



Southeast False Creek Project Update

Presentation to City Council
October 18, 2011

Overview

☐ Southeast False Creek Project Update

- Market Sales Update
- Occupancy Update
- Commercial Spaces
- Affordable Housing

☐ Financial Status Update

Project Update

Market Sales Update

(October 17, 2011)

	Market Sales Summary	
	Number of Units Sold	Dollar (\$) Value
<u>Millennium Sales</u> (2007 - Nov/10)	263	\$202M
<u>Receiver Sales*</u> (Feb/11 - Oct/11)	170	\$122.5M
TOTAL*	433	\$324.5M

*As of October 17, 2011, there are an additional 11 pending sales with a total value of \$14.8M

Remaining Inventory

Remaining 304 market units:

- 54% priced at < \$1M
- 28% priced at \$1M - \$2M
- 18% priced at > \$2M

Occupancy Update

(October 17, 2011)

- **Overall Development Occupancy 74% (819/1108)**
- **Market condos:** 62% occupied (459/737 – includes 26 rented units)
- **Purpose Built Market Rental:** 100% occupied (119/119)
- **Affordable Housing:** 96% occupied (241/252)

Commercial Leases

Open:

- Terra Breads
- TD Bank
- Legacy Liquor Store

Planned Openings:

- Village Cleaners - December 2011
- Subway - March 2012
- Urban Fare - May 2012
- London Drugs - May 2012
- Village Kitchen (Creekside Community Centre) - May 2012

Leased Rate for Commercial Spaces: 91% (57,698 sq ft/ 63,522 sq ft)

Affordable Housing

Affordable Housing: Long Term Leasing Status

151 West 1st Avenue (84 Units):

- 60 year lease to First Avenue Athlete's Housing Co-op
- **\$21,202,745** pre-paid lease payment received by City

80 and 122 Walter Hardwick Avenue (168 units total):

- Two year property management contract with COHO Property Management Inc.
- Will be leased after two years property management contract in return for net pre-paid lease payment to City

Affordable Housing: Occupancy Status

(October 13, 2011)

- 3 buildings: 96% occupied (241/252)
- Mixed Income Housing:
 - 54% market rental (136 units):
 - 24% of market rental units (33 units) occupied by Public Health workers, Education workers and First Responders
 - 46% Affordable Housing (116 units):
 - Income Tested - rent at 30% of income
 - 28% of affordable units “Deep Core” (Provincial Shelter rate) (33/116)



Financial Status Update

City's Financial Status

(October 13, 2011)

Funds Borrowed by City for Village (Millennium) Development

- \$150M Debenture
- \$289M Commercial Paper Program
- \$ 7M City Working Capital

Total \$446M

Available Assets

- SEFC Remaining Market Condos (304 Units)
- SEFC Market Rental Units (119 Units)
- SEFC Commercial Properties
- Transferred Properties (32 Properties) from Millennium
- Davie and Bidwell Mortgage
- SEFC Properties Ltd Restructuring

Status of Transferred Properties

Transferred Properties



Transferred Properties: Strategic Considerations

1. Highest & Best Use analysis

- “value add” related to rezoning and optimizing rental income

2. Optimization of mortgage security

- payout or re-finance at City’s cost of borrowing – minimizing pre-payment penalties

3. Environmental risk management

- undertake assessments prior to moving legal ownership of properties to City

4. Tax optimization

- Capital Gains
- Property Transfer Tax

Transferred Properties

Recommended Approach

- Reviewed by external advisors
- Highest and Best Use Properties:
 - Sell “as is” pending due diligence
 - Utilize services of brokerage community or tender for widest exposure
- Development Potential Properties:
 - Transfer Legal Ownership to City
 - Clarify highest and best use opportunities for the development community
 - Maximize capitalized value through increased income and reduced expenses
 - Disposition to open market through tender process

Transferred Properties: Breakdown by Category

Properties for Immediate or Intermediate Disposition

1. Residential Strata Units – All Sold

- 401-9390 University Cres. Burnaby.
- 801-7368 Sandborne, Burnaby
- 806-7368 Sandborne, Burnaby
- 1406-6833 Station Hill, Burnaby
- 603-1 Deer Park, Toronto

2. Commercial Stratas: 12 Retail Strata Units - currently “For Sale”

3. Other Commercial:

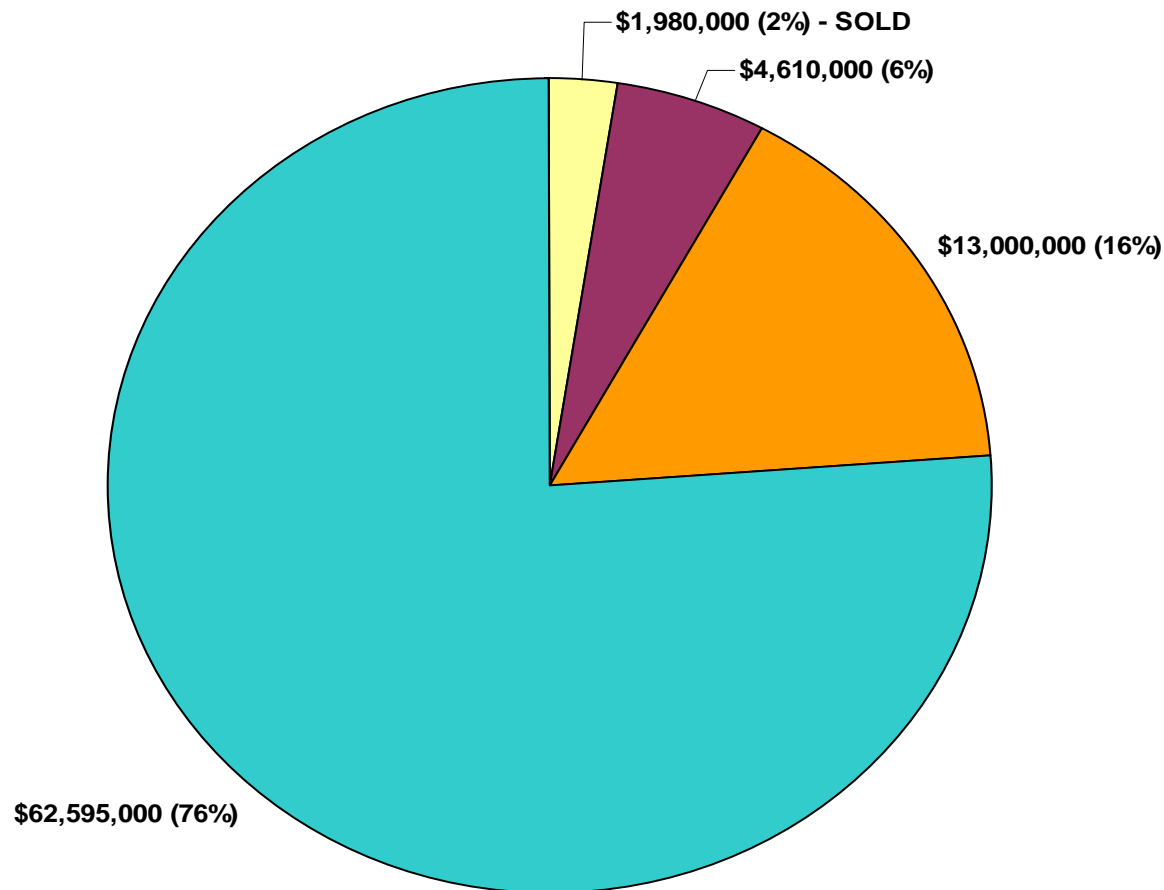
- Province Building - 198 West Hastings
- Prepare for sale by tender

Value Add Properties (14 Properties)

- Maximize highest and best use
- Conduct due diligence (i.e. density development potential/valuation) for tender packages
- To be tendered for sale in competitive process over next 6 to 12 months

Transferred Properties

Summary of Gross Value by Category



- Immediate Disposition Properties - Residential Stratas
- Immediate Disposition Properties - Commercial Stratas
- Intermediate Disposition Properties
- Value Add Disposition Properties

Transferred Properties Status

(October 17, 2011)

Type of Property	Number of Properties	Gross Value (Based on Recent Appraisals/Sales)	Existing Mortgages	Commissions And Closing Costs	Approximate Net Value/Sales Proceeds
Residential Condominiums (SOLD)	5	\$2M	\$0.7M (Paid out)	\$0.2M	\$1.1M
Commercial	13	\$14.6M	\$8M**	TBD	\$6.6M*
Development (Commercial)	14	\$65.6M	\$19.5M**	TBD	\$46.1M*
Sub-Total	32	\$82.2M	\$28.2M	\$0.2M	\$53.8M*
Paid by City for mortgage discharge	N/A	N/A	\$8.5M	N/A	(\$8.5M)
Total	32	\$82.2M	\$36.7M	TBD	\$45.3M

* Assumes purchase of prior existing mortgages by City

** Remaining prior existing mortgages

Davie & Bidwell City Mortgage & Resolution of Collateral Charges

City Mortgage:

Development Site: 1215 Bidwell St & 1724 Davie St, Vancouver



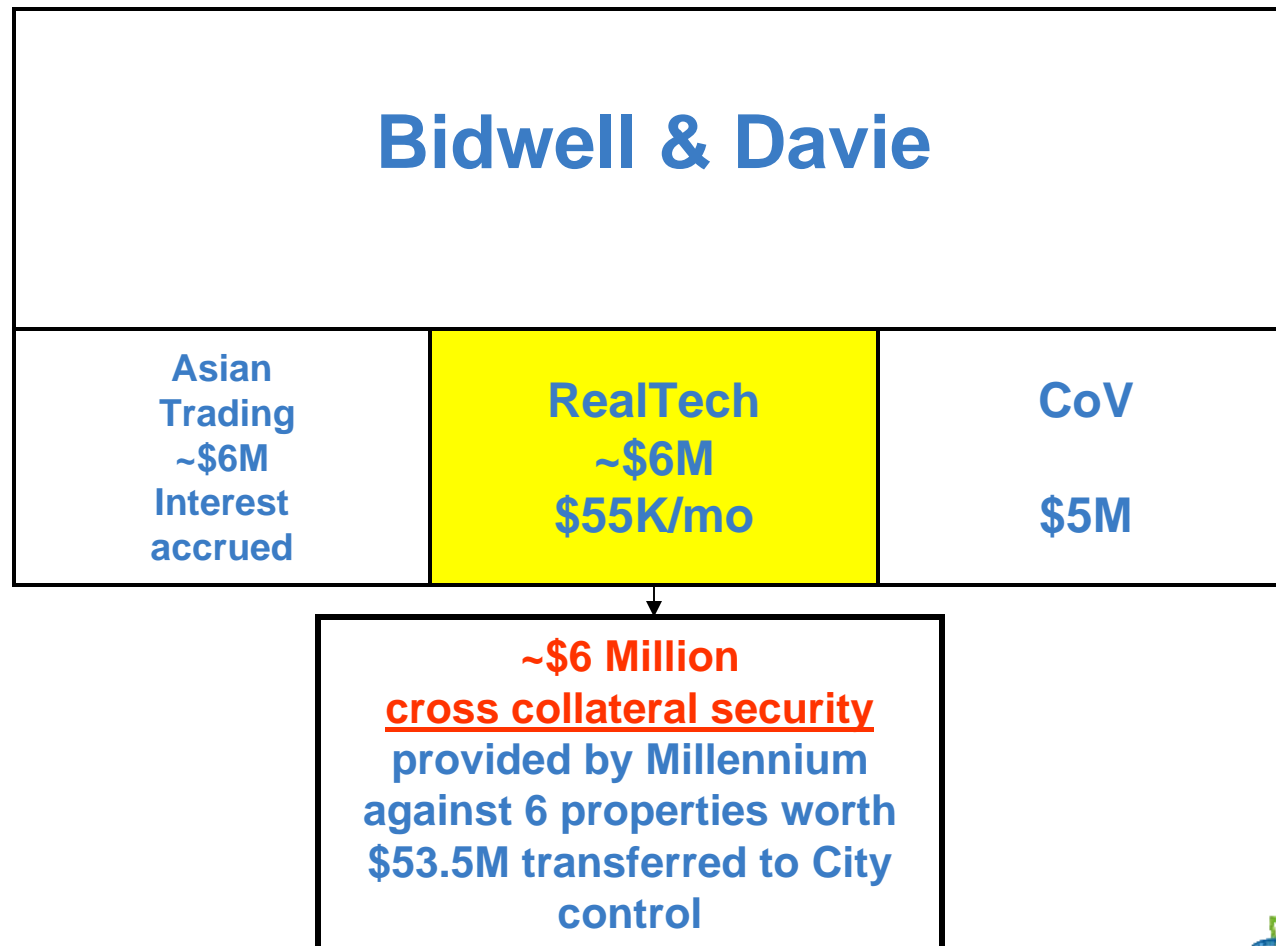
Four mortgages now registered on title:

1 st Mortgage - HSBC	\$49M
2 nd Mortgage* - Realtech Capital	\$ 6M
3 rd Mortgage* - Asian Trading	\$ 6M
4 th Mortgage - COV	\$ 5M

* Concord Pacific has now bought the 2nd and 3rd mortgages

Millennium Security Property (City Mortgage)

1215 Bidwell St & 1724 Davie St, Vancouver



Collateral Charges Settled (October 2011)

- City negotiated release of RealTech Collateral Charges with Concord (who had acquired the RealTech Mortgage):
 - √ Complete Discharge of Collateral Charges - Filed
 - √ Option for Concord to purchase City Mortgage on Davie and Bidwell (must be exercised by December 2011)
 - √ If Concord exercises option:
 - √ Fixed payment to City of \$4.5M plus interest since September 7, 2011 (based on analysis of mortgage value)
 - √ Mitigates construction and market risk for City in regard to \$5M mortgage

Project/Financing Results Summary

- Overall Development Occupancy = 74%
 - 433 Condominiums Sold (\$324.5M)
 - 100% Market Rental Unit Occupancy
 - 96% Affordable Housing Occupancy
- 91% of Commercial Spaces Leased
- \$21.2M Paid to City for 151 W 1st Ave (84 Units) Affordable Housing 60 Year Lease
- Funds Borrowed by City for Village (Millennium) Development reduced to \$446M
- Transferred Properties:
 - RealTech Collateral Charges Discharged
 - Strategic disposition plan developed and implemented (net proceeds used to payback City borrowing for Village (Millennium) Development)

Discussion and/or Questions