October 16, 2012

Mayor and Council
City of Vancouver

Rezoning 1695 Main Street

What is the elevation of this property above current sea level only a few hundred metres away at Science World?

In what decade does any party to this process anticipate that sea level will rise above this elevation?

Does anyone know? Has anyone asked?

Is it proposed to allow this building to proceed without this knowledge?

What information regarding elevation and sea level rise will be provided to prospective purchasers?

What ideas does anyone have for the purchasers of this property to cope with sea level rise? Maybe a dam from fir street to howe street?

Who on City Staff is the central person/group, the librarian or facilitator for information on the effect of sea level rise on the City of Vancouver?

A significant cause of sea level rise is the use of the personal SOV in metropolitan areas. It's foolish to flood the very roads on which we drive any earlier than is inevitable, by driving excessively. Extreme example the north approach to the port mann.

Around the turn of the century we reached the quarter million mark for automobiles registered in the City of Vancouver. Traffic was getting pretty bad. Today we're around 300,000 and you cannot get anywhere by car, bus, or truck. So much so that our international rankings on the most livable city scales is being downgraded due to traffic congestion. Even walking and cycling are delayed by the intricate traffic signals at many intersections.

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There is talk of Vancouver's population doubling over the coming decades. Will the number of cars double too. What does Council think is an optimum number? Half a million?

This year alone council is adding 20,000 cars resident in the City.

This increase in personal SOV's must be stopped sometime by someone. Why not stop it now? Stop approving new residential parking! Period.

The intersection of Terminal and Main is as bad as any in the City for traffic constipation. Six traffic lanes on terminal, six on main, six on Quebec. 4 p.m. at the intersection of terminal and main, a nightmare.

A person who wishes to own a personal SOV could not choose a worse location in the City, or in the entire region, to house it.

Bus service here is extraordinary: 3 Main, 8 Fraser, 19 Kingsway, 22 via terminal, C23 Beach, 84 4th avenue express.

The location is virtually in an Expo line station ([1]).

Walk your bike across two busy intersections and you're on fourty kilometres of waterfront cycling routes.

Two or three dozen parking places for share cars would be the main automobile transportation for this project. Add some wheelchair, visitor, and temporary space, total fifty parking places are all that are needed.

Building high density residential adjacent to skytrain stations is a Council policy. Why? Is the reason not that such locations are ideal for transiteers?

Yet a builder proposes adding hundreds of cars at this location which is already beyond the saturation point. Why do they propose that? It's not the developer's idea.

It's because that's what the bylaw says he must do!

Solution: Get rid of the 1.1 ratio of cars to apartments.

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[redacted]

The general parking bylaw allows for exemptions by specific bylaw relating to a rezoning. May I again draw Council's attention to the attached spreadsheet showing that it takes 16 years of mortgage payments to buy an apartment, and 9 to buy a car and a place to park it

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Climate change is by nature a federal issue. But the GVRD is unique in Canada in having a large population, the mouth and delta of a major river, transportation infrastructure near existing sea level, and extensive development below the seven metre line. The challenge of sea level rise which needs to be met in this region is on a scale not approached anywhere else in Canada. Vancouver Council must lead!

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Phased Ownership

May I again draw Council's attention to the attachments explaining how gradual acquisition of equity would make apartment housing more affordable to many people. Also an attachment explaining the shortcomings of the existing leveraged title approach to residential property. It worked decades ago for people buying a farm in Portage la Prairie. It is not appropriate for condominium ownership in a mobile society. And it caused the property bubble of 2008 and the current state of financial affairs in the U.S.A., Canada, and western Europe. .

Yours truly,

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[1] Main street to stadium is now loaded to 85% capacity. Before long a person wishing to board at stadium to go downtown will not be able to do so in the a.m. peak with current arrangements

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$400,000	Price with Parking
$35,000	Cost of parking
$365,000	Price without parking
5.0%	Interest
$5,000	Annual saving from not owning an automobile

	Price with parking			Price without parking			Without parking or car costs			
Yr	Interest	Payment	$400,000	Interest	Payment	$365,000	Interest	Payment	Car$	$365,000
1	$20,000	$28,350	$391,650	$18,250	$28,350	$354,900	$18,250	$28,350	$5,000	$349,900
2	$19,583	$28,350	$382,883	$17,745	$28,350	$344,295	$17,495	$28,350	$5,000	$334,045
3	$19,144	$28,350	$373,677	$17,215	$28,350	$333,160	$16,702	$28,350	$5,000	$317,397
4	$18,684	$28,350	$364,010	$16,658	$28,350	$321,468	$15,870	$28,350	$5,000	$299,917
5	$18,201	$28,350	$353,861	$16,073	$28,350	$309,191	$14,996	$28,350	$5,000	$281,563
6	$17,693	$28,350	$343,204	$15,460	$28,350	$296,301	$14,078	$28,350	$5,000	$262,291
7	$17,160	$28,350	$332,014	$14,815	$28,350	$282,766	$13,115	$28,350	$5,000	$242,056
8	$16,601	$28,350	$320,265	$14,138	$28,350	$268,554	$12,103	$28,350	$5,000	$220,808
9	$16,013	$28,350	$307,928	$13,428	$28,350	$253,632	$11,040	$28,350	$5,000	$198,499
10	$15,396	$28,350	$294,975	$12,682	$28,350	$237,963	$9,925	$28,350	$5,000	$175,074
11	$14,749	$28,350	$281,373	$11,898	$28,350	$221,511	$8,754	$28,350	$5,000	$150,478
12	$14,069	$28,350	$267,092	$11,076	$28,350	$204,237	$7,524	$28,350	$5,000	$124,651
13	$13,355	$28,350	$252,097	$10,212	$28,350	$186,099	$6,233	$28,350	$5,000	$97,534
14	$12,605	$28,350	$236,351	$9,305	$28,350	$167,054	$4,877	$28,350	$5,000	$69,061
15	$11,818	$28,350	$219,819	$8,353	$28,350	$147,057	$3,453	$28,350	$5,000	$39,164
16	$10,991	$28,350	$202,460	$7,353	$28,350	$126,059	$1,958	$28,350	$5,000	$7,772
17	$10,123	$28,350	$184,233	$6,303	$28,350	$104,012				
18	$9,212	$28,350	$165,095	$5,201	$28,350	$80,863				
19	$8,255	$28,350	$144,999	$4,043	$28,350	$56,556				
20	$7,250	$28,350	$123,899	$2,828	$28,350	$31,034				
21	$6,195	$28,350	$101,744	$1,552	$28,350	$4,236				
22	$5,087	$28,350	$78,481							
23	$3,924	$28,350	$54,056							
24	$2,703	$28,350	$28,408							
25	$1,420	$28,350	$1,479							

$400,000	Price with Parking
$35,000	Cost of parking
$365,000	Price without parking
5.0%	Interest
$5,000	Annual saving from not owning an automobile

	Price with parking			Price without parking			Without parking or car costs			
Year	Interest	Payment	$400,000	Interest	Payment	$365,000	Interest	Payment	Saving	$365,000
1	$20,000	$28,350	$391,650	$18,250	$28,350	$354,900	$18,250	$21,000	$5,000	$357,250
2	$19,583	$28,350	$382,883	$17,745	$28,350	$344,295	$17,863	$21,000	$5,000	$349,113
3	$19,144	$28,350	$373,677	$17,215	$28,350	$333,160	$17,456	$21,000	$5,000	$340,568
4	$18,684	$28,350	$364,010	$16,658	$28,350	$321,468	$17,028	$21,000	$5,000	$331,597
5	$18,201	$28,350	$353,861	$16,073	$28,350	$309,191	$16,580	$21,000	$5,000	$322,176
6	$17,693	$28,350	$343,204	$15,460	$28,350	$296,301	$16,109	$21,000	$5,000	$312,285
7	$17,160	$28,350	$332,014	$14,815	$28,350	$282,766	$15,614	$21,000	$5,000	$301,899
8	$16,601	$28,350	$320,265	$14,138	$28,350	$268,554	$15,095	$21,000	$5,000	$290,994
9	$16,013	$28,350	$307,928	$13,428	$28,350	$253,632	$14,550	$21,000	$5,000	$279,544
10	$15,396	$28,350	$294,975	$12,682	$28,350	$237,963	$13,977	$21,000	$5,000	$267,521
11	$14,749	$28,350	$281,373	$11,898	$28,350	$221,511	$13,376	$21,000	$5,000	$254,897
12	$14,069	$28,350	$267,092	$11,076	$28,350	$204,237	$12,745	$21,000	$5,000	$241,642
13	$13,355	$28,350	$252,097	$10,212	$28,350	$186,099	$12,082	$21,000	$5,000	$227,724
14	$12,605	$28,350	$236,351	$9,305	$28,350	$167,054	$11,386	$21,000	$5,000	$213,111
15	$11,818	$28,350	$219,819	$8,353	$28,350	$147,057	$10,656	$21,000	$5,000	$197,766
16	$10,991	$28,350	$202,460	$7,353	$28,350	$126,059	$9,888	$21,000	$5,000	$181,654
17	$10,123	$28,350	$184,233	$6,303	$28,350	$104,012	$9,083	$21,000	$5,000	$164,737
18	$9,212	$28,350	$165,095	$5,201	$28,350	$80,863	$8,237	$21,000	$5,000	$146,974
19	$8,255	$28,350	$144,999	$4,043	$28,350	$56,556	$7,349	$21,000	$5,000	$128,323
20	$7,250	$28,350	$123,899	$2,828	$28,350	$31,034	$6,416	$21,000	$5,000	$108,739
21	$6,195	$28,350	$101,744	$1,552	$28,350	$4,236	$5,437	$21,000	$5,000	$88,176
22	$5,087	$28,350	$78,481				$4,409	$21,000	$5,000	$66,585
23	$3,924	$28,350	$54,056				$3,329	$21,000	$5,000	$43,914
24	$2,703	$28,350	$28,408				$2,196	$21,000	$5,000	$20,110
25	$1,420	$28,350	$1,479				$1,005	$21,000	$5,000	-$4,885
Per month		$2,363			$2,363			$1,750		

October 16, 2012

Mayor and Council
City of Vancouver

<u>Ownership and Tenancy of Apartments</u>
<u>Phased Equity</u>

Phased equity is an alternative to renting, clear title, leveraged title, and involving family or others.

An apartment building or a complex of buildings is set up as a Real Estate Investment Trust.

Each unit: residential, commercial, parking, or extra storage; is assigned a number of shares of the Reit.

The complex is administered by a board of directors elected by the share holders. Voting rights are such that a simple majority does not elect the entire board. Rentals are negotiated between the board and the residents, both owners and renters.

Any party wishing to reside in the complex, or to do business in one of the units, may choose to buy shares in the Reit. A resident may own the whole amount of shares for the suite, own some shares, or may begin as a renter.

Investors may purchase shares in the Reit. This investment may occur prior to construction reducing the need for bridge financing, and may include the existing owners of the property.

A person may wish to assist another with living expenses. Example, a parent helping a child continuing education. The parent owns the shares, the child resides there without rent.

A process is set up to facilitate buying and selling of shares at minimal transaction cost, possibly through existing stock exchange facilities.

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[redacted]

Typically a party wishing to own and reside will initially purchase some shares. Over time the party will purchase more shares and, after a moderate number of years may own the full amount of shares for the unit in which they reside.

Such a resident will pay rental for only the portion of the unit in excess of the shares which they own. The resident will pay maintenance for the portion of the unit corresponding to the shares which they own.

Similarly for a commercial resident. Merchants need not live with the spectre of expiring lease and a leap in rental. They can own their business premises, as was the case decades ago.

Parking spots and additional storage are separate units and treated similarly to an apartment. A resident may occupy one parking spot, two, or none. There could be other storage units suitable for furniture, boats, campers which will not be used until the following season, etc.

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Reit share equity offers many new equity options.

A party finishing high school and entering the work force may start to buy shares in a complex with a view to eventually living in that complex, or simply as a means to establish a presence in that market.

Parents wishing to help a child who is or may become married may purchase shares and assign the rental value to the child. The parents' assets remain intact, the child benefits from not having rent payments. Should the relationship not endure, the asset does not get split with the other party as would be the case if the parents had gifted a portion of a 'matrimonial home' to the couple.

A resident who decides to take long term employment in another area may retain the shares owned, intending to return to the complex or merely to the City even years later. Contrast this to the current situation where the person would have to arrange a rental at the time of taking the new employment, and either manage the rental remotely or pay a rental agent.

People who run into temporary tough times, or who have retired, may sell some shares without disrupting the residency.

Two people who are merely friends may choose to cut their residence costs by sharing an apartment, why shouldn't two people have one kitchen, one bathroom. Each can purchase as many reit shares as appropriate for them.

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This system offers enormous financial advantage. The individual owns what they have purchased. A drop in the market only reduces the resale price of the share proportionally, not wipeout.

A person who becomes unemployed is not facing default on mortgage payments, they simply don't buy additional shares.

Increase in value of the reit is capital gain of principal residence, and therefore not subject to income tax.

There is no realtor's commission or notary/lawyer cost each time a reit share is bought and sold. Transaction fees with discount stock brokers are typically $10. for the entire transaction.

If this system had been the norm in the U.S.A. the financial collapse of 2008 would have been so much smaller! Without leverage, decline in market prices puts far less financial pressure on the financial system.

The explosion of rezoning applications throughout the Region offers municipal councils a rare opportunity to take leadership in implementing phased purchase of apartments. It can be done!

Yours truly,

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October 16, 2012

Mayor and Council
City of Vancouver

Ownership and Tenancy of Apartments
As Things Are

Real estate bubbles are nothing new. *"There is a tide in the Affairs of Man"* is as true today as it was four centuries ago. But the tide is turned into a torrent by leveraged title to residential property. The 2008 crash from which the U.S.A. is still suffering was caused by excessive leverage of residential property. 'Banks' threw money at people who would never be able to pay it back. There must be a better way for aspiring owners to achieve ownership of their homes.

Currently, people have four choices: rent, clear title, have leveraged title to their apartment premises, or include others such as family.

Clear title is the prime choice much of the time, especially for long term residency, but is often unachievable.

Leveraged title is where most people find themselves at some time. It works well if there is long term residency and the income stream continues at the expected level.

If residency is shorter term, it may not be as satisfactory. Interest paid on the lender's portion is from after tax income. In the event of difficult financial times, the Clear title and even continued residency may be at risk. Consider a disruption caused by illness, marriage breakup. A forced move results in excessive transaction costs: fire sale price, realtors, buyout of a mortgage, conveyancing, land survey.

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Their is also loss on furniture, drapes, perhaps carpets.

Rental builds no equity. If the person invests elsewhere in order to accumulate funds to acquire equity at a later date, the income from that investment is taxable. If the market moves up in the interim, the investment will not be equal to the same percentage of the intended premises purchase.

With leveraged title, it can easily be the case that after perhaps ten years and three changes of leveraged title residences, people have little equity to show. It has all been eaten up in transaction costs of moving, buyout of mortgage, realtors commissions, legal fees.

If change of residence coincides with new employment in a different city, new schools and all the other urgencies of relocating may overshadow the financial aspects.

With long term mortgages after 5 years on a 25 year amortization, the equity is only 12% of the mortgage, 10% of total value. Half of this evaporates in selling and relocation costs. The residents have accrued equity of 1% per year.

Real estate prices in the market may go up or down in the five years. The leveraged title holder therefore is speculating in a market, not investing in a home.

For both clear title and leveraged title, the situation at time of relocating is risky. In order to have the appropriate choice of new residence, the new purchase must be made while the old premises are still owned. If the market drops in this interval, considerable loss is incurred by owners. If the party is leveraged on both premises, it has happened that their equity is wiped out because the evacuated premises cannot be sold at the expected price, and interest payments must be made in the interval.

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If the people sell first before buying, there is a need for interim accommodation, there is pressure to purchase what might not be ideal for them.

The market may advance in the interim, which can even render them ineligible for the mortgage amount on which they were relying.

Yours truly,

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