profit)	Scenario B (Developer Owned)	Scenario C (Turnkey)	Scenario D (Non Profit Partnership)
1	Downtown Highrise Mixed Use[6]	3.0[7]	5.2	7% or 8 units	8% or 9 units	6% or 7 units	23% or 28 units
2	Downtown Highrise Residential	3.0	5.2	8% or 12 units	10% or 14 units	7% or 10 units	25% or 39 units
3	Downtown Highrise Residential	2.0	4.0	6% or 5 units	6% or 5 units	5% or 4 units	17% or 14 units
4	Downtown Highrise Residential	2.5	4.0	none	none	none	none
5	Downtown Midrise Residential	2.0	3.0	none	none	none	none
6	Midrise Residential Outside of Downtown	2.15	2.5	13% or 4 units	13% of 4 units	6% or 2 units	19% or 6 units

The key findings can be summarized as follows:

1. The potential for strata residential rezonings to include affordable rental units is highly sensitive to the amount of additional density permitted as part of the rezoning. The larger the increase in permitted density, the greater the amount of affordable housing that can be provided. Therefore, the share of affordable units that is financially viable is not uniform across all types of rezonings. Some can support significant shares of affordable housing while other cannot support any affordable housing.

2. The amount of affordable housing that is supportable at rezonings depends on the assumed ownership and management of the affordable rental units. If developers are permitted to retain the ownership of the affordable units, then a greater number of affordable units can be provided than if the units are required to be sold or dedicated to a non-profit. The only exception is if the non-profit agrees to purchase the units at a price that exceeds the mortgage that is supportable by the affordable units (i.e. Scenario D in our analysis). However, this would require the non-profit to have access to significant equity which may not be the case in many circumstances.

3. Rezonings to maximum permitted densities that are 3.0 FSR or less can only support a small number of affordable housing units (if any). Therefore, these types of rezonings are not a good candidate to provide affordable housing.

4. Rezonings to maximum permitted densities of about 4.0 FSR can support a small share of affordable housing units, depending on the existing base OCP density. These types of rezonings may be candidates to provide affordable housing units. For highrise sites that are designated for rezoning up to 4.0 FSR, the calculated supportable share of affordable rental units ranges from 0% to 6% for affordable housing scenarios A, B and C. The share is higher if the units are purchased at cost by a non-profit (Scenario D).

[6] The estimates supportable share of affordable housing increases if the grade level commercial space is excluded from FSR.

[7] Commercial space is permitted in addition to the base 3.0 FSR of residential.

5. Rezonings to maximum densities of 5.2 FSR can support a significant share of affordable units, so the City's policy could focus on obtaining affordable units from these high density highrise sites. However, the share that is supportable depends on the affordable housing scenario and whether a project is mixed-use or 100% residential.

    - For highrise residential sites that are designated for rezoning up to 5.2 FSR, the calculated supportable share of affordable rental units ranges from 7% to 10% for affordable housing scenarios A, B and C. The share is higher if the units are purchased at cost by a non-profit (Scenario D).
    - For highrise mixed use sites that are designated for rezoning up to 5.2 FSR, the calculated supportable share of affordable rental units ranges from 6% to 8% for affordable housing scenarios A, B and C. The share is higher if the units are purchased at cost by a non-profit (Scenario D). One option that the City could consider to support a larger share of affordable housing (in Scenarios A, B and C) would be to exclude some (or all) of the commercial space from FSR (or increase the maximum permitted density slightly to account for grade level commercial space). For example, if the grade level commercial space was excluded from FSR, the estimated supportable share of affordable housing increases to between 7% and 10% (the same as the 100% residential highrise scenarios).

6. If permitted densities exceed the OCP density, there is an opportunity for an increase in the share of affordable housing units, particularly if a developer can partner with a non-profit that funds the construction costs of the affordable units.

4.5 Other Factors to Consider

In addition to the results of the case study financial analysis, there are other factors that the City should consider when deciding whether to require on-site affordable housing units from rezonings, including:

1. **Administration and enforcement**. If the City requires on-site affordable housing units as an amenity contribution, there will be an increased administrative and legal load on City staff to ensure that the affordable units are being rented at the correct rental rates and that the units are being made available to the intended income groups. There will also be a need to negotiate with developers during the rezoning process about the location of the affordable housing units in the project, the mix of bedroom types, and unit sizes.

2. **Minimum affordable housing threshold**. Given that the inclusion of on-site affordable units will require negotiation with developers about unit sizes, mix and location and will increase the administration and legal load on the City (and create costs for developers of the units), the City may want to establish a minimum affordable unit threshold, below which projects would provide a VAC instead of the affordable units. A portion of the VAC could be allocated to the City's affordable housing reserve fund. The City should contact non-profit rental managers to determine whether there is specific minimum number of units in a project that makes management of the units practical.

3. **Potential exceptions**. Every project is unique and it may not be financially viable for some projects to provide affordable units due to unique circumstances (such as limited opportunity for bonus density or unusual/unique development costs associated with the project). Therefore, the City should consider a mechanism to consider approval of projects that cannot meet the targeted affordable housing requirement.

4. **Complexity for developers**. Requiring the inclusion of affordable units will make the planning, approval and development process more complex for developers. It is possible that some developers will elect to build under existing zoning (without affordable housing) instead of rezoning.
5. **Changes in market conditions**. Increases in construction costs or decreases in unit values reduce the amount of affordable rental that can be provided by rezonings. Therefore, the impact of any affordable housing targets on the viability of development should be monitored over time.
6. **Updates to existing bonus density rates**. If an affordable rental unit requirement is established for strata rezonings, any future updates of the City's bonus density rates will need to be calibrated to incorporate the financial impact of the required affordable units. This will make updating the rates more complex in the future.

4.6 Implications for Inclusionary Housing Policy

Based on our findings, if the City wants to require affordable housing units as part of strata residential rezonings, we suggest the City consider the following:

1. Decide on an approach to the ownership of the affordable units that is acceptable to the City, so that a specific target can be set for the share of affordable units that will be required from rezonings.
2. Clearly define the type of affordable housing required, including maximum average rents (by unit type), minimum average unit sizes (by unit type), the permitted changes in rent rates over time, and parking requirements.
3. Exclude certain types of strata residential rezonings from any requirement to provide affordable housing units. We suggest excluding the following types of rezonings:
   - Rezonings of midrise residential sites up to 3.0 FSR (or less) should not be required to provide affordable rental units. Our financial analysis indicates these types of rezonings can only support a small number of affordable units (if any).
   - Rezonings of highrise sites with existing permitted base densities of 2.5 FAR and maximum permitted densities of 4.0 FSR should not be required to provide affordable rental units as our financial analysis indicates these types of rezonings cannot support any affordable units.
   - Rezonings below a specific project size should be excluded. Given that the inclusion of on-site affordable units will require negotiation with developers about unit sizes, mix and location and will increase the administration and legal load on the City (and create costs for developers of the units), the City should establish a minimum project size threshold, below which rezonings would not be required to include affordable rental units

   The City should continue to seek VACs or density bonus contributions from these types of rezonings and allocate a portion of any cash contributions to the City's affordable housing reserve fund[8].
4. Specify an affordable housing target for highrise residential (or mixed use) rezonings that varies depending on the achievable density (due to variations in OCP designation):

[8] The City should review whether existing density bonus rates for these types of rezonings should be updated to reflect current market values.

- The maximum target for rezonings of sites with base densities of 2.0 FSR and maximum densities up to 4.0 FSR should be about 5% to 6% of total units. The specific share should take into account the City's preferred ownership and management of the affordable units.
- The maximum target for rezonings of sites designated for densities up to 5.2 FSR should be about 7% to 10% of total units. The specific share should take into account the City's preferred ownership and management of the affordable units. In addition, to achieve this amount of affordable housing at highrise mixed use sites, the City should consider excluding any grade level commercial space from FSR mixed-use projects.

5. Specify a minimum target of about 20% of total units as affordable rental units for rezonings of sites that exceed the maximum density currently permitted under the OCP. The specific share of affordable units at these rezonings should be negotiated as part of the approval process to take into account the actual proposed density (and increased land value created by the proposed density) and the ownership and management of the units.
6. For rezonings that will be required to include affordable rental units, update any existing density bonus rates to exclude the 30% allocated to affordable housing.
7. Identify a mechanism to consider the approval of projects that cannot meet the affordable rental unit requirement due to unique project circumstances (such as limited opportunity for bonus density or unusual/unique development costs associated with the project that are achieving other public benefits).
8. Identify circumstances and locations in which the City will consider negotiating a different amount of affordable housing. This could include large new growth areas (such as Sapperton Green or 22nd Street Station Area).
9. Identify a grace period for projects that are currently being planned. The City should ensure that all stakeholders (property owners, real estate industry professionals, developers, etc.) are aware of the proposed changes to the existing policies. In addition, developers should be given significant notice before any changes are implemented. This will give applicants that have already purchased property the opportunity to make an application under the existing policies without facing the financial impact associated with an affordable rental unit requirement.
10. Monitor the impact of any affordable rental unit requirements on the viability of new development and be prepared to revise the policies as-needed if there is a change in market conditions.
11. Ensure that any future updates of the current density contribution rates take into account the financial impact of any affordable rental unit requirement.

5.0 Rental Replacement Analysis

The City is concerned about the potential loss of existing rental stock due to demolition and redevelopment. Therefore, the City asked us to evaluate the financial ability of rezonings that involve the demolition of existing rental units to include replacement rental units.

5.1 Approach

Using proforma analysis, we analyzed the financial performance of rezoning and redevelopment of different case study sites that currently include older rental buildings to estimate the amount replacement rental housing (and below market rental housing) that could be supported from rezoning to the maximum densities indicated in the OCP.

Our analysis was completed using the following main steps:

1. We identified case study sites for the financial analysis. Sites were improved with older, low density rental buildings that are the most likely candidates to be at risk of demolition and redevelopment in the foreseeable future. In addition, sites were selected from existing OCP designations and zoning districts that include a large share of the existing older rental housing stock in the City.
2. We estimated the existing land value of each case study site under existing zoning (with no rental replacement or affordable housing). It should be noted that the sites we analyzed have higher values under existing use as rental apartment buildings (i.e. the value supported by the net income generated by existing improvements) than the existing zoned land value. However, our analysis is intended to determine the rental replacement opportunity created by the value of any increased permitted density. Therefore, the starting point for our analysis is the base land value under existing zoning, not the value supported by the existing rental building. The older rental buildings we analyzed are not yet redevelopment candidates.
3. We estimated the land value at the rezoned density with the assumed rental replacement (or affordable housing) units. If the rezoned land value in this step is higher than the existing zoned land value in step 2, then the rental replacement scenario is financially viable. This assumes that 100% of any increased land value due to rezoning is used to fund the financial impact of the rental replacement units (not 75% as is the target for the City's negotiated VACs). We assume 100% of any increased land value would be used to support replacement housing as the City does not want to create any incentive to prematurely demolish existing rental housing stock. If the rental replacement requirement was based on less than 100% of the increased land value created by rezoning, it would create an additional incentive to redevelop rental properties.

5.2 Rental Replacement Case Studies and Scenarios

For the rental replacement analysis, we analyzed the financial performance of redevelopment of two different case study sites that are currently improved with older low density rental apartment buildings. However, for one of the sites, we examined three different base zoning and rezoning density scenarios to reflect different rezoning opportunities that exist in Downtown. Therefore, we analyzed four different density scenarios for the rental replacement analysis. The case study sites and density scenarios are summarized in Exhibit 6.

Exhibit 6: Rental Replacement Case Study Sites and Density Scenarios

Case Study #	Site Address	Neigh-bourhood	Total Assembled Site Size (SF)	Existing Improve ments	Existing Zoning	OCP Designation	Assumed Base Density for Analysis (FSR)	Assumed Maximum Rezoned Density (FSR)
1	900 Block Fifth Avenue	Brow of the Hill	33,106	49 rental units	RM-2	RM Residential Multiple Unit Buildings	1.8[9]	2.5 (woodframe)
2	300 Block Carnarvon Street	Downtown	20,288	28 rental units	RM-6A	Residential Midrise Apartment	2.0	2.5 (woodframe)
3	300 Block Carnarvon Street	Downtown	20,288	28 rental units	RM-6A	Residential Midrise Apartment	2.0	3.0
4	300 Block Carnarvon Street	Downtown	20,288	28 rental units	RM-6A	Residential Midrise Apartment	2.0	4.0

For each case study, we analyzed four different rental replacement scenarios:

- Scenario A assumes that 100% of the demolished rental units are replaced as market rental units, with the balance of the project strata residential.
- Scenario B assumes that 100% of the demolished rental units are replaced as rental units with 10% of the total units in the project rented at the below market rental rates. The balance of the project is assumed to be strata residential.
- Scenario C assumes that 50% of the demolished rental units are replaced as rental units with 10% of the total units in the project rented at the below market rental rates. The balance of the project is assumed to be strata residential.
- Scenario D assumes that 100% of the new project is market rental. That is, all of the demolished units are replaced as market rental and the balance of the project is also market rental.

5.3 Rental Replacement Findings

Because of the large number of sites and scenarios analyzed (about 20 scenarios[10]), we have not included the detailed proformas for each site. However, we have included proformas for one representative case study in the Attachments.

[9] This site is in an existing density bonus zone with a base density of 1.2 FSR and a maximum permitted density of 1.8 FSR. For the rental replacement analysis, we assume the existing permitted density is 1.8 FSR as this is the permitted density under existing zoning.

[10] For each site we produced a minimum of 5 proformas, including an estimate of the land value under existing zoning and four rental replacement scenarios. This results in over 20 proformas for the rental replacement analysis.

This section identifies the key findings for each case study site and rental replacement scenario. Rental replacement scenarios are colour-coded to indicate whether the scenario is viable (green), possibly viable (yellow)[11] or not viable (red).

Case Study 1 – RM-2 Site Outside of Downtown

Case study 1 is a 33,106 sf site located in Brow of the Hill. The site is improved with 49 older rental apartment units and is built to an existing density of about 1.2 FSR. The existing RM-2 zoning allows a maximum strata residential density of 1.8 FSR (with the required density bonus payment) and a height of 4 storeys. However, the OCP supports 6 storey apartment. Typically, the maximum achievable residential density in 6 storeys is about 2.5 FSR. Therefore, our rental replacement scenarios assume redevelopment to 2.5 FSR (with no density bonus payment). The results of our financial analysis for each rental replacement scenario can be summarized as follows.

	Scenario A (100% Rental Replacement)	Scenario B (100% Rental Replacement with 10% Below Market Units)	Scenario C (50% Rental Replacement with 10% Below Market Units)	Scenario D (100% Market Rental)
Estimated Total Apartment Units[12]	99	100	94	114
Estimated Rental Units	49	39	16	114
Estimated Below Market Units	0	10	9	0
Estimated Land Value Under Existing Zoning	$7,900,000	$7,900,000	$7,900,000	$7,900,000
Estimated Land Value Under Replacement Scenario	$9,500,000	$8,000,000	$9,800,000	$7,100,000
Financially Viable	yes	yes	yes	possibly

Case Study 2 – Downtown Midrise Residential – 2.5 FSR (6 storeys)

Case study 2 is a 20,288 sf site located in Downtown that is improved with 28 older rental apartment units and built to an existing density of about 1.2 FSR. The existing zoning allows a maximum strata residential density of 2.0 FSR (with no density bonus payment), but the OCP designation supports increased density to 3.0 FSR. For this analysis, we assumed that the site would be redeveloped to a density of 2.5 FSR in 6 storeys using woodframe construction which often occurs in this OCP designation.

[11] A scenario that is not viable in the base case analysis is identified as possibly viable if minor changes to key assumptions (sales price, rents, construction costs, profit margin) tip the results from not viable to viable.

[12] The number of units in the overall project changes when the mix of strata, below market rental and market rental units changes because each type of unit has a different assumed average unit size. The assumed average unit size is largest for strata units, followed by market rental units and then below market rental units.

The results of our financial analysis for each rental replacement scenario can be summarized as follows.

	Scenario A (100% Rental Replacement)	Scenario B (100% Rental Replacement with 10% Below Market Units)	Scenario C (50% Rental Replacement with 10% Below Market Units)	Scenario D (100% Market Rental)
Estimated Total Apartment Units	60	61	58	70
Estimated Rental Units	28	22	8	70
Estimated Below Market Units	0	6	6	0
Estimated Land Value Under Existing Zoning	$6,700,000	$6,700,000	$6,700,000	$6,700,000
Estimated Land Value Under Replacement Scenario	$6,100,000	$5,200,000	$6,300,000	$4,100,000
Financially Viable	possibly	no	possibly	no

Case Study 3 – Downtown Midrise Residential – 3.0 FSR (concrete)

Case study 3 is a 20,288 sf site located in Downtown that is improved with 28 older rental apartment units and built to an existing density of about 1.2 FSR. The existing zoning allows a maximum strata residential density of 2.0 FSR (with no density bonus payment), but the OCP supports 3.0 FSR. For this analysis, we assumed that the site would be redeveloped to a density of 3.0 FSR requiring concrete construction.

The results of our financial analysis for each rental replacement scenario can be summarized as follows.

	Scenario A (100% Rental Replacement)	Scenario B (100% Rental Replacement with 10% Below Market Units)	Scenario C (50% Rental Replacement with 10% Below Market Units)	Scenario D (100% Market Rental)
Estimated Total Apartment Units	71	Not analyzed[13]	69	Not analyzed[14]
Estimated Rental Units	28	Not analyzed	7	Not analyzed
Estimated Below Market Units	0	Not analyzed	7	Not analyzed
Estimated Land Value Under Existing Zoning	$6,700,000	$6,700,000	$6,700,000	$6,700,000
Estimated Land Value Under Replacement Scenario	$4,100,000	Not analyzed	$4,600,000	Not analyzed
Financially Viable	no	no	no	no

Case Study 4 – Downtown Highrise Residential – 4.0 FSR (concrete)

Case study 4 is a 20,288 sf site located in Downtown that is improved with 28 older rental apartment units and built to an existing density of about 1.2 FSR. The existing zoning allows a maximum strata residential density of 2.0 FSR (with no density bonus payment), but the OCP supports increased density to 4.0 FSR. For our analysis, we assumed that the site would be redeveloped to a density of 4.0 FSR requiring concrete construction.

[13] This scenario was not analyzed because Scenario A is not viable so Scenario B would also not be viable.

[14] This scenario was not analyzed because Scenario D in Case study 4 is not viable so this scenario would not be viable.

The results of our financial analysis for each rental replacement scenario can be summarized as follows.

	Scenario A (100% Rental Replacement)	Scenario B (100% Rental Replacement with 10% Below Market Units)	Scenario C (50% Rental Replacement with 10% Below Market Units)	Scenario D (100% Market Rental)
Estimated Total Apartment Units	93	94	90	111
Estimated Rental Units	28	19	5	111
Estimated Below Market Units	0	9	9	0
Estimated Land Value Under Existing Zoning	$6,700,000	$6,700,000	$6,700,000	$6,700,000
Estimated Land Value Under Replacement Scenario	$6,700,000	$5,500,000	$6,900,000	$500,000
Financially Viable	yes	no	yes	no

5.4 Summary of Rental Replacement Analysis

Exhibit 7 summarizes the results of the rental replacement analysis, identifying which scenarios are financially viable.

Exhibit 7: Summary of Results of Rental Replacement Analysis

	Case Study	Existing Zoning (FSR)	Rezoned Density (FSR)	Scenario A (100% Rental Replacement)	Scenario B (100% Rental Replacement with 10% Below Market Units)	Scenario C (50% Rental Replacement with 10% Below Market Units)	Scenario D (100% Market Rental)
1	Midrise outside of Downtown	1.8	2.5	viable	viable	viable	possibly viable
2	Downtown Midrise (woodframe)	2.0	2.5	possibly viable	not viable	possibly viable	not viable
3	Downtown Midrise (concrete)	2.0	3.0	not viable	not viable	not viable	not viable
4	Downtown Highrise	2.0	4.0	viable	not viable	viable	not viable

The key findings can be summarized as follows:

1. For sites in the RM-2 District (outside of Downtown), each of the rental replacement scenarios is viable, except the 100% market rental scenario (which is marginal). Market rental rates would need to increase by 5% or so to make the 100% rental scenario viable. The inclusion of any below market rental units in a 100% rental scenario is not currently viable.

2. Downtown midrise sites designated for 3.0 FSR in the OCP are likely to redevelop to 6 storey woodframe at about 2.5 FSR rather than 3.0 FSR concrete because the lower costs associated with woodframe construction make the lower height and density more attractive from a financial perspective than a taller concrete building at 3.0 FSR.

3. For Downtown sites that are designated or zoned for midrise or highrise development, the viability of the rental replacement is mixed:

    - 100% rental replacement is viable, but not with a below market rental component.
    - 50% rental replacement is viable with 10% of the units rented at below market rates.
    - 100% market rental is not financially viable.

5.5 Implications for Rental Replacement Policy

If the City wants to require the replacement of rental housing that is demolished as part of rezoning and redevelopment, we suggest the City consider the following:

1. For existing lowrise rental buildings outside of Downtown that are identified in the OCP for midrise, there are two options that could be considered:
    - Require 100% rental replacement as part of rezoning with a requirement for up to 10% of the units to be rented at below market rents. This will help ensure the total inventory of rental housing in the City is not eroded due to demolition and redevelopment and a portion of the rental replacement units are affordable rental units. However, it does not increase the total supply of rental units in the City.
    - Require rezonings to be 100% rental. This does not create affordable rental units, but it will result in an increase in the amount of rental housing upon redevelopment of a site.
2. For existing rental buildings in Downtown that are identified in the OCP for midrise or highrise redevelopment, there are two options that should be considered:
    - Require 100% rental replacement as part of rezoning. This will help ensure the total inventory of rental housing in the City is not eroded due to redevelopment. However, it will not create any new affordable rental units.
    - Require 50% rental replacement as part of rezoning with a requirement for up to 10% of the units to be rented at below market rents. This will help mitigate the loss of existing affordable rental stock, but it will result in a reduction in the total inventory of rental housing upon redevelopment of a site.
3. For rezonings that require replacement rental units, waive any existing bonus density contribution or VAC requirements.

It should be noted that a rental replacement requirement will not eliminate the risk that existing rental properties could be redeveloped to 100% strata under existing zoning. Therefore, the City should regularly update the existing density bonus rates for the density bonus zoning districts that include existing rental properties to ensure that density bonus rates continue to be set at a level that does not create an incentive (i.e. less than the value of the bonus density) to redevelop under existing zoning (to strata residential) prematurely.

6.0 Secured Market Rental Analysis

The City's existing Secured Market Rental Policy (SRMP) allows increases in density through density bonusing or rezoning plus other incentives (including reduced parking and a streamlined application process) for projects that deliver 100% market rental units secured for 60 years or the life of the building.

Our understanding is that the policy has been successful at encouraging the creation of new rental stock in the City with over 1,100 units approved under the policy over the past few years.

The City asked us to review the economics of rental development and evaluate whether there is an opportunity to require rezonings for 100% rental to include a below market rental component.

6.1 Approach

Using proforma analysis, we analyzed the financial performance of rezoning and redevelopment of different case study sites to determine the minimum densities likely required to make 100% market rental development financially viable. We then used the results to evaluate the opportunity to require below market rental units within projects that proceed under the SMRP.

Our analysis was completed using the following main steps:

1. We identified case study sites for the financial analysis. Sites were improved with older, low density buildings that are similar to the types of properties that have been the focus of development in New Westminster over the past several years. The sites were selected to represent a cross-section of the different land use categories, locations, zoning districts and existing uses in the City where rezoning to allow increased residential density for rental housing would likely be supported.
2. We estimated the existing land value of each case study under existing zoning. It is possible that a site could have a higher value under its existing use (i.e. the value supported by the net income generated by existing improvements) than the existing zoned land value. However, our analysis is intended to determine the market rental opportunity created by the value of any increased permitted density. Therefore, the starting point for our analysis is the base land value under existing zoning, not the value supported by the existing use. If the existing improvements create a higher value, then the site is not yet a redevelopment candidate.
3. We calculated the minimum rezoned density that is likely required to make 100% market rental development financially viable. That is, the density required to support a market rental land value that is equal to (or higher) than the land value under existing zoning. This is the minimum density that would be required. It is possible that developers would require additional permitted density to cover the time and risks associated with the rezoning process.
4. We analyzed the impact on the results of the financial analysis of a requirement to include 5% below market rental units in the project. This share was selected for illustrative purposes only to demonstrate the impact of a small below market rental component on project economics.
5. We used the results of the analysis to identify the minimum density likely required to make market rental financially viable and to comment on the opportunity for a below market rental component.

6.2 Secured Market Rental Case Studies

For the SMRP analysis, we analyzed the financial performance of redevelopment of three different case study sites assuming 100% rental. The sites are currently improved with older low density improvements.

The case study sites and density scenarios are summarized in Exhibit 8.

Exhibit 8: SMRP Case Study Sites and Density Scenarios

Case Study #	Site Address	Neigh-bourhood	Total Assembled Site Size (SF)	Zoning	Existing Improvements	OCP Designation	Assumed Base Density for Analysis (FSR)	Maximum OCP Density (FSR)
1	700 Block Victoria Street	Downtown	26,069	C-4	15,284 sf of commercial floorspace	Mixed Use High Density	3.0	5.2
2	300 Block Carnarvon Street	Downtown	20,288	RM-6A	28 rental units	Residential Midrise Apartment	2.0	4.0
3	900 Block Twelfth Street	Twelfth Street	11,783	C-2A	5,779 sf of commercial floorspace	RM Residential Multiple Unit	2.15[15]	2.5 (woodframe)

For each site, we estimated the minimum density required to make redevelopment to 100% market rental financially viable and the financial impact of a requirement for 5% below market rental units.

6.3 Findings

Because of the large number of scenarios analyzed (about 9 scenarios[16]), we have not included the detailed proformas for each site. However, we have included the proformas for one representative case study in the attachments.

Exhibit 9 summarizes the results of the rental analysis, identifying the minimum density likely required to make rental development financially viable.

Exhibit 9: Estimated Minimum Density (FSR) Required to Make Redevelopment Financially Viable

	Case Study	Existing Zoning (FSR)	Max OCP Density (FSR)	Scenario A 100% Market Rental (Required FSR)	Scenario B 100% Rental with 5% of Units Below Market
1	Downtown Highrise	3.0	5.2	10+ FSR	not viable
2	Downtown Highrise	2.0	4.0	10+ FSR	not viable
3	12th Street Midrise	2.15	2.5	3.5 to 4.0 FSR	not Viable

As shown in the exhibit:

- Sites designated for midrise apartment outside of Downtown would require minimum densities of about 3.5 FSR (assuming 6 storey woodframe construction) to make 100% market rental financially viable. However, this density may not be achievable within a 6 storey height limit. If a small share of below

[15] This development scenario is assumed to include grade level commercial space.

[16] For each site we produced a minimum of 3 proformas, including an estimate of the land value under existing zoning and two rental scenarios. This results in over 9 proformas for the SMRP analysis.

market rental units are required (5%), our analysis indicates that the required density increases to 4.0 FSR or more which is not achievable in 6 storeys.

- Sites designated for highrise apartment development in Downtown would require minimum densities of 10.0 FSR (or more) to make 100% market rental development financially viable. A requirement for a small share of below market rental units (say 5%) would require even higher densities (and still may not be viable).

6.4 Other Factors to Consider

The financial viability of rental apartment development is marginal under current market conditions. The financial performance of rental development has been negatively impacted over the past year or so by a number of factors including:

- Significant increases in construction costs, particularly concrete buildings.
- Increasing financing costs (interest rates).
- The recent changes to the rent regulations in the Residential Tenancy Act which reduced the permitted maximum annual rent increases (until unit turnover).

Because of these changes in the market and to government policy, rental projects now require increased density to be financially viable compared to earlier in 2018.

Therefore, the City should be careful about introducing any policies that make market rental development more challenging.

6.5 Implications for SMRP

Our understanding is that projects which have proceeded to date under the SMRP have been approved for maximum densities up to 3.1 FSR for 6 storey buildings and up to 6.7 FSR for highrise buildings.

Our financial analysis indicates that (under current market conditions) 100% market rental projects will likely require much higher densities than have been approved by the City to date because the economics of market rental development has become more challenging over the past year or two due to increasing construction costs, increasing financing costs, and changes to the Residential Tenancy Act rent regulations.

We think that the existing SMRP is working well and achieving the desired results. Our financial analysis shows that 100% market rental continues to require large increase in permitted density (and no VAC or density bonus contribution). Therefore, we think that the City should continue to offer the incentives provided in the SMRP to encourage market rental development and not require any below market rental units.

If the City wants 100% rental buildings (under the SMRP) to include below market rental units, it will likely slow the pace of new market rental development.

7.0 Summary of Policy Implications

This section summarizes the implications of our financial analysis for the three different policies that are under consideration.

7.1 Inclusionary Housing

If the City wants to require affordable housing units as part of strata residential rezonings, we suggest the City consider the following:

1. Decide on an approach to the ownership of the affordable units that is acceptable to the City, so that a specific target can be set for the share of affordable units that will be required from rezonings.
2. Clearly define the type of affordable housing required, including maximum average rents (by unit type), minimum average unit sizes (by unit type), the permitted changes in rent rates over time, and parking requirements.
3. Exclude certain types of strata residential rezonings from any requirement to provide affordable housing units. We suggest excluding the following types of rezonings:

    - Rezonings of midrise residential sites up to 3.0 FSR (or less) should not be required to provide affordable rental units. Our financial analysis indicates these types of rezonings can only support a small number of affordable units (if any).
    - Rezonings of highrise sites with existing permitted base densities of 2.5 FAR and maximum permitted densities of 4.0 FSR should not be required to provide affordable rental units as our financial analysis indicates these types of rezonings cannot support any affordable units.
    - Rezonings below a specific project size should be excluded. Given that the inclusion of on-site affordable units will require negotiation with developers about unit sizes, mix and location and will increase the administration and legal load on the City (and create costs for developers of the units), the City should establish a minimum project size threshold, below which rezonings would not be required to include affordable rental units.

    The City should continue to seek VACs or density bonus contributions from these types of rezonings and allocate a portion of any cash contributions to the City's affordable housing reserve fund[17].
4. Specify an affordable housing target for highrise residential (or mixed use) rezonings that varies depending on the achievable density (due to variations in OCP designation):

    - The maximum target for rezonings of sites with base densities of 2.0 FSR and maximum densities up to 4.0 FSR should be about 5% to 6% of total units. The specific share should take into account the City's preferred ownership and management of the affordable units.
    - The maximum target for rezonings of sites designated for densities up to 5.2 FSR should be about 7% to 10% of total units. The specific share should take into account the City's preferred ownership and management of the affordable units. In addition, to achieve this amount of affordable housing at

[17] The City should review whether existing density bonus rates for these types of rezonings should be updated to reflect current market values.

highrise mixed use sites, the City should consider excluding any grade level commercial space from FSR mixed-use projects.

5. Specify a minimum target of about 20% of total units as affordable rental units for rezonings of sites that exceed the maximum density currently permitted under the OCP. The specific share of affordable units at these rezonings should be negotiated as part of the approval process to take into account the actual proposed density (and increased land value created by the proposed density) and the ownership and management of the units.
6. For rezonings that will be required to include affordable rental units, update any existing density bonus rates to exclude the 30% allocated to affordable housing.
7. Identify a mechanism to consider the approval of projects that cannot meet the affordable rental unit requirement due to unique project circumstances (such as limited opportunity for bonus density or unusual/unique development costs associated with the project that are achieving other public benefits).
8. Identify circumstances and locations in which the City will consider negotiating a different amount of affordable housing. This could include large new growth areas (such as Sapperton Green or 22nd Street Station Area).
9. Identify a grace period for projects that are currently being planned. The City should ensure that all stakeholders (property owners, real estate industry professionals, developers, etc.) are aware of the proposed changes to the existing policies. In addition, developers should be given significant notice before any changes are implemented. This will give applicants that have already purchased property the opportunity to make an application under the existing policies without facing the financial impact associated with an affordable rental unit requirement.
10. Monitor the impact of any affordable rental unit requirements on the viability of new development and be prepared to revise the policies as-needed if there is a change in market conditions.
11. Ensure than any future updates of the current density contribution rates take into account the financial impact of any affordable rental unit requirement.

7.2 Rental Replacement

If the City wants to require the replacement of rental housing units that are demolished as part of rezoning and redevelopment, we suggest the City consider the following:

1. For existing lowrise rental buildings outside of Downtown that are identified in the OCP for midrise, there are two options that could considered:
    - Require 100% rental replacement as part of rezoning with a requirement for up to 10% of the units to be rented at below market rents. This will help ensure the total inventory of rental housing in the City is not eroded due to demolition and redevelopment and a portion of the rental replacement units are affordable rental units. However, it does not increase the total supply of rental units in the City.
    - Require rezonings to be 100% rental. This does not create affordable rental units, but it will result in an increase in the amount of rental housing upon redevelopment of a site.
2. For existing rental buildings in Downtown that are identified in the OCP for midrise or highrise redevelopment, there are two options that should be considered:

- Require 100% rental replacement as part of rezoning. This will help ensure the total inventory of rental housing in the City is not eroded due to redevelopment. However, it will not create any new affordable rental units.
- Require 50% rental replacement as part of rezoning with a requirement for up to 10% of the units to be rented at below market rents. This will help mitigate the loss of existing affordable rental stock, but it will result in a reduction in the total inventory of rental housing upon redevelopment of a site.

3. For rezonings that require replacement rental units, waive any existing bonus density contribution or VAC requirements.

It should be noted that a rental replacement requirement will not eliminate the risk that existing rental properties could be redeveloped to 100% strata under existing zoning. Therefore, the City should regularly update the existing density bonus rates for the density bonus zoning districts that include existing rental properties to ensure that density bonus rates continue to be set at a level that does not create an incentive (i.e. less than the value of the bonus density) to redevelop under existing zoning (to strata residential) prematurely.

7.3 Secured Market Rental

The existing SMRP has been working well and achieving the desired results. Our financial analysis shows that 100% market rental continues to require large increase in permitted density (and no VAC or density bonus contribution). Any new requirement for below market rental units could significantly slow the pace of new rental development. Therefore, we think that the City should continue to offer the incentives provided in the SMRP to encourage market rental development and not require any below market rental units.

8.0 Attachments - Financial Analysis

The following attachments include representative proformas for one case study site for each of the three different affordable housing policies that are the focus of this report:

- Inclusionary housing analysis.
- Rental replacement analysis.
- Secured Market Housing Rental Policy analysis.

8.1 Representative Analysis for Inclusionary Housing Case Study

This attachment includes six different land residual scenarios for inclusionary housing Case Study 2, a 26,069 sf site located in Downtown. The existing zoning permits a density of 3.0 FSR and the OCP supports rezoning to 5.2 FSR. Redevelopment of this site is assumed to be 100% residential.

Our financial analysis indicates that rezoning and redevelopment to 5.2 FSR would support the following maximum shares of below market rental units:

	Scenario A (Sold to Non Profit)	Scenario B (Developer Owned)	Scenario C (Turnkey)	Scenario D (Non Profit Partnership)
Total Units in Project	148	148	147	155
Total Affordable Units	12	14	10	39
Share of Affordable Units in Project	8%	10%	7%	25%

The following land residual scenarios are attached:

1. Base case analysis at 3.0 FSR with no density bonus payment or affordable housing.
2. Rezoning to 5.2 FSR with no density bonus payment or affordable housing. The land value difference between scenarios 1 and 2 is used to determine the target land value that needs to be supported by the affordable housing scenarios (target land value is equal to the base case land value in scenario 1 plus 25% of the increased land value in scenario 2).
3. Affordable housing Scenario A.
4. Affordable housing Scenario B.
5. Affordable housing Scenario C.
6. Affordable housing Scenario D.

Some of the assumptions vary slightly between scenarios to addresses differences between each scenario. For example, the 100% strata base case has higher hard construction costs per square foot than the affordable scenarios (as the affordable units will have lower cost finishings and fixtures). The total soft costs and professional fees are slightly higher in the affordable housing scenarios to address the additional time involved in negotiating the number and mix of affordable units, the legal agreements required, and any additional design work required.

1 – Base Zoning/OCP 3.0 FSR (Assumptions)

Site and Building Size								
Site size	26,069	sq.ft. or	0.60	acre				
Base Density	3.0							
Bonus Density	0.0							
Total Density	3.0	FSR						
Total Gross floorspace	78,207	sq.ft.						
Gross residential floorspace	78,207	sq.ft.						
Gross commercial floorspace	0	sq.ft.						
Concept	**Gross SF**	**Efficiency**	**Net Saleable or Rentable**	**Avg Unit Size**	**Number of Units**	**Parking Stalls per Unit or 1000 sf**	**Parking Stalls**	Share of Units
Strata Residential	78,207	85%	66,476	800	83	1.3	108	100%
Market Rental	0	85%	0	619	0	0.75	0	0%
Below Market Rental	0	85%	0	565	0	0.75	0	0%
Social Housing	0	85%	0	565	0	0.75	0	0%
Retail	0	100%	0	n/a	n/a	2.5	0	#VALUE!
Office	0	95%	0	n/a	n/a	2.5	0	#VALUE!
Total	78,207		66,476	2,548	83	8.6	108	100%
Revenue/Value								
Strata Residential	$860	per net square foot						
Market Rental	$0	per net square foot (see separate calculations)						
Below Market Rental	$0	per net square foot (see separate calculations)						
Social Housing	$0	per net square foot (see separate calculations)						
Retail	$0	per net square foot including parking revenue (see separate calculations)						
Office	$0	per net square foot including parking revenue (see separate calculations)						
Pre Construction Costs								
Upfront Compensation to Existing Tenants	$0							
Tenant Relocation	$0							
Allowance for Demolition of Existing Buildings	$305,680	or	$20	per sq. ft.				
Allowance for Remediation	$0							
Site Preparation/Fill	$0							
Site Servicing	$257,044	or	$2,500	per lineal metre of frontage				
Density Bonus Contribution	$0.00	psf of bonus density						
Rezoning Costs	$0							
Construction Costs								
Hard Construction Costs								
Market Strata Residential Area	$260	per gross sq.ft. of residential area						
Rental Residential Area	$240	per gross sq.ft. of rental residential area						
Below Market Rental Residential Area	$240	per gross sq.ft. of rental residential area						
Social Housing Residential Area	$240	per gross sq.ft. of rental residential area						
Retail Area (shell space - no TI)	$210	per gross sq.ft. of retail area						
Office Area (shell space - no TI)	$210	per gross sq.ft. of commercial area						
Cost Per Underground Parking Stall	$60,000	per underground/structured parking stall						
Overall Costs Per Square Foot	$343	per gross sq.ft.						
Sustainability Premium	0%							
Total Estimated Cost per Square Foot	$343							
Hard Cost Used in Analysis	$343							
Landscaping	$260,690	or	$20	psf of site area on 50% of site				
Other	$0							
Soft costs and Professional Fees	9.0%	of hard costs, landscaping and site prep/servicing costs						
Development management	3.0%	of hard costs, landscaping and site prep/servicing costs and soft costs						
Fees, legal and survey for rental portion	$0							
Contingency on hard and soft costs	5.0%	of hard, soft and management costs						
Car Share	$0							
Government Levies								
GVRD Sewer Levy - Strata Residential	$3,530	per market unit						
GVRD Sewer Levy - Rental Residential	$3,530	per unit						
GVRD Sewer Levy - Commercial	$2.67	per sq.ft. of commercial space						
TransLink - Strata Residential	$1,500	per market unit						
TransLink - Rental Residential	$1,500	per unit						
TransLink - Commercial	$1.00	per sq.ft. of commercial space						
Market Strata Residential DCCs	$5.14	per sq.ft. of floorspace						
Market Rental Residential DCCs	$5.14	per sq.ft. of floorspace						
Below Market Rental Residential DCCs	$5.14	per sq.ft. of floorspace						
Social Housing DCCs	$5.14	per sq.ft. of floorspace						
Retail DCCs	$5.14	per sq.ft. of floorspace						
Office DCCs	$2.06	per sq.ft. of floorspace						
School Site Acquisition Charge	$600.00	per unit						
Financing								
Interim financing	5.0%	assuming a	2.00	year construction period				
Financing charged on	50%	of land and	75%	of construction costs				
Financing fees	1.5%							
Commissions and Marketing								
Commissions on Strata Residential	3.0%	of gross strata market residential revenue						
Marketing on Strata Residential	3.0%	of gross strata market residential revenue						
Commissions on Sale of Commercial	2.0%	of gross commercial value						
Commission on Sale of Rental Units	2.0%	of value						
Initial Lease Up Costs on Market Rental Units	$2,500	per unit						
Initial Lease Up Costs on Below Market Rental Units	$2,000	per unit						
Initial Lease Up Costs on Social Rental Units	$1,000	per unit						
Leasing Commissions on Commercial Space	$5.00	per sq.ft.						
Tenant Improvement Allowance on Retail Space	$25.00	per sq.ft.						
Tenant Improvement Allowance on Office Space	$50.00	per sq.ft.						
Other Costs and Allowances								
Net GST on Market and Below Market Rental Units	5.00%	of capitalized value of rental units						
Net GST on Social Housing Units	2.50%	of development cost (assumes rebate)						
Property Taxes	0.408%	of assessed value						
Assumed current assessment (Year 1 of analysis)	$5,587,600							
Assumed assessment after 1 year of construction (Year 2 of analysis)	$28,584,659	(50% of completed project value)						
Developer's Profit	15.0%	of total costs or	13.0%	of gross market revenue/value				

1 – Base Zoning/OCP 3.0 FSR (Analysis)

Revenue			
Strata Sales Revenue	$57,169,317		
Market Rental Value	$0		
Below Market Rental Value	$0		
Social Housing Value	$0		
Gross Retail Value	$0		
Gross Office Value	$0		
Total Gross Value	$57,169,317		
Less Commissions on Strata	$1,715,080		
Less Commissions on Rental	$0		
Less Commissions on Commercial	$0		
Net Sales Revenue/Value	$55,454,237		
Project Costs			
Upfront Compensation to Existing Tenants	$0		
Tenant Relocation	$0		
Allowance for Demolition of Existing Buildings	$305,680		
Allowance for Remediation	$0		
Site Preparation/Fill	$0		
Site Servicing	$257,044		
Density Bonus Contribution	$0		
Rezoning Costs	$0		
Hard Construction Costs	$26,813,820		
Landscaping	$260,690		
Other	$0		
Soft costs and Professional Fees	$2,459,840		
Development management	$893,742		
Fees, legal and survey for rental portion	$0		
Contingency on hard and soft costs	$1,549,541		
Car Share	$0		
Marketing on Strata Units	$1,715,080		
Initial Lease Up Costs on Market Rental Units	$0		
Initial Lease Up Costs on Below Market Rental Units	$0		
Initial Lease Up Costs on Social Rental Units	$0		
Leasing Commissions on Commercial Space	$0		
Tenant Improvement Allowance on Retail Space	$0		
Tenant Improvement Allowance on Office Space	$0		
GVRD Sewer Levy - Strata Residential	$292,990		
GVRD Sewer Levy - Rental Residential	$0		
GVRD Sewer Levy - Commercial	$0		
TransLink - Strata Residential	$124,500		
TransLink - Rental Residential	$0		
TransLink - Commercial	$0		
Market Strata Residential DCCs	$401,984		
Market Rental Residential DCCs	$0		
Below Market Rental Residential DCCs	$0		
Social Housing DCCs	$0		
Retail DCCs	$0		
Office DCCs	$0		
School Site Acquisition Charge	$49,800		
Less property tax allowance during approvals/development	$162,256		
Interim financing on construction costs	$1,323,261		
Financing fees/costs	$411,865		
Less Net GST (assuming builder holds units)	$0		
Total Project Costs Before Land	$37,022,092		
Developer's Profit	$7,454,879		
Residual to Land and Land Carry	**$10,977,266**		
Less financing on land during construction and approvals	$732,733		
Less financing fee on land loan	$69,151		
Less property purchase tax	$408,831		
Residual Land Value	**$9,766,553**		

2 – 5.2 FSR No Affordable Housing or Density Bonus Contribution (Assumptions)

Site and Building Size								
Site size	26,069	sq.ft. or	0.60	acre				
Base Density	3.0							
Bonus Density	2.2							
Total Density	5.2	FSR						
Total Gross floorspace	135,559	sq.ft.						
Gross residential floorspace	135,559	sq.ft.						
Gross commercial floorspace	0	sq.ft.						
Concept	**Gross SF**	**Efficiency**	**Net Saleable or Rentable**	**Avg Unit Size**	**Number of Units**	**Parking Stalls per Unit or 1000 sf**	**Parking Stalls**	Share of Units
Strata Residential	135,559	85%	115,225	800	144	1.3	187	100%
Market Rental	0	85%	0	618	0	0.75	0	0%
Below Market Rental	0	85%	0	554	0	0.75	0	0%
Social Housing	0	85%	0	554	0	0.75	0	0%
Retail	0	100%	0	n/a	n/a	2.5	0	#VALUE!
Office	0	95%	0	n/a	n/a	2.5	0	#VALUE!
Total	135,559		115,225	2,525	144	8.6	187	100%
Revenue/Value								
Strata Residential	$875	per net square foot						
Market Rental	$0	per net square foot (see separate calculations)						
Below Market Rental	$0	per net square foot (see separate calculations)						
Social Housing	$0	per net square foot (see separate calculations)						
Retail	$0	per net square foot including parking revenue (see separate calculations)						
Office	$0	per net square foot including parking revenue (see separate calculations)						
Pre Construction Costs								
Upfront Compensation to Existing Tenants	$0							
Tenant Relocation	$0							
Allowance for Demolition of Existing Buildings	$305,680	or	$20	per sq. ft.				
Allowance for Remediation	$0							
Site Preparation/Fill	$0							
Site Servicing	$257,044	or	$2,500	per lineal metre of frontage				
Density Bonus Contribution	$0.00	psf of bonus density						
Rezoning Costs	$125,000							
Construction Costs								
Hard Construction Costs								
Market Strata Residential Area	$260	per gross sq.ft. of residential area						
Rental Residential Area	$240	per gross sq.ft. of rental residential area						
Below Market Rental Residential Area	$240	per gross sq.ft. of rental residential area						
Social Housing Residential Area	$240	per gross sq.ft. of rental residential area						
Retail Area (shell space - no TI)	$210	per gross sq.ft. of retail area						
Office Area (shell space - no TI)	$210	per gross sq.ft. of commercial area						
Cost Per Underground Parking Stall	$65,000	per underground/structured parking stall						
Overall Costs Per Square Foot	$350	per gross sq.ft.						
Sustainability Premium	0%							
Total Estimated Cost per Square Foot	$350							
Hard Cost Used in Analysis	$350							
Landscaping	$260,690	or	$20	psf of site area on 50% of site				
Other	$0							
Soft costs and Professional Fees	9.0%	of hard costs, landscaping and site prep/servicing costs						
Development management	3.0%	of hard costs, landscaping and site prep/servicing costs and soft costs						
Fees, legal and survey for rental portion	$0							
Contingency on hard and soft costs	5.0%	of hard, soft and management costs						
Car Share	$0							
Government Levies								
GVRD Sewer Levy - Strata Residential	$3,530	per market unit						
GVRD Sewer Levy - Rental Residential	$3,530	per unit						
GVRD Sewer Levy - Commercial	$2.67	per sq.ft. of commercial space						
TransLink - Strata Residential	$1,500	per market unit						
TransLink - Rental Residential	$1,500	per unit						
TransLink - Commercial	$1.00	per sq.ft. of commercial space						
Market Strata Residential DCCs	$5.14	per sq.ft. of floorspace						
Market Rental Residential DCCs	$5.14	per sq.ft. of floorspace						
Below Market Rental Residential DCCs	$5.14	per sq.ft. of floorspace						
Social Housing DCCs	$5.14	per sq.ft. of floorspace						
Retail DCCs	$5.14	per sq.ft. of floorspace						
Office DCCs	$2.06	per sq.ft. of floorspace						
School Site Acquisition Charge	$600.00	per unit						
Financing								
Interim financing	5.0%	assuming a	2.50	year construction period				
Financing charged on	50%	of land and	75%	of construction costs				
Financing fees	1.5%							
Commissions and Marketing								
Commissions on Strata Residential	3.0%	of gross strata market residential revenue						
Marketing on Strata Residential	3.0%	of gross strata market residential revenue						
Commissions on Sale of Commercial	2.0%	of gross commercial value						
Commission on Sale of Rental Units	2.0%	of value						
Initial Lease Up Costs on Market Rental Units	$2,500	per unit						
Initial Lease Up Costs on Below Market Rental Units	$2,000	per unit						
Initial Lease Up Costs on Social Rental Units	$1,000	per unit						
Leasing Commissions on Commercial Space	$5.00	per sq.ft.						
Tenant Improvement Allowance on Retail Space	$25.00	per sq.ft.						
Tenant Improvement Allowance on Office Space	$50.00	per sq.ft.						
Other Costs and Allowances								
Net GST on Market and Below Market Rental Units	5.00%	of capitalized value of rental units						
Net GST on Social Housing Units	2.50%	of development cost (assumes rebate)						
Property Taxes	0.408%	of assessed value						
Assumed current assessment (Year 1 of analysis)	$5,587,600							
Assumed assessment after 1 year of construction (Year 2 of analysis)	$50,410,929	(50% of completed project value)						
Developer's Profit	15.0%	of total costs or	13.0%	of gross market revenue/value				

2 – 5.2 FSR No Affordable Housing or Density Bonus Contribution (Analysis)

Revenue			
Strata Sales Revenue	$100,821,858		
Market Rental Value	$0		
Below Market Rental Value	$0		
Social Housing Value	$0		
Gross Retail Value	$0		
Gross Office Value	$0		
Total Gross Value	$100,821,858		
Less Commissions on Strata	$3,024,656		
Less Commissions on Rental	$0		
Less Commissions on Commercial	$0		
Net Sales Revenue/Value	$97,797,202		
Project Costs			
Upfront Compensation to Existing Tenants	$0		
Tenant Relocation	$0		
Allowance for Demolition of Existing Buildings	$305,680		
Allowance for Remediation	$0		
Site Preparation/Fill	$0		
Site Servicing	$257,044		
Density Bonus Contribution	$0		
Rezoning Costs	$125,000		
Hard Construction Costs	$47,400,288		
Landscaping	$260,690		
Other	$0		
Soft costs and Professional Fees	$4,323,872		
Development management	$1,571,007		
Fees, legal and survey for rental portion	$0		
Contingency on hard and soft costs	$2,712,179		
Car Share	$0		
Marketing on Strata Units	$3,024,656		
Initial Lease Up Costs on Market Rental Units	$0		
Initial Lease Up Costs on Below Market Rental Units	$0		
Initial Lease Up Costs on Social Rental Units	$0		
Leasing Commissions on Commercial Space	$0		
Tenant Improvement Allowance on Retail Space	$0		
Tenant Improvement Allowance on Office Space	$0		
GVRD Sewer Levy - Strata Residential	$508,320		
GVRD Sewer Levy - Rental Residential	$0		
GVRD Sewer Levy - Commercial	$0		
TransLink - Strata Residential	$216,000		
TransLink - Rental Residential	$0		
TransLink - Commercial	$0		
Market Strata Residential DCCs	$696,772		
Market Rental Residential DCCs	$0		
Below Market Rental Residential DCCs	$0		
Social Housing DCCs	$0		
Retail DCCs	$0		
Office DCCs	$0		
School Site Acquisition Charge	$86,400		
Less property tax allowance during approvals/development	$354,188		
Interim financing on construction costs	$2,898,848		
Financing fees/costs	$728,336		
Less Net GST (assuming builder holds units)	$0		
Total Project Costs Before Land	$65,469,279		
Developer's Profit	$13,147,170		
Residual to Land and Land Carry	**$19,180,752**		
Less financing on land during construction and approvals	$1,493,701		
Less financing fee on land loan	$119,388		
Less property purchase tax	$759,964		
Residual Land Value	**$16,807,699**		
Land Value at Base FSR	**$9,766,553**		
Change in Land Value at Max OCP Density	**$7,041,147**		
Contribution to CAC and Affordable Housing at 75% of Change	$5,280,860		
Remaining Increase in Land Value	$1,760,287		
Target Base Land Value for Affordable Housing Scenarios	$11,526,839		

3 – 5.2 FSR Affordable Housing Scenario A (Assumptions)

Site and Building Size								
Site size	26,069	sq.ft. or	0.60	acre				
Base Density	3.0							
Bonus Density	2.2							
Total Density	5.2	FSR						
Total Gross floorspace	135,559	sq.ft.						
Gross residential floorspace	135,559	sq.ft.						
Gross commercial floorspace	0	sq.ft.						
Concept	**Gross SF**	**Efficiency**	**Net Saleable or Rentable**	**Avg Unit Size**	**Number of Units**	**Parking Stalls per Unit or 1000 sf**	**Parking Stalls**	Share of Units
Strata Residential	127,579	85%	108,442	800	136	1.3	177	92%
Market Rental	0	85%	0	626	0	0.75	0	0%
Below Market Rental	0	85%	0	565	0	0.75	0	0%
Social Housing	7,980	85%	6,783	565	12	0.75	9	8%
Retail	0	100%	0	n/a	n/a	2.5	0	#VALUE!
Office	0	95%	0	n/a	n/a	2.5	0	#VALUE!
Total	135,559		115,225	2,555	148	8.6	186	100%
Revenue/Value								
Strata Residential	$875	per net square foot						
Market Rental	$0	per net square foot (see separate calculations)						
Below Market Rental	$0	per net square foot (see separate calculations)						
Social Housing	$167	per net square foot (see separate calculations)						
Retail	$0	per net square foot including parking revenue (see separate calculations)						
Office	$0	per net square foot including parking revenue (see separate calculations)						
Pre Construction Costs								
Upfront Compensation to Existing Tenants	$0							
Tenant Relocation	$0							
Allowance for Demolition of Existing Buildings	$305,680	or	$20	per sq. ft.				
Allowance for Remediation	$0							
Site Preparation/Fill	$0							
Site Servicing	$257,044	or	$2,500	per lineal metre of frontage				
Density Bonus Contribution	$35.00	psf of bonus density (excludes affordable housing component)						
Rezoning Costs	$125,000							
Construction Costs								
Hard Construction Costs								
Market Strata Residential Area	$260	per gross sq.ft. of residential area						
Rental Residential Area	$240	per gross sq.ft. of rental residential area						
Below Market Rental Residential Area	$240	per gross sq.ft. of rental residential area						
Social Housing Residential Area	$240	per gross sq.ft. of rental residential area						
Retail Area (shell space - no TI)	$210	per gross sq.ft. of retail area						
Office Area (shell space - no TI)	$210	per gross sq.ft. of commercial area						
Cost Per Underground Parking Stall	$65,000	per underground/structured parking stall						
Overall Costs Per Square Foot	$348	per gross sq.ft.						
Sustainability Premium	0%							
Total Estimated Cost per Square Foot	$348							
Hard Cost Used in Analysis	$348							
Landscaping	$260,690	or	$20	psf of site area on 50% of site				
Other	$0							
Soft costs and Professional Fees	9.0%	of hard costs, landscaping and site prep/servicing costs						
Development management	3.0%	of hard costs, landscaping and site prep/servicing costs and soft costs						
Fees, legal and survey for rental portion	$150,000							
Contingency on hard and soft costs	5.0%	of hard, soft and management costs						
Car Share	$0							
Government Levies								
GVRD Sewer Levy - Strata Residential	$3,530	per market unit						
GVRD Sewer Levy - Rental Residential	$3,530	per unit						
GVRD Sewer Levy - Commercial	$2.67	per sq.ft. of commercial space						
TransLink - Strata Residential	$1,500	per market unit						
TransLink - Rental Residential	$1,500	per unit						
TransLink - Commercial	$1.00	per sq.ft. of commercial space						
Market Strata Residential DCCs	$5.14	per sq.ft. of floorspace						
Market Rental Residential DCCs	$5.14	per sq.ft. of floorspace						
Below Market Rental Residential DCCs	$5.14	per sq.ft. of floorspace						
Social Housing DCCs	$5.14	per sq.ft. of floorspace						
Retail DCCs	$5.14	per sq.ft. of floorspace						
Office DCCs	$2.06	per sq.ft. of floorspace						
School Site Acquisition Charge	$600.00	per unit						
Financing								
Interim financing	5.0%	assuming a	2.50	year construction period				
Financing charged on	50%	of land and	75%	of construction costs				
Financing fees	1.5%							
Commissions and Marketing								
Commissions on Strata Residential	3.0%	of gross strata market residential revenue						
Marketing on Strata Residential	3.0%	of gross strata market residential revenue						
Commissions on Sale of Commercial	2.0%	of gross commercial value						
Commission on Sale of Rental Units	2.0%	of value						
Initial Lease Up Costs on Market Rental Units	$2,500	per unit						
Initial Lease Up Costs on Below Market Rental Units	$2,000	per unit						
Initial Lease Up Costs on Social Rental Units	$0	per unit						
Leasing Commissions on Commercial Space	$5.00	per sq.ft.						
Tenant Improvement Allowance on Retail Space	$25.00	per sq.ft.						
Tenant Improvement Allowance on Office Space	$50.00	per sq.ft.						
Other Costs and Allowances								
Net GST on Market and Below Market Rental Units	5.00%	of capitalized value of rental units						
Net GST on Social Housing Units	2.50%	of development cost (assumes rebate)						
Property Taxes	0.408%	of assessed value						
Assumed current assessment (Year 1 of analysis)	$5,587,600							
Assumed assessment after 1 year of construction (Year 2 of analysis)	$48,008,821	(50% of completed project value)						
Developer's Profit	15.0%	of total costs or	13.0%	of gross market revenue/value				

3 – 5.2 FSR Affordable Housing Scenario A (Analysis)

Revenue			
Strata Sales Revenue	$94,886,733		
Market Rental Value	$0		
Below Market Rental Value	$0		
Social Housing Value	$1,130,909		
Gross Retail Value	$0		
Gross Office Value	$0		
Total Gross Value	$96,017,642		
Less Commissions on Strata	$2,846,602		
Less Commissions on Rental	$0		
Less Commissions on Commercial	$0		
Net Sales Revenue/Value	$93,171,040		
Project Costs			
Upfront Compensation to Existing Tenants	$0		
Tenant Relocation	$0		
Allowance for Demolition of Existing Buildings	$305,680		
Allowance for Remediation	$0		
Site Preparation/Fill	$0		
Site Servicing	$257,044		
Density Bonus Contribution	$1,728,013		
Rezoning Costs	$125,000		
Hard Construction Costs	$47,175,688		
Landscaping	$260,690		
Other	$0		
Soft costs and Professional Fees	$4,459,179		
Development management	$1,620,168		
Fees, legal and survey for rental portion	$150,000		
Contingency on hard and soft costs	$2,804,073		
Car Share	$0		
Marketing on Strata Units	$2,846,602		
Initial Lease Up Costs on Market Rental Units	$0		
Initial Lease Up Costs on Below Market Rental Units	$0		
Initial Lease Up Costs on Social Rental Units	$0		
Leasing Commissions on Commercial Space	$0		
Tenant Improvement Allowance on Retail Space	$0		
Tenant Improvement Allowance on Office Space	$0		
GVRD Sewer Levy - Strata Residential	$480,080		
GVRD Sewer Levy - Rental Residential	$0		
GVRD Sewer Levy - Commercial	$0		
TransLink - Strata Residential	$204,000		
TransLink - Rental Residential	$0		
TransLink - Commercial	$0		
Market Strata Residential DCCs	$655,755		
Market Rental Residential DCCs	$0		
Below Market Rental Residential DCCs	$0		
Social Housing DCCs	$41,017		
Retail DCCs	$0		
Office DCCs	$0		
School Site Acquisition Charge	$88,800		
Less property tax allowance during approvals/development	$339,484		
Interim financing on construction costs	$2,978,497		
Financing fees/costs	$748,347		
Less Net GST on rental portion	$99,750		
Total Project Costs Before Land	$67,367,868		
Developer's Profit	$12,520,700		
Residual to Land and Land Carry	**$13,282,471**		
Less financing on land during construction and approvals	$1,034,372		
Less financing fee on land loan	$82,675		
Less property purchase tax	$503,358		
Residual Land Value	**$11,662,066**		

4 – 5.2 FSR Affordable Housing Scenario B (Assumptions)

Site and Building Size								
Site size	26,069	sq.ft. or	0.60	acre				
Base Density	3.0							
Bonus Density	2.2							
Total Density	5.2	FSR						
Total Gross floorspace	135,559	sq.ft.						
Gross residential floorspace	135,559	sq.ft.						
Gross commercial floorspace	0	sq.ft.						
Concept	**Gross SF**	**Efficiency**	**Net Saleable or Rentable**	**Avg Unit Size**	**Number of Units**	**Parking Stalls per Unit or 1000 sf**	**Parking Stalls**	Share of Units
Strata Residential	126,444	85%	107,477	800	134	1.3	174	90.5%
Market Rental	0	85%	0	619	0	0.75	0	0%
Below Market Rental	9,115	85%	7,748	565	14	0.75	11	9.5%
Social Housing	0	85%	0	565	0	0.75	0	0%
Retail	0	100%	0	n/a	n/a	2.5	0	#VALUE!
Office	0	95%	0	n/a	n/a	2.5	0	#VALUE!
Total	135,559		115,225	2,548	148	8.6	185	100%
Revenue/Value								
Strata Residential	$875	per net square foot						
Market Rental	$0	per net square foot (see separate calculations)						
Below Market Rental	$216	per net square foot (see separate calculations)						
Social Housing	$0	per net square foot (see separate calculations)						
Retail	$0	per net square foot including parking revenue (see separate calculations)						
Office	$0	per net square foot including parking revenue (see separate calculations)						
Pre Construction Costs								
Upfront Compensation to Existing Tenants	$0							
Tenant Relocation	$0							
Allowance for Demolition of Existing Buildings	$305,680	or	$20	per sq. ft.				
Allowance for Remediation	$0							
Site Preparation/Fill	$0							
Site Servicing	$257,044	or	$2,500	per lineal metre of frontage				
Density Bonus Contribution	$35.00	psf of bonus density (excludes affordable housing component)						
Rezoning Costs	$125,000							
Construction Costs								
Hard Construction Costs								
Market Strata Residential Area	$260	per gross sq.ft. of residential area						
Rental Residential Area	$240	per gross sq.ft. of rental residential area						
Below Market Rental Residential Area	$240	per gross sq.ft. of rental residential area						
Social Housing Residential Area	$240	per gross sq.ft. of rental residential area						
Retail Area (shell space - no TI)	$210	per gross sq.ft. of retail area						
Office Area (shell space - no TI)	$210	per gross sq.ft. of commercial area						
Cost Per Underground Parking Stall	$65,000	per underground/structured parking stall						
Overall Costs Per Square Foot	$347	per gross sq.ft.						
Sustainability Premium	0%							
Total Estimated Cost per Square Foot	$347							
Hard Cost Used in Analysis	$347							
Landscaping	$260,690	or	$20	psf of site area on 50% of site				
Other	$0							
Soft costs and Professional Fees	9.0%	of hard costs, landscaping and site prep/servicing costs						
Development management	3.0%	of hard costs, landscaping and site prep/servicing costs and soft costs						
Fees, legal and survey for rental portion	$150,000							
Contingency on hard and soft costs	5.0%	of hard, soft and management costs						
Car Share	$0							
Government Levies								
GVRD Sewer Levy - Strata Residential	$3,530	per market unit						
GVRD Sewer Levy - Rental Residential	$3,530	per unit						
GVRD Sewer Levy - Commercial	$2.67	per sq.ft. of commercial space						
TransLink - Strata Residential	$1,500	per market unit						
TransLink - Rental Residential	$1,500	per unit						
TransLink - Commercial	$1.00	per sq.ft. of commercial space						
Market Strata Residential DCCs	$5.14	per sq.ft. of floorspace						
Market Rental Residential DCCs	$5.14	per sq.ft. of floorspace						
Below Market Rental Residential DCCs	$5.14	per sq.ft. of floorspace						
Social Housing DCCs	$5.14	per sq.ft. of floorspace						
Retail DCCs	$5.14	per sq.ft. of floorspace						
Office DCCs	$2.06	per sq.ft. of floorspace						
School Site Acquisition Charge	$600.00	per unit						
Financing								
Interim financing	5.0%	assuming a	2.50	year construction period				
Financing charged on	50%	of land and	75%	of construction costs				
Financing fees	1.5%							
Commissions and Marketing								
Commissions on Strata Residential	3.0%	of gross strata market residential revenue						
Marketing on Strata Residential	3.0%	of gross strata market residential revenue						
Commissions on Sale of Commercial	2.0%	of gross commercial value						
Commission on Sale of Rental Units	2.0%	of value						
Initial Lease Up Costs on Market Rental Units	$2,500	per unit						
Initial Lease Up Costs on Below Market Rental Units	$2,000	per unit						
Initial Lease Up Costs on Social Rental Units	$1,000	per unit						
Leasing Commissions on Commercial Space	$5.00	per sq.ft.						
Tenant Improvement Allowance on Retail Space	$25.00	per sq.ft.						
Tenant Improvement Allowance on Office Space	$50.00	per sq.ft.						
Other Costs and Allowances								
Net GST on Market and Below Market Rental Units	5.00%	of capitalized value of rental units						
Net GST on Social Housing Units	2.50%	of development costs (assumes rebate)						
Property Taxes	0.408%	of assessed value						
Assumed current assessment (Year 1 of analysis)	$5,587,600							
Assumed assessment after 1 year of construction (Year 2 of analysis)	$47,875,048	(50% of completed project value)						
Developer's Profit	15.0%	of total costs or	13.0%	of gross market revenue/value				

4 – 5.2 FSR Affordable Housing Scenario B (Analysis)

Revenue			
Strata Sales Revenue	$94,042,576		
Market Rental Value	$0		
Below Market Rental Value	$1,674,039		
Social Housing Value	$0		
Gross Retail Value	$0		
Gross Office Value	$0		
Total Gross Value	$95,716,615		
Less Commissions on Strata	$2,821,277		
Less Commissions on Rental	$33,481		
Less Commissions on Commercial	$0		
Net Sales Revenue/Value	$92,861,857		
Project Costs			
Upfront Compensation to Existing Tenants	$0		
Tenant Relocation	$0		
Allowance for Demolition of Existing Buildings	$305,680		
Allowance for Remediation	$0		
Site Preparation/Fill	$0		
Site Servicing	$257,044		
Density Bonus Contribution	$1,688,288		
Rezoning Costs	$125,000		
Hard Construction Costs	$47,087,988		
Landscaping	$260,690		
Other	$0		
Soft costs and Professional Fees	$4,447,711		
Development management	$1,616,002		
Fees, legal and survey for rental portion	$150,000		
Contingency on hard and soft costs	$2,796,920		
Car Share	$0		
Marketing on Strata Units	$2,821,277		
Initial Lease Up Costs on Market Rental Units	$0		
Initial Lease Up Costs on Below Market Rental Units	$28,000		
Initial Lease Up Costs on Social Rental Units	$0		
Leasing Commissions on Commercial Space	$0		
Tenant Improvement Allowance on Retail Space	$0		
Tenant Improvement Allowance on Office Space	$0		
GVRD Sewer Levy - Strata Residential	$473,020		
GVRD Sewer Levy - Rental Residential	$49,420		
GVRD Sewer Levy - Commercial	$0		
TransLink - Strata Residential	$201,000		
TransLink - Rental Residential	$0		
TransLink - Commercial	$0		
Market Strata Residential DCCs	$649,921		
Market Rental Residential DCCs	$0		
Below Market Rental Residential DCCs	$46,851		
Social Housing DCCs	$0		
Retail DCCs	$0		
Office DCCs	$0		
School Site Acquisition Charge	$88,800		
Less property tax allowance during approvals/development	$338,665		
Interim financing on construction costs	$2,973,388		
Financing fees/costs	$747,064		
Less Net GST (assuming builder holds units)	$83,702		
Total Project Costs Before Land	$67,236,431		
Developer's Profit	$12,481,447		
Residual to Land and Land Carry	**$13,143,980**		
Less financing on land during construction and approvals	$1,023,587		
Less financing fee on land loan	$81,813		
Less property purchase tax	$497,333		
Residual Land Value	**$11,541,247**		

5 – 5.2 FSR Affordable Housing Scenario C (Assumptions)

Site and Building Size								
Site size	26,069	sq.ft. or	0.60	acre				
Base Density	3.0							
Bonus Density	2.2							
Total Density	5.2	FSR						
Total Gross floorspace	135,559	sq.ft.						
Gross residential floorspace	135,559	sq.ft.						
Gross commercial floorspace	0	sq.ft.						
Concept	**Gross SF**	**Efficiency**	**Net Saleable or Rentable**	**Avg Unit Size**	**Number of Units**	**Parking Stalls per Unit or 1000 sf**	**Parking Stalls**	Share of Units
Strata Residential	129,042	85%	109,686	800	137	1.3	178	93%
Market Rental	0	85%	0	619	0	0.75	0	0%
Below Market Rental	6,517	85%	5,539	565	10	0.75	8	7%
Social Housing	0	85%	0	565	0	0.75	0	0%
Retail	0	100%	0	n/a	n/a	2.5	0	#VALUE!
Office	0	95%	0	n/a	n/a	2.5	0	#VALUE!
Total	135,559		115,225	2,548	147	8.6	186	100%
Revenue/Value								
Strata Residential	$875	per net square foot						
Market Rental	$0	per net square foot (see separate calculations)						
Below Market Rental	$0	per net square foot (see separate calculations)						
Social Housing	$0	per net square foot (see separate calculations)						
Retail	$0	per net square foot including parking revenue (see separate calculations)						
Office	$0	per net square foot including parking revenue (see separate calculations)						
Pre Construction Costs								
Upfront Compensation to Existing Tenants	$0							
Tenant Relocation	$0							
Allowance for Demolition of Existing Buildings	$305,680	or	$20	per sq. ft.				
Allowance for Remediation	$0							
Site Preparation/Fill	$0							
Site Servicing	$257,044	or	$2,500	per lineal metre of frontage				
Density Bonus Contribution	$35.00	psf of bonus density (excludes affordable housing component)						
Rezoning Costs	$125,000							
Construction Costs								
Hard Construction Costs								
Market Strata Residential Area	$260	per gross sq.ft. of residential area						
Rental Residential Area	$240	per gross sq.ft. of rental residential area						
Below Market Rental Residential Area	$240	per gross sq.ft. of rental residential area						
Social Housing Residential Area	$240	per gross sq.ft. of rental residential area						
Retail Area (shell space - no TI)	$210	per gross sq.ft. of retail area						
Office Area (shell space - no TI)	$210	per gross sq.ft. of commercial area						
Cost Per Underground Parking Stall	$65,000	per underground/structured parking stall						
Overall Costs Per Square Foot	$348	per gross sq.ft.						
Sustainability Premium	0%							
Total Estimated Cost per Square Foot	$348							
Hard Cost Used in Analysis	$348							
Landscaping	$260,690	or	$20	psf of site area on 50% of site				
Other	$0							
Soft costs and Professional Fees	9.0%	of hard costs, landscaping and site prep/servicing costs						
Development management	3.0%	of hard costs, landscaping and site prep/servicing costs and soft costs						
Fees, legal and survey for rental portion	$150,000							
Contingency on hard and soft costs	5.0%	of hard, soft and management costs						
Car Share	$0							
Government Levies								
GVRD Sewer Levy - Strata Residential	$3,530	per market unit						
GVRD Sewer Levy - Rental Residential	$3,530	per unit						
GVRD Sewer Levy - Commercial	$2.67	per sq.ft. of commercial space						
TransLink - Strata Residential	$1,500	per market unit						
TransLink - Rental Residential	$1,500	per unit						
TransLink - Commercial	$1.00	per sq.ft. of commercial space						
Market Strata Residential DCCs	$5.14	per sq.ft. of floorspace						
Market Rental Residential DCCs	$5.14	per sq.ft. of floorspace						
Below Market Rental Residential DCCs	$5.14	per sq.ft. of floorspace						
Social Housing DCCs	$5.14	per sq.ft. of floorspace						
Retail DCCs	$5.14	per sq.ft. of floorspace						
Office DCCs	$2.06	per sq.ft. of floorspace						
School Site Acquisition Charge	$600.00	per unit						
Financing								
Interim financing	5.0%	assuming a	2.50	year construction period				
Financing charged on	50%	of land and	75%	of construction costs				
Financing fees	1.5%							
Commissions and Marketing								
Commissions on Strata Residential	3.0%	of gross strata market residential revenue						
Marketing on Strata Residential	3.0%	of gross strata market residential revenue						
Commissions on Sale of Commercial	2.0%	of gross commercial value						
Commission on Sale of Rental Units	2.0%	of value						
Initial Lease Up Costs on Market Rental Units	$2,500	per unit						
Initial Lease Up Costs on Below Market Rental Units	$2,000	per unit						
Initial Lease Up Costs on Social Rental Units	$1,000	per unit						
Leasing Commissions on Commercial Space	$5.00	per sq.ft.						
Tenant Improvement Allowance on Retail Space	$25.00	per sq.ft.						
Tenant Improvement Allowance on Office Space	$50.00	per sq.ft.						
Other Costs and Allowances								
Net GST on Market and Below Market Rental Units	5.00%	of capitalized value of rental units						
Net GST on Social Housing Units	0.00%	of development cost (assumes full rebate as municipal owner)						
Property Taxes	0.408%	of assessed value						
Assumed current assessment (Year 1 of analysis)	$5,587,600							
Assumed assessment after 1 year of construction (Year 2 of analysis)	$47,987,419	(50% of completed project value)						
Developer's Profit	15.0%	of total costs or	13.0%	of gross market revenue/value				

5 – 5.2 FSR Affordable Housing Scenario C (Analysis)

Revenue			
Strata Sales Revenue	$95,974,839		
Market Rental Value	$0		
Below Market Rental Value	$0		
Social Housing Value	$0		
Gross Retail Value	$0		
Gross Office Value	$0		
Total Gross Value	$95,974,839		
Less Commissions on Strata	$2,879,245		
Less Commissions on Rental	$0		
Less Commissions on Commercial	$0		
Net Sales Revenue/Value	$93,095,594		
Project Costs			
Upfront Compensation to Existing Tenants	$0		
Tenant Relocation	$0		
Allowance for Demolition of Existing Buildings	$305,680		
Allowance for Remediation	$0		
Site Preparation/Fill	$0		
Site Servicing	$257,044		
Density Bonus Contribution	$1,779,218		
Rezoning Costs	$125,000		
Hard Construction Costs	$47,204,948		
Landscaping	$260,690		
Other	$0		
Soft costs and Professional Fees	$4,466,421		
Development management	$1,622,800		
Fees, legal and survey for rental portion	$150,000		
Contingency on hard and soft costs	$2,808,590		
Car Share	$0		
Marketing on Strata Units	$2,879,245		
Initial Lease Up Costs on Market Rental Units	$0		
Initial Lease Up Costs on Below Market Rental Units	$20,000		
Initial Lease Up Costs on Social Rental Units	$0		
Leasing Commissions on Commercial Space	$0		
Tenant Improvement Allowance on Retail Space	$0		
Tenant Improvement Allowance on Office Space	$0		
GVRD Sewer Levy - Strata Residential	$483,610		
GVRD Sewer Levy - Rental Residential	$35,300		
GVRD Sewer Levy - Commercial	$0		
TransLink - Strata Residential	$205,500		
TransLink - Rental Residential	$0		
TransLink - Commercial	$0		
Market Strata Residential DCCs	$663,275		
Market Rental Residential DCCs	$0		
Below Market Rental Residential DCCs	$33,497		
Social Housing DCCs	$0		
Retail DCCs	$0		
Office DCCs	$0		
School Site Acquisition Charge	$88,200		
Less property tax allowance during approvals/development	$339,353		
Interim financing on construction costs	$2,987,267		
Financing fees/costs	$750,551		
Less Net GST (assuming builder holds units)	$0		
Total Project Costs Before Land	$67,466,189		
Developer's Profit	$12,515,119		
Residual to Land and Land Carry	**$13,114,286**		
Less financing on land during construction and approvals	$1,021,275		
Less financing fee on land loan	$81,628		
Less property purchase tax	$496,041		
Residual Land Value	**$11,515,342**		

6 – 5.2 FSR Affordable Housing Scenario D (Analysis)

Site and Building Size								
Site size	26,069	sq.ft. or	0.60	acre				
Base Density	3.0							
Bonus Density	2.2							
Total Density	5.2	FSR						
Total Gross floorspace	135,559	sq.ft.						
Gross residential floorspace	135,559	sq.ft.						
Gross commercial floorspace	0	sq.ft.						
Concept	**Gross SF**	**Efficiency**	**Net Saleable or Rentable**	**Avg Unit Size**	**Number of Units**	**Parking Stalls per Unit or 1000 sf**	**Parking Stalls**	Share of Units
Strata Residential	109,559	85%	93,125	800	116	1.3	151	75%
Market Rental	0	85%	0	619	0	0.75	0	0%
Below Market Rental	0	85%	0	565	0	0.75	0	0.0%
Social Housing	26,000	85%	22,100	565	39	0.75	29	25%
Retail	0	100%	0	n/a	n/a	2.5	0	#VALUE!
Office	0	95%	0	n/a	n/a	2.5	0	#VALUE!
Total	135,559		115,225	2,548	155	8.6	180	100%
Revenue/Value								
Strata Residential	$875	per net square foot						
Market Rental	$0	per net square foot (see separate calculations)						
Below Market Rental	$0	per net square foot (see separate calculations)						
Social Housing	$530	per net square foot (see separate calculations)						
Retail	$0	per net square foot including parking revenue (see separate calculations)						
Office	$0	per net square foot including parking revenue (see separate calculations)						
Pre Construction Costs								
Upfront Compensation to Existing Tenants	$0							
Tenant Relocation	$0							
Allowance for Demolition of Existing Buildings	$305,680	or	$20	per sq. ft.				
Allowance for Remediation	$0							
Site Preparation/Fill	$0							
Site Servicing	$257,044	or	$2,500	per lineal metre of frontage				
Density Bonus Contribution	$35.00	psf of bonus density (excludes affordable housing component)						
Rezoning Costs	$125,000							
Construction Costs								
Hard Construction Costs								
Market Strata Residential Area	$260	per gross sq.ft. of residential area						
Rental Residential Area	$240	per gross sq.ft. of rental residential area						
Below Market Rental Residential Area	$240	per gross sq.ft. of rental residential area						
Social Housing Residential Area	$240	per gross sq.ft. of rental residential area						
Retail Area (shell space - no TI)	$210	per gross sq.ft. of retail area						
Office Area (shell space - no TI)	$210	per gross sq.ft. of commercial area						
Cost Per Underground Parking Stall	$65,000	per underground/structured parking stall						
Overall Costs Per Square Foot	$342	per gross sq.ft.						
Sustainability Premium	0%							
Total Estimated Cost per Square Foot	$342							
Hard Cost Used in Analysis	$342							
Landscaping	$260,690	or	$20	psf of site area on 50% of site				
Other	$0							
Soft costs and Professional Fees	9.0%	of hard costs, landscaping and site prep/servicing costs						
Development management	3.0%	of hard costs, landscaping and site prep/servicing costs and soft costs						
Fees, legal and survey for rental portion	$150,000							
Contingency on hard and soft costs	5.0%	of hard, soft and management costs						
Car Share	$0							
Government Levies								
GVRD Sewer Levy - Strata Residential	$3,530	per market unit						
GVRD Sewer Levy - Rental Residential	$3,530	per unit						
GVRD Sewer Levy - Commercial	$2.67	per sq.ft. of commercial space						
TransLink - Strata Residential	$1,500	per market unit						
TransLink - Rental Residential	$1,500	per unit						
TransLink - Commercial	$1.00	per sq.ft. of commercial space						
Market Strata Residential DCCs	$5.14	per sq.ft. of floorspace						
Market Rental Residential DCCs	$5.14	per sq.ft. of floorspace						
Below Market Rental Residential DCCs	$5.14	per sq.ft. of floorspace						
Social Housing DCCs	$5.14	per sq.ft. of floorspace						
Retail DCCs	$5.14	per sq.ft. of floorspace						
Office DCCs	$2.06	per sq.ft. of floorspace						
School Site Acquisition Charge	$600.00	per unit						
Financing								
Interim financing	5.0%	assuming a	2.50	year construction period				
Financing charged on	50%	of land and	75%	of construction costs				
Financing fees	1.5%							
Commissions and Marketing								
Commissions on Strata Residential	3.0%	of gross strata market residential revenue						
Marketing on Strata Residential	3.0%	of gross strata market residential revenue						
Commissions on Sale of Commercial	2.0%	of gross commercial value						
Commission on Sale of Rental Units	2.0%	of value						
Initial Lease Up Costs on Market Rental Units	$2,500	per unit						
Initial Lease Up Costs on Below Market Rental Units	$2,000	per unit						
Initial Lease Up Costs on Social Rental Units	$0	per unit						
Leasing Commissions on Commercial Space	$5.00	per sq.ft.						
Tenant Improvement Allowance on Retail Space	$25.00	per sq.ft.						
Tenant Improvement Allowance on Office Space	$50.00	per sq.ft.						
Other Costs and Allowances								
Net GST on Market and Below Market Rental Units	5.00%	of capitalized value of rental units						
Net GST on Social Housing Units	2.50%	on development cost of units (assumes rebate)						
Property Taxes	0.408%	of assessed value						
Assumed current assessment (Year 1 of analysis)	$5,587,600							
Assumed assessment after 1 year of construction (Year 2 of analysis)	$46,598,679	(50% of completed project value)						
Developer's Profit	15.0%	of total costs or	13.0%	of gross market revenue/value				

6 – 5.2 FSR Affordable Housing Scenario D (Analysis)

Revenue			
Strata Sales Revenue	$81,484,358		
Market Rental Value	$0		
Below Market Rental Value	$0		
Social Housing Value	$11,713,000		
Gross Retail Value	$0		
Gross Office Value	$0		
Total Gross Value	$93,197,358		
Less Commissions on Strata	$2,444,531		
Less Commissions on Rental	$0		
Less Commissions on Commercial	$0		
Net Sales Revenue/Value	$90,752,827		
Project Costs			
Upfront Compensation to Existing Tenants	$0		
Tenant Relocation	$0		
Allowance for Demolition of Existing Buildings	$305,680		
Allowance for Remediation	$0		
Site Preparation/Fill	$0		
Site Servicing	$257,044		
Density Bonus Contribution	$1,097,313		
Rezoning Costs	$125,000		
Hard Construction Costs	$46,425,288		
Landscaping	$260,690		
Other	$0		
Soft costs and Professional Fees	$4,334,880		
Development management	$1,575,006		
Fees, legal and survey for rental portion	$150,000		
Contingency on hard and soft costs	$2,726,545		
Car Share	$0		
Marketing on Strata Units	$2,444,531		
Initial Lease Up Costs on Market Rental Units	$0		
Initial Lease Up Costs on Below Market Rental Units	$0		
Initial Lease Up Costs on Social Rental Units	$0		
Leasing Commissions on Commercial Space	$0		
Tenant Improvement Allowance on Retail Space	$0		
Tenant Improvement Allowance on Office Space	$0		
GVRD Sewer Levy - Strata Residential	$409,480		
GVRD Sewer Levy - Rental Residential	$0		
GVRD Sewer Levy - Commercial	$0		
TransLink - Strata Residential	$174,000		
TransLink - Rental Residential	$0		
TransLink - Commercial	$0		
Market Strata Residential DCCs	$563,132		
Market Rental Residential DCCs	$0		
Below Market Rental Residential DCCs	$0		
Social Housing DCCs	$133,640		
Retail DCCs	$0		
Office DCCs	$0		
School Site Acquisition Charge	$93,000		
Less property tax allowance during approvals/development	$330,852		
Interim financing on construction costs	$2,878,410		
Financing fees/costs	$723,201		
Less Net GST on rental portion	$325,000		
Total Project Costs Before Land	$65,332,692		
Developer's Profit	$12,152,935		
Residual to Land and Land Carry	**$13,267,199**		
Less financing on land during construction and approvals	$1,033,183		
Less financing fee on land loan	$82,580		
Less property purchase tax	$502,693		
Residual Land Value	**$11,648,743**		

8.2 Representative Analysis for Rental Replacement Case Study

This attachment includes five different land residual scenarios for rental replacement Case 1, a 33,106 sf site located in Brow of the Hill. The site is improved with 49 older rental apartment units and is built to an existing density of about 1.2 FSR. The existing RM-2 zoning allows a maximum strata residential density of 1.8 FSR (with the required density bonus payment) and a height of 4 storeys. However, the OCP supports 6 storey apartment. Typically, the maximum achievable residential density in 6 storeys is about 2.5 FSR. Therefore, our rental replacement scenarios assume redevelopment to 2.5 FSR (with no density bonus payment).

The results of our financial analysis for each rental replacement scenario can be summarized as follows.

	Scenario A (100% Rental Replacement)	Scenario B (100% Rental Replacement with 10% Below Market Units)	Scenario C (50% Rental Replacement with 10% Below Market Units)	Scenario D (100% Market Rental)
Estimated Land Value Under Existing Zoning	$7,900,000	$7,900,000	$7,900,000	$7,900,000
Estimated Land Value Under Replacement Scenario	$9,500,000	$8,000,000	$9,800,000	$7,100,000
Financially Viable	yes	yes	yes	possibly

The following land residual scenarios are attached:

1. Base case analysis at 1.8 FSR strata (4 storeys) with the required density bonus payment, but no rental replacement housing.
2. Rezoning to 2.5 FSR (6 storeys) with no density bonus payment under rental replacement scenario A.
3. Rezoning to 2.5 FSR (6 storeys) with no density bonus payment under rental replacement scenario B.
4. Rezoning to 2.5 FSR (6 storeys) with no density bonus payment under rental replacement scenario C.
5. Rezoning to 2.5 FSR (6 storeys) with no density bonus payment under rental replacement scenario D.

1 – 1.8 FSR 4 Storey Strata (Assumptions)

Site and Building Size								
Site size	33,105	sq.ft. or	0.76	acre				
Base Density	1.2							
Bonus Density	0.6							
Total Density	1.8	FSR						
Total Gross floorspace	59,589	sq.ft.						
Gross residential floorspace	59,589	sq.ft.						
Gross commercial floorspace	0	sq.ft.						
Concept	**Gross SF**	**Efficiency**	**Net Saleable or Rentable**	**Avg Unit Size**	**Number of Units**	**Parking Stalls per Unit or 1000 sf**	**Parking Stalls**	Share of Units
Strata Residential	59,589	85%	50,651	800	63	1.3	82	100%
Market Rental	0	85%	0	619	0	0.75	0	0%
Below Market Rental	0	85%	0	565	0	0.75	0	0%
Social Housing	0	85%	0	565	0	0.75	0	0%
Retail	0	100%	0	n/a	n/a	2.5	0	#VALUE!
Office	0	95%	0	n/a	n/a	2.5	0	#VALUE!
Total	59,589		50,651	2,548	63	8.6	82	100%
Revenue/Value								
Strata Residential	$775	per net square foot						
Market Rental	$0	per net square foot (see separate calculations)						
Below Market Rental	$0	per net square foot (see separate calculations)						
Social Housing	$0	per net square foot (see separate calculations)						
Retail	$0	per net square foot including parking revenue (see separate calculations)						
Office	$0	per net square foot including parking revenue (see separate calculations)						
Pre Construction Costs								
Upfront Compensation to Existing Tenants	$3,500							
Tenant Relocation	$0							
Allowance for Demolition of Existing Buildings	$696,580	or	$20	per sq. ft.				
Allowance for Remediation	$0							
Site Preparation/Fill	$0							
Site Servicing	$301,734	or	$2,500	per lineal metre of frontage				
Density Bonus Contribution	$120.00	psf of bonus density						
Rezoning Costs	$0							
Construction Costs								
Hard Construction Costs								
Market Strata Residential Area	$170	per gross sq.ft. of residential area						
Rental Residential Area	$160	per gross sq.ft. of rental residential area						
Below Market Rental Residential Area	$160	per gross sq.ft. of rental residential area						
Social Housing Residential Area	$160	per gross sq.ft. of rental residential area						
Retail Area (shell space - no TI)	$210	per gross sq.ft. of retail area						
Office Area (shell space - no TI)	$210	per gross sq.ft. of commercial area						
Cost Per Underground Parking Stall	$50,000	per underground/structured parking stall						
Overall Costs Per Square Foot	$239	per gross sq.ft.						
Sustainability Premium	0%							
Total Estimated Cost per Square Foot	$239							
Hard Cost Used in Analysis	$239							
Landscaping	$331,050	or	$20	psf of site area on 50% of site				
Other	$0							
Soft costs and Professional Fees	9.0%	of hard costs, landscaping and site prep/servicing costs						
Development management	3.0%	of hard costs, landscaping and site prep/servicing costs and soft costs						
Fees, legal and survey for rental portion	$0							
Contingency on hard and soft costs	5.0%	of hard, soft and management costs						
Car Share	$0							
Government Levies								
GVRD Sewer Levy - Strata Residential	$3,530	per market unit						
GVRD Sewer Levy - Rental Residential	$3,530	per unit						
GVRD Sewer Levy - Commercial	$2.67	per sq.ft. of commercial space						
TransLink - Strata Residential	$1,500	per market unit						
TransLink - Rental Residential	$1,500	per unit						
TransLink - Commercial	$1.00	per sq.ft. of commercial space						
Market Strata Residential DCCs	$5.14	per sq.ft. of floorspace						
Market Rental Residential DCCs	$5.14	per sq.ft. of floorspace						
Below Market Rental Residential DCCs	$5.14	per sq.ft. of floorspace						
Social Housing DCCs	$5.14	per sq.ft. of floorspace						
Retail DCCs	$5.14	per sq.ft. of floorspace						
Office DCCs	$2.06	per sq.ft. of floorspace						
School Site Acquisition Charge	$600.00	per unit						
Financing								
Interim financing	5.0%	assuming a	1.50	year construction period				
Financing charged on	50%	of land and	75%	of construction costs				
Financing fees	1.5%							
Commissions and Marketing								
Commissions on Strata Residential	3.0%	of gross strata market residential revenue						
Marketing on Strata Residential	3.0%	of gross strata market residential revenue						
Commissions on Sale of Commercial	2.0%	of gross commercial value						
Commission on Sale of Rental Units	2.0%	of value						
Initial Lease Up Costs on Market Rental Units	$2,500	per unit						
Initial Lease Up Costs on Below Market Rental Units	$2,000	per unit						
Initial Lease Up Costs on Social Rental Units	$1,000	per unit						
Leasing Commissions on Commercial Space	$5.00	per sq.ft.						
Tenant Improvement Allowance on Retail Space	$25.00	per sq.ft.						
Tenant Improvement Allowance on Office Space	$50.00	per sq.ft.						
Other Costs and Allowances								
Net GST on Market and Below Market Rental Units	5.00%	of capitalized value of rental units						
Net GST on Social Housing Units	0.00%	of development costs						
Property Taxes	0.408%	of assessed value						
Assumed current assessment (Year 1 of analysis)	$9,966,000							
Assumed assessment after 1 year of construction (Year 2 of analysis)	$19,627,127	(50% of completed project value)						
Developer's Profit	15.0%	of total costs or	13.0%	of gross market revenue/value				

1 – 1.8 FSR 4 Storey Strata (Analysis)

Revenue			
Strata Sales Revenue	$39,254,254		
Market Rental Value	$0		
Below Market Rental Value	$0		
Social Housing Value	$0		
Gross Retail Value	$0		
Gross Office Value	$0		
Total Gross Value	$39,254,254		
Less Commissions on Strata	$1,177,628		
Less Commissions on Rental	$0		
Less Commissions on Commercial	$0		
Net Sales Revenue/Value	$38,076,626		
Project Costs			
Upfront Compensation to Existing Tenants	$171,500		
Tenant Relocation	$0		
Allowance for Demolition of Existing Buildings	$696,580		
Allowance for Remediation	$0		
Site Preparation/Fill	$0		
Site Servicing	$301,734		
Density Bonus Contribution	$2,383,560		
Rezoning Costs	$0		
Hard Construction Costs	$14,230,130		
Landscaping	$331,050		
Other	$0		
Soft costs and Professional Fees	$1,552,183		
Development management	$563,960		
Fees, legal and survey for rental portion	$0		
Contingency on hard and soft costs	$1,002,960		
Car Share	$0		
Marketing on Strata Units	$1,177,628		
Initial Lease Up Costs on Market Rental Units	$0		
Initial Lease Up Costs on Below Market Rental Units	$0		
Initial Lease Up Costs on Social Rental Units	$0		
Leasing Commissions on Commercial Space	$0		
Tenant Improvement Allowance on Retail Space	$0		
Tenant Improvement Allowance on Office Space	$0		
GVRD Sewer Levy - Strata Residential	$222,390		
GVRD Sewer Levy - Rental Residential	$0		
GVRD Sewer Levy - Commercial	$0		
TransLink - Strata Residential	$94,500		
TransLink - Rental Residential	$0		
TransLink - Commercial	$0		
Market Strata Residential DCCs	$306,287		
Market Rental Residential DCCs	$0		
Below Market Rental Residential DCCs	$0		
Social Housing DCCs	$0		
Retail DCCs	$0		
Office DCCs	$0		
School Site Acquisition Charge	$37,800		
Less property tax allowance during approvals/development	$121,389		
Interim financing on construction costs	$652,321		
Financing fees/costs	$268,267		
Less Net GST (assuming builder holds units)	$0		
Total Project Costs Before Land	$24,114,238		
Developer's Profit	$5,118,755		
Residual to Land and Land Carry	**$8,843,633**		
Less financing on land during construction and approvals	$491,927		
Less financing fee on land loan	$56,374		
Less property purchase tax	$319,528		
Residual Land Value	**$7,975,804**		

2 – 2.5 FSR Rental Replacement Scenario A (Assumptions)

Site and Building Size								
Site size	33,105	sq.ft. or	0.76	acre				
Base Density	1.2							
Bonus Density	1.3							
Total Density	2.5	FSR						
Total Gross floorspace	82,763	sq.ft.						
Gross residential floorspace	82,763	sq.ft.						
Gross commercial floorspace	0	sq.ft.						
Concept	**Gross SF**	**Efficiency**	**Net Saleable or Rentable**	**Avg Unit Size**	**Number of Units**	**Parking Stalls per Unit or 1000 sf**	**Parking Stalls**	Share of Units
Strata Residential	47,263	85%	40,173	800	50	1.3	65	51%
Market Rental	35,500	85%	30,175	619	49	0.75	37	49%
Below Market Rental	0	85%	0	565	0	0.75	0	0%
Social Housing	0	85%	0	565	0	0.75	0	0%
Retail	0	100%	0	n/a	n/a	2.5	0	#VALUE!
Office	0	95%	0	n/a	n/a	2.5	0	#VALUE!
Total	82,763		70,348	2,548	99	8.6	102	100%
Revenue/Value								
Strata Residential	$775	per net square foot						
Market Rental	$566	per net square foot (see separate calculations)						
Below Market Rental	$0	per net square foot (see separate calculations)						
Social Housing	$0	per net square foot (see separate calculations)						
Retail	$0	per net square foot including parking revenue (see separate calculations)						
Office	$0	per net square foot including parking revenue (see separate calculations)						
Pre Construction Costs								
Upfront Compensation to Existing Tenants	$3,500							
Tenant Relocation	$0							
Allowance for Demolition of Existing Buildings	$696,580	or	$20	per sq. ft.				
Allowance for Remediation	$0							
Site Preparation/Fill	$0							
Site Servicing	$301,734	or	$2,500	per lineal metre of frontage				
Density Bonus Contribution	$0.00	psf of bonus density						
Rezoning Costs	$125,000							
Construction Costs								
Hard Construction Costs								
Market Strata Residential Area	$180	per gross sq.ft. of residential area						
Rental Residential Area	$170	per gross sq.ft. of rental residential area						
Below Market Rental Residential Area	$170	per gross sq.ft. of rental residential area						
Social Housing Residential Area	$170	per gross sq.ft. of rental residential area						
Retail Area (shell space - no TI)	$210	per gross sq.ft. of retail area						
Office Area (shell space - no TI)	$210	per gross sq.ft. of commercial area						
Cost Per Underground Parking Stall	$55,000	per underground/structured parking stall						
Overall Costs Per Square Foot	$243	per gross sq.ft.						
Sustainability Premium	0%							
Total Estimated Cost per Square Foot	$243							
Hard Cost Used in Analysis	$243							
Landscaping	$331,050	or	$20	psf of site area on 50% of site				
Other	$0							
Soft costs and Professional Fees	9.0%	of hard costs, landscaping and site prep/servicing costs						
Development management	3.0%	of hard costs, landscaping and site prep/servicing costs and soft costs						
Fees, legal and survey for rental portion	$150,000							
Contingency on hard and soft costs	5.0%	of hard, soft and management costs						
Car Share	$0							
Government Levies								
GVRD Sewer Levy - Strata Residential	$3,530	per market unit						
GVRD Sewer Levy - Rental Residential	$3,530	per unit						
GVRD Sewer Levy - Commercial	$2.67	per sq.ft. of commercial space						
TransLink - Strata Residential	$1,500	per market unit						
TransLink - Rental Residential	$1,500	per unit						
TransLink - Commercial	$1.00	per sq.ft. of commercial space						
Market Strata Residential DCCs	$5.14	per sq.ft. of floorspace						
Market Rental Residential DCCs	$5.14	per sq.ft. of floorspace						
Below Market Rental Residential DCCs	$5.14	per sq.ft. of floorspace						
Social Housing DCCs	$5.14	per sq.ft. of floorspace						
Retail DCCs	$5.14	per sq.ft. of floorspace						
Office DCCs	$2.06	per sq.ft. of floorspace						
School Site Acquisition Charge	$600.00	per unit						
Financing								
Interim financing	5.0%	assuming a	1.75	year construction period				
Financing charged on	50%	of land and	75%	of construction costs				
Financing fees	1.5%							
Commissions and Marketing								
Commissions on Strata Residential	3.0%	of gross strata market residential revenue						
Marketing on Strata Residential	3.0%	of gross strata market residential revenue						
Commissions on Sale of Commercial	2.0%	of gross commercial value						
Commission on Sale of Rental Units	2.0%	of value						
Initial Lease Up Costs on Market Rental Units	$2,500	per unit						
Initial Lease Up Costs on Below Market Rental Units	$2,000	per unit						
Initial Lease Up Costs on Social Rental Units	$1,000	per unit						
Leasing Commissions on Commercial Space	$5.00	per sq.ft.						
Tenant Improvement Allowance on Retail Space	$25.00	per sq.ft.						
Tenant Improvement Allowance on Office Space	$50.00	per sq.ft.						
Other Costs and Allowances								
Net GST on Market and Below Market Rental Units	5.00%	of capitalized value of rental units						
Net GST on Social Housing Units	0.00%	of development costs						
Property Taxes	0.408%	of assessed value						
Assumed current assessment (Year 1 of analysis)	$9,966,000							
Assumed assessment after 1 year of construction (Year 2 of analysis)	$24,275,879	(50% of completed project value)						
Developer's Profit	15.0%	of total costs or	13.0%	of gross market revenue/value				

2 – 2.5 FSR Rental Replacement Scenario A (Analysis)

Revenue			
Strata Sales Revenue	$31,134,172		
Market Rental Value	$17,076,065		
Below Market Rental Value	$0		
Social Housing Value	$0		
Gross Retail Value	$0		
Gross Office Value	$0		
Total Gross Value	$48,210,237		
Less Commissions on Strata	$934,025		
Less Commissions on Rental	$341,521		
Less Commissions on Commercial	$0		
Net Sales Revenue/Value	$46,934,690		
Project Costs			
Upfront Compensation to Existing Tenants	$171,500		
Tenant Relocation	$0		
Allowance for Demolition of Existing Buildings	$696,580		
Allowance for Remediation	$0		
Site Preparation/Fill	$0		
Site Servicing	$301,734		
Density Bonus Contribution	$0		
Rezoning Costs	$125,000		
Hard Construction Costs	$20,152,250		
Landscaping	$331,050		
Other	$0		
Soft costs and Professional Fees	$1,881,903		
Development management	$683,758		
Fees, legal and survey for rental portion	$150,000		
Contingency on hard and soft costs	$1,216,114		
Car Share	$0		
Marketing on Strata Units	$934,025		
Initial Lease Up Costs on Market Rental Units	$122,500		
Initial Lease Up Costs on Below Market Rental Units	$0		
Initial Lease Up Costs on Social Rental Units	$0		
Leasing Commissions on Commercial Space	$0		
Tenant Improvement Allowance on Retail Space	$0		
Tenant Improvement Allowance on Office Space	$0		
GVRD Sewer Levy - Strata Residential	$176,500		
GVRD Sewer Levy - Rental Residential	$172,970		
GVRD Sewer Levy - Commercial	$0		
TransLink - Strata Residential	$75,000		
TransLink - Rental Residential	$73,500		
TransLink - Commercial	$0		
Market Strata Residential DCCs	$242,929		
Market Rental Residential DCCs	$182,470		
Below Market Rental Residential DCCs	$0		
Social Housing DCCs	$0		
Retail DCCs	$0		
Office DCCs	$0		
School Site Acquisition Charge	$59,400		
Less property tax allowance during approvals/development	$155,641		
Interim financing on construction costs	$915,627		
Financing fees/costs	$324,230		
Less Net GST (assuming builder holds units)	$853,803		
Total Project Costs Before Land	$29,998,485		
Developer's Profit	$6,286,615		
Residual to Land and Land Carry	**$10,649,591**		
Less financing on land during construction and approvals	$651,622		
Less financing fee on land loan	$67,486		
Less property purchase tax	$397,198		
Residual Land Value	**$9,533,285**		

3 – 2.5 FSR Rental Replacement Scenario B (Assumptions)

Site and Building Size								
Site size	33,105	sq.ft. or	0.76	acre				
Base Density	1.2							
Bonus Density	1.3							
Total Density	2.5	FSR						
Total Gross floorspace	82,763	sq.ft.						
Gross residential floorspace	82,763	sq.ft.						
Gross commercial floorspace	0	sq.ft.						
Concept	**Gross SF**	**Efficiency**	**Net Saleable or Rentable**	**Avg Unit Size**	**Number of Units**	**Parking Stalls per Unit or 1000 sf**	**Parking Stalls**	Share of Units
Strata Residential	47,663	85%	40,513	800	51	1.3	66	51%
Market Rental	28,400	85%	24,140	619	39	0.75	29	39%
Below Market Rental	6,700	85%	5,695	565	10	0.75	8	10%
Social Housing	0	85%	0	565	0	0.75	0	0%
Retail	0	100%	0	n/a	n/a	2.5	0	#VALUE!
Office	0	95%	0	n/a	n/a	2.5	0	#VALUE!
Total	82,763		70,348	2,548	100	8.6	103	100%
Revenue/Value								
Strata Residential	$775	per net square foot						
Market Rental	$562	per net square foot (see separate calculations)						
Below Market Rental	$210	per net square foot (see separate calculations)						
Social Housing	$0	per net square foot (see separate calculations)						
Retail	$0	per net square foot including parking revenue (see separate calculations)						
Office	$0	per net square foot including parking revenue (see separate calculations)						
Pre Construction Costs								
Upfront Compensation to Existing Tenants	$3,500							
Tenant Relocation	$0							
Allowance for Demolition of Existing Buildings	$696,580	or	$20	per sq. ft.				
Allowance for Remediation	$0							
Site Preparation/Fill	$0							
Site Servicing	$301,734	or	$2,500	per lineal metre of frontage				
Density Bonus Contribution	$0.00	psf of bonus density						
Rezoning Costs	$125,000							
Construction Costs								
Hard Construction Costs								
Market Strata Residential Area	$180	per gross sq.ft. of residential area						
Rental Residential Area	$170	per gross sq.ft. of rental residential area						
Below Market Rental Residential Area	$170	per gross sq.ft. of rental residential area						
Social Housing Residential Area	$170	per gross sq.ft. of rental residential area						
Retail Area (shell space - no TI)	$210	per gross sq.ft. of retail area						
Office Area (shell space - no TI)	$210	per gross sq.ft. of commercial area						
Cost Per Underground Parking Stall	$55,000	per underground/structured parking stall						
Overall Costs Per Square Foot	$244	per gross sq.ft.						
Sustainability Premium	0%							
Total Estimated Cost per Square Foot	$244							
Hard Cost Used in Analysis	$244							
Landscaping	$331,050	or	$20	psf of site area on 50% of site				
Other	$0							
Soft costs and Professional Fees	9.0%	of hard costs, landscaping and site prep/servicing costs						
Development management	3.0%	of hard costs, landscaping and site prep/servicing costs and soft costs						
Fees, legal and survey for rental portion	$150,000							
Contingency on hard and soft costs	5.0%	of hard, soft and management costs						
Car Share	$0							
Government Levies								
GVRD Sewer Levy - Strata Residential	$3,530	per market unit						
GVRD Sewer Levy - Rental Residential	$3,530	per unit						
GVRD Sewer Levy - Commercial	$2.67	per sq.ft. of commercial space						
TransLink - Strata Residential	$1,500	per market unit						
TransLink - Rental Residential	$1,500	per unit						
TransLink - Commercial	$1.00	per sq.ft. of commercial space						
Market Strata Residential DCCs	$5.14	per sq.ft. of floorspace						
Market Rental Residential DCCs	$5.14	per sq.ft. of floorspace						
Below Market Rental Residential DCCs	$5.14	per sq.ft. of floorspace						
Social Housing DCCs	$5.14	per sq.ft. of floorspace						
Retail DCCs	$5.14	per sq.ft. of floorspace						
Office DCCs	$2.06	per sq.ft. of floorspace						
School Site Acquisition Charge	$600.00	per unit						
Financing								
Interim financing	5.0%	assuming a	1.75	year construction period				
Financing charged on	50%	of land and	75%	of construction costs				
Financing fees	1.5%							
Commissions and Marketing								
Commissions on Strata Residential	3.0%	of gross strata market residential revenue						
Marketing on Strata Residential	3.0%	of gross strata market residential revenue						
Commissions on Sale of Commercial	2.0%	of gross commercial value						
Commission on Sale of Rental Units	2.0%	of value						
Initial Lease Up Costs on Market Rental Units	$2,500	per unit						
Initial Lease Up Costs on Below Market Rental Units	$2,000	per unit						
Initial Lease Up Costs on Social Rental Units	$1,000	per unit						
Leasing Commissions on Commercial Space	$5.00	per sq.ft.						
Tenant Improvement Allowance on Retail Space	$25.00	per sq.ft.						
Tenant Improvement Allowance on Office Space	$50.00	per sq.ft.						
Other Costs and Allowances								
Net GST on Market and Below Market Rental Units	5.00%	of capitalized value of rental units						
Net GST on Social Housing Units	0.00%	of development costs						
Property Taxes	0.408%	of assessed value						
Assumed current assessment (Year 1 of analysis)	$9,966,000							
Assumed assessment after 1 year of construction (Year 2 of analysis)	$23,233,057	(50% of completed project value)						
Developer's Profit	15.0%	of total costs or	13.0%	of gross market revenue/value				

3 – 2.5 FSR Rental Replacement Scenario B (Analysis)

Revenue			
Strata Sales Revenue	$31,397,672		
Market Rental Value	$13,578,319		
Below Market Rental Value	$1,194,664		
Social Housing Value	$0		
Gross Retail Value	$0		
Gross Office Value	$0		
Total Gross Value	$46,170,655		
Less Commissions on Strata	$941,930		
Less Commissions on Rental	$295,460		
Less Commissions on Commercial	$0		
Net Sales Revenue/Value	$44,933,265		
Project Costs			
Upfront Compensation to Existing Tenants	$171,500		
Tenant Relocation	$0		
Allowance for Demolition of Existing Buildings	$696,580		
Allowance for Remediation	$0		
Site Preparation/Fill	$0		
Site Servicing	$301,734		
Density Bonus Contribution	$0		
Rezoning Costs	$125,000		
Hard Construction Costs	$20,211,250		
Landscaping	$331,050		
Other	$0		
Soft costs and Professional Fees	$1,887,213		
Development management	$685,687		
Fees, legal and survey for rental portion	$150,000		
Contingency on hard and soft costs	$1,219,426		
Car Share	$0		
Marketing on Strata Units	$941,930		
Initial Lease Up Costs on Market Rental Units	$97,500		
Initial Lease Up Costs on Below Market Rental Units	$20,000		
Initial Lease Up Costs on Social Rental Units	$0		
Leasing Commissions on Commercial Space	$0		
Tenant Improvement Allowance on Retail Space	$0		
Tenant Improvement Allowance on Office Space	$0		
GVRD Sewer Levy - Strata Residential	$180,030		
GVRD Sewer Levy - Rental Residential	$172,970		
GVRD Sewer Levy - Commercial	$0		
TransLink - Strata Residential	$76,500		
TransLink - Rental Residential	$58,500		
TransLink - Commercial	$0		
Market Strata Residential DCCs	$244,985		
Market Rental Residential DCCs	$145,976		
Below Market Rental Residential DCCs	$34,438		
Social Housing DCCs	$0		
Retail DCCs	$0		
Office DCCs	$0		
School Site Acquisition Charge	$60,000		
Less property tax allowance during approvals/development	$152,449		
Interim financing on construction costs	$917,592		
Financing fees/costs	$324,926		
Less Net GST (assuming builder holds units)	$738,649		
Total Project Costs Before Land	$29,945,886		
Developer's Profit	$6,020,653		
Residual to Land and Land Carry	**$8,966,725**		
Less financing on land during construction and approvals	$548,652		
Less financing fee on land loan	$56,822		
Less property purchase tax	$322,659		
Residual Land Value	**$8,038,592**		

4 – 2.5 FSR Rental Replacement Scenario C (Assumptions)

Site and Building Size								
Site size	33,105	sq.ft. or	0.76	acre				
Base Density	1.2							
Bonus Density	1.3							
Total Density	2.5	FSR						
Total Gross floorspace	82,763	sq.ft.						
Gross residential floorspace	82,763	sq.ft.						
Gross commercial floorspace	0	sq.ft.						
Concept	**Gross SF**	**Efficiency**	**Net Saleable or Rentable**	**Avg Unit Size**	**Number of Units**	**Parking Stalls per Unit or 1000 sf**	**Parking Stalls**	Share of Units
Strata Residential	64,563	85%	54,878	800	69	1.3	90	73%
Market Rental	12,000	85%	10,200	619	16	0.75	12	17%
Below Market Rental	6,200	85%	5,270	565	9	0.75	7	10%
Social Housing	0	85%	0	565	0	0.75	0	0%
Retail	0	100%	0	n/a	n/a	2.5	0	#VALUE!
Office	0	95%	0	n/a	n/a	2.5	0	#VALUE!
Total	82,763		70,348	2,548	94	8.6	109	100%
Revenue/Value								
Strata Residential	$775	per net square foot						
Market Rental	$545	per net square foot (see separate calculations)						
Below Market Rental	$203	per net square foot (see separate calculations)						
Social Housing	$0	per net square foot (see separate calculations)						
Retail	$0	per net square foot including parking revenue (see separate calculations)						
Office	$0	per net square foot including parking revenue (see separate calculations)						
Pre Construction Costs								
Upfront Compensation to Existing Tenants	$3,500							
Tenant Relocation	$0							
Allowance for Demolition of Existing Buildings	$696,580	or	$20	per sq. ft.				
Allowance for Remediation	$0							
Site Preparation/Fill	$0							
Site Servicing	$301,734	or	$2,500	per lineal metre of frontage				
Density Bonus Contribution	$0.00	psf of bonus density						
Rezoning Costs	$125,000							
Construction Costs								
Hard Construction Costs								
Market Strata Residential Area	$180	per gross sq.ft. of residential area						
Rental Residential Area	$170	per gross sq.ft. of rental residential area						
Below Market Rental Residential Area	$170	per gross sq.ft. of rental residential area						
Social Housing Residential Area	$170	per gross sq.ft. of rental residential area						
Retail Area (shell space - no TI)	$210	per gross sq.ft. of retail area						
Office Area (shell space - no TI)	$210	per gross sq.ft. of commercial area						
Cost Per Underground Parking Stall	$55,000	per underground/structured parking stall						
Overall Costs Per Square Foot	$250	per gross sq.ft.						
Sustainability Premium	0%							
Total Estimated Cost per Square Foot	$250							
Hard Cost Used in Analysis	$250							
Landscaping	$331,050	or	$20	psf of site area on 50% of site				
Other	$0							
Soft costs and Professional Fees	9.0%	of hard costs, landscaping and site prep/servicing costs						
Development management	3.0%	of hard costs, landscaping and site prep/servicing costs and soft costs						
Fees, legal and survey for rental portion	$150,000							
Contingency on hard and soft costs	5.0%	of hard, soft and management costs						
Car Share	$0							
Government Levies								
GVRD Sewer Levy - Strata Residential	$3,530	per market unit						
GVRD Sewer Levy - Rental Residential	$3,530	per unit						
GVRD Sewer Levy - Commercial	$2.67	per sq.ft. of commercial space						
TransLink - Strata Residential	$1,500	per market unit						
TransLink - Rental Residential	$1,500	per unit						
TransLink - Commercial	$1.00	per sq.ft. of commercial space						
Market Strata Residential DCCs	$5.14	per sq.ft. of floorspace						
Market Rental Residential DCCs	$5.14	per sq.ft. of floorspace						
Below Market Rental Residential DCCs	$5.14	per sq.ft. of floorspace						
Social Housing DCCs	$5.14	per sq.ft. of floorspace						
Retail DCCs	$5.14	per sq.ft. of floorspace						
Office DCCs	$2.06	per sq.ft. of floorspace						
School Site Acquisition Charge	$600.00	per unit						
Financing								
Interim financing	5.0%	assuming a	1.75	year construction period				
Financing charged on	50%	of land and	75%	of construction costs				
Financing fees	1.5%							
Commissions and Marketing								
Commissions on Strata Residential	3.0%	of gross strata market residential revenue						
Marketing on Strata Residential	3.0%	of gross strata market residential revenue						
Commissions on Sale of Commercial	2.0%	of gross commercial value						
Commission on Sale of Rental Units	2.0%	of value						
Initial Lease Up Costs on Market Rental Units	$2,500	per unit						
Initial Lease Up Costs on Below Market Rental Units	$2,000	per unit						
Initial Lease Up Costs on Social Rental Units	$1,000	per unit						
Leasing Commissions on Commercial Space	$5.00	per sq.ft.						
Tenant Improvement Allowance on Retail Space	$25.00	per sq.ft.						
Tenant Improvement Allowance on Office Space	$50.00	per sq.ft.						
Other Costs and Allowances								
Net GST on Market and Below Market Rental Units	5.00%	of capitalized value of rental units						
Net GST on Social Housing Units	0.00%	of development costs						
Property Taxes	0.408%	of assessed value						
Assumed current assessment (Year 1 of analysis)	$9,966,000							
Assumed assessment after 1 year of construction (Year 2 of analysis)	$24,644,759	(50% of completed project value)						
Developer's Profit	15.0%	of total costs or	13.0%	of gross market revenue/value				

4 – 2.5 FSR Rental Replacement Scenario C (Analysis)

Revenue			
Strata Sales Revenue	$42,530,547		
Market Rental Value	$5,556,073		
Below Market Rental Value	$1,070,369		
Social Housing Value	$0		
Gross Retail Value	$0		
Gross Office Value	$0		
Total Gross Value	$49,156,989		
Less Commissions on Strata	$1,275,916		
Less Commissions on Rental	$132,529		
Less Commissions on Commercial	$0		
Net Sales Revenue/Value	$47,748,544		
Project Costs			
Upfront Compensation to Existing Tenants	$171,500		
Tenant Relocation	$0		
Allowance for Demolition of Existing Buildings	$696,580		
Allowance for Remediation	$0		
Site Preparation/Fill	$0		
Site Servicing	$301,734		
Density Bonus Contribution	$0		
Rezoning Costs	$125,000		
Hard Construction Costs	$20,710,250		
Landscaping	$331,050		
Other	$0		
Soft costs and Professional Fees	$1,932,123		
Development management	$702,005		
Fees, legal and survey for rental portion	$150,000		
Contingency on hard and soft costs	$1,247,437		
Car Share	$0		
Marketing on Strata Units	$1,275,916		
Initial Lease Up Costs on Market Rental Units	$40,000		
Initial Lease Up Costs on Below Market Rental Units	$18,000		
Initial Lease Up Costs on Social Rental Units	$0		
Leasing Commissions on Commercial Space	$0		
Tenant Improvement Allowance on Retail Space	$0		
Tenant Improvement Allowance on Office Space	$0		
GVRD Sewer Levy - Strata Residential	$243,570		
GVRD Sewer Levy - Rental Residential	$88,250		
GVRD Sewer Levy - Commercial	$0		
TransLink - Strata Residential	$103,500		
TransLink - Rental Residential	$24,000		
TransLink - Commercial	$0		
Market Strata Residential DCCs	$331,851		
Market Rental Residential DCCs	$61,680		
Below Market Rental Residential DCCs	$31,868		
Social Housing DCCs	$0		
Retail DCCs	$0		
Office DCCs	$0		
School Site Acquisition Charge	$56,400		
Less property tax allowance during approvals/development	$156,770		
Interim financing on construction costs	$944,983		
Financing fees/costs	$334,625		
Less Net GST (assuming builder holds units)	$331,322		
Total Project Costs Before Land	$30,410,415		
Developer's Profit	$6,410,071		
Residual to Land and Land Carry	**$10,928,057**		
Less financing on land during construction and approvals	$668,660		
Less financing fee on land loan	$69,251		
Less property purchase tax	$409,532		
Residual Land Value	**$9,780,614**		

5 – 2.5 FSR Rental Replacement Scenario D (Assumptions)

Site and Building Size								
Site size	33,105	sq.ft. or	0.76	acre				
Base Density	1.2							
Bonus Density	1.3							
Total Density	2.5	FSR						
Total Gross floorspace	82,763	sq.ft.						
Gross residential floorspace	82,763	sq.ft.						
Gross commercial floorspace	0	sq.ft.						
Concept	**Gross SF**	**Efficiency**	**Net Saleable or Rentable**	**Avg Unit Size**	**Number of Units**	**Parking Stalls per Unit or 1000 sf**	**Parking Stalls**	Share of Units
Strata Residential	0	85%	0	800	0	1.3	0	0%
Market Rental	82,763	85%	70,348	619	114	0.75	86	100%
Below Market Rental	0	85%	0	565	0	0.75	0	0%
Social Housing	0	85%	0	565	0	0.75	0	0%
Retail	0	100%	0	n/a	n/a	2.5	0	#VALUE!
Office	0	95%	0	n/a	n/a	2.5	0	#VALUE!
Total	82,763		70,348	2,548	114	8.6	86	100%
Revenue/Value								
Strata Residential	$775	per net square foot						
Market Rental	$598	per net square foot (see separate calculations)						
Below Market Rental	$0	per net square foot (see separate calculations)						
Social Housing	$0	per net square foot (see separate calculations)						
Retail	$0	per net square foot including parking revenue (see separate calculations)						
Office	$0	per net square foot including parking revenue (see separate calculations)						
Pre Construction Costs								
Upfront Compensation to Existing Tenants	$3,500							
Tenant Relocation	$0							
Allowance for Demolition of Existing Buildings	$696,580	or	$20	per sq. ft.				
Allowance for Remediation	$0							
Site Preparation/Fill	$0							
Site Servicing	$301,734	or	$2,500	per lineal metre of frontage				
Density Bonus Contribution	$0.00	psf of bonus density						
Rezoning Costs	$125,000							
Construction Costs								
Hard Construction Costs								
Market Strata Residential Area	$180	per gross sq.ft. of residential area						
Rental Residential Area	$170	per gross sq.ft. of rental residential area						
Below Market Rental Residential Area	$170	per gross sq.ft. of rental residential area						
Social Housing Residential Area	$170	per gross sq.ft. of rental residential area						
Retail Area (shell space - no TI)	$210	per gross sq.ft. of retail area						
Office Area (shell space - no TI)	$210	per gross sq.ft. of commercial area						
Cost Per Underground Parking Stall	$55,000	per underground/structured parking stall						
Overall Costs Per Square Foot	$227	per gross sq.ft.						
Sustainability Premium	0%							
Total Estimated Cost per Square Foot	$227							
Hard Cost Used in Analysis	$227							
Landscaping	$331,050	or	$20	psf of site area on 50% of site				
Other	$0							
Soft costs and Professional Fees	9.0%	of hard costs, landscaping and site prep/servicing costs						
Development management	3.0%	of hard costs, landscaping and site prep/servicing costs and soft costs						
Fees, legal and survey for rental portion	$0							
Contingency on hard and soft costs	5.0%	of hard, soft and management costs						
Car Share	$0							
Government Levies								
GVRD Sewer Levy - Strata Residential	$3,530	per market unit						
GVRD Sewer Levy - Rental Residential	$3,530	per unit						
GVRD Sewer Levy - Commercial	$2.67	per sq.ft. of commercial space						
TransLink - Strata Residential	$1,500	per market unit						
TransLink - Rental Residential	$1,500	per unit						
TransLink - Commercial	$1.00	per sq.ft. of commercial space						
Market Strata Residential DCCs	$5.14	per sq.ft. of floorspace						
Market Rental Residential DCCs	$5.14	per sq.ft. of floorspace						
Below Market Rental Residential DCCs	$5.14	per sq.ft. of floorspace						
Social Housing DCCs	$5.14	per sq.ft. of floorspace						
Retail DCCs	$5.14	per sq.ft. of floorspace						
Office DCCs	$2.06	per sq.ft. of floorspace						
School Site Acquisition Charge	$600.00	per unit						
Financing								
Interim financing	5.0%	assuming a	1.75	year construction period				
Financing charged on	50%	of land and	75%	of construction costs				
Financing fees	1.5%							
Commissions and Marketing								
Commissions on Strata Residential	3.0%	of gross strata market residential revenue						
Marketing on Strata Residential	3.0%	of gross strata market residential revenue						
Commissions on Sale of Commercial	2.0%	of gross commercial value						
Commission on Sale of Rental Units	0.0%	of value						
Initial Lease Up Costs on Market Rental Units	$2,500	per unit						
Initial Lease Up Costs on Below Market Rental Units	$2,000	per unit						
Initial Lease Up Costs on Social Rental Units	$1,000	per unit						
Leasing Commissions on Commercial Space	$5.00	per sq.ft.						
Tenant Improvement Allowance on Retail Space	$25.00	per sq.ft.						
Tenant Improvement Allowance on Office Space	$50.00	per sq.ft.						
Other Costs and Allowances								
Net GST on Market and Below Market Rental Units	5.00%	of capitalized value of rental units						
Net GST on Social Housing Units	0.00%	of development costs						
Property Taxes	0.408%	of assessed value						
Assumed current assessment (Year 1 of analysis)	$9,966,000							
Assumed assessment after 1 year of construction (Year 2 of analysis)	$21,046,921	(50% of completed project value)						
Developer's Profit	15.0%	of total costs or	13.0%	of gross market revenue/value				

5 – 2.5 FSR Rental Replacement Scenario D (Analysis)

Revenue			
Strata Sales Revenue	$0		
Market Rental Value	$42,093,842		
Below Market Rental Value	$0		
Social Housing Value	$0		
Gross Retail Value	$0		
Gross Office Value	$0		
Total Gross Value	$42,093,842		
Less Commissions on Strata	$0		
Less Commissions on Rental	$0		
Less Commissions on Commercial	$0		
Net Sales Revenue/Value	$42,093,842		
Project Costs			
Upfront Compensation to Existing Tenants	$171,500		
Tenant Relocation	$0		
Allowance for Demolition of Existing Buildings	$696,580		
Allowance for Remediation	$0		
Site Preparation/Fill	$0		
Site Servicing	$301,734		
Density Bonus Contribution	$0		
Rezoning Costs	$125,000		
Hard Construction Costs	$18,799,625		
Landscaping	$331,050		
Other	$0		
Soft costs and Professional Fees	$1,760,167		
Development management	$639,527		
Fees, legal and survey for rental portion	$0		
Contingency on hard and soft costs	$1,132,684		
Car Share	$0		
Marketing on Strata Units	$0		
Initial Lease Up Costs on Market Rental Units	$285,000		
Initial Lease Up Costs on Below Market Rental Units	$0		
Initial Lease Up Costs on Social Rental Units	$0		
Leasing Commissions on Commercial Space	$0		
Tenant Improvement Allowance on Retail Space	$0		
Tenant Improvement Allowance on Office Space	$0		
GVRD Sewer Levy - Strata Residential	$0		
GVRD Sewer Levy - Rental Residential	$402,420		
GVRD Sewer Levy - Commercial	$0		
TransLink - Strata Residential	$0		
TransLink - Rental Residential	$171,000		
TransLink - Commercial	$0		
Market Strata Residential DCCs	$0		
Market Rental Residential DCCs	$425,399		
Below Market Rental Residential DCCs	$0		
Social Housing DCCs	$0		
Retail DCCs	$0		
Office DCCs	$0		
School Site Acquisition Charge	$68,400		
Less property tax allowance during approvals/development	$145,758		
Interim financing on construction costs	$835,270		
Financing fees/costs	$295,775		
Less Net GST (assuming builder holds units)	$2,104,692		
Total Project Costs Before Land	$28,691,582		
Developer's Profit	$5,489,037		
Residual to Land and Land Carry	**$7,913,223**		
Less financing on land during construction and approvals	$484,190		
Less financing fee on land loan	$50,146		
Less property purchase tax	$275,997		
Residual Land Value	**$7,102,890**		

8.3 Representative Analysis for SMRP Case Study

This attachment includes three different land residual scenarios for SMRP Case Study 2, a 20,288 sf site located in Downtown that is improved with 28 older rental apartment units and built to an existing density of about 1.2 FSR. The existing zoning allows a maximum strata residential density of 2.0 FSR (with no density bonus payment), but the OCP supports increased density to 4.0 FSR. For our analysis, we assumed that the site would be redeveloped to a density of 4.0 FSR requiring concrete construction.

The following land residual scenarios are attached:

1. Base case analysis at 2.0 FSR strata residential with no required density bonus payment.
2. Rezoning to 10.0 FSR as 100% market rental (SMRP Scenario A).
3. Rezoning to 10.0 FSR as 100% rental with 5% below market rental units (SMRP Scenario B).

1 – 2.0 FSR Strata (Assumptions)

Site and Building Size								
Site size	20,288	sq.ft. or	0.47	acre				
Base Density	2.0							
Bonus Density	0.0							
Total Density	2.0	FSR						
Total Gross floorspace	40,576	sq.ft.						
Gross residential floorspace	40,576	sq.ft.						
Gross commercial floorspace	0	sq.ft.						
Concept	**Gross SF**	**Efficiency**	**Net Saleable or Rentable**	**Avg Unit Size**	**Number of Units**	**Parking Stalls per Unit or 1000 sf**	**Parking Stalls**	Share of Units
Strata Residential	40,576	85%	34,490	800	43	1.3	56	100%
Market Rental	0	85%	0	619	0	0.75	0	0%
Below Market Rental	0	85%	0	565	0	0.75	0	0%
Social Housing	0	85%	0	565	0	0.75	0	0%
Retail	0	100%	0	n/a	n/a	2.5	0	#VALUE!
Office	0	95%	0	n/a	n/a	2.5	0	#VALUE!
Total	40,576		34,490	2,548	43	8.6	56	100%
Revenue/Value								
Strata Residential	$775	per net square foot						
Market Rental	$0	per net square foot (see separate calculations)						
Below Market Rental	$0	per net square foot (see separate calculations)						
Social Housing	$0	per net square foot (see separate calculations)						
Retail	$619	per net square foot including parking revenue (see separate calculations)						
Office	$0	per net square foot including parking revenue (see separate calculations)						
Pre Construction Costs								
Upfront Compensation to Existing Tenants	$3,500							
Tenant Relocation	$0							
Allowance for Demolition of Existing Buildings	$495,020	or	$20	per sq. ft.				
Allowance for Remediation	$0							
Site Preparation/Fill	$0							
Site Servicing	$220,325	or	$2,500	per lineal metre of frontage				
Density Bonus Contribution	$50.00	psf of bonus density						
Rezoning Costs	$0							
Construction Costs								
Hard Construction Costs								
Market Strata Residential Area	$180	per gross sq.ft. of residential area						
Rental Residential Area	$170	per gross sq.ft. of rental residential area						
Below Market Rental Residential Area	$170	per gross sq.ft. of rental residential area						
Social Housing Residential Area	$170	per gross sq.ft. of rental residential area						
Retail Area (shell space - no TI)	$210	per gross sq.ft. of retail area						
Office Area (shell space - no TI)	$210	per gross sq.ft. of commercial area						
Cost Per Underground Parking Stall	$50,000	per underground/structured parking stall						
Overall Costs Per Square Foot	$249	per gross sq.ft.						
Sustainability Premium	0%							
Total Estimated Cost per Square Foot	$249							
Hard Cost Used in Analysis	$249							
Landscaping	$202,880	or	$20	psf of site area on 50% of site				
Other	$0							
Soft costs and Professional Fees	9.0%	of hard costs, landscaping and site prep/servicing costs						
Development management	3.0%	of hard costs, landscaping and site prep/servicing costs and soft costs						
Fees, legal and survey for rental portion	$0							
Contingency on hard and soft costs	5.0%	of hard, soft and management costs						
Car Share	$0							
Government Levies								
GVRD Sewer Levy - Strata Residential	$3,530	per market unit						
GVRD Sewer Levy - Rental Residential	$3,530	per unit						
GVRD Sewer Levy - Commercial	$2.67	per sq.ft. of commercial space						
TransLink - Strata Residential	$1,500	per market unit						
TransLink - Rental Residential	$1,500	per unit						
TransLink - Commercial	$1.00	per sq.ft. of commercial space						
Market Strata Residential DCCs	$17.36	per sq.ft. of floorspace						
Market Rental Residential DCCs	$5.14	per sq.ft. of floorspace						
Below Market Rental Residential DCCs	$5.14	per sq.ft. of floorspace						
Social Housing DCCs	$5.14	per sq.ft. of floorspace						
Retail DCCs	$5.14	per sq.ft. of floorspace						
Office DCCs	$2.06	per sq.ft. of floorspace						
School Site Acquisition Charge	$600.00	per unit						
Financing								
Interim financing	5.0%	assuming a	1.75	year construction period				
Financing charged on	50%	of land and	75%	of construction costs				
Financing fees	1.5%							
Commissions and Marketing								
Commissions on Strata Residential	3.0%	of gross strata market residential revenue						
Marketing on Strata Residential	3.0%	of gross strata market residential revenue						
Commissions on Sale of Commercial	2.0%	of gross commercial value						
Commission on Sale of Rental Units	2.0%	of value						
Initial Lease Up Costs on Market Rental Units	$2,500	per unit						
Initial Lease Up Costs on Below Market Rental Units	$2,000	per unit						
Initial Lease Up Costs on Social Rental Units	$1,000	per unit						
Leasing Commissions on Commercial Space	$5.00	per sq.ft.						
Tenant Improvement Allowance on Retail Space	$25.00	per sq.ft.						
Tenant Improvement Allowance on Office Space	$50.00	per sq.ft.						
Other Costs and Allowances								
Net GST on Market and Below Market Rental Units	5.00%	of capitalized value of rental units						
Net GST on Social Housing Units	0.00%	of capitalized value of rental units						
Property Taxes	0.408%	of assessed value						
Assumed current assessment (Year 1 of analysis)	$5,512,000							
Assumed assessment after 1 year of construction (Year 2 of analysis)	$13,364,720	(50% of completed project value)						
Developer's Profit	15.0%	of total costs or	13.0%	of gross market revenue/value				

1 – 2.0 FSR Strata (Analysis)

Revenue			
Strata Sales Revenue	$26,729,440		
Market Rental Value	$0		
Below Market Rental Value	$0		
Social Housing Value	$0		
Gross Retail Value	$0		
Gross Office Value	$0		
Total Gross Value	$26,729,440		
Less Commissions on Strata	$801,883		
Less Commissions on Rental	$0		
Less Commissions on Commercial	$0		
Net Sales Revenue/Value	$25,927,557		
Project Costs			
Upfront Compensation to Existing Tenants	$98,000		
Tenant Relocation	$0		
Allowance for Demolition of Existing Buildings	$495,020		
Allowance for Remediation	$0		
Site Preparation/Fill	$0		
Site Servicing	$220,325		
Density Bonus Contribution	$0		
Rezoning Costs	$0		
Hard Construction Costs	$10,103,680		
Landscaping	$202,880		
Other	$0		
Soft costs and Professional Fees	$947,420		
Development management	$344,229		
Fees, legal and survey for rental portion	$0		
Contingency on hard and soft costs	$615,678		
Car Share	$0		
Marketing on Strata Units	$801,883		
Initial Lease Up Costs on Market Rental Units	$0		
Initial Lease Up Costs on Below Market Rental Units	$0		
Initial Lease Up Costs on Social Rental Units	$0		
Leasing Commissions on Commercial Space	$0		
Tenant Improvement Allowance on Retail Space	$0		
Tenant Improvement Allowance on Office Space	$0		
GVRD Sewer Levy - Strata Residential	$151,790		
GVRD Sewer Levy - Rental Residential	$0		
GVRD Sewer Levy - Commercial	$0		
TransLink - Strata Residential	$64,500		
TransLink - Rental Residential	$0		
TransLink - Commercial	$0		
Market Strata Residential DCCs	$704,399		
Market Rental Residential DCCs	$0		
Below Market Rental Residential DCCs	$0		
Social Housing DCCs	$0		
Retail DCCs	$0		
Office DCCs	$0		
School Site Acquisition Charge	$25,800		
Less property tax allowance during approvals/development	$85,893		
Interim financing on construction costs	$487,643		
Financing fees/costs	$172,678		
Less Net GST (assuming builder holds units)	$0		
Total Project Costs Before Land	$15,521,818		
Developer's Profit	$3,485,519		
Residual to Land and Land Carry	**$6,920,220**		
Less financing on land during construction and approvals	$423,431		
Less financing fee on land loan	$43,853		
Less property purchase tax	$232,014		
Residual Land Value	**$6,220,921**		

2 – 10.0 FSR SMRP Scenario A (Assumptions)

Site and Building Size								
Site size	20,288	sq.ft. or	0.47	acre				
Base Density	2.0							
Bonus Density	8.0							
Total Density	10.0	FSR						
Total Gross floorspace	202,880	sq.ft.						
Gross residential floorspace	202,880	sq.ft.						
Gross commercial floorspace	0	sq.ft.						
Concept	**Gross SF**	**Efficiency**	**Net Saleable or Rentable**	**Avg Unit Size**	**Number of Units**	**Parking Stalls per Unit or 1000 sf**	**Parking Stalls**	Share of Units
Strata Residential	0	85%	0	800	0	1.3	0	0%
Market Rental	202,880	85%	172,448	619	279	0.75	209	100%
Below Market Rental	0	85%	0	565	0	0.75	0	0%
Social Housing	0	85%	0	565	0	0.75	0	0%
Retail	0	100%	0	n/a	n/a	2.5	0	#VALUE!
Office	0	95%	0	n/a	n/a	2.5	0	#VALUE!
Total	202,880		172,448	2,548	279	8.6	209	100%
Revenue/Value								
Strata Residential	$860	per net square foot						
Market Rental	$597	per net square foot (see separate calculations)						
Below Market Rental	$0	per net square foot (see separate calculations)						
Social Housing	$0	per net square foot (see separate calculations)						
Retail	$619	per net square foot including parking revenue (see separate calculations)						
Office	$0	per net square foot including parking revenue (see separate calculations)						
Pre Construction Costs								
Upfront Compensation to Existing Tenants	$3,500							
Tenant Relocation	$0							
Allowance for Demolition of Existing Buildings	$495,020	or	$20	per sq. ft.				
Allowance for Remediation	$0							
Site Preparation/Fill	$0							
Site Servicing	$220,325	or	$2,500	per lineal metre of frontage				
Density Bonus Contribution	$0.00	psf of bonus density (excludes affordable housing portion)						
Rezoning Costs	$125,000							
Construction Costs								
Hard Construction Costs								
Market Strata Residential Area	$260	per gross sq.ft. of residential area						
Rental Residential Area	$240	per gross sq.ft. of rental residential area						
Below Market Rental Residential Area	$240	per gross sq.ft. of rental residential area						
Social Housing Residential Area	$240	per gross sq.ft. of rental residential area						
Retail Area (shell space - no TI)	$210	per gross sq.ft. of retail area						
Office Area (shell space - no TI)	$210	per gross sq.ft. of commercial area						
Cost Per Underground Parking Stall	$60,000	per underground/structured parking stall						
Overall Costs Per Square Foot	$302	per gross sq.ft.						
Sustainability Premium	0%							
Total Estimated Cost per Square Foot	$302							
Hard Cost Used in Analysis	$302							
Landscaping	$202,880	or	$20	psf of site area on 50% of site				
Other	$0							
Soft costs and Professional Fees	9.0%	of hard costs, landscaping and site prep/servicing costs						
Development management	3.0%	of hard costs, landscaping and site prep/servicing costs and soft costs						
Fees, legal and survey for rental portion	$0							
Contingency on hard and soft costs	5.0%	of hard, soft and management costs						
Car Share	$0							
Government Levies								
GVRD Sewer Levy - Strata Residential	$3,530	per market unit						
GVRD Sewer Levy - Rental Residential	$3,530	per unit						
GVRD Sewer Levy - Commercial	$2.67	per sq.ft. of commercial space						
TransLink - Strata Residential	$1,500	per market unit						
TransLink - Rental Residential	$1,500	per unit						
TransLink - Commercial	$1.00	per sq.ft. of commercial space						
Market Strata Residential DCCs	$5.14	per sq.ft. of floorspace						
Market Rental Residential DCCs	$5.14	per sq.ft. of floorspace						
Below Market Rental Residential DCCs	$5.14	per sq.ft. of floorspace						
Social Housing DCCs	$5.14	per sq.ft. of floorspace						
Retail DCCs	$5.14	per sq.ft. of floorspace						
Office DCCs	$2.06	per sq.ft. of floorspace						
School Site Acquisition Charge	$600.00	per unit						
Financing								
Interim financing	5.0%	assuming a	2.00	year construction period				
Financing charged on	50%	of land and	75%	of construction costs				
Financing fees	1.5%							
Commissions and Marketing								
Commissions on Strata Residential	3.0%	of gross strata market residential revenue						
Marketing on Strata Residential	3.0%	of gross strata market residential revenue						
Commissions on Sale of Commercial	0.0%	of gross commercial value (retained by developer)						
Commission on Sale of Rental Units	0.0%	of value (retained by developer)						
Initial Lease Up Costs on Market Rental Units	$2,500	per unit						
Initial Lease Up Costs on Below Market Rental Units	$2,000	per unit						
Initial Lease Up Costs on Social Rental Units	$1,000	per unit						
Leasing Commissions on Commercial Space	$5.00	per sq.ft.						
Tenant Improvement Allowance on Retail Space	$25.00	per sq.ft.						
Tenant Improvement Allowance on Office Space	$50.00	per sq.ft.						
Other Costs and Allowances								
Net GST on Market and Below Market Rental Units	5.00%	of capitalized value of rental units						
Net GST on Social Housing Units	0.00%	of capitalized value of rental units						
Property Taxes	0.408%	of assessed value						
Assumed current assessment (Year 1 of analysis)	$5,512,000							
Assumed assessment after 1 year of construction (Year 2 of analysis)	$51,490,519	(50% of completed project value)						
Developer's Profit	15.0%	of total costs or	13.0%	of gross market revenue/value				

2 – 10.0 FSR SMRP Scenario A (Analysis)

Revenue			
Strata Sales Revenue	$0		
Market Rental Value	$102,981,039		
Below Market Rental Value	$0		
Social Housing Value	$0		
Gross Retail Value	$0		
Gross Office Value	$0		
Total Gross Value	$102,981,039		
Less Commissions on Strata	$0		
Less Commissions on Rental	$0		
Less Commissions on Commercial	$0		
Net Sales Revenue/Value	$102,981,039		
Project Costs			
Upfront Compensation to Existing Tenants	$98,000		
Tenant Relocation	$0		
Allowance for Demolition of Existing Buildings	$495,020		
Allowance for Remediation	$0		
Site Preparation/Fill	$0		
Site Servicing	$220,325		
Density Bonus Contribution	$0		
Rezoning Costs	$125,000		
Hard Construction Costs	$61,231,200		
Landscaping	$202,880		
Other	$0		
Soft costs and Professional Fees	$5,560,146		
Development management	$2,020,187		
Fees, legal and survey for rental portion	$0		
Contingency on hard and soft costs	$3,492,738		
Car Share	$0		
Marketing on Strata Units	$0		
Initial Lease Up Costs on Market Rental Units	$697,500		
Initial Lease Up Costs on Below Market Rental Units	$0		
Initial Lease Up Costs on Social Rental Units	$0		
Leasing Commissions on Commercial Space	$0		
Tenant Improvement Allowance on Retail Space	$0		
Tenant Improvement Allowance on Office Space	$0		
GVRD Sewer Levy - Strata Residential	$0		
GVRD Sewer Levy - Rental Residential	$984,870		
GVRD Sewer Levy - Commercial	$0		
TransLink - Strata Residential	$0		
TransLink - Rental Residential	$418,500		
TransLink - Commercial	$0		
Market Strata Residential DCCs	$0		
Market Rental Residential DCCs	$1,042,803		
Below Market Rental Residential DCCs	$0		
Social Housing DCCs	$0		
Retail DCCs	$0		
Office DCCs	$0		
School Site Acquisition Charge	$167,400		
Less property tax allowance during approvals/development	$255,116		
Interim financing on construction costs	$2,887,938		
Financing fees/costs	$898,871		
Less Net GST (assuming builder holds units)	$5,149,052		
Total Project Costs Before Land	$85,947,546		
Developer's Profit	$13,428,727		
Residual to Land and Land Carry	**$3,604,766**		
Less financing on land during construction and approvals	$240,618		
Less financing fee on land loan	$22,708		
Less property purchase tax	$84,218		
Residual Land Value	**$3,257,221**		

3 – 10.0 FSR SMRP Scenario B (Assumptions)

Site and Building Size								
Site size	20,288	sq.ft. or	0.47	acre				
Base Density	2.0							
Bonus Density	8.0							
Total Density	10.0	FSR						
Total Gross floorspace	202,880	sq.ft.						
Gross residential floorspace	202,880	sq.ft.						
Gross commercial floorspace	0	sq.ft.						
Concept	**Gross SF**	**Efficiency**	**Net Saleable or Rentable**	**Avg Unit Size**	**Number of Units**	**Parking Stalls per Unit or 1000 sf**	**Parking Stalls**	Share of Units
Strata Residential	0	85%	0	800	0	1.3	0	0%
Market Rental	194,255	85%	165,117	619	267	0.75	200	95%
Below Market Rental	8,625	85%	7,331	565	13	0.75	10	5%
Social Housing	0	85%	0	565	0	0.75	0	0%
Retail	0	100%	0	n/a	n/a	2.5	0	#VALUE!
Office	0	95%	0	n/a	n/a	2.5	0	#VALUE!
Total	202,880		172,448	2,548	280	8.6	210	100%
Revenue/Value								
Strata Residential	$0	per net square foot						
Market Rental	$598	per net square foot (see separate calculations)						
Below Market Rental	$211	per net square foot (see separate calculations)						
Social Housing	$0	per net square foot (see separate calculations)						
Retail	$619	per net square foot including parking revenue (see separate calculations)						
Office	$0	per net square foot including parking revenue (see separate calculations)						
Pre Construction Costs								
Upfront Compensation to Existing Tenants	$3,500							
Tenant Relocation	$0							
Allowance for Demolition of Existing Buildings	$495,020	or	$20	per sq. ft.				
Allowance for Remediation	$0							
Site Preparation/Fill	$0							
Site Servicing	$220,325	or	$2,500	per lineal metre of frontage				
Density Bonus Contribution	$0.00	psf of bonus density (excludes affordable housing portion)						
Rezoning Costs	$125,000							
Construction Costs								
Hard Construction Costs								
Market Strata Residential Area	$260	per gross sq.ft. of residential area						
Rental Residential Area	$240	per gross sq.ft. of rental residential area						
Below Market Rental Residential Area	$240	per gross sq.ft. of rental residential area						
Social Housing Residential Area	$240	per gross sq.ft. of rental residential area						
Retail Area (shell space - no TI)	$210	per gross sq.ft. of retail area						
Office Area (shell space - no TI)	$210	per gross sq.ft. of commercial area						
Cost Per Underground Parking Stall	$60,000	per underground/structured parking stall						
Overall Costs Per Square Foot	$302	per gross sq.ft.						
Sustainability Premium	0%							
Total Estimated Cost per Square Foot	$302							
Hard Cost Used in Analysis	$302							
Landscaping	$202,880	or	$20	psf of site area on 50% of site				
Other	$0							
Soft costs and Professional Fees	9.0%	of hard costs, landscaping and site prep/servicing costs						
Development management	3.0%	of hard costs, landscaping and site prep/servicing costs and soft costs						
Fees, legal and survey for rental portion	$0							
Contingency on hard and soft costs	5.0%	of hard, soft and management costs						
Car Share	$0							
Government Levies								
GVRD Sewer Levy - Strata Residential	$3,530	per market unit						
GVRD Sewer Levy - Rental Residential	$3,530	per unit						
GVRD Sewer Levy - Commercial	$2.67	per sq.ft. of commercial space						
TransLink - Strata Residential	$1,500	per market unit						
TransLink - Rental Residential	$1,500	per unit						
TransLink - Commercial	$1.00	per sq.ft. of commercial space						
Market Strata Residential DCCs	$5.14	per sq.ft. of floorspace						
Market Rental Residential DCCs	$5.14	per sq.ft. of floorspace						
Below Market Rental Residential DCCs	$5.14	per sq.ft. of floorspace						
Social Housing DCCs	$5.14	per sq.ft. of floorspace						
Retail DCCs	$5.14	per sq.ft. of floorspace						
Office DCCs	$2.06	per sq.ft. of floorspace						
School Site Acquisition Charge	$600.00	per unit						
Financing								
Interim financing	5.0%	assuming a	2.00	year construction period				
Financing charged on	50%	of land and	75%	of construction costs				
Financing fees	1.5%							
Commissions and Marketing								
Commissions on Strata Residential	3.0%	of gross strata market residential revenue						
Marketing on Strata Residential	3.0%	of gross strata market residential revenue						
Commissions on Sale of Commercial	0.0%	of gross commercial value (retained by developer)						
Commission on Sale of Rental Units	0.0%	of value (retained by developer)						
Initial Lease Up Costs on Market Rental Units	$2,500	per unit						
Initial Lease Up Costs on Below Market Rental Units	$2,000	per unit						
Initial Lease Up Costs on Social Rental Units	$1,000	per unit						
Leasing Commissions on Commercial Space	$5.00	per sq.ft.						
Tenant Improvement Allowance on Retail Space	$25.00	per sq.ft.						
Tenant Improvement Allowance on Office Space	$50.00	per sq.ft.						
Other Costs and Allowances								
Net GST on Market and Below Market Rental Units	5.00%	of capitalized value of rental units						
Net GST on Social Housing Units	0.00%	of capitalized value of rental units						
Property Taxes	0.408%	of assessed value						
Assumed current assessment (Year 1 of analysis)	$5,512,000							
Assumed assessment after 1 year of construction (Year 2 of analysis)	$50,132,303	(50% of completed project value)						
Developer's Profit	15.0%	of total costs or	13.0%	of gross market revenue/value				

3 – 10.0 FSR SMRP Scenario B (Analysis)

Revenue			
Strata Sales Revenue	$0		
Market Rental Value	$98,715,008		
Below Market Rental Value	$1,549,598		
Social Housing Value	$0		
Gross Retail Value	$0		
Gross Office Value	$0		
Total Gross Value	$100,264,605		
Less Commissions on Strata	$0		
Less Commissions on Rental	$0		
Less Commissions on Commercial	$0		
Net Sales Revenue/Value	$100,264,605		
Project Costs			
Upfront Compensation to Existing Tenants	$98,000		
Tenant Relocation	$0		
Allowance for Demolition of Existing Buildings	$495,020		
Allowance for Remediation	$0		
Site Preparation/Fill	$0		
Site Servicing	$220,325		
Density Bonus Contribution	$0		
Rezoning Costs	$125,000		
Hard Construction Costs	$61,291,200		
Landscaping	$202,880		
Other	$0		
Soft costs and Professional Fees	$5,565,546		
Development management	$2,022,149		
Fees, legal and survey for rental portion	$0		
Contingency on hard and soft costs	$3,496,106		
Car Share	$0		
Marketing on Strata Units	$0		
Initial Lease Up Costs on Market Rental Units	$667,500		
Initial Lease Up Costs on Below Market Rental Units	$26,000		
Initial Lease Up Costs on Social Rental Units	$0		
Leasing Commissions on Commercial Space	$0		
Tenant Improvement Allowance on Retail Space	$0		
Tenant Improvement Allowance on Office Space	$0		
GVRD Sewer Levy - Strata Residential	$0		
GVRD Sewer Levy - Rental Residential	$988,400		
GVRD Sewer Levy - Commercial	$0		
TransLink - Strata Residential	$0		
TransLink - Rental Residential	$400,500		
TransLink - Commercial	$0		
Market Strata Residential DCCs	$0		
Market Rental Residential DCCs	$998,471		
Below Market Rental Residential DCCs	$44,333		
Social Housing DCCs	$0		
Retail DCCs	$0		
Office DCCs	$0		
School Site Acquisition Charge	$168,000		
Less property tax allowance during approvals/development	$249,573		
Interim financing on construction costs	$2,889,713		
Financing fees/costs	$899,423		
Less Net GST (assuming builder holds units)	$5,013,230		
Total Project Costs Before Land	$85,861,368		
Developer's Profit	$13,074,505		
Residual to Land and Land Carry	**$1,328,733**		
Less financing on land during construction and approvals	$88,693		
Less financing fee on land loan	$8,370		
Less property purchase tax	$24,633		
Residual Land Value	**$1,207,036**		

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Corporation of the City of
NEW WESTMINSTER

Attachment E

Draft Rental Replacement Policy

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Attachment E

Draft Rental Replacement Policy

Context

Renters account for a significant portion of the City of New Westminster's population and are an important part of the City's social fabric. New Westminster's housing stock includes a large, aging stock of over 9,000 purpose built market rental units. These units feature lower rents than new secure market rental because of their age and limits on rent increases through the *Residential Tenancy Act*. Market dynamics and the City's policies and Density Bonus program, are effectively preserving the existing rental stock. Slowing redevelopment and ensuring 100% rental tenure with some replacement of rental housing that is affordable for existing tenants is a priority in New Westminster. The City's Rental Replacement Policy is intended to provide guidance to rental property owners seeking redevelopment of existing purpose built market rental housing.

Principles

Staff developed the following principles to guide development of a Rental Replacement Policy.

a) Rental retention is encouraged wherever possible
b) Impact of redevelopment on existing tenants is minimized
c) Rental replacement is maximized through redevelopment
d) Pace of redevelopment is gradual to minimize tenant impacts
e) Replacement units provide a choice of unit types and rental rates
f) Property owners and developers are provided with clear policy direction
a) Density and built form respect the Official Community Plan
b) City staff time, resources and risk are minimized
c) Tenant relocation and family friendly housing policies apply
d) Occupancy management of below-market units by an entity with experience managing non-profit tenants
e) Below-market units are simple to secure and practical to operate

Purpose

The purpose of this Draft Rental Replacement Policy is:

A. To minimize potential negative impacts of redevelopment of existing purpose-built market rental housing sites on existing tenants;

B. To provide conditions under which Council will consider approving the redevelopment of existing purpose-built market rental housing properties at the end of a building's functional life with additional density.

Policy Scope

The Draft Rental Replacement Policy applies to all existing purpose-built market rental housing sites where redevelopment will remove more than 6 rental units. This policy specifies the affordable housing amenity to be provided in exchange for any increase in density through rezoning. The Draft Rental Replacement Policy has no provisions to exceed maximum OCP density.

Existing non-profit rental and cooperative housing sites may be subject to enhanced replacement requirements, as may larger or mater planned redevelopment proposals.

Policy Application

Applicants seeking rezoning are expected to provide: 100% secure market rental units including 10% of total units secured as below-market rental units. Non-profit ownership of below-market rental units is preferred. Otherwise, below-market rental units are to be managed by a pre-qualified occupancy management entity, with costs paid by the building owner. Municipal incentives are available to contribute to viability. Applicants are free to pursue other sources of government funding or financing, such CMHC's Rental Financing Initiative, to achieve viability. As a condition of approval, applicants will be required to enter into a Housing Agreement pursuant to Section 483 of the *Local Government Act*.

Outcomes	**Minimum target**	**Incentives**
Secure market rental units and below-market rental units Ownership of below-market rental units by pre-qualified non-profit housing society preferred. Otherwise, occupancy management of below-market rental units by pre-qualified non-profit housing management entity paid for by rental building owner.	100% secure market rental units with 10% of total units as below-market rental units.	Additional density as per OCP or Density Bonus program, where applicable. Rental residential floor space is excluded from the density bonus payment. Secure Market Rental Policy parking provisions apply

Unit mix and size guidelines for below-market rental units

The unit mix below reflects the requirements of the New Westminster Family-Friendly Housing Policy for rental units. Below-market rental units should be consistent with the unit sizes listed below. Unit sizes are based on BC Housing Design Guidelines 2018. City to be flexible based on the population served.

Number of Bedrooms	Share of Units	Unit Size
Studios	75%	350 sq. ft.
1-Bedroom		525 sq. ft.
2-Bedroom	20%	725 sq. ft.
3-Bedroom	5%	925 sq. ft

Below-market units are intended to accommodate existing tenants paying below-market rents who wish to return to the building after redevelopment. Eligible households earn between $30,000 and $75,000 per year. Average below-market rent would be set at time of application, at 10% below the currently reported Canada Mortgage and Housing Corporation (CMHC) rental market median rent, all years, for New Westminster. Annual rent increase as permitted under the *Residential Tenancy Act* regardless of turnover. The following illustrates New Westminster below-market rents as of December 2018.

Unit Type	Below-Market Monthly Rents
Studio	$777
1-Bedroom	$951
2-Bedroom	$1,266
3-Bedroom	$1,529

Source: Based on CMHC Rental Market Report, Dec 2018.

Cash-in-lieu provision

Council priority is for immediate delivery of below-market rental units. In exceptional circumstances, the City may consider other options for the delivery of affordable housing, including cash contributions of $200,000 per below-market housing unit (adjusted

periodically to reflect current market conditions). The per unit cash contributions will be placed in the City's Affordable Housing Reserve Fund.

The City's priority will be to utilize cash-in-lieu contributions to secure new non-market rental housing units, as determined by the City's Affordable Housing Reserve Fund policy.

Flexibilities

Where applicants can demonstrate unique development circumstances and financial hardship such that redevelopment viability is compromised, the City may consider negotiating for different outcomes. A variety of analyses may be required by the City depending on the circumstances.

Grace period

Staff has been signalling to applicants for some time that a rental replacement policy is under development. A 4 month grace period after the final adoption date will be allowed before the policy is applied in its strictest application. Until that time, staff will negotiate with applicants using the principles of this policy.

Pre-qualified non-profit housing agencies and occupancy management entities

The City will supply applicants with a list of qualified non-profit housing agencies and occupancy management entities. Applicants are responsible for finding a suitable pre-qualified partner as early as possible in the project development cycle.

Requirements

As a condition of approval, applicants will be required to enter into a Housing Agreement pursuant to Section 483 of the *Local Government Act* and other legal mechanisms deemed necessary with the City of New Westminster specifying:

a) Market rental units and below-market rental units will be secured as rental units in perpetuity through the use of residential rental tenure zoning
b) Rental units created under this policy will be secured by covenants that preclude stratification
c) Eligible tenants and tenant incomes for below-market rental units
d) Starting rents for below-market rental units
e) That the applicant will verify tenant eligibility for new below-market rental units (household income cannot exceed 4 times annual rent)
f) Third party occupancy management of below market rental units from pre-qualified list of occupancy managers and/or transfer/lease of below-market rental

units to a pre-qualified non-profit housing society.

g) The City may audit the information provided in the annual report
h) Returning tenants have the right of first refusal in below-market rental units
i) Below-market tenants have access to all building amenities at no cost
j) No additional charges are permitted for below-market tenants
k) Residential rental tenure zoning may be applied; and
l) Other conditions as agreed.

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Attachment F

Memorandum re: Revitalization Tax Exemptions for Rental Unit Renovations

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Memorandum

TO: Claudia Freire; Craig MacFarlane

FROM: Bill Buholzer

DATE: December 17, 2018

RE: Revitalization Tax Exemptions for Rental Unit Renovations

FILE No.: 239-1105

This memo deals with the scope of s. 226 of the *Community Charter* [revitalization tax exemptions] in the context of the City's initiative to provide incentives for the renovation of rental housing. The City wishes to consider the use of s. 226 to provide an opportunity for landlords who have consented to rental tenure zoning on their rental properties and agreed to a regime of annual building inspections and minimum expenditures on maintenance, to defer City property taxes in their entirety; in respect of a portion of their property tax bill that is attributable to renovations that have been carried out; or in some other amount that is sufficient to provide an effective incentive for renovation of rental housing units.

Revitalization Tax Exemption

The basic elements of the revitalization tax exemption authority in s. 226 of the *Community Charter* are these:

- The authority is permissive; no municipality has to establish a revitalization tax exemption program.
- The authority operates as an exception to the general rule against providing financial assistance to a business.
- A bylaw is required to establish the following:
    - Revitalization program objectives, which could include the renovation of existing rental housing units
    - Eligibility criteria for exemptions
    - Extent of exemptions available, either absolute dollar amounts or formulas such as (perhaps) the amount by which the assessed value of improvements has increased in a year during which the owner performed building renovations, or a specified percentage of the fair market value of renovation work that has been performed.

- Maximum term of an exemption, which may not exceed 10 years.

- Optionally, the bylaw may specify conditions that must be met for the exemption to continue, and may include provisions for "recapture" of taxes if a condition in the tax exemption certificate is not met.

- Public notice of Council's intention to consider the bylaw must be given.

- Once the program is in place, the City may enter into agreements with owners of eligible property and issue revitalization tax exemption certificates, without giving further public notice or enacting further bylaws.

- The municipal council could delegate authority to staff to deal with applications for exemption and issue exemption certificates in accordance with the established program criteria.

- Each property for which an exemption certificate has been issued is exempt from property taxes for the term specified in the exemption certificate, and to the extent specified in the certificate, regardless of ownership of the property.

- The tax exemption does not extend to the school portion of property taxes (s. 131(9), *School Act*).

- Each year the City must include in the annual municipal report the amount of property taxes that would have been imposed on each exempt property in the previous year if it were not exempt.

The general scheme of the legislation is, thus, that taxes that are not payable on account of the issuance of an exemption certificate don't ever have to be paid unless there is a breach of a condition on which the exemption was granted. This is not a property tax deferral scheme like that established in the *Land Tax Deferment Act*, by which certain owners may defer their property taxes until the property is transferred. We don't think that a revitalization tax exemption bylaw or agreement could require an owner to pay any of the taxes for which an exemption certificate has been issued, because such payment is antithetical to the notion of exemption. It is only where a condition in an exemption agreement has been breached that an owner could be required to pay taxes from which the owner was initially exempted. In the present case, examples might be a condition that the owner continues to rent renovated housing units at the rental rate specified in the exemption agreement, or continues to make specified expenditures on upgrading and renovation of housing units while the exemption applies. Breach of such conditions could trigger a requirement to pay the taxes despite the initial exemption.

Revitalization School Tax Exemption

In the budget measures implementation legislation passed last spring, the government enacted s. 131.01 of the *School Act*, which establishes a school tax exemption for certain properties that benefit from a revitalization tax exemption established by a municipal council under s. 226 of the *Community Charter*. The exemption applies only to properties with at least 5 rental housing units that have been, subsequent to the issuance of the tax exemption certificate, either newly constructed or "substantially renovated" (essentially, from the wall studs out), as long as the creation of new rental housing is one of the objectives set out in the bylaw that established the revitalization program.

This is of interest in that the Legislature itself has indicated that the creation of new rental housing and substantial renovation of existing rental housing are legitimate "revitalization" objectives for the purposes of s. 226. This adds some certainty to the proposition that renovation of existing rental housing not amounting to "substantial" renovation is also a legitimate revitalization objective under s. 226 of the *Community Charter*. (It also suggests that the City could consider stimulating the construction of new rental housing units using revitalization tax exemptions.)

However, in evaluating the effectiveness of a tax exemption incentive for minor renovations to rental housing units, not qualifying as "substantial renovations" under the *School Act*. the City needs to keep in mind that it is only the municipal portion of taxes that an owner would be saving if a permissive exemption applied under s. 226. The legislation does not provide a mechanism by which the scope of an exemption that applies to housing units that have undergone minor renovations could be extended to include school taxes.

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Attachment G

Bylaw No. 8085, 2019
A Bylaw to Amend Business Regulations and Licensing (Rental Units) Bylaw No. 6926, 2004

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CORPORATION OF THE CITY OF NEW WESTMINSTER

BYLAW NO. 8085, 2019

A Bylaw to Amend Business Regulations and Licensing (Rental Units) Bylaw No. 6926, 2004

WHEREAS the *Local Government Act* authorizes a local government to regulate and prohibit in relation to business; and

WHEREAS the City is experiencing a serious shortage of affordable market rental residential accommodation; and

WHEREAS the shortage of rental residential accommodation in the City is being exacerbated by the eviction of residential tenants from their homes to enable building owners to renovate their buildings and increase rents; and

WHEREAS the renovation of residential buildings can usually be approached by performing renovations on a suite by suite or floor by floor basis as suites or floors become vacant in the normal course of business; and

WHEREAS the residential tenancy legislation generally applicable in British Columbia permits owners to evict tenants in order to renovate or repair the tenant's home and to increase rents to recover the cost of significant repairs and renovations, in each case subject to certain limitations set out in the legislation; and

WHEREAS the residential tenancy legislation does not limit the circumstances in which tenants can be evicted to facilitate building renovations, or limit the amount by which a building owner may increase the rent for residential premises after having evicted a tenant; and

WHEREAS the Council has given notice of this bylaw to persons who consider themselves affected by the bylaw, by publishing a newspaper notice, posting a notice at the public notice posting place and providing a notice on the City's website, and has provided an opportunity to make written representations to the Council;

NOW THEREFORE THE CITY COUNCIL of the Corporation of the City of New Westminster in open meeting assembled ENACTS AS FOLLOWS:

1. This Bylaw may be cited for all purposes as "Business Regulations and Licensing (Rental Units) Amendment Bylaw No. 8085, 2019."

2. Business Regulations and Licensing (Rental Units) Bylaw No. 6926, 2004 is amended by adding the following regulations as PART 6, and renumbering the subsequent parts and sections of the bylaw accordingly:

"PART 6 – BUILDING RENOVATIONS

45. Interpretation

In this Part,

"*Residential Tenancy Act*" means Chapter 78 of the Statutes of British Columbia 2002 and any successor legislation dealing with the relationship between residential landlords and their tenants.

46. Application

This Part does not apply to:

(a) any *dwelling unit* in a *building* that has been determined by an architect or professional engineer or any governmental authority having jurisdiction, including the local assistant to the fire commissioner, to have been damaged by natural disaster, fire, water, smoke, insect infestation or structural failure to the point that it is unsafe for any person to occupy the building, if the determination of the architect, engineer or governmental authority is made in writing and a copy has been delivered to the City's Chief License Inspector; or

(b) any *dwelling unit* in a *building* in respect of which the Council has authorized an exemption under section 48.

47. Restriction on Evictions

(a) No *owner* shall renovate or repair a *dwelling unit* in a manner that requires the *tenant* of the *dwelling unit* to vacate the unit unless the owner has obtained every building permit, plumbing permit, development permit, special development permit or heritage alteration permit required by any City bylaw and any other permit or approval required to authorize the renovation or repair, and has either:

i entered into a new *tenancy agreement* with the *tenant* on the same terms as the *tenancy agreement* pertaining to the *dwelling unit* being renovated or repaired, or terms that are more favourable to the tenant, in respect of a comparable *dwelling unit* in the same *building*, and provided a copy of the agreement to the Chief Licence Inspector; or

ii made other arrangements in writing for the *tenant*'s temporary accommodation during the course of the renovation or repair, and for their return to their original *dwelling unit* following completion of the renovation or repair, and provided to the Chief Licence Inspector satisfactory documentation of the arrangements including evidence of the tenant's consent to the arrangements.

(b) For the purposes of subsection (a)(i),

i. a *dwelling unit* in another *building* that is located in the same neighbourhood as per Schedule A as the *building* that is being renovated or repaired and owned by the same *owner* is deemed to be a *dwelling unit* in the same *building*,

ii a *dwelling unit* is comparable to a *dwelling unit* that is being renovated or repaired if it has the same or a greater number of bedrooms and complies with the maintenance standards in Section 32 of the *Residential Tenancy Act* and Part 4 of this bylaw, and the rent for the unit is equal to or less than the rent for the *dwelling unit* that is being renovated or repaired; and

iii the new *tenancy agreement* may either transfer the *tenant*'s tenancy permanently to the other *dwelling unit*, or entitle the *tenant* to occupy the other *dwelling unit* temporarily during the course of the renovation or repair and return to their original *dwelling unit* following completion of the renovation or repair.

(c) No *owner* shall, having renovated or repaired a *dwelling unit* as permitted by subsection (a)(i), and whether or not the previous *tenant* is exercising a right of first refusal in respect of the *dwelling unit* under the *Residential Tenancy Act*, increase the rent payable in respect of the renovated or repaired *dwelling unit*, except as an "additional rent increase" approved under Part 3 of the *Residential Tenancy Act*.

(d) The Chief Licence Inspector may require any *owner* to provide, prior to obtaining a business licence or business licence renewal under this bylaw, a statutory declaration that states the rent payable in respect of any *dwelling unit* prior to and following renovation or repair work that required the *tenant* of the *dwelling unit* to vacate the unit and, if the rent was increased, a copy of the director's approval of the rent increase under Part 3 of the *Residential Tenancy Act*.

(e) The Chief Licence Inspector may issue or renew a business licence under this bylaw to an *owner* who has applied for an additional rent increase related to renovation or repair under Part 3 of the *Residential Tenancy Act* if the director has not yet decided the rent increase application, if in doing so the Inspector indicates on the licence that a surcharge may become payable under subsection (f) if the

additional rent increase is not allowed but the rent for the *dwelling unit* in question exceeds the rent that is allowed without the increase.

(f) The Chief Licence Inspector may levy a monthly business licence surcharge on any *owner* who contravenes subsection (c), in the amount that is the difference between the rent permitted by that subsection and the rent that the *owner*'s tenant is paying in respect of the *dwelling unit* that has been renovated or repaired, and may refuse to renew the business licence of any *owner* who, being subject to such a surcharge, has not paid the surcharge by the date on which the licence renewal is required.

48. Application for Exemption

(a) An *owner* who is subject to section 47 may apply to the Council for an exemption from that section in respect of the *owner*'s *building* or one or more portions of the *building*, on the grounds that the *owner*'s renovation or repair plans cannot be safely implemented unless the *building* or portion is vacated.

(b) An application under subsection (a) must be accompanied by a certification by an architect, professional engineer or qualified building code consultant that certifies that, after due consideration of all practical alternative approaches to the work, the implementation of the owner's renovation or repair plans requires that the *owner*'s *building* be vacated in whole or in part.

(c) The Council may require an *owner* who has provided a certification under subsection (b) to pay the City's cost in obtaining a second opinion from an architect, professional engineer or qualified building code consultant, as the case may be, on whether the implementation of the *owner*'s plans requires that the *owner*'s *building* be vacated.

(d) The Council may, in approving an application for exemption, impose conditions pertaining to the relocation of *tenants*, including conditions related to the accommodation of *tenants* being displaced during and following the renovation or repair period and the rent that may be charged for the *dwelling units* following the completion of the renovations or repairs.

(e) The Council may not refuse an application under this section if the certification mentioned in subsection (b) is provided and the repairs proposed by the *owner* are required by Part 4 of this bylaw or any other enactment respecting health or safety."

GIVEN FIRST READING this day of 2019.

GIVEN SECOND READING this day of 2019.

GIVEN THIRD READING this day of 2019.

ADOPTED and the Seal of the Corporation of the City of New Westminster affixed this day of 2019.

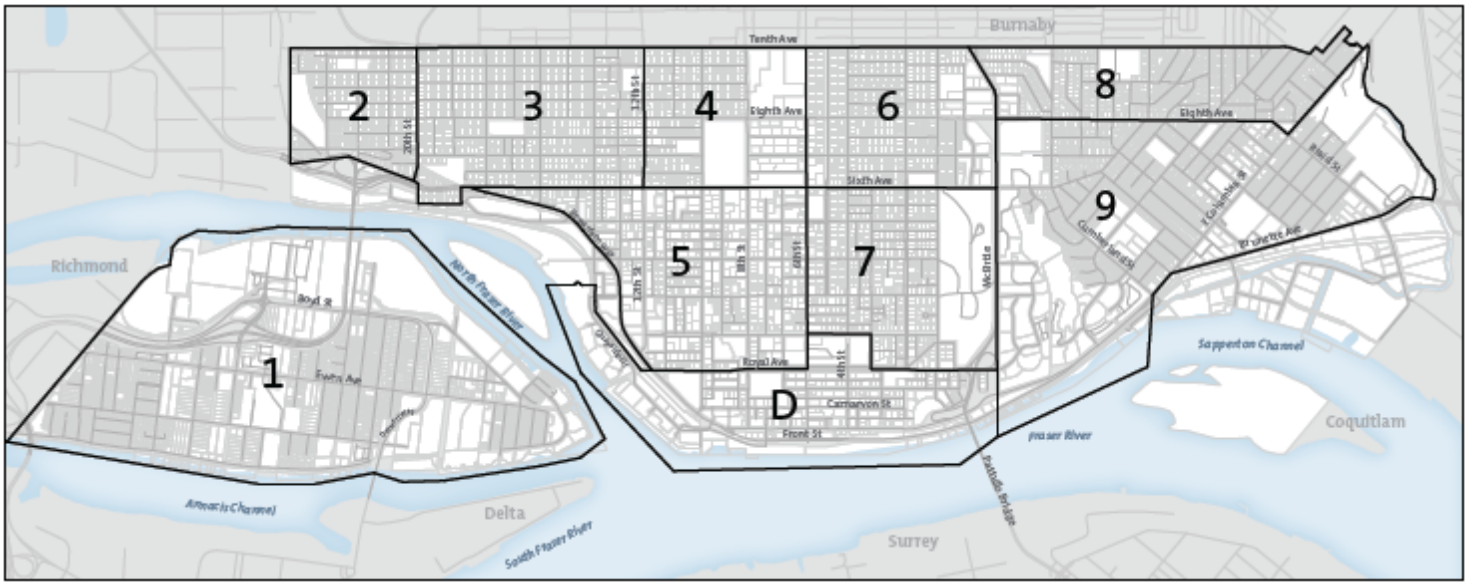
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Jonathan X. Cote, Mayor

_____

Jacque Killawee, City Clerk

Schedule A



KEY:

1. Queensborough
2. Connaught Heights
3. West End
4. Moody Park
5. Brow of the Hill
6. Glenbrooke North
7. Queen's Park
8. Massey Victory Heights
9. McBride Sapperton

D. Downtown (including Quayside)

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Corporation of the City of
NEW WESTMINSTER

There is no Report with this Item.
Please see Attachment(s).

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ON TABLE
Regular Meeting
January 14, 2019

Rental Housing Revitalization Initiative

Emilie K. Adin, Director, Development Services

January 14, 2019

NEW WESTMINSTER

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Proposed Rental Housing Revitalization Initiative

Seeks to implement policies that are within its authority and financial capacity to address renovictions, maintenance and protection of existing purpose-built rental buildings, and rental replacement.

Two components:

A. **Rental Replacement Policy** as the basis for negotiation of rezoning applications to redevelop existing purpose-built market rental buildings

B. **Rental Housing Revitalization Program** that would include actions to dis-incent renovictions and incent the maintenance of purpose-built rental buildings through:

   (1) revitalization tax exemption for securing, maintaining and revitalizing of existing rental units; and,

   (2) business licensing restrictions against renovictions.

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Draft Rental Replacement Policy

What is a Rental Replacement Policy?

It is a land use policy that requires re-development of existing purpose-built rental buildings to replace existing rental units , to set expectations on the tenure and affordability of new housing units, which would be required as a condition of rezoning.

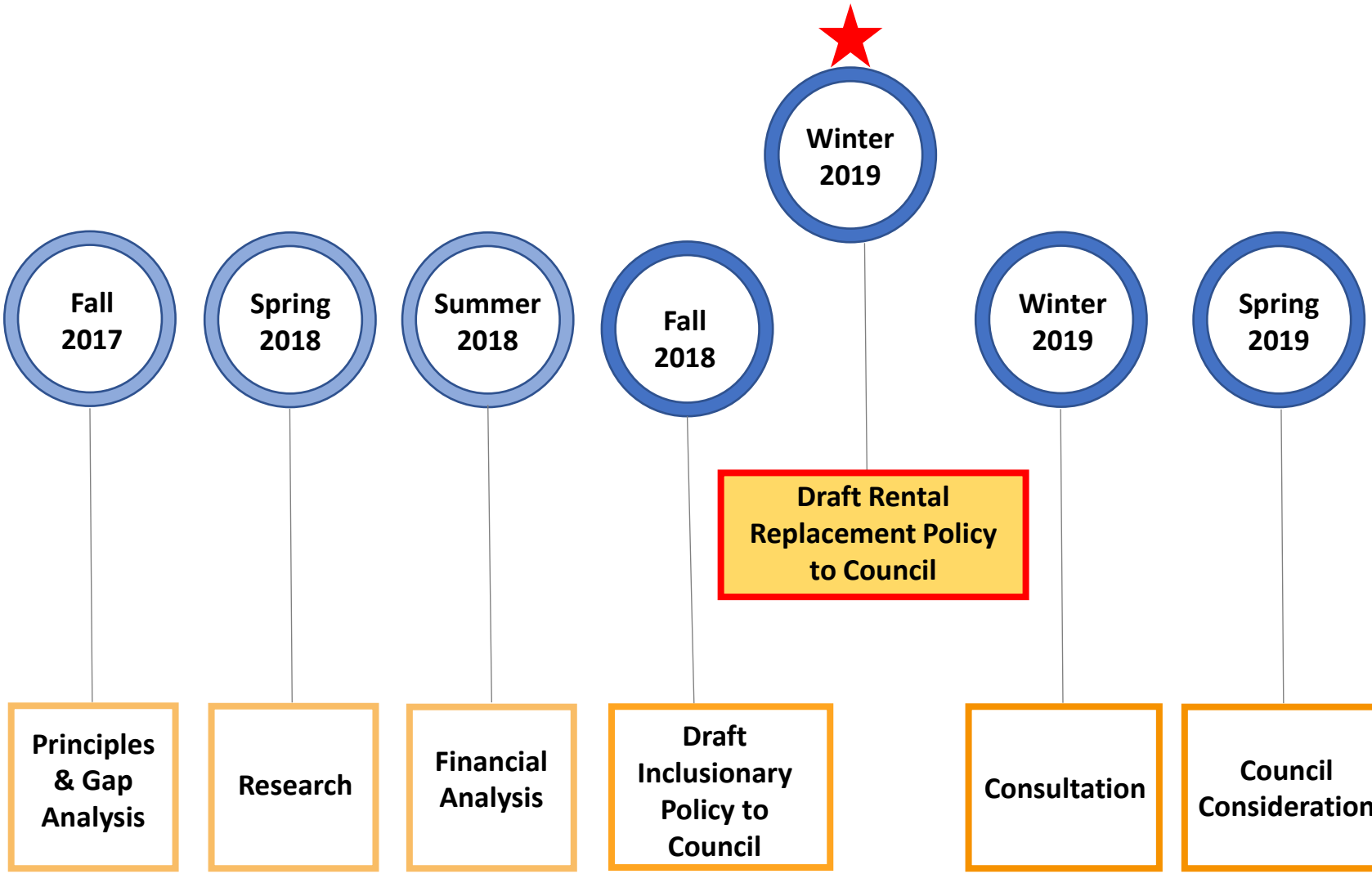
Purpose of the policy

A. To minimize potential negative impacts on tenants of redevelopment of existing purpose-built rental housing sites; and

B. To provide conditions under which Council will consider approving the redevelopment of existing purpose-built market rental housing properties at the end of a building's functional life.

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Process and Timeline



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Financial Analysis – Summary of Findings

- Few older rental buildings are likely redevelopment candidates in the foreseeable future
- Redevelopment of existing rental buildings is not financially attractive in the absence of rezoning or bonus density (at little or no cost to the applicant)
- The density bonus contributions already limit the incentive to redevelop existing rental buildings
- The draft rental replacement policy will further protect existing rental stock by slowing the pace of redevelopment of existing rental buildings

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Draft Rental Replacement Policy

The City's Rental Replacement Policy is intended to provide guidance to rental property owners seeking redevelopment of existing purpose built market rental housing.

Policy Application

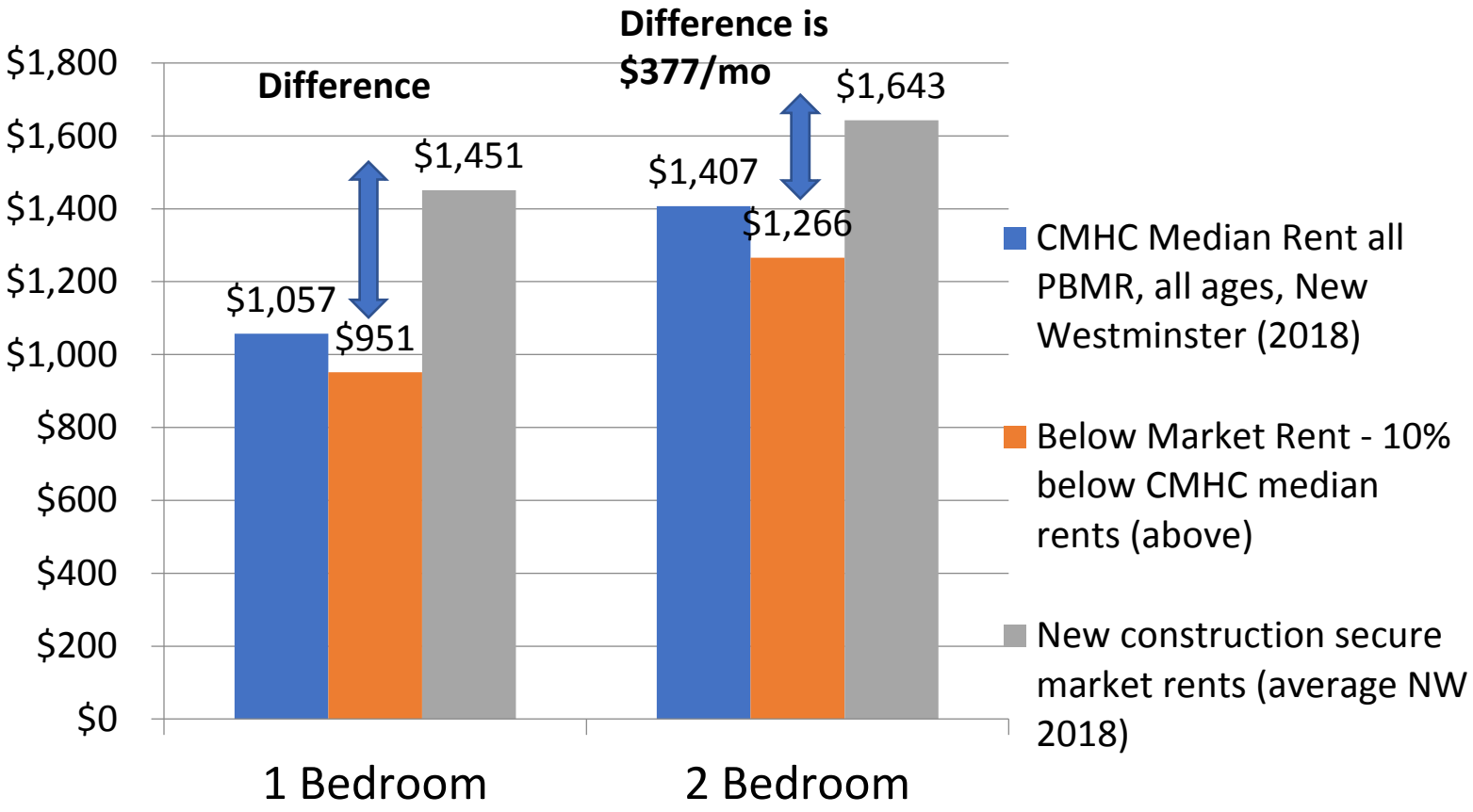
- Existing purpose built-market rental buildings with 6 or more units
- City-wide

Policy Provisions

Outcomes	Minimum target	Incentives
Secure market rental units and below-market rental units **Ownership of below-market rental units by pre-qualified non-profit housing society preferred. Otherwise, occupancy management of below-market rental units by pre-qualified non-profit housing management entity paid for by rental building owner.**	100% secure market rental units with 10% of total units as below-market rental units.	Additional density as per OCP or Density Bonus program, where applicable. Rental residential floor space is excluded from the density bonus payment. Secure Market Rental Policy parking provisions apply

Below-market rents

Below-market units are intended to accommodate existing tenants paying below-market rents who wish to return to the building after redevelopment. (Households earning between $30,000 and $75,000 per year).



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Other Policy Provisions

- Unit mix and size guidelines
- Cash in lieu provision
- Flexibilities
- Grace period
- Pre-qualified non-profit housing agencies and/or occupancy managers
- Housing Agreement



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B. Rental Housing Revitalization Program

Would include actions to dis-incent renovictions and incent the maintenance of purpose-built rental buildings through:

B.1 **Rental Revitalization Tax Exemption** for securing, maintaining and revitalizing of existing rental units (proposed percentage of exemption is under anlysis); and,

B.2 **Business Licensing Restrictions Against Renovictions** intended to deter owners of purpose built rental buildings from evicting tenants for renovictions.

A companion **Rental Housing Revitalization Program Policy** outlining the terms and use of the Program, and a robust communications campaign to inform rental property owners would be developed.

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B.1 Rental Revitalization Tax Exemption

- Permissive authority granted through s.266 of the Community Charter
- To provide an opportunity for landlords, who have consented to the following, to partially exempt their City property taxes:
  - Agree to rental tenure zoning and a housing agreement to be registered on their properties
  - Agree to negotiated building maintenance expenditures
  - Agree to a regime of annual building inspections
  - Agree to not engage in renovictions to undertake maintenance or renovations
- City would enter into agreements with property owners of eligible properties and issue revitalization exemption certificates
- Would apply to the property and would remain in effect for the term specified in the certificate up to 10 years, regardless of ownership of the property

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B.1 Rental Revitalization Tax Exemption

As a next step, following consultation, staff would bring forward proposed provisions of the required bylaw:

- Program objectives, which could include the renovation of existing rental housing units
- Eligibility criteria for exemptions
- Value of exemption available
- Maximum term of an exemption, which may not exceed 10 years
- Conditions that must be met for the exemption to continue and provisions for “recapture” of taxes if a condition in the tax exemption certificate is not met

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B.2 Business Licensing Restrictions Against Renovictions

- Would empower the City to revoke the business licenses of multi-family rental property owners who do not comply with the bylaw
- Business Regulations and Licensing (Rental Units) Amendment Bylaw, proposed for three readings on tonight's Agenda, would add new regulations pertaining to building renovations and restrictions on evictions:
  - Conditions under which evictions would be considered
  - Provisions for temporary accommodation for tenants in situations when evictions are deemed necessary
  - Provisions to prohibit increases in rent payable following renovations
  - Provisions for contravention of the bylaw
  - Conditions under which exemptions would be considered
- Corresponding fines would be established for the regulations proposed in the amendment bylaw
- City could also consider imposing multi-family residential rental tenure zoning

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B.2 Business Licensing Restrictions Against Renovictions – Proposed Fines

The City enforces City bylaws using two municipal ticketing systems:

- Bylaw Offence Notice (BON) system with maximum fine amounts of $500
- Municipal Ticketing Information (MTI) system with maximum fine amounts of $1000.

If enacted, the regulations contained in the amendment bylaw will deter renovictions, however the ability to affect change will be limited if the regulations are not enforceable. The following proposed fines correspond to the amendment bylaw's stated prohibitions and requirements:

- Eviction without permits - $500 BON or $1000 MTI
- Eviction without relocating tenant - $500 BON or $1000 MTI
- Failure to provide relocation agreement - $500 BON or $1000 MTI
- Failure to provide relocation documentation - $500 BON or $1000 MTI
- Excessive rent increase - $500 BON or $1000 MTI

Amendments to Bylaw Notice Enforcement Bylaw No 7318, 2009 and Municipal Ticketing Information Bylaw No. 6482, 1998 would be required.

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Next Steps

1. January 28, 2019 - Amendment Bylaws for increased fines, consideration of three readings

2. January 28, 2019 – Opportunity to be Heard on new business licensing restrictions

3. January to March 2019 - Public and Stakeholder Consultation on:
   - Draft Rental Replacement Policy
   - Incentive components of the Rental Housing Revitalization Program
   - Draft Inclusionary Housing Policy (Dec 10, 2018)

4. Spring 2019 - Report back to Council
   - Outcomes of the consultation
   - Proposed percentage of tax exemption
   - Proposed amendments to the Draft Rental Replacement Policy, Draft Rental Housing Revitalization Policy, Draft Inclusionary Housing Policy

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Thank You

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