APPENDIX 2

Economic Analysis of Proposed Changes to First Shaughnessy Zoning District: Supplemental Report

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City of Vancouver

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1.0 Introduction

1.1 Background and Scope

The City of Vancouver is proposing new regulations and policies for the First Shaughnessy neighbourhood, with the intent of requiring the retention of single detached houses constructed before 1940. The current system of regulations and policies encourages the retention of pre-1940 houses and provides some incentives for owners to retain these units. However, the City of Vancouver is concerned that the existing system still allows demolitions in some cases, resulting in the loss of heritage building stock. In June 2014, the City imposed a one year moratorium on demolitions or significant alterations of pre-1940 houses in First Shaughnessy, as an interim measure to protect heritage resources while the City developed a new approach to regulating development in First Shaughnessy.

The City is now proposing to designate First Shaughnessy as a Heritage Conservation Area such that retention of all pre-1940s houses will be required. Demolition of pre-1940s houses will not be permitted. Recognizing that imposing the obligation to retain these houses may have negative financial impacts on property owners, the City has drafted a proposed new zoning district schedule for First Shaughnessy that includes incentives that are intended to offset any negative impacts and make it financially attractive to retain the pre-1940 houses.

The City retained Coriolis Consulting Corp. to analyze the proposed new bylaw and comment on the financial impacts of the proposed new regulations for pre-1940 homes. We were also asked to provide a qualitative review of the direction of the policy changes for post-1940 homes and the likely market response.

This work supplements previous analysis we completed for the City in April 2015 ("Economic Analysis of Proposed Changes to First Shaughnessy District Regulations and Policies"), in which we looked at sales trends in First Shaughnessy over the past five years and provided qualitative comments on the likely market response to preliminary draft policy changes that were being considered for First Shaughnessy at that time. Since then, the City has fine-tuned the proposed regulatory and policy changes for First Shaughnessy and wants to understand the potential financial impacts in a quantitative way, which is the focus of this supplemental work.

1.2 Standard 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.

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2.0 Existing and Proposed Regulations

Appendix 1 summarizes the existing and proposed regulations, highlighting the changes. Broadly speaking, the proposed new bylaw and regulations have these main elements:

1. Pre-1940 houses must be retained.
2. For properties with pre-1940 houses, the maximum density is unchanged (0.45 Floor Space Ratio or FSR) but basements will now be excluded from the calculation of floorspace so in total more floorspace can be achieved on the lot.
3. Secondary suites will be conditionally permitted, both in pre-1940 and post-1940 houses including new buildings, but the floorspace of the suite is included in the calculation of FSR.
4. Properties with pre-1940 houses can under some circumstances incorporate a coach house (for personal use or rental) or infill dwelling units (for personal use, rental, or stratified) and under some circumstances the existing house can be renovated to a Multiple Conversion Dwelling (i.e. a strata title project with townhouses and/or apartments in a conversion of the former one family dwelling).
5. For new houses (which will only be permitted on properties with post-1940 homes that are approved for demolition), the above-grade limit on floorspace calculation (i.e. (0.25 x site area) + 1,496 sq.ft.) is unchanged, but there is a new maximum limit of 9,800 sq.ft. of above-grade space. This does not impact properties less than 33,216 sq.ft., but for properties larger than 33,216 sq.ft. the amount of above-grade floorspace that can be built will be lower under the proposed new regulations than in the existing situation. Mathematically, the impact works out to a loss of 250 sq.ft. of above-grade floorspace for every 1,000 sq.ft. increase in lot size beyond 33,216 sq.ft. site area. To illustrate:

    - Under the existing regulations a 35,000 sq.ft. lot would qualify for 10,246 sq.ft. of above-grade floorspace ((0.25 x 35,000) + 1,496), so the proposed new limit of 9,800 sq.ft. reduces the potential above-grade space by 446 sq.ft.
    - Under the existing regulations a 36,000 sq.ft. lot would qualify for 10,496 sq.ft. of above-grade floorspace ((0.25 x 36,000) + 1,496), so the proposed new limit of 9,800 sq.ft. reduces the potential above-grade space by 696 sq.ft.

    The larger the lot (beyond 33,216 sq.ft.), the greater the impact.

3.0 Approach

3.1 Selection of Illustrative Examples

The structure of the proposed bylaw is such that the size and form of development allowed on lots with retained pre-1940 houses depends in part on lot size. The structure of the proposed bylaw means that lots with pre-1940 houses in First Shaughnessy can be categorized into three groups:

- Small lots[1] (less than or equal to 15,000 sq.ft.).
- Medium lots (15,001 to 17,999 sq.ft.).
- Large lots (greater than or equal to 18,000 sq.ft.).

Exhibit 1 shows the distribution of lots with pre-1940 houses in First Shaughnessy into these three size categories. As illustrated, 42% of pre-1940 houses in First Shaughnessy are on small lots, 15% are on medium lots, and 43% are on large lots.

Exhibit 1: Distribution of Lots with Pre-1940 Houses in First Shaughnessy by Lot Size

	Lot size in sq.ft.	# of Properties	Share of Each Category	Share of Total
Small (≤ 15,000 sq.ft.)	<9,000	1	1%	0%
	9,001 to 10,000	6	5%	2%
	10,001 to 11,000	9	7%	3%
	11,001 to 12,000	25	19%	8%
	12,001 to 13,000	39	30%	13%
	13,001 to 14,000	26	20%	8%
	14,001 to 15,000	23	18%	7%
	Total "small" lots	**129**	**100%**	**42%**
Medium (15,001 to 17,999 sq.ft.)	15,001 to 16,000	14	30%	5%
	16,001 to 17,000	14	30%	5%
	17,001 to 17,999	18	39%	6%
	Total "medium" lots	**46**	**100%**	**15%**
Large (≥ 18,000 sq.ft.)	18,000 to 20,000	39	30%	13%
	20,001 to 25,000	26	20%	8%
	25,001 to 30,000	27	20%	9%
	30,001 to 35,000	24	18%	8%
	35,001 to 40,000	7	5%	2%
	40,001 to 45,000	2	2%	1%
	45,001 to 50,000	0	0%	0%
	50,001 +	7	5%	2%
	Total "large" lots	**132**	**100%**	**43%**
Total # of Lots with Pre-1940 Houses in First Shaughnessy		**309**	**100%**	**100%**

Source: Coriolis Consulting, based on data provided by the City of Vancouver. Shading indicates the categories that the example sites are in.

We complete the economic analysis of the proposed new regulations for four illustrative examples: one small lot, one medium lot, and two large lots (because this category varies the most in terms of lot size so two

[1] The terms "small", "medium", and "large" lots are used in the First Shaughnessy context, recognizing that a "small" First Shaughnessy lot (i.e. ≤ 15,000 square feet) is large compared to typical lots in other parts of the City of Vancouver.

examples were selected that are each representative of a large subset of lots). The shaded rows in Exhibit 1 show the lot size categories that the illustrative example sites are in.

The City provided us with individual sites that form the basis of the analysis (in terms of the assumed lot size, the assumed size of the existing house, and the development potential under the existing regulations and under the proposed new regulations; see Appendices 2 to 5). However, our illustrative examples are not case studies per se as we are applying typical market costs and values to the assumed amount and form of development on the example lots.

For each example, we estimate the value of the lot (as though vacant after assumed demolition) under the current regulatory system and then we estimate the negative and positive financial impacts of the proposed new regulations, to see if the net result is a positive impact, negative impact, or neutral situation.

3.2 Value Under Current Regulations

While the existing situation encourages the retention of pre-1940 houses, it is possible to obtain demolition permits (which is why the City imposed a moratorium on demolitions pending the development of new regulations).

Because it is possible to demolish pre-1940 buildings under the current regulations, in our view the market value of any lot (absent the moratorium) would be the higher of:

1. The property as a vacant lot (i.e. the amount a buyer is willing to pay for the lot assuming it is vacant or that the existing building can be demolished, allowing for construction of a new home).
2. The property with the existing house. If this value is higher than the vacant value, by definition the existing structure is adding value and is therefore not a candidate (at least in the short run) for demolition.

Therefore, for our analysis we assume that the City is primarily concerned with the properties with the highest risk of demolition, which are those for which the existing improvements are perceived by the market to contribute no value and are seen as an impediment to redevelopment. Accordingly, for each illustrative example we first estimate the value of the property as a vacant lot allowing a new house. For these properties, requiring retention of the house (in the absence of any offsetting benefits) would have a negative impact on value.

3.3 Overview of the Proposed New Regulations

The new regulations create several changes to the allowable size and type of development on a lot with a pre-1940 house. These changes are quite different, so it is not possible to evaluate them en bloc; it is necessary to look at them individually and see if their combined net effect is positive, negative, or neutral.

Before looking at these changes in detail, we review them at a high level to explain how they might impact value:

1. The existing dwelling must be retained. This is by definition a negative impact, as we are considering properties for which the existing house is not perceived by the market as adding to the value of the lot. Retaining the house has three potential financial impacts:
    - It is possible that renovating the house to create modern living space and to address any structural or building envelope problems costs more than demolition and new construction of a comparable house. This is often the case in renovations and there is ample evidence to show that an extensive renovation can exceed the cost of new space.

- Another challenge with renovation is that older houses were built at a time when there were different expectations about some elements of a house; modern buyers expect more and larger bathrooms, floor plans with an open character rather than division into smaller special-purpose spaces, larger bedrooms, more closets, and so on. The impact of higher cost is relatively easy to measure. The impact of sub-optimal house layout is more difficult. However, we take the view that (a) the homes under consideration are quite large and (b) if we assume high renovation costs we can reasonably assume that the renovation budget is sufficiently large to address lay-out problems (by removing walls for example).
- Some lot buyers may strongly prefer a new house and may not interested in renovating an old house. We note that many properties listed for sale in Shaughnessy (e.g. in the RS-5 zoned area immediately south of First Shaughnessy which has estate-sized lots) are described (where applicable) as allowing demolition ("house can be demolished" is a tag line on listings, even on houses that are only 25 years old), suggesting that a segment of the market wants new construction. Requiring retention/ renovation in First Shaughnessy will shift some buyers out of the pre-1940 house market if their intention was to demolish an existing home in order to build new.

2. The total amount of allowable floorspace on the lot is higher, so that one can have a larger house by retaining/enlarging the pre-1940 house than could have been obtained by demolition and building new under the current regulations. This presumably adds value, if the market puts a value on being able to build more space. Generally this is true, although with single family lots isolating this value is difficult because typically the way to achieve a larger house is to buy a larger lot, which involves obtaining more property *and* more buildable space. Our task is to isolate the market value of the ability to build more space on the same lot.
3. Secondary suites are conditionally allowed under the new regulations and these can be for personal use or rented. The floorspace occupied by the secondary suite is counted towards allowable FSR, so the positive impact of being able to achieve rental income comes at the cost of having less space for the main house and possibly some loss of privacy.
4. Coach houses (i.e. one family dwelling units on the upper level of an accessory building such as a garage) are conditionally allowed for small and medium lots with pre-1940 houses under the new regulations and these can be for personal use or rented. The floorspace occupied by the coach house is not calculated as part of allowable FSR, so the coach house space is like a density bonus. It is fairly straightforward to calculate the economic value of being able to add a coach house as a source of rental income (just as a secondary suite would be), but there is in our view some possible offsetting negative impact. Creating an on-site rental unit generates income but also means that there is some loss of privacy for the main house and yard. While this rental income can be a valuable mortgage helper in some single detached neighbourhoods, we question whether many owners or purchasers in First Shaughnessy would need the financial assistance from an on-site rental unit. It seems to us that some owners would see the coach house as an opportunity for a suite for family members, a guest cottage, or even a home office, and some may prefer not to include one.
5. Infill dwelling units (i.e. standalone one family or two family dwelling units) are conditionally allowed for large lots with pre-1940 houses under the new regulations and these can be for personal use, rented, or strata titled and sold. The floorspace occupied by an infill unit is calculated as part of allowable FSR, so adding an infill unit or units reduces the floorspace that can be added onto the main house as part of a renovation. It is fairly straightforward to calculate the economic value of being able to add an infill unit(s) as a source of rental income or as a strata unit that could be sold, but in our view there is some possible offsetting negative impact. As we noted for the coach house, creating an on-site rental unit generates income but also means that there is some loss of privacy in the main house and yard. While this income

is a valuable mortgage helper in some single detached neighbourhoods, we question whether many owners or purchasers in First Shaughnessy would need the financial assistance from an on-site rental unit. Of even greater concern to the main house owner, creating a strata title infill unit(s) means that the main house would also become a strata title unit, creating the obligation to participate in a strata council, requiring that some portions of the lot become common property, and creating some possible risk that the owner of the infill unit(s) is not a compatible neighbour. In our view, it is possible that some owners or purchasers of pre-1940 houses in First Shaughnessy will not accept the offsetting impacts that come along with the financial benefits of the extra dwelling(s) on the lot. We think that some (perhaps many) purchasers of the main house will have limited interest in strata titling to create an infill dwelling for sale (because it means that the main house would also become a strata unit), so for our analysis from a home owner's perspective we only consider the rental infill option. A developer, though, could acquire a property and create strata infill units at the same time as creating a Multiple Conversion Dwelling (see the following point).

6. For medium and large sized lots, and small lots with existing pre-1940 houses that are 5,000 sq.ft. or bigger, Multiple Conversion Dwellings (i.e. strata titling a house into multi-family units) are conditionally allowed in retained houses. In our view, these conversions will likely only occur when a home owner sells the property to a developer, who then creates the conversion and sells the strata units. For this option, we analyze the financial performance of the conversion from the perspective of the developer; we estimate whether the developer of a Multiple Conversion Dwelling can afford to pay more than vacant lot value to obtain the lot with a pre-1940 house. If so, the conversion option creates value that offsets the negative impact of having to retain the house. If the value supported by this option is more than the value of the single family lot under existing regulations, the implication is that property values will go up and most pre-1940 houses (except any for which renovation/conversion is not physically possible) will be converted over time. If the value supported by this option is less than the value of the single family lot under existing regulations, then these conversions will not happen and this opportunity will not be seen as a benefit to offset the impact of requiring the retention of the existing house.

4.0 Key Financial Inputs

Based on the description of our approach, our analysis requires the following inputs for the financial analysis of the proposed new regulations for the illustrative examples:

1. The value of the lot under existing regulations, assuming the unit can be demolished.
2. The extra cost associated with a full, high quality renovation compared with the cost of new construction.
3. The value in the market place of being able to build a larger single detached dwelling on the lot (which in the case of retained pre-1940 houses would mean an addition to the existing house).
4. The contribution to property value of being able to build a rental secondary suite.
5. The contribution to property value of being able to build a rental coach house, when the floor area of the coach house is bonus floor space.
6. The contribution to property value of being able to build a rental infill dwelling unit(s).
7. The contribution to property value of being able to build a strata infill dwelling unit(s).
8. The land value that is supported by a multiple conversion to several strata title units.
9. The impact of reduced market interest, if a subset of buyers are only interested in new units.

The following sub-sections explain how we estimate these values.

4.1 Value of the Lot Under Existing Regulations, Assuming the Dwelling Can Be Demolished

We examined sales of properties in First Shaughnessy over the past 12 months focusing on sites that were advertised as redevelopment candidates. These sites also had a low ratio of assessed improvements value to total assessed value, indicating that the existing house was not contributing materially to property value.

The sales evidence is limited (because there are relatively few sales in First Shaughnessy over the past year and, of these, only a subset were sales of properties that were candidates for redevelopment).

Over the past 12 months, 8 redevelopment candidate lots sold in First Shaughnessy. The sales prices for these lots ranged widely, from $180 to $642 per square foot of lot area, and averaged $372 per square foot of lot area. The variation in sales prices is not explained by time (e.g. the lower sales are not all near the beginning of the 12 month timeframe and the higher sales are not all closer to the end of the timeframe), and there is no evidence that lot values, when measured in terms of dollars per square foot of site area, tail off significantly as lot size increases. There is some evidence, though, that lots in First Shaughnessy on major streets (e.g. West 16th and King Edward) have achieved lower sales prices per square foot of site area than properties not on major streets. Holding aside the 2 properties that sold within the past 12 months that are on West 16th and King Edward, the average sales price for redevelopment sites in First Shaughnessy was $430 per square foot of site area.

For our analysis, we use an average of $400 per square foot of site area as a typical lot value under the existing regulations assuming the existing house can be demolished.

4.2 Extra Cost Associated With a Full, High Quality Renovation Compared With the Cost of New Construction

Based on information gathered by the consulting team lead by Donald Luxton & Associates Inc. that is currently helping the City review, assess, revise, and improve its heritage tools and policies, we understand that there is about a 15% premium for renovating a pre-1940 house over the cost of new home construction. This assumes a renovation budget that is sufficient to create modern living space, address any structural or building envelope problems, and address any lay-out inefficiencies.

We estimate that all-in, high quality construction costs are about $330 per square foot of floorspace for new house construction.[2] A 15% premium means that renovating a pre-1940 house costs about $50 per square foot of floorspace more than new home construction. For the purpose of this analysis, we assume the cost premium for renovation versus building new is $50 per square foot of floorspace and we apply this to the full area of the existing house. While some portions of a house may not require renovation, the assumption for our analysis is that the houses are not perceived by the market as having value so it is anticipated that a comprehensive renovation of the entire house would be undertaken.

4.3 Value in the Market Place of Being Able to Build a Larger Single Detached Dwelling on the Lot

It is challenging to isolate the value of being able to build a larger single detached dwelling. The ideal approach would be to examine differences in sales prices for a set of properties with the same lot size and different house sizes. By deducting the cost of house construction, one could estimate the extra land value attributed to the ability to build a larger house. However, almost all new single family houses in First Shaughnessy (and in nearby parts of Shaughnessy in the RS-5 zone where there are comparable estate-sized lots) are built to maximum allowable size.

So, as an alternative, we use this approach:

- We estimate the value of extra lot size (e.g. going from a hypothetical 12,000 square foot lot to a 13,000 square foot lot).
- Under the proposed new regulations, an increase of 1,000 square feet in lot size allows an additional 450 square feet of house construction (at FSR 0.45), plus associated basement (which is not included in FSR calculation). So the total additional house area, assuming a 2 storeys above-grade plus a basement, is 675 square feet which occupies a site footprint of 225 square feet.
- An extra 1,000 square feet of lot size, therefore, can be thought of as an extra 675 square feet of house on 225 square foot of house footprint, plus an extra 775 square feet of yard area.
- There are two ways to think of what the extra lot size creates. If we think of the “commodities” as extra house footprint (225 square feet) and extra yard (775 square feet) and if these two commodities have equal value per square foot, then about 25% of the extra purchase price for a larger lot can be attributed to the ability to build a larger home and the other 75% can be attributed to having a larger yard, for gardens, pool, garage, patios, and lawn. However, it could be argued that this is a conservative approach, if one assumes that lot buyers attach a greater premium to being able to have more floorspace than to having more yard. There is some evidence of this, in that for most lot sizes (except the very largest),

[2] This construction cost estimate is for a new high quality single family house on the west side of Vancouver. It assumes the house is larger than 2,500 sq.ft. and has a basement.

people tend to construct the maximum allowable house. On the other hand, we do not think it is reasonable to assume that 100% of the value of a gain in lot size is attributable to more space entitlement, because buyers of large lots do tend to use extra yard space for outdoor amenities. Another way to think of the "commodities" is as extra house floorspace (675 square feet) and extra yard (775 square feet) and if these two commodities have equal value per square foot, then about 45% of the extra purchase price for a large lot can be attributed to the ability to build a larger home and the other 55% can be attributed to having a larger yard.

- Based on this rationale, we estimate (and we acknowledge that this is approximate) that the benefit of being able to build a larger house under the new regulations is equal to about 50% of the value of land.

As noted in the previous section, we estimate that lot values average about $400 per square foot of lot area in First Shaughnessy. Based on the above rationale, for our analysis we use $200 per square foot of floorspace (i.e. $400 x 50%) as the land value attributable to being able to build a larger home on a given lot.

4.4 Contribution to Property Value of Being Able to Build a Rental Secondary Suite

We value the benefit of being able to build a rental secondary suite the way the real estate industry typically values a rental property:

- Estimate the rent.
- Deduct operating expenses (e.g. property taxes, utilities, maintenance, repairs) and calculate the net operating income.
- Capitalize the net operating income, using cap rates derived from purchases of rental properties, to estimate the value of the unit.
- Deduct from the value the cost to create the unit, leaving the land value created by the opportunity.

The size of the secondary suite varies between the illustrative examples, so we ran scenarios as applicable for each example.

Note that the suite is achieved at the expense of main house floor area, so a home owner has two ways of looking at the benefit of additional floor area: either the benefit is all in the form of larger house (see Section 4.3 above) or in a combination of a suite and a smaller increase in main house size.

Not all home buyers will want a rental unit in their house, particularly considering the price point of houses in this area. Such buyers may not take advantage of the suite opportunity (but presumably will take advantage of the ability to increase the size of the main house).

4.5 Contribution to Property Value of Being Able to Build a Rental Coach House, When the Floor Area of the Coach House is Bonus Floorspace

We value the benefit of being able to build a rental coach house the way the real estate industry typically values a rental property:

- Estimate the rent.
- Deduct operating expenses (e.g. property taxes, utilities, maintenance, repairs) and calculate the net operating income.
- Capitalize the net operating income, using cap rates derived from purchases of rental properties, to estimate the value of the unit.
- Deduct from the value the cost to create the unit, leaving the land value created by the opportunity from a home owner's perspective.
- We also look at the land value created by the opportunity to build a rental coach house as part of a Multiple Conversion of the main house (in which case the City advised that the rental coach house would be part of one of the strata units that is created in the main house, not a standalone strata unit). This calculation is the same as the bullets listed above, but we also deduct an allowance for developer profit.

The proposed new bylaw allows a maximum floor area of 686 square feet for a coach house. In the examples that qualify for the inclusion of a coach house, we assume the size of the coach house is maximized (i.e. 686 square feet). It is important to keep in mind that the coach house (unlike a secondary suite) does not reduce the achievable size of the main house, as the coach house area is bonus density.

While we calculate the value associated with building a rental coach house for the analysis, in our view not all home owners/buyers will want a rental unit on their site, particularly considering that buyers in this neighbourhood are not likely to need mortgage helpers. Such buyers may not take advantage of the coach house opportunity or they may use it personally (e.g. for guest quarters, family member suite, home office), which has value that is harder to monetize.

4.6 Contribution to Property Value of Being Able to Build a Rental Infill Dwelling

We use the same approach to calculate the value of a rental infill unit as for a rental secondary suite or a rental coach house. The assumed size of the rental infill dwellings varies between the illustrative examples, so we ran scenarios as applicable for the examples that qualify for inclusion of infill dwelling units.

4.7 Land Value Supported by Building Strata Infill Dwelling(s)

We analyze the opportunity to build strata infill dwelling units using the same approach that a developer of a strata title townhouse or apartment project would use:

- Estimate the revenue from the sale of all strata units.
- Deduct an allowance for developer profit.

- Deduct all of the hard and soft costs to create to construct the infill strata units, leaving the land value created by the opportunity.

The assumed size of the strata infill dwellings varies between the illustrative examples, so we ran scenarios as applicable for the examples that qualify for inclusion of infill dwelling units.

4.8 Land Value Supported By a Multiple Conversion to Several Strata Title Units

We analyze the Multiple Conversion option using the same approach that a developer of a strata title townhouse or apartment project would use:

- Estimate the revenue from the sale of all strata units.
- Deduct an allowance for developer profit.
- Deduct all of the hard and soft costs to create the conversion units, leaving the land value created by the opportunity.

The assumed size of the pre-1940 houses and additions to the main houses varies between the illustrative examples, so we ran scenarios as applicable for each example.

4.9 Impact of Reduced Market Interest

Addressing this possible market impact is one of the most challenging components of this analysis.

Here is the available market evidence:

- In our previous report, which included an extensive analysis of all sales activity in First Shaughnessy and the nearby RS-5 zoned parts of Shaughnessy during January 2010 to February 2015, we found that there is not enough actual sales evidence to support a rigorous quantitative evaluation of the effects of the current regulatory framework, which discourages demolition but which ultimately allows demolition in many cases.
- Current sales listings often use ability to demolish as a selling feature. There is a subset of lot buyers who want to build a new house and are not interested in retention/renovation. There is little if any evidence in listing descriptions that the retention of neighbourhood character or existence of a pre-1940 house is seen as warranting a premium price.
- Buyers wanting to build a new home will transfer their interest to properties where demolition is allowed. This will put upward pressure on the value of such properties and cause some downward pressure on the value of the pre-1940 houses in First Shaughnessy. However, these pressures are not in isolation; they are occurring in the context of a unique, prestigious, high-value neighbourhood in a City that has very high lot values and a small total supply of lots.
- Overall, the supply of single family houses in Vancouver is shrinking but demand remains very high so prices for all single family lots are rising.
- High single detached prices indicate that home buyers put a large premium on the privacy and lifestyle associated with a single family house. There will be, therefore, some purchasers who are not interested in using incentives such as suites, coach houses, and infill units. They may still be interested in the pre-1940 house renovation but elect not to use (and therefore not ascribe value to) the incentives.

In our view, forced retention of pre-1940 houses will (in the absence of any incentives) have a negative impact due to decreased market interest but it seems likely that this impact will be somewhat ameliorated by the general upward movement of prices in the neighbourhood, considering that there will still be a subset of potential buyers who are drawn to the heritage character of the neighbourhood and the elegant older homes.

It is very difficult to assign numbers to this aspect of potential impact, but in our estimation (and we acknowledge that this is a judgement call) it seems unlikely that the transference of market interest away from pre-1940 houses would have more than a 5% impact on lot value (independent of the positive and negative effects of the other regulatory changes). Note that there would be no impact on the properties that have high value improvements; this impact is on properties that under existing regulations would be viewed as demolition candidates by the market.

5.0 Example 1: Small Lot

The first example is a 13,383 square foot lot with an existing pre-1940 house. Most (68%) of the small properties with pre-1940 houses in First Shaughnessy have a lot size in the range of 12,000 to 15,000 square feet, so the example is representative of a large pool of the properties in the "small" lot category.

5.1 Value of the Lot Under Existing Regulations

As explained in our approach, we start by estimating the value of the property as a vacant lot, assuming that the existing house could be demolished and a new house could be built under the existing regulations.

Example 1 has a site area of 13,383 square feet. Applying our estimated average lot value of $400 per square foot of site area yields a value of $5,353,000 as if vacant under existing regulations.

5.2 Development Potential Under the Existing Regulations and the Proposed New Regulations

Appendix 2 shows the detailed calculations of development potential for Example 1 assuming demolition and new construction under the existing regulations versus retention/renovation of the existing house under the proposed new regulations. Key points for the financial analysis are as follows:

1. The existing pre-1940 house has a total floor area of 5,066 square feet.
2. Under existing regulations, a new house up to 7,022 square feet could have been built on this lot (and the value of the lot under existing regulations would presumably reflect this potential). Under the proposed new regulations, a total of 8,374 square feet can be built on this lot (i.e. 5,066 square feet in the retained pre-1940 house plus 3,308 additional square feet). This is a gain of up to 1,352 square feet of floorspace compared to building new under the existing regulations.
3. Under the proposed new regulations, an owner wishing to retain the main house as a one family dwelling may (as a conditional approval use) convert some of the floorspace in the main house into a secondary suite for personal use or rental purposes. The floorspace in a secondary suite is calculated toward FSR, so adding a secondary suite takes away space that otherwise could be part of the principal dwelling. We evaluate using the "extra" 1,352 square feet of floorspace in two ways:
    - As 1,352 square foot more space in the main house.
    - As an assumed 827 square foot secondary suite plus 525 square feet more space in the main house.
4. Under the proposed new regulations, an owner may also add (as a conditional approval use) a 686 sq.ft. coach house for personal use or rental purposes, which is bonus density that does not count toward the calculation of FSR.
5. Under the proposed new regulations, this property also qualifies for renovation to a Multiple Conversion Dwelling with two units that could be stratified and sold (in this case because of the size of the existing house, not the lot size). The option of adding a secondary suite would not be available but the developer could incorporate a rental coach house (which would be part of one of the Multiple Conversion Dwelling strata lots, not a separate strata lot). For the financial analysis, we assume:
    - The developer would renovate the 5,066 square foot existing dwelling and build the maximum addition, for a total of 8,374 square feet of floorspace. As part of renovation/expansion, the developer would convert the main house into two strata units. The units must have a minimum average floor

area of 1,798 square feet and a minimum floor area for each unit of 1,001 square feet, so there are many options for how the space could be divided into two units.

- The developer would add a 686 square foot coach house for rental purposes, which would be part of one of the Multiple Conversion Dwelling strata lots (not a separate strata lot).
- We assume that the main house/addition is divided equally into two units. The full project, therefore, results in one strata lot with a 4,187 square foot unit in the Multiple Conversion Dwelling and one strata lot with a 4,187 square foot unit in the Multiple Conversion Dwelling plus the 686 square foot rental coach house as part of the strata lot.

Exhibit 2 summarizes the potential floorspace/uses in the financial analysis.

Exhibit 2: Development Potential Under Scenarios for Financial Analysis of Example 1 (Small Lot)

Use of Space			Build new	Perspective of Owner or Buyer		Perspective of Developer
Main house	Retain as one family dwelling:	Existing space	n/a	5,066 sq.ft.	5,066 sq.ft.	n/a
		Addition	n/a	3,308 sq.ft.	2,481 sq.ft.	n/a
		Principal residence	n/a	8,374 sq.ft. (think of as 7,022 sq.ft.+ 1,352 sq.ft.)	7,547 sq.ft. (think of as 7,022 sq.ft. + 525 sq.ft)	n/a
		Secondary suite	n/a	0	827 sq.ft.	n/a
		Total	7,022 sq.ft.	8,374 sq.ft.	8,374 sq.ft.	n/a
	Renovate to Multiple Conversion Dwelling:	Existing space	n/a	0	0	5,066 sq.ft.
		Addition	n/a	0	0	3,308 sq.ft.
		Total space	n/a	0	0	8,374 sq.ft. (two 4,187 sq.ft units)
Coach house	Rental		n/a	686 sq.ft.	686 sq.ft.	686 sq.ft.
Infill units	Rental		n/a	n/a	n/a	n/a
	Strata		n/a	n/a	n/a	n/a
Total floorspace			7,022 sq.ft	9,060 sq.ft.	9,060 sq.ft.	9,060 sq.ft.

Gain of 1,352 sq.ft.

5.3 Financial Analysis

We first complete the analysis from the perspective of a property owner or buyer who would renovate the existing house, possibly construct an addition (with or without a suite), and possibly construct a rental coach house. Then we look at the financial performance of renovating/expanding the main house, converting it into two Multiple Conversion units, and adding a rental coach house from the perspective of a developer.

5.3.1 Financial Analysis from the Perspective of a Property Owner or Buyer

Exhibits 3A and 3B summarize the financial analysis from the perspective of a property owner or buyer.

Exhibit 3A includes the components of the impact that we have estimated based on available market and financial evidence. As illustrated:

1. The premium cost for having to renovate the existing 5,066 square feet of floorspace in the pre-1940 house compared to building the same amount of new space works out to a negative impact of about $253,000.
2. The land value of being able to achieve 1,352 square feet more space works out to about $270,000 if we assume that all of the "extra" space is used for the main house or about $353,000 if we assume that 525 square feet of the "extra" space contributes value from having a bigger house and 827 square feet contributes value as a secondary suite. Our pro forma for the hypothetical secondary suite is in Appendix 6A.
3. We estimate that the coach house could generate about $217,000 in land value as a rental property. Our pro forma for the hypothetical coach house is in Appendix 6B.

Exhibit 3B adds the possibility, based on our judgement, that there will be some transfer of market interest from the pre-1940 houses because some buyers will not want a renovated house. As noted in Section 4.9, in our view it seems unlikely that the transference of market interest away from pre-1940 houses would have more than a 5% impact on lot value, so we have calculated the possible impact at this percentage.

Exhibit 3A: Financial Impact Analysis of Cost Premium and Value of Extra Space for Example 1 (Small Lot) from the Perspective of an Owner

	Impact Assuming Owner Does Not Include Revenue-Generating Uses	Impact Assuming Owner Includes Revenue-Generating Uses
Cost premium for having to renovate an existing pre-1940 house instead of building new (5,066 sq.ft. existing house x $50 per sq.ft.)	-$253,000	- $253,000
Value of being able to achieve 1,352 sq.ft. more space compared to building new: • Use all of the extra space towards the main house (1,352 sq.ft. x $200 per sq.ft. = $270,000; or • Use 827 sq.ft. for a secondary suite ($248,000 see Appendix 6A) and 525 sq.ft. towards the main house (525 sq.ft. x $200 per sq.ft. = $105,000) = $353,000	+$270,000	+$353,000
Value of adding a 686 sq.ft. rental coach house (which is a density bonus) (see Appendix 6B)	$0	+$217,000
Subtotal	+$17,000	+$317,000

Exhibit 3B: Possible Impact of Reduced Market Interest for Example 1 (Small Lot) from the Perspective of an Owner

	Impact Assuming Owner Does Not Include Revenue-Generating Uses	Impact Assuming Owner Includes Revenue-Generating Uses
Subtotal of financial impacts from Exhibit 3A above	+$17,000	+$317,000
Less possible impact of reduced market interest (say up to 5% x lot value of $5,353,000)	-$268,000	-$268,000
Net	-$251,000	+$49,000

Assuming an owner or buyer elects to make full use of the potential for a suite and coach house, the subtotal of the three changes listed in Exhibit 3A is at best a net gain of $317,000. This is about 6% of our estimated

value of the lot assuming average lot prices ($5,353,000). However, if we assume that the impact of reduced market interest is on the order of 5% of lot value, then (as illustrated in Exhibit 3B) most of this gain is offset, leaving the lot value near the starting point. There is no significant incentive and no significant erosion of value, assuming the owner or buyer elects to make full use of the potential for a suite and coach house.

An owner or purchaser not interested in the rental unit opportunities is at best at about break-even (as illustrated in Exhibit 3A), but could perceive the lot as having slightly less value than it currently has if there is an impact on value from reduced market interest in properties with pre-1940 houses (as illustrated in Exhibit 3B).

5.3.2 Financial Analysis from the Perspective of a Developer

Exhibit 4 summarizes the financial performance of the new regulations from the perspective of a developer creating a Multiple Conversion project. As illustrated:

1. We estimate that renovation, expansion, and conversion to two Multiple Conversion units supports a land value of $4,161,000. Our pro forma for the hypothetical conversion of the main house (plus addition) into two units is in Appendix 6C.
2. We estimate that the coach house supports a land value of $159,000 as a rental property from the perspective of a developer. Our pro forma for developing the hypothetical rental coach house is in Appendix 6D. The calculation is the same as the pro forma from the perspective of a property owner (i.e. as in Appendix 6B), except that we deduct a developer profit.

Therefore, a developer of a Multiple Conversion Dwelling with a rental coach house can afford to pay $4,320,000 for this lot. This is less than the value of the single family lot under existing regulations (which we estimated to be $5,353,000 using average lot prices), so it is unlikely that many of these conversions will happen and this opportunity will not be seen as a benefit to offset the impact of requiring the retention of the existing house (unless the property can be acquired for a price below the average recent sales price for redevelopment sites in First Shaughnessy).

Exhibit 4: Financial Analysis of Value Supported by Redevelopment for Example 1 (Small Lot) from the Perspective of a Developer

	Impact
Land value supported by conversion of 8,374 sq.ft. renovated/expanded house into two Multiple Conversion Dwelling Units (see Appendix 6C)	$4,161,000
Contribution to property value of adding a 686 sq.ft. rental coach house (see Appendix 6D)	$159,000
Total land value	$4,320,000

6.0 Example 2: Medium Lot

The second example is a 17,845 square foot lot with an existing pre-1940 house. The lot size range for the "medium" category is narrow (i.e. 15,001 to 17,999 square feet) and lots are fairly evenly distributed throughout this range. About 39% of lots in the "medium" category are in the 17,001 to 17,999 square foot range, so the example is representative of a large pool of these properties.

6.1 Value of the Lot Under Existing Regulations

As explained in our approach, we start by estimating the value of the property as a vacant lot, assuming that the existing house could be demolished and a new house could be built under the existing regulations.

Example 2 has a site area of 17,845 square feet. Applying our estimated average lot value of $400 per square foot of site area yields a value of $7,138,000 as if vacant under existing regulations.

6.2 Development Potential Under the Existing Regulations and the Proposed New Regulations

Appendix 3 shows the detailed calculations of development potential for Example 2 assuming demolition and new construction under the existing regulations versus retention/renovation of the existing house under the proposed new regulations. Key points for the financial analysis are as follows:

1. The existing pre-1940 house has a total floor area of 6,901 square feet.
2. Under existing regulations, a new house up to 8,936 square feet could have been built on this lot (and the value of the lot under existing regulations would presumably reflect this potential). Under the proposed new regulations, a total of 11,242 square feet can be built on this lot (i.e. 6,901 square feet in the retained pre-1940 house plus 4,341 additional square feet). This is a gain of up to 2,306 square feet of floorspace compared to building new under the existing regulations.
3. Under the proposed new regulations, an owner wishing to retain the main house as a one family dwelling may (as a conditional approval use) convert some of the floorspace in the main house into a secondary suite for personal use or rental purposes. The floorspace in a secondary suite is calculated toward FSR, so adding a secondary suite takes away space that otherwise could be part of the principal dwelling. We evaluate using the "extra" 2,306 square feet of floorspace in two ways:
    - As 2,306 square foot more space in the main house.
    - As an assumed 851 square foot secondary suite plus 1,455 square feet more space in the main house.
4. Under the proposed new regulations, an owner may also add (as a conditional approval use) a 686 sq.ft. coach house for personal use or rental purposes, which is bonus density that does not count toward the calculation of FSR.

5. Under the proposed new regulations, this property also qualifies for renovation to a Multiple Conversion Dwelling with two units that could be stratified and sold. The option of adding a secondary suite would not be available but the developer could incorporate a rental coach house (which would be part of one of the Multiple Conversion Dwelling strata lots, not a separate strata lot). For the financial analysis, we assume:

   - The developer would renovate the 6,901 square foot existing dwelling and build the maximum addition, for a total of 11,242 square feet of floorspace. As part of renovation/expansion, the developer would convert the main house into two strata units. The units must have a minimum average floor area of 1,798 square feet and a minimum floor area for each unit of 1,001 square feet, so there are many options for how the space could be divided into two units.
   - The developer would add a 686 square foot coach house for rental purposes, which would be part of one of the Multiple Conversion Dwelling strata lots (not a separate strata lot).
   - We assume that the main house/addition is divided equally into two units. The full project, therefore, results in one strata lot with a 5,621 square foot unit in the Multiple Conversion Dwelling and one strata lot with a 5,621 square foot unit in the Multiple Conversion Dwelling plus the 686 square foot rental coach house assigned to the strata lot.

Exhibit 5 summarizes the potential floorspace/uses in the financial analysis.

Exhibit 5: Development Potential Under Scenarios for Financial Analysis of Example 2 (Medium Lot)

Use of Space			Build new	Perspective of Owner or Buyer		Perspective of Developer
Main house	Retain as one family dwelling:	Existing space	n/a	6,901 sq.ft.	6,901 sq.ft.	n/a
		Addition	n/a	4,341 sq.ft.	3,490 sq.ft.	n/a
		Principal residence	n/a	11,242 sq.ft. (think of as 8,936 sq.ft. + 2,306 sq.ft.)	10,391 sq.ft. (think of as 8,936 sq.ft. + 1,455 sq.ft)	n/a
		Secondary suite	n/a	0	851 sq.ft.	n/a
		Total	8,936 sq.ft.	11,242 sq.ft.	11,242 sq.ft.	n/a
	Renovate to Multiple Conversion Dwelling:	Existing space	n/a	0	0	6,901 sq.ft.
		Addition	n/a	0	0	4,341 sq.ft.
		Total space	n/a	0	0	11,242 sq.ft. (two 5,621 sq.ft units)
Coach house	Rental		n/a	686 sq.ft.	686 sq.ft.	686 sq.ft.
Infill units	Rental		n/a	n/a	n/a	n/a
	Strata		n/a	n/a	n/a	n/a
Total floorspace			8,936 sq.ft.	11,928 sq.ft.	11,928 sq.ft.	11,928 sq.ft.

Gain of 2,306 sq.ft.

6.3 Financial Analysis

We first complete the analysis from the perspective of a property owner or buyer who would renovate the existing house, possibly construct an addition (with or without a suite), and possibly construct a rental coach house. Then we look at the financial performance of renovating/expanding the main house, converting it into two Multiple Conversion units, and adding a rental coach house from the perspective of a developer.

6.3.1 Financial Analysis from the Perspective of a Property Owner or Buyer

Exhibits 6A and 6B summarize the financial analysis from the perspective of a property owner or buyer.

Exhibit 6A includes the components of the impact that we have estimated based on available market and financial evidence. As illustrated:

1. The premium cost for having to renovate the existing 6,901 square feet of floorspace in the pre-1940 house compared to building the same amount of new space works out to a negative impact of about $345,000.
2. The land value of being able to achieve 2,306 square feet more space works out to about (a) 461,000 if we assume that all of the "extra" space is used for the main house or about (b) $531,000 if we assume that 1,455 square feet of the "extra" space contributes value from having a bigger house and 851 square feet contributes value as a secondary suite. Our pro forma for the hypothetical secondary suite is in Appendix 6E.
3. We estimate that the coach house could generate about $217,000 in land value as a rental property (as was noted in the small lot example and illustrated in Appendix 6B).

Exhibit 6B adds the possibility, based on our judgement, that there will be some transfer of market interest from the pre-1940 houses because some buyers will not want a renovated house. As noted in Section 4.9, in our view it seems unlikely that the transference of market interest away from pre-1940 houses would have more than a 5% impact on lot value, so we have calculated the possible impact at this percentage.

Exhibit 6A: Financial Impact Analysis of Cost Premium and Value of Extra Space for Example 2 (Medium Lot) from the Perspective of an Owner

	Impact Assuming Owner Does Not Include Revenue-Generating Uses	Impact Assuming Owner Includes Revenue-Generating Uses
Cost premium for having to renovate an existing pre-1940 house instead of building new (6,901 sq.ft. existing house x $50 per sq.ft. cost premium)	- $345,000	- $345,000
Value of being able to achieve 2,306 sq.ft. more space than in a new building: • Use all of the extra space towards the main house (2,306 sq.ft. x $200 per sq.ft.= $461,000; or • Use 851 sq.ft. as a secondary suite ($240,000, see Appendix 6E) and 1,455 sq.ft. towards the main house (1,455 sq.ft. x $200 per sq.ft. = $291,000) = $531,000	+$461,000	+$531,000
Value of adding a 686 sq.ft. rental coach house (which is a density bonus) (see Appendix 6B)	$0	+$217,000
Subtotal	+$116,000	+$403,000

Exhibit 6B: Possible Impact of Reduced Market Interest for Example 2 (Medium Lot) from the Perspective of an Owner

	Impact Assuming Owner Does Not Include Revenue-Generating Uses	Impact Assuming Owner Includes Revenue-Generating Uses
Subtotal of financial impacts from Exhibit 6A above	+$116,000	+$403,000
Less possible impact of reduced market interest (say up to 5% x lot value of $7,138,000)	-$357,000	-$357,000
Net	-$241,000	+$46,000

Assuming an owner or buyer elects to make full use of the potential for a suite and coach house, the subtotal of the three changes listed in Exhibit 6A is at best a net gain of $403,000. This is about 6% of our estimated value of the lot assuming average lot prices ($7,138,000). However, if we assume that the possible impact of reduced market interest is on the order of 5% of lot value, then (as illustrated in Exhibit 6B) most of the gain is offset, leaving the lot value near the starting point. There is no significant incentive and no significant erosion of value, assuming the owner or buyer elects to make full use of the potential for a suite and coach house.

An owner or purchaser not interested in the rental unit opportunities is at best slightly better off (as illustrated in Exhibit 6A), but could perceive the lot as having less value than it currently has if there is an impact on value of reduced market interest in properties with pre-1940 houses (as illustrated in Exhibit 6B).

6.3.2 Financial Analysis from the Perspective of a Developer

Exhibit 7 summarizes the financial performance of the new regulations from the perspective of a developer creating a Multiple Conversion project. As illustrated:

1. We estimate that renovation, expansion, and conversion to two Multiple Conversion units supports a land value of $5,659,000. Our pro forma for the hypothetical conversion of the main house (plus addition) into two Multiple Conversion units is in Appendix 6F.
2. We estimate that the coach house supports a land value of $159,000 from the perspective of a developer (as was noted in the small lot example and illustrated in Appendix 6D).

Therefore, a developer of a Multiple Conversion Dwelling with a rental coach house can afford to pay $5,818,000 for this lot. This is less than the value of the single family lot under existing regulations (which we estimated to be $7,138,000 using average lot prices), so in our view it is unlikely that many of these conversions will happen and this opportunity will not be seen as a benefit to offset the impact of requiring the retention of the existing house (unless the property can be acquired for a price below the average recent sales price for redevelopment sites in First Shaughnessy).

Exhibit 7: Financial Impact Analysis of Example 2 (Medium Lot) from the Perspective of a Developer

	Impact
Land value supported by conversion of 11,242 sq.ft. renovated/expanded house into two Multiple Conversion Dwelling units (see Appendix 6F)	$5,659,000
Contribution to property value of adding a 686 sq.ft. rental coach house (see Appendix 6D)	$159,000
Total land value	$5,818,000

7.0 Example 3: Large Lot A

The size of "large" lots with pre-1940 houses in First Shaughnessy varies from about 18,000 to 90,000 square feet, but about 50% of the "large" lots are in the range of 18,001 to 25,000 square feet and a further 38% are in the range of 25,001 to 35,000 square feet. Therefore, we were asked to look at two "large" lot case studies. Example 3 is a 20,000 square foot lot with an existing pre-1940 house.

7.1 Value of the Lot Under Existing Regulations

As explained in our approach, we start by estimating the value of the property as a vacant lot, assuming that the existing house could be demolished and a new house could be built under the existing regulations.

Example 3 has a site area of 20,000 square feet. Applying our estimated average lot value of $400 per square foot of site area yields a value of $8,000,000 as if vacant under existing regulations.

7.2 Development Potential Under the Existing Regulations and the Proposed New Regulations

Appendix 4 shows the detailed calculations of development potential for Example 3 assuming demolition and new construction under the existing regulations versus retention/renovation of the existing house under the proposed new regulations. Key points for the financial analysis are as follows:

1. The existing pre-1940 house has a total floor area of 10,065 square feet.
2. Under existing regulations, a new house of up to 9,744 square feet could have been built on this lot (and the value of the lot under existing regulations would presumably reflect this potential). Under the proposed new regulations, a total of 12,325 square feet can be built on this lot (i.e. 10,065 square feet in the existing pre-1940 house plus 2,260 additional square feet). This is a net gain of 2,581 square feet of floorspace compared to building new under the existing regulations.
3. Under the proposed new regulations, an owner wishing to retain the main house as a one family dwelling may (as conditional approval uses) convert some of the floorspace in the main house into a secondary suite for personal use or rental purposes and an one infill unit. The floorspace in secondary suites and infill units is calculated toward FSR, so adding a secondary suite and/or infill unit takes away space that otherwise would be part of the principal dwelling. We evaluate using the "extra" 2,581 square feet of floorspace in three ways:
    - As 2,581 square foot more space in the main house.
    - As an assumed 827 square foot secondary suite plus 1,754 square feet more space in the main house.
    - As an assumed 827 square foot secondary suite, plus a 605 square foot infill unit, plus 1,149 square feet more space in the main house. As previously noted, we think that owners of the main house will have limited interest in strata titling to create an infill dwelling for sale (because it means that the main house would also become a strata unit), so for our analysis from a home owner's or buyer's perspective, we only consider the rental infill option.

4. Under the proposed new regulations, this property also qualifies for renovation to a Multiple Conversion Dwelling with two units that could be stratified and sold. The option of adding a strata titled infill unit (which would be a separate strata lot) is also available. For the financial analysis, we assume:
   - The developer would renovate the 10,065 square foot existing dwelling and build the maximum addition which is 1,655 square feet (allowing 605 square feet for the infill unit) for a total of 11,720 square feet of floorspace in the retention/expansion project. As part of renovation/expansion, the developer would convert the main house into two strata units. The units must have a minimum average floor area of 1,798 square feet and a minimum floor area for each unit of 1,001 square feet, so there are many options for how the space could be divided into two units.
   - The developer would build a 605 square foot strata infill dwelling unit, which would be a separate strata lot.
   - We assume the main house/addition is divided equally into two units. The full project, therefore, results in 3 strata lots: two with a 5,860 square foot unit in the Multiple Conversion Dwelling and one with a 605 square foot infill dwelling unit.

Exhibit 8 summarizes the potential floorspace/uses in the financial analysis.

Exhibit 8: Development Potential Under Scenarios for Financial Analysis of Example 3 (Large Lot A)

Use of Space			Build new	Perspective of Owner or Buyer			Perspective of Developer
Main house	Retain as one family dwelling:	Existing space	n/a	10,065 sq.ft.	10,065 sq.ft.	10,065 sq.ft.	n/a
		Addition	n/a	2,260 sq.ft.	1,433 sq.ft.	1,149 sq.ft.	n/a
		Principal residence	n/a	12,325 sq.ft. (think of as 9,744 sq.ft. +2,581 sq.ft.)	11,498 sq.ft. (think of as 9,744 sq.ft. +1,754 sq.ft.)	10,893 sq.ft. (think of as 9,744 sq.ft. +1,149 sq.ft.)	n/a
		Secondary suite	n/a	0	827 sq.ft.	827 sq.ft.	n/a
		Total	9,744 sq.ft.	12,325 sq.ft.	12,325 sq.ft.	11,720 sq.ft.	n/a
	Renovate to Multiple Conversion Dwelling:	Existing space	n/a	n/a	n/a	n/a	10,065 sq.ft
		Addition	n/a	n/a	n/a	n/a	1,655 sq.ft.
		Total space	n/a	n/a	n/a	n/a	11,720 sq.ft. (two 5,860 sq.ft units)
Coach house	Rental		n/a	n/a	n/a	n/a	n/a
Infill units	Rental		n/a	n/a	n/a	605 sq.ft.	n/a
	Strata		n/a	n/a	n/a	n/a	605 sq.ft. (one unit)
Total floorspace			9,744 sq.ft.	12,325 sq.ft.	12,325 sq.ft.	12,325 sq.ft.	12,325 sq.ft.

Gain of 2,581 sq.ft.

7.3 Financial Analysis

We first complete the analysis from the perspective of a property owner or buyer who would renovate the existing house, possibly construct an addition (with or without a suite), and possibly construct a rental infill dwelling unit. Then we look at the financial performance of renovating/expanding the main house, converting it into two Multiple Conversion units, and adding a strata titled infill dwelling unit from the perspective of a developer.

7.3.1 Financial Analysis from the Perspective of a Property Owner or Buyer

Exhibits 9A and 9B summarize the financial analysis from the perspective of a property owner or buyer.

Exhibit 9A includes the components of the impact that we have estimated based on available market and financial evidence. As illustrated:

1. The premium cost for having to renovate the existing 10,065 square feet of floorspace in the pre-1940 house compared to building the same amount of new space works out to a negative impact of about $503,000.
2. The land value of 2,581 square feet more space works out to about (a) $516,000 if we assume that all of the "extra" space contributes value as part of the main house, (b) $599,000 if we assume that 1,754 square feet of the "extra" space contributes value from having a bigger house and 827 square feet contributes value as a secondary suite, or (c) $671,000 if we assume an 827 square foot secondary suite, a 605 square foot rental infill dwelling, and 1,149 square feet in the form of a bigger house. The pro forma for the hypothetical 827 square foot secondary suite is the same as in the small lot example (because the size of the suite is the same, see Appendix 6A). Our pro forma for the hypothetical 605 square foot rental infill dwelling is in Appendix 6G.

Exhibit 9B adds the possibility, based on our judgement, that there will be some transfer of market interest from the pre-1940 houses because some buyers will not want a renovated house. As noted in Section 4.9, in our view it seems unlikely that the transference of market interest away from pre-1940 houses would have more than a 5% impact on lot value, so we have calculated the possible impact at this percentage.

Exhibit 9A: Financial Impact Analysis of Cost Premium and Value of Extra Space for Example 3 (Large Lot A) from the Perspective of an Owner

	Impact Assuming Owner Does Not Include Revenue-Generating Uses	Impact Assuming Owner Includes Revenue-Generating Uses
Cost premium for having to renovate an existing pre-1940 house instead of building new (10,065 sq.ft. existing house x $50 per sq.ft. cost premium)	- $503,000	- $503,000
Value of being able to achieve 2,581 sq.ft. more space compared to building new: • All of the extra space contributes value to the main house (2,581 sq.ft. x $200 per sq.ft. = $516,000); or • Use 827 sq.ft. as a secondary suite ($248,000) plus 1,754 sq.ft. as value in the main house (1,754 sq.ft. x $200 per sq.ft. = $351,000) = $599,000; or • Use 827 sq.ft. as a secondary suite ($248,000), plus 605 sq.ft. for a rental infill unit ($193,000, see Appendix 6G), plus 1,149 sq.ft. as value in the main house (1,149 sq.ft. x $200 per sq.ft. = $230,000) = $671,000	+$516,000	+$671,000
Subtotal	+$13,000	+$168,000

Exhibit 9B: Possible Impact of Reduced Market Interest for Example 3 (Large Lot A) from the Perspective of an Owner

	Impact Assuming Owner Does Not Include Revenue-Generating Uses	Impact Assuming Owner Includes Revenue-Generating Uses
Subtotal of financial impacts from Exhibit 9A above	+$13,000	+$168,000
Less possible impact of reduced market interest (say up to 5% x lot value of $8,000,000)	-$400,000	-$400,000
Net	-$387,000	-$232,000

Assuming an owner or buyer elects to make full use of the potential for a suite and infill unit, the subtotal of the two changes listed in Exhibit 9A is at best a net gain of $168,000. This is about 2% of our estimated value of the lot assuming average lot values ($8,000,000). However, if we assume that the possible impact of reduced market interest is on the order of 5% of lot value, then (as illustrated in Exhibit 9B) all of the gain is offset, leaving the land value below the starting point. There is no significant incentive and the potential for a small negative impact assuming the owner or buyer elects to make full use of the potential for a suite and infill unit.

An owner or purchaser not interested in the rental unit opportunities is at best break-even (as illustrated in Exhibit 9A), but could perceive the lot as having less value than it currently has if there is an impact on value of reduced market interest in properties with pre-1940 houses (as illustrated in Exhibit 9B).

This example shows the greatest potential for negative impact. We note that the proposed new regulations only permit one infill dwelling unit for lots in the range of 18,000 to 30,000 square feet, so from an economic perspective (without testing the implications for site planning and design) one possible way to ameliorate this is to allow 2 infill units instead of 1 infill unit.

7.3.2 Financial Analysis from the Perspective of a Developer

Exhibit 10 summarizes the financial performance of the new regulations from the perspective of a developer creating a Multiple Conversion project. As illustrated:

1. We estimate that renovation, expansion, and conversion to two Multiple Conversion units supports a land value of $5,777,000. Our pro forma for the hypothetical conversion of the main house (plus addition) into two Multiple Conversion units is in Appendix 6H.
2. We estimate that a 605 square foot strata infill unit supports a land value of $307,000 from the perspective of a developer. Our pro forma for the hypothetical strata infill unit is in Appendix 6I.

Therefore, a developer of a Multiple Conversion Dwelling with a strata infill unit can afford to pay $6,084,000 for this lot. This is less than the value of the single family lot under existing regulations (which we estimated to be $8,000,000 assuming average lot values), so in our view it is unlikely that many of these conversions will happen and this opportunity will not be seen as a benefit to offset the impact of requiring the retention of the existing house (unless the property can be acquired for a price below the average recent sales price for redevelopment sites in First Shaughnessy).

Exhibit 10: Financial Impact Analysis for Example 3 (Large Lot A) from the Perspective of a Developer

	Impact
Land value supported by conversion of 11,720 sq.ft. renovated/expanded house into two Multiple Conversion Dwelling units (see Appendix 6H)	$5,777,000
Land value supported by a 605 sq.ft. strata infill dwelling unit (see Appendix 6I)	$307,000
Total land value	$6,084,000

8.0 Example 4: Large Lot B

The size of "large" lots with pre-1940 houses in First Shaughnessy varies from about 18,000 to 90,000 square feet, but as noted in Section 7.0 about 50% of the "large" lots are in the range of 18,001 to 25,000 square feet and a further 38% are in the range of 25,001 to 35,000 square feet. Therefore, we were asked to look at two "large" lot examples. Example 4 is a 34,000 square foot lot with an existing pre-1940 house.

8.1 Value of the Lot Under Existing Regulations

As explained in our approach, we start by estimating the value of the property as a vacant lot, assuming that the existing house could be demolished and a new house could be built under the existing regulations.

Example 4 has a site area of 34,000 square feet. Applying our estimated average lot value of $400 per square foot of site area yields a value of $13,600,000 as if vacant under existing regulations.

8.2 Development Potential Under the Existing Regulations and the Proposed New Regulations

Appendix 5 shows the detailed calculations of development potential for Example 4 assuming demolition and new construction under the existing regulations versus retention/renovation of the existing house under the proposed new regulations. Key points for the financial analysis are as follows:

1. The existing pre-1940 house has a total floor area of 9,286 square feet.
2. Under existing regulations, a new house up to 15,300 square feet could have been built on this lot (and the value of the lot under existing regulations would presumably reflect this potential). Under the proposed new regulations, a total of 21,300 square feet can be built on this lot (i.e. 9,286 square feet in the retained pre-1940 house plus 12,014 additional square feet). This is a gain of up to 6,000 square feet of floorspace compared to building new under the existing regulations.
3. Under the proposed new regulations, an owner wishing to retain the main house as a one family dwelling may (as conditional approval uses) convert some of the floorspace in the main house into a secondary suite for personal use or rental purposes and add up to three infill units with a total of up to 5,390 square feet of space. The floorspace in secondary suites and infill units is calculated toward FSR, so adding a secondary suite and/or infill units takes away space that otherwise could be part of the principal dwelling. We evaluate using the "extra" 6,000 square feet of floorspace in three ways:
    - As 6,000 square foot more space in the main house.
    - As an assumed 850 square foot secondary suite plus 5,150 square feet more space in the main house.
    - As an assumed 850 square foot secondary suite plus up to three rental infill dwellings totalling 5,390 square feet to maximize the amount of revenue-generating space that can be accommodated on the site. We acknowledge that this assigns value to slightly more space (6,240 square feet instead of 6,000 square feet) than the total allowable "extra" space compared to building new, but the difference of 240 square feet would simply reduce the size of the addition to the main house from 6,014 square feet to 5,774 square feet (meaning the main house would have a total floor area of 15,050 square feet). We don't think an owner of a house of this size would discount having a slightly reduced amount by which they are expanding the main house. As previously noted, we think that owners or buyers of the main house will have limited interest in strata titling to create an infill dwelling(s) for sale

(because it means that the main house would also become a strata unit), so for our analysis from a home owner's or buyer's perspective we only consider the rental infill option.

4. Under the proposed new regulations, this property also qualifies for renovation to a Multiple Conversion Dwelling with three units that could be stratified and sold. The option of adding strata titled infill units (which would be a separate strata lots) is also available. For the financial analysis, we assume:
   - The developer would renovate the 9,286 square foot existing dwelling and build the maximum addition which is 6,624 square feet (allowing 5,390 square feet for the infill units) for a total of 15,910 square feet of floorspace in the retention/expansion project. As part of renovation/expansion, the developer would convert the main house into three strata units. The units must have a minimum average floor area of 1,798 square feet and a minimum floor area for each unit of 1,001 square feet, so there are many options for how the space could be divided into three units.
   - The developer would build three strata infill dwelling units, which would be separate strata lots, with a total of 5,390 square feet of infill dwelling space. There are many options for how the space could be divided.
   - We assume the main house/addition is divided equally into three units and the potential infill space is divided equally into three units. The full project, therefore, results in three strata lots with 5,303 square foot units in the Multiple Conversion Dwelling plus three strata lots with 1,797 square foot infill dwelling units.

Exhibit 11 summarizes the potential floorspace/uses in the financial analysis.

Exhibit 11: Development Potential Under Scenarios for Financial Analysis of Example 4 (Large Lot B)

Use of Space			Build new	Perspective of Owner or Buyer			Perspective of Developer
Main house	Retain as one family dwelling:	Existing space	n/a	9,286 sq.ft.	9,286 sq.ft	9,286 sq.ft	n/a
		Addition	n/a	12,014 sq.ft.	11,164 sq.ft.	5,774 sq.ft.	n/a
		Principal residence	n/a	21,300 sq.ft. (think of as 15,300 sq.ft. +6,000 sq.ft.)	20,450 sq.ft. (think of as 15,300 sq.ft. +5,150 sq.ft.)	15,060 sq.ft. (think of as 15,300 sq.ft. -240 sq.ft.)	n/a
		Secondary suite	n/a	0	850 sq.ft.	850 sq.ft.	n/a
		Total	15,300 sq.ft.	21,300 sq.ft.	21,300 sq.ft.	15,910 sq.ft.	n/a
	Renovate to Multiple Conversion Dwelling:	Existing space	n/a	n/a	n/a	n/a	9,286 sq.ft
		Addition	n/a	n/a	n/a	n/a	6,624 sq.ft.
		Total space	n/a	n/a	n/a	n/a	15,910 sq.ft. (three 5,303 sq.ft units)
Coach house	Rental		n/a	n/a	n/a	n/a	n/a
Infill units	Rental		n/a	n/a	n/a	5,390 sq.ft.	n/a
	Strata		n/a	n/a	n/a	n/a	5,390 sq.ft. (three 1,797 sq.ft. units)
Total floorspace			15,300 sq.ft.	21,300 sq.ft.	21,300 sq.ft.	21,300 sq.ft.	21,300 sq.ft.

Gain of 2,581 sq.ft.

8.3 Financial Analysis

We first complete the analysis from the perspective of a property owner or buyer who would renovate the existing house, possibly construct an addition (with or without a suite), and possibly construct up to three rental infill dwelling units. Then we look at the financial performance of renovating/expanding the main house, converting it into three Multiple Conversion units, and adding three strata titled infill dwelling units from the perspective of a developer.

8.3.1 Financial Analysis from the Perspective of a Property Owner or Buyer

Exhibits 12A and 12B summarize the financial analysis from the perspective of a property owner or buyer.

Exhibit 12A includes the components of the impact that we have estimated based on available market and financial evidence. As illustrated:

1. The premium cost for having to renovate the existing 9,826 square feet of floorspace in the pre-1940 house compared to building the same amount of new space works out to a negative impact of about $464,000.
2. The land value of being able to achieve 6,000 square feet more space works out to about (a) $1,200,000 if we assume that all of the "extra" space is used for the main house, (b) $1,270,000 if we assume that 5,150 square feet of the "extra" space contributes value from having a bigger house and 850 square feet contributes value as a secondary suite, or (c) $1,742,000 if we assume that the owner builds three rental infill units (totaling 5,390 square feet) and an 850 square foot secondary suite. Our pro forma for the hypothetical secondary suite is in Appendix 6J and our pro forma for the hypothetical rental infill units is in Appendix 6K.

Exhibit 12B adds the possibility, based on our judgement, that there will be some transfer of market interest from pre-1940 houses because some buyers will not want a renovated house. As noted in Section 4.9, in our view it seems unlikely that the transference of market interest away from pre-1940 houses would have more than a 5% impact on lot value, so we have calculated the possible impact at this percentage.

Exhibit 12A: Financial Impact Analysis of Cost Premium and Value of Extra Space for Example 4 (Large Lot B) from the Perspective of an Owner

	Impact Assuming Owner Does Not Include Revenue-Generating Uses	Impact Assuming Owner Includes Revenue-Generating Uses
Cost premium for having to renovate an existing pre-1940 house instead of building new (9,286 sq.ft. existing house x $50 per sq.ft. cost premium)	- $464,000	- $464,000
Value of being able to achieve 6,000 sq.ft. more space compared to building new: • Use all of the extra space towards the main house (6,000 sq.ft. x $200[3] per sq.ft. = $1,200,000); or • Use 850 sq.ft. as a secondary suite ($240,000, see Appendix 6J) plus 5,150 sq.ft. towards the main house (5,150 sq.ft. x $200 per sq.ft. = $1,030,000) = $1,270,000; or • Use 850 sq.ft. as a secondary suite ($240,000) and 5,360 sq.ft. for three rental infill units ($1,502,000, see Appendix 6K) = $1,742,000	+$1,200,000	+$1,742,000
Subtotal	+$736,000	+$1,278,000

[3] We acknowledge that it is possible that for very large houses, there would be less value associated with the ability to build extra space (because the house is already very large and it is hard to see how it might be constrained).

Exhibit 12B: Possible Impact of Reduced Market Interest for Example 4 (Large Lot B) from the Perspective of an Owner

	Impact Assuming Owner Does Not Include Revenue-Generating Uses	Impact Assuming Owner Includes Revenue-Generating Uses
Subtotal of financial impacts from Exhibit 12A above	+$736,000	+$1,278,000
Less possible impact of reduced market interest (say up to 5% x lot value of $13,600,000)	-$680,000	-$680,000
Net	+$56,000	+$598,000

Assuming an owner or buyer elects to make full use of the potential for a suite and infill units, the subtotal of the two changes listed in Exhibit 12A is at best a net gain of $1,278,000. This is about 9% of our estimated value of the lot ($13,600,000 assuming average lot prices). As with the other examples, there is a risk of downward price pressure due to reduced market interest from buyers who prefer to have a new house. If this impact is on the order of 5% of lot value (as illustrated in Exhibit 12B), some but not all of the gain is offset, leaving a net gain of up to about $598,000 (about 4% of lot value) assuming the owner or buyer elects to make full use of the potential for a suite and infill units. The situation could be better than this if the loss of buyers who want a new house is offset by a gain in market interest from buyers who put a premium on the ability to have a very large house (i.e. buyers who shift away from the demolition lot market which under the proposed new regulations have a maximum above-grade house size of 9,800 square feet).

An owner or purchaser not interested in the rental unit opportunities has at best a net gain of up to about $736,000 (about 5% of lot value) as illustrated in Exhibit 12A.

8.3.2 Financial Analysis from the Perspective of a Developer

Exhibit 13 summarizes the financial performance of the new regulations from the perspective of a developer creating a Multiple Conversion project. As illustrated:

1. We estimate that renovation, expansion, and conversion to two Multiple Conversion units supports a land value of $8,057,000. Our pro forma for the hypothetical conversion of the main house (plus addition) into three Multiple Conversion units is in Appendix 6L.
2. We estimate that three strata infill units totaling 5,390 square feet support a land value of $2,800,000 from the perspective of a developer. Our pro forma for the hypothetical strata infill units is in Appendix 6M.

Therefore, a developer of a Multiple Conversion Dwelling with three strata infill units can afford to pay $10,857,000 for this lot. This is less than the value of the single family lot under existing regulations (which we estimated to be $13,600,000 assuming average lot values), so in our view it is unlikely that many of these conversions will happen and this opportunity will not be seen as a benefit to offset the impact of requiring the retention of the existing house (unless the property can be acquired for a price below the average recent sales price for redevelopment sites in First Shaughnessy).

Exhibit 13: Financial Impact Analysis of Example 4 (Large Lot B) from the Perspective of a Developer

	Impact
Land value supported by conversion of 15,910 sq.ft. renovated/expanded house into three Multiple Conversion Dwelling units (see Appendix 6L)	$8,057,000
Land value supported by a total of 5,390 sq.ft. in strata infill dwelling units (see Appendix 6M)	$2,800,000
Total land value	$10,857,000

9.0 Impact on Post-1940 Houses

For new houses (which will only be permitted on properties with post-1940 homes that are approved for demolition), the above-grade limit on floorspace calculation (i.e. (0.25 x site area) + 1,496 sq.ft.) is unchanged, but there is a new maximum limit of 9,800 sq.ft. of above-grade space. The maximum limit comes into play for properties that are 33,216 sq.ft. or larger.

For lots under 33,216 sq.ft., there is no impact in terms of reduced achievable above-grade house size. These properties are likely to experience some upward pressure on value, as some market interest will shift from the pre-1940 houses to the post-1940 lots that still have a demolition option.

For lots over 33,216 sq.ft., there will be a combination of upward pressure on value due to interest transferred from lots with pre-1940 houses and downward pressure due to reduced achievable above-grade house size. The amount of reduced above-grade house size varies with lot size; the larger the lot, the more the loss. Mathematically, the impact works out to a loss of 250 sq.ft. of above-grade floorspace for every 1,000 sq.ft. increase in lot size beyond 33,216 sq.ft.

In our view, on balance this will have a downward influence on the marketability and value of sites larger than 33,216 sq.ft. with post-1940s buildings. Given the overall market context in Vancouver we expect that this will mean there is a risk that there will be a dampening on the pace of price growth for these properties (not an actual decline in property value).

10.0 Conclusions

We have been asked to evaluate whether the proposed new First Shaughnessy zoning regulations will have an impact on property values. We have attempted to be as rigorous as possible, but we must acknowledge that there are several factors that make this challenging territory, including: the unusual nature of the First Shaughnessy neighbourhood (which contains many of the largest and highest value lots in the City and which has a relatively small total number of properties); the limited actual recent sales evidence; and the lack of a precedent in the City for requiring the retention of single detached houses at a whole-neighbourhood scale. Consequently, our conclusions rely heavily on judgement. We also note that there is a large diversity of properties in First Shaughnessy (size of lots, size of houses, condition of houses), which makes it difficult to reach conclusions applicable to all properties.

With these caveats in mind, these are our conclusions:

1. The obligation to retain pre-1940 houses would put downward pressure on the value of properties that would otherwise (under existing regulations) be candidates for demolition, if the market does not value the off-setting benefits included in the proposed new regulations for projects that retain a pre-1940 house.

   This downward pressure is due to the cost premium for renovation compared to new construction and due to the fact that a segment of the market prefers to buy or build a new house rather than renovate an older one. However, this downward pressure must be seen in the context of a prestigious, high value neighbourhood that commands high lot values and in the context of a Vancouver single family house market that continues to rise due to strong demand and a limited (shrinking, in fact) supply of lots. The downward pressure on price is not likely to translate into an immediate, significant, persistent drop in value, but in our view it does mean that lot values could see small short term decreases and experience smaller future increases than would otherwise have occurred, if buyers do not choose to take advantage of the new benefits offered in the proposed new regulations and do not factor these benefits into the price they are willing to pay for a property with a pre-1940 house.

   We estimate a worst case of 5% to 10% decline[4] (which would only apply in cases where property owners or buyers elect not to make use of the off-setting benefits in the proposed new regulations) in lots with houses that would be demolition candidates under the current system which includes a character merit evaluation process, which would be offset (in dollar terms) by 1 or 2 years of the current pace of price growth.[5]

   At the same time, there could be upward pressure on the price of lots that are less than 33,216 sq.ft. with post-1940 houses (if they can be demolished) as buyer interest focuses more strongly on these.

2. The proposed new regulations will allow the construction of larger houses on lots with pre-1940 houses than under existing regulations. This potential for more floorspace creates land value, which will partly offset any negative impacts. In our view, the benefit of this opportunity is (on its own) probably not enough to fully offset the risk of negative impact.

3. The proposed new regulations also allow the construction of additional dwelling units on lots with pre-1940 houses, including (depending on lot size) a secondary suite, a coach house, and one or more infill

[4] The 5% to 10% range takes into account the cost premium associated with renovation versus building new plus the possibility, based on our judgement, that there will be some transfer of market interest away from pre-1940 houses because some buyers will not want a renovated house.

[5] For context, the pace of price growth for single family houses on the west side of Vancouver averaged 9% per year from 2010 to 2014 (based on an analysis of MLS data) and the pace of price growth for single family houses in First Shaughnessy averaged 8% per year over the same timeframe (based on an analysis of all sales in First Shaughnessy, not just those listed on MLS).

units. From the perspective of a household wanting to own the main house on one of these lots, these supplemental dwellings offer the potential for rental income that generates a land value benefit. We estimate that this benefit (when added to the benefit of more floorspace in the main house) is enough to offset the negative impact of having to keep the existing house.

However, it is our view that a subset of the market will not be interested in tapping this rental opportunity. While the use of secondary suites and laneway houses as mortgage helpers or income supplements is commonplace in many Vancouver neighbourhoods, we question whether many buyers of single detached homes in the First Shaughnessy price bracket will accept the loss of exclusivity and privacy that can come with sharing a lot with multiple non-related households. Some home owners or buyers may use the opportunity to provide guest quarters, units for family members, caretaker suites, or additional personal use space, but not take tenants.

We anticipate that few owners of the main house will be interested in creating on-site strata title infill units, as this requires also strata titling the main house and involves more loss of control over the occupancy of the supplemental units.

So, these extra units have the potential to create value but not everyone will use them. This means there will be different kinds of lot buyers in the First Shaughnessy market under the new regulations: some who want a truly single detached home and some willing to include on-site rental units. The latter group will be willing (on paper) to pay more for a lot than the former group, so if there are enough of this type of buyer they will set the market price at a level that reflects the benefit of the extra units.

4. The proposed new regulations also create the potential for Multiple Conversion Dwellings (i.e. conversion/expansion of the main house into strata units), depending on the size of the lot (or for small lots, the size of the existing house). Our analysis indicates that such projects will typically support less land value than is supported by traditional single family use, so developers will find few opportunities for these projects. The regulations would have to allow more infill unit floorspace (and more infill units) for Multiple Conversions to support higher land values than current single family lot prices.

5. Combining these positive and negative factors, on balance we would characterize the new regulations as having a small impact that will range from between slightly negative and slightly positive (i.e. plus or minus 5% of value) if all incentives are used, depending on the property. Lots in the 18,000 to 30,000 square foot category appear to be the most negatively affected, which might be offset by allowing 2 infill units for these properties (as with properties in the 30,000 to 39,999 square foot range) rather than 1 infill unit. We expect that the prestige of the neighbourhood, the small total number of lots, and the continuing strong demand for single family homes will mean that the proposed new regulations will not cause significant, persistent negative impacts on lot values for lots with pre-1940 houses in First Shaughnessy.

6. We note that the proposed new regulations classify all of the potential uses (one family dwelling, one family dwelling with secondary suite, coach house, infill one-family and infill two-family units, and Multiple Conversion Dwellings) as conditional approval uses. Our analysis assumes that these uses are available to all properties with pre-1940 houses in First Shaughnessy if they meet the requirements outlined in the proposed new regulations. If the City does not approve the uses on a particular site, there would be no benefits offsetting the negative impact of requiring retention of the pre-1940 house.

7. The benefits for pre-1940 houses included in the proposed new regulations are clearly not “too high”, in the sense of offering significantly more benefits than are needed to offset any negative impact. In fact, we don’t see these as literal incentives, as they appear to balance any negative impact rather than create a significant net financial gain. The benefits could be characterized more as potential compensation than as a true financial incentive that encourages and rewards the retention of older houses.

8. The proposed new regulations also affect very large lots (over 33,216 sq. ft.) with post-1940 houses, by reducing the total achievable floorspace compared to the existing regulations by introducing a maximum

building size. This is intended to result in new house construction that is more consistent with the scale and the form of heritage development in the neighbourhood. However, it is still possible to achieve a house of almost 10,000 square feet and there could be some off-setting positive impact that flows from the transfer of market interest away from lots with pre-1940 houses. In our view, on balance this will have a downward influence on the marketability and value of sites larger than 33,216 sq.ft. with post-1940s buildings. Given the overall market context in Vancouver we expect that this will mean there is a risk that there will be a dampening on the pace of price growth for these properties (not an actual decline in property value).

Appendix 1: Comparison of Key Existing and Proposed Regulations for First Shaughnessy

	Existing (holding aside the moratorium)	Proposed
Protection of pre-1940 homes	Properties are not protected heritage resources. First Shaughnessy Design Guidelines include an inventory (from 1994) of houses with character merit, but this does not prevent applications to demolish houses on the list. City may consider demolition of a house on the list after a character merit review process that uses the criteria for eligibility for the Vancouver Heritage Registry. If the house is deemed to not be a candidate for inclusion in the Vancouver Heritage Registry it may be granted a demolition permit by the Director of Planning.	Area will be designated as a Heritage Conservation Area (HCA) and all pre-1940 properties will be scheduled as "protected heritage property", meaning retention of all pre-1940s homes will be required. Removal of any property on the list of protected heritage property would require a decision of City Council after a public hearing.
Design guidelines	First Shaughnessy Design Guidelines provide general and specific guidelines for building, landscape, and streetscape design.	The new HCA ODP will incorporate an updated version of the First Shaughnessy Design Guidelines, providing clear guidance about materials and design details for both character home renovations and new development. Same level of high-quality materials will be required for both renovations and new buildings.
Floor area	For pre-1940 homes: • 0.45 FSR • Basement included in FSR calculation • Parking and mechanical excluded from FSR if located underground For new buildings: • 0.45 FSR overall, but above grade limit of (0.25 x site area) + 1,496 sq.ft. • Basement included in FSR calculation • Parking and mechanical excluded from FSR if located underground • This applies to properties with pre-1940s homes that are approved for demolition or on properties with post-1940s homes that are approved for demolition	For pre-1940 homes: • 0.45 FSR • Basement excluded in FSR calculation • Parking included in FSR calculation if located underground, but excluded if located at grade in accessory buildings of modest size For new buildings: • Above grade limit of (0.25 x site area) + 1,496 sq.ft. to a maximum of 9,800 sq.ft. above grade (this means that there is no change in the above-grade floorspace limit for properties less than 33,216 sq.ft, but for properties larger than 33,216 sq.ft. the proposed new maximum of 9,800 sq.ft. means that the amount of above-grade floorspace permitted under the proposed new regulations is less than under the existing regulations) • Basement excluded from FSR calculation unless used for parking • Inclusion of a maximum floor area is intended to ensure that new buildings have a better fit with the character of the area). Retention of all pre-1940s homes will be required, so this will only apply to properties with post-1940s homes that are approved for demolition
Height	• 35 feet • 2 ½ storeys	• 35 feet but can be relaxed to 45 feet based on design/neighbour impact considerations • 2 to 2 ½ storeys

	Existing (holding aside the moratorium)	Proposed
Setbacks and yards	• Fixed amounts, regardless of site size	• Variable, proportionate to site size, with the exception of the rear yard which is increased by 5 feet to better accommodate accessory buildings
Secondary suites	• Not allowed	• Permitted as conditional approval use in one family dwellings (both pre-1940 homes and new buildings), but floorspace counted towards FSR
Coach houses	• Not allowed	• Sites up to 18,000 sq.ft. can have a coach house as part of pre-1940 home renovation/addition (conditional approval use) • For personal use or rental; cannot stratify • Floor area ranges from 400 to 686 sq.ft. and does not count towards FSR
Infill dwelling units	• Sites over 23,000 sq.ft. can have infill unit(s) as part of pre-1940 home renovation/addition • For personal use, rental, or may be strata titled	• Sites over 18,000 sq.ft. can have up to 4 infill units (maybe 5 units in rare cases) as part of pre-1940 home renovation/addition (conditional approval use) • The number of infill units varies depending on site size (1 unit if site is >18,000 sq.ft., 2 units if site is >30,000 sq.ft.), 3 units if site is >40,000 sq.ft., 4 units if site is >50,000 sq.ft.) • For personal use, rental, or may be strata titled • Floorspace counts towards FSR (so reduces size of potential addition to main house)
Multiple conversion dwellings	• Existing pre-1940 houses over 7,000 sq.ft. in floor area can be converted into up to 4 units as part of pre-1940 home renovation/addition	• Existing pre-1940 houses on sites over 15,000 sq.ft. and existing pre-1940 houses with over 5,000 sq.ft. in floor area can be converted into up to 4 units (maybe 5 units in rare cases) (conditional approval use) • The number of MCD units varies depending on site size (2 units if site is >15,000 sq.ft., 3 units if site is >30,000 sq.ft.), 4 units if site is >40,000 sq.ft.) • Average floor area for the multiple conversion dwelling units must be greater than 1,798 sq.ft. and floor area for each unit must be greater than 1,001 sq.ft.

Appendix 2: Background Analysis for Example 1 (Small Lot)

Exhibit A2-1 shows the amount of floorspace that can be built on Example 1 (Small Lot) in a new house under the existing regulations or under a retention/renovation of the existing pre-1940 house under the proposed new regulations, based on information provided to us by the City. These calculations make some assumptions about the form of development (e.g. number of storeys, footprint) and do not take into consideration site conditions, existing mature landscape, impacts on neighbours, and other site-specific conditions that may have development implications. The calculations were simply developed for illustrative purposes.

The calculations in Exhibit A2-1 assume that all of the permitted floorspace is utilized by the principal dwelling. As illustrated, the existing 5,066 square foot house would be renovated and an addition of up to 3,308 square foot could be constructed, yielding a house with a total of 8,374 square foot. This means that the retention/addition project under the proposed new regulations could yield up to 1,352 square feet more space than building new under the existing regulations.

Exhibit A2-1: New House Under Existing Regulations versus Retention/Addition to Existing Pre-1940 House Under the Proposed New Regulations, Assuming House is Retained as a One Family Dwelling (Example 1: Small Lot)

	Build New Under Existing Regulations	Retain and Add Onto Existing House Under Proposed New Regulations	Quantitative Impact
Above grade floor area	4,842 sq.ft.[a]	3,541 sq.ft. existing + 2,481 sq.ft. addition = 6,022 sq.ft.[c]	Up to 1,180 sq.ft. more above-grade
Basement	1,180 sq.ft. included in FSR[a] + 1,000 sq.ft. excluded in FSR (for parking/mechanical)[b] = 2,180 sq.ft.	1,525 sq.ft. existing + 827 sq.ft. under addition = 2,352 sq.ft. basement	Up to 172 sq.ft. more in basement
Total floorspace permitted (for the main house and secondary suite/infill dwellings, if any)	6,022 sq.ft. included in FSR[a] + 1,000 sq.ft. excluded in FSR[b] = 7,022 sq.ft.	5,066 sq.ft. existing + 3,308 sq.ft. addition = 8,374 sq.ft.	Up to 1,352 sq.ft. more in total

Notes:

a. Maximum density under existing regulations is 0.45 FSR including basement space, of which up to 0.25 FSR + 1,496 sq.ft. can be above grade.

b. FSR calculation under existing regulations can exclude parking and mechanical space below grade. 1,000 sq.ft. is currently the approximate maximum supportable exclusion for these uses.

c. Maximum density under proposed new regulations is 0.45 FSR excluding basement space.

Exhibit A2-2 shows the incentives that are available for Example 1 under the proposed new regulations, based on the lot size and size of the existing house. As illustrated, the site qualifies for a secondary suite, coach house, and conversion of the existing pre-1940 house into two strata units in a Multiple Conversion Dwelling. The floorspace for the secondary suite counts toward the calculation of FSR, so scenarios that involve incorporating a suite mean that the size of the addition to the existing house is smaller than illustrated in Exhibit A2-1. Floorspace in the coach house does not count toward the calculation of FSR, so it is like a density bonus.

Exhibit A2-2: Incentives Available Under the Proposed New Regulations (Example 1: Small Lot)

	Build New Under Existing Regulations	Retain/Renovate under Proposed New Regulations	Comments
Qualifies for a secondary suite?	No	Yes	Can have a secondary suite[d] for personal use or rental purposes (uses floorspace in main house) if the main house is a one family dwelling
Qualifies for coach house?	No	Yes	Can build a 686 sq.ft. coach house[d] for personal use or rental purposes (floorspace for the coach house is in addition to the 0.45 FSR + basement space for the main house)
Qualifies for infill dwellings?	No	No	None
Can main house be converted into multiple units?	No	Yes	Can convert the main house into two strata units[d] under the proposed new policy because the existing house is greater than 5,000 sq.ft.; Minimum average floor area for the units is 1,798 sq.ft. and minimum floor area for each unit is 1,001 sq.ft.

Notes:

d. Secondary suites, coach houses, infill units, and multiple conversion dwellings are conditional approval uses in the proposed new regulations.

The following scenarios are possible for Example 1, depending on the incentives that are pursued by the property owner or developer:

- One family dwelling with addition up to maximum density.
- One family dwelling with secondary suite with addition up to maximum density.
- One family dwelling with addition up to maximum density plus coach house.
- One family dwelling with secondary suite with addition up to maximum density plus coach house.
- Two multiple conversion dwelling units.
- Two multiple conversion dwelling units with a coach house.

For our analysis, we focus on evaluating the scenarios that bracket the range of possibilities from the perspective of the property owner and the maximum package of benefits from the perspective of a developer.

Appendix 3: Background Analysis for Example 2 (Medium Lot)

Exhibit A3-1 shows the amount of floorspace that can be built on Example 2 (Medium Lot) in a new house under the existing regulations or under a retention/renovation of the existing pre-1940 house under the proposed new regulations, based on information provided to us by the City. These calculations make some assumptions about the form of development (e.g. number of storeys, footprint) and do not take into consideration site conditions, existing mature landscape, impacts on neighbours, and other site-specific conditions that may have development implications. The calculations were simply developed for illustrative purposes.

The calculations in Exhibit A3-1 assume that all of the permitted floorspace is utilized by the principal dwelling. As illustrated, the existing 6,091 square foot house would be renovated and an addition of up to 4,341 square foot could be constructed, yielding a house with a total of 11,272 square foot. This means that the retention/addition project under the proposed new regulations could yield up to 2,306 square feet more space than building new under the existing regulations.

Exhibit A3-1: New House Under Existing Regulations versus Retention/Addition to Existing Pre-1940 House Under the Proposed New Regulations, Assuming House is Retained as a One Family Dwelling (Example 2: Medium Lot)

	Build New Under Existing Regulations	Retain and Add Onto Existing House Under Proposed New Regulations	Quantitative Impact
Above grade floor area	5,957 sq.ft.[a]	4,540 sq.ft. existing + 3,490 sq.ft. addition = 8,030 sq.ft.[c]	Up to 2,073 sq.ft. more space above-grade
Basement	2,073 sq.ft. included in FSR[a] + 906 sq.ft. excluded in FSR (for parking/mechanical)[b] = 2,979 sq.ft.	2,361 sq.ft. existing + 851 sq.ft. under addition = 3,212 sq.ft. basement	Up to 233 sq.ft. more basement space
Total floorspace permitted (for the main house and secondary suite/infill dwellings, if any)	8,030 sq.ft. included in FSR[a] + 906 sq.ft. excluded in FSR[b] = 8,936 sq.ft.	6,901 sq.ft. existing + 4,341 sq.ft. addition = 11,242 sq.ft.	Up to 2,306 sq.ft. more in total

Notes:

a. Maximum density under existing regulations is 0.45 FSR including basement space, of which up to 0.25 FSR + 1,496 sq.ft. can be above grade.

b. FSR calculation under existing regulations can exclude parking and mechanical space below grade. For this site, an exclusion of 906 sq.ft. is assumed for parking and mechanical space. A full basement (not crawl space) could be achieved with this exclusion in combination with the remaining unused allowable floor area after the above grade limit has been met.

c. Maximum density under proposed new regulations is 0.45 FSR excluding basement space.

Exhibit A3-2 shows the incentives that are available for Example 2 under the proposed new regulations, based on the lot size and size of the existing house. As illustrated, the site qualifies for a secondary suite, coach house, and conversion of the existing pre-1940 house into two strata units in a Multiple Conversion Dwelling. The floorspace for the secondary suite counts toward the calculation of FSR, so scenarios that involve incorporating a suite mean that the size of the addition to the existing house is smaller than illustrated in Exhibit A3-1. Floorspace in the coach house does not count toward the calculation of FSR, so it is like a density bonus.

Exhibit A3-2: Incentives Available Under the Proposed New Regulations (Example 2: Medium Lot)

	Build New Under Existing Regulations	Retain/Renovate under Proposed New Regulations	Comments
Qualifies for a secondary suite?	No	Yes	Can have a secondary suite[d] for personal use or rental purposes (uses floorspace in main house) if the main house is a one family dwelling
Qualifies for coach house?	No	Yes	Can build a 686 sq.ft. coach house[d] for personal use or rental purposes (floorspace for the coach house is in addition to the 0.45 FSR + basement space for the main house)
Qualifies for infill dwellings?	No	No	None
Can main house be converted into multiple units?	No	Yes	Can convert the main house into two strata units[d] under the proposed new policy; Minimum average floor area for the units is 1,798 sq.ft. and minimum floor area for each unit is 1,001 sq.ft.

Notes:

d. Secondary suites, coach houses, infill units, and multiple conversion dwellings are conditional approval uses in the proposed new regulations.

The following scenarios are possible for Example 2, depending on the incentives that are pursued by the property owner or developer:

- One family dwelling with addition up to maximum density.
- One family dwelling with secondary suite with addition up to maximum density.
- One family dwelling with addition up to maximum density plus coach house.
- One family dwelling with secondary suite with addition up to maximum density plus coach house.
- Two multiple conversion dwelling units.
- Two multiple conversion dwelling units with a coach house.

For our analysis, we focus on evaluating the scenarios that bracket the range of possibilities from the perspective of the property owner and the maximum package of benefits from the perspective of a developer.

Appendix 4: Background Analysis for Example 3 (Large Lot A)

Exhibit A4-1 shows the amount of floorspace that can be built on Example 3 (Large Lot A) in a new house under the existing regulations or under a retention/renovation of the existing pre-1940 house under the proposed new regulations, based on information provided to us by the City. These calculations make some assumptions about the form of development (e.g. number of storeys, footprint) and do not take into consideration site conditions, existing mature landscape, impacts on neighbours, and other site-specific conditions that may have development implications. The calculations were simply developed for illustrative purposes.

The calculations in Exhibit A4-1 assume that all of the permitted floorspace is utilized by the principal dwelling. As illustrated, the existing 10,065 square foot house would be renovated and an addition of up to 2,260 square foot could be constructed, yielding a house with a total of 12,325 square foot. This means that the retention/addition project under the proposed new regulations could yield up to 2,581 square feet more space than building new under the existing regulations.

Exhibit A4-1: New House Under Existing Regulations versus Retention/Addition to Existing Pre-1940 House Under the Proposed New Regulations, Assuming House is Retained as a One Family Dwelling (Example 3: Large Lot A)

	Build New Under Existing Regulations	Retain and Add Onto Existing House Under Proposed New Regulations	Quantitative Impact
Above grade floor area	6,496 sq.ft.[a]	7,590 sq.ft. existing + 1,410 sq.ft. addition = 9,000 sq.ft.[c]	Up to 2,504 sq.ft. more space above-grade
Basement	2,504 sq.ft. included in FSR[a] + 744 sq.ft. excluded in FSR (for parking/mechanical)[b] = 3,248 sq.ft.	2,475 sq.ft. existing + 850 sq.ft. under addition = 3,325 sq.ft. basement	Up to 77 sq.ft. more basement space
Total floorspace permitted (for the main house and secondary suite/infill dwellings, if any)	9,000 sq.ft. included in FSR[a] + 744 sq.ft. excluded in FSR[b] = 9,744 sq.ft.	10,065 sq.ft. existing + 2,260 sq.ft. addition = 12,325 sq.ft.	Up to 2,581 sq.ft. more floorspace in total

Notes:

a. Maximum density under existing regulations is 0.45 FSR including basement space, of which up to 0.25 FSR + 1,496 sq.ft. can be above grade.

b. FSR calculation under existing regulations can exclude parking and mechanical space below grade. For this site, an exclusion of 744 sq.ft. is assumed for parking and mechanical. A full basement (not crawl space) could be achieved with this exclusion in combination with the remaining unused allowable floor area after the above grade limit has been met.

c. Maximum density under proposed new regulations is 0.45 FSR excluding basement space.

Exhibit A4-2 shows the incentives that are available for Example 3 under the proposed new regulations, based on the lot size and size of the existing house. As illustrated, the site qualifies for a secondary suite, infill dwelling unit, and conversion of the existing pre-1940 house into two strata units in a Multiple Conversion Dwelling. The floorspace for the secondary suite and infill dwelling unit counts toward the calculation of FSR, so scenarios that involve incorporating a suite and/or infill unit mean that the size of the addition to the existing house is smaller than illustrated in Exhibit A4-1.

Exhibit A4-2: Incentives Available Under the Proposed New Regulations (Example 3: Large Lot A)

	Build New Under Existing Regulations	Retain/Renovate under Proposed New Regulations	Comments
Qualifies for a secondary suite?	No	Yes	Can have a secondary suite[d] for personal use or rental purposes (uses floorspace in main house) if the main house is a one family dwelling
Qualifies for coach house?	No	No	None
Qualifies for infill dwellings?	No	Yes	Can build a 605 sq.ft. infill dwelling[d] (but floorspace is deducted from amount that can be added to the existing house); Can stratify the infill unit and sell it or choose not to stratify and use infill dwelling for personal use or rental purposes
Can main house be converted into multiple units?	No	Yes	Can convert the main house into two strata units[d] under the proposed new policy; Minimum average floor area for the units is 1,798 sq.ft. and minimum floor area for each unit is 1,001 sq.ft.

Notes:

d. Secondary suites, coach houses, infill units, and multiple conversion dwellings are conditional approval uses in the proposed new regulations.

The following scenarios are possible for Example 3, depending on the incentives that are pursued by the property owner or developer:

- One family dwelling with addition up to maximum density.
- One family dwelling with secondary suite with addition up to maximum density.
- One family dwelling with addition up to maximum density plus one infill one-family dwelling (rental).
- One family dwelling with addition up to maximum density plus one infill one-family dwelling (strata).
- One family dwelling with secondary suite with addition up to maximum density plus one infill one-family dwelling (rental).
- One family dwelling with secondary suite with addition up to maximum density plus one infill one-family dwelling (strata).
- Two unit Multiple Conversion Dwelling with addition up to maximum density.
- Two unit Multiple Conversion Dwelling with addition up to maximum density and one family infill dwelling:

For our analysis, we focus on evaluating the scenarios that bracket the range of possibilities from the perspective of the property owner and the maximum package of benefits from the perspective of a developer.

Appendix 5: Background Analysis for Example 4 (Large Lot B)

Exhibit A5-1 shows the amount of floorspace that can be built on Example 4 (Large Lot B) in a new house under the existing regulations or under a retention/renovation of the existing pre-1940 house under the proposed new regulations, based on information provided to us by the City. These calculations make some assumptions about the form of development (e.g. number of storeys, footprint) and do not take into consideration site conditions, existing mature landscape, impacts on neighbours, and other site-specific conditions that may have development implications. The calculations were simply developed for illustrative purposes.

The calculations in Exhibit A5-1 assume that all of the permitted floorspace is utilized by the principal dwelling. As illustrated, the existing 9,286 square foot house would be renovated and an addition of up to 12,014 square foot could be constructed, yielding a house with a total of 21,300 square foot. This means that the retention/addition project under the proposed new regulations could yield up to 6,000 square feet more space than building new under the existing regulations.

Exhibit A5-1: New House Under Existing Regulations versus Retention/Addition to Existing Pre-1940 House Under the Proposed New Regulations, Assuming House is Retained as a One Family Dwelling (Example 4: Large Lot B)

	Build New Under Existing Regulations	Retain and Add Onto Existing House Under Proposed New Regulations	Quantitative Impact
Above grade floor area	9,996 sq.ft.[a]	6,699 sq.ft. existing + 8,601 sq.ft. addition = 15,300 sq.ft.[c]	Up to 5,304 sq.ft. more space above grade
Basement	5,304 sq.ft. included in FSR[a] + 0 sq.ft. excluded in FSR (for parking/mechanical)[b] = 5,304 sq.ft.	2,587 sq.ft. existing + 3,413 sq.ft. under addition = 6,000 sq.ft. basement[c]	Up to 696 sq.ft. more basement space
Total floorspace permitted (for the main house and secondary suite/infill dwellings, if any)	15,300 sq.ft. included in FSR[a] + 0 sq.ft. excluded in FSR[b] = 15,300 sq.ft.	9,286 sq.ft. existing + 12,014 sq.ft. addition = 21,300 sq.ft.[c]	Up to 6,000 sq.ft. more floorspace in total

Notes:

a. Maximum density under existing regulations is 0.45 FSR including basement space, of which up to 0.25 FSR + 1,496 sq.ft. can be above grade.

b. FSR calculation under existing regulations can exclude parking and mechanical space below grade. For this site, the remainder of unused allowable floor area after the above-grade limit has been met exceeds the amount required to achieve a full basement (not crawl space), so there is no floor area excluded for parking and mechanical uses; however, these uses could still occur below grade.

c. Maximum density under proposed new regulations is 0.45 FSR excluding basement space.

Exhibit A5-2 shows the incentives that are available for Example 4 under the proposed new regulations, based on the lot size and size of the existing house. As illustrated, the site qualifies for a secondary suite, up to infill dwelling units with a combined floor area of 5,390 square feet, and conversion of the existing pre-1940 house into up to three strata units in a Multiple Conversion Dwelling. The floorspace for the secondary suite and infill dwelling units counts toward the calculation of FSR, so scenarios that involve incorporating a suite and/or infill units mean that the size of the addition to the existing house is smaller than illustrated in Exhibit A5-1.

Exhibit A5-2: Incentives Available Under the Proposed New Regulations (Example 4: Large Lot B)

	Build New Under Existing Regulations	Retain/Renovate under Proposed New Regulations	Comments
Qualifies for a secondary suite?	No	Yes	Can have a secondary suite[d] for personal use or rental purposes (uses floorspace in main house) if the main house is a one family dwelling
Qualifies for coach house?	No	No	None
Qualifies for infill dwellings?	No	Yes	Can build a total of 5,390 sq.ft. of infill dwelling[d] space in up to three infill units (but floorspace is deducted from amount that can be added to the existing house); Can stratify the infill unit and sell it or choose not to stratify and use infill dwelling for personal use or rental purposes; Flexibility in how infill space is used (could be 3 infill one family dwellings or 1 infill one family dwelling and 1 infill two family dwelling; do not need to divide the 5,390 sq.ft. among units equally so options for how to develop)
Can main house be converted into multiple units?	No	Yes	Can convert the main house into three strata units[d] under the proposed new policy; Minimum average floor area for the units is 1,798 sq.ft. and minimum floor area for each unit is 1,001 sq.ft.

Notes:

d. Secondary suites, coach houses, infill units, and multiple conversion dwellings are conditional approval uses in the proposed new regulations.

The following scenarios are possible for Example 4, depending on the incentives that are pursued by the property owner or developer:

- One family dwelling with addition up to maximum density.
- One family dwelling with secondary suite with addition up to maximum density:
- One family dwelling with addition up to maximum density plus three infill one-family dwellings (rental):
- One family dwelling with addition up to maximum density plus three infill one-family dwellings (strata):
- One family dwelling with secondary suite with addition up to maximum density plus three one infill one-family dwellings (rental):
- One family dwelling with secondary suite with addition up to maximum density plus three infill one-family dwellings (strata):
- Three unit Multiple Conversion Dwelling with addition up to maximum density:
- Three unit Multiple Conversion Dwelling with addition up to maximum density and three one family infill dwellings:

For our analysis, we focus on evaluating the scenarios that bracket the range of possibilities from the perspective of the property owner and the maximum package of benefits from the perspective of a developer.

Appendix 6: Pro Formas to Support Value Estimates

This Appendix contains financial calculations to separately estimate the land value benefit generated by being able to build a secondary suite, coach house, or infill unit, or converting the houses in our illustrative examples to Multiple Conversion Dwellings. The analysis uses typical market figures for rent rates, sales prices, construction costs, and developer profit where applicable, but these numbers should be thought of as average or typical figures and do not necessarily apply to every property in First Shaughnessy. These are estimates only.

To preserve the ability to audit the analysis we have not rounded any figures, but the unrounded nature of the figures should not be interpreted to mean that we are representing the analysis to be accurate to the nearest dollar.

Appendix 6A: Pro Forma for a Hypothetical 827 Square Foot Rental Secondary Suite Built by a Property Owner

Assumptions						
Gross Residential Floorspace	827	sq.ft.				
Net Rentable Residential Floorspace	827	or	100%	of gross residential floorspace		
Total Number of Residential Units	1	units				
Average Net Residential Unit Size	827	sq.ft. net				
Assumed Number of Residential Parking Stalls	1	stalls				
Market Rental Rates						
Residential Units (average)	$2,200.00	per month or		$2.66	per sq. ft. per month	
Laundry Revenue	$0.00	per unit per month				
Parking Revenue	$0.00	per stall per month				
Residential Vacancy Allowance	3.0%					
Property Tax Allowance						
Residential Assessment	$270,910	(see note 2 attached)				
Residential Tax Rate	0.354%					
Residential Property Taxes	$958					
Residential Operating Costs (see note 1)	$1,314	per year				
Analysis						
Revenues		Inflation	10 Year Projection			
Coach House Gross Potential Rent	$26,400					
Parking Revenue	$0					
Laundry Revenue	$0					
Total Gross Potential Revenue	$26,400					
Vacancy	$792					
Effective Gross Revenue	$25,608	1.343916	$34,415.01			
Residential Operating Expenses and Property Taxes						
Residential Property Taxes	$958					
Residential Operating Expenses	$1,314					
Total Operating Expenses and Property Taxes	$2,272	1.218994	$2,769.27			
Net Operating Income on Residential	$23,336		$31,646			
Capitalization Rate on Residential	4.5%					
Capitalized Value of Residential Space	$518,583		$703,239			
Creation Cost	$270,910					
Increase in Value	$247,673					
Note 1:						
Residential Operating Costs						
Insurance	$200	per unit per year			$200	
Hydro/Gas/Utilities	$0	per unit per year			$0	
Water/Sewer	$0	per unit per year			$0	
Garbage/recycling	$50	per unit per year			$50	
Landscaping/Gardening	0%	of gross apartment rent per year			$0	
Repairs/Maintenance	$1,000	per unit per year			$1,000	
Property Management/Caretaking	0.0%	of gross apartment rent per year			$0	
Permits/Licenses	$64	per unit per year			$64	
Total Residential Operating Costs	$1,314				$1,314	
Residential Operating Costs as % of Residential Effective Gross Income					5.1%	

(continued on the following page)

Appendix 6A: Continued

Note 2: Secondary Suite Creation Costs from a Property Owner's Perspective

Residential floorspace	827	gross square feet			
Net rentable space	827	sq.ft. or	100%	of gross area	
Number of units	1	units or			
Total Market Strata Unit Parking Stalls (assume 1 garage stall)	1	stalls or	1.00	per unit	
Construction Costs					
On-Site Servicing (Upgrade of adjacent roads/sidewalks/etc)	$0				
Connection fees (Sewer, Water, Electricity, Gas)	$0				
Hard Construction Costs					
Suite Area	$260	per gross sq.ft. of residential area			
Cost Per Surface Parking Stall	$10,000	per surface parking stall			
Overall Costs Per Square Foot	$272	per gross sq.ft.			
LEED Gold Premium	0.0%				
Hard Cost Used in Analysis	$272				
Landscaping	$0				
Soft Costs/professional fees	9.0%	of above			
Project Management	3.0%	of above			
Contingency on hard and soft costs	3.5%	of hard and soft costs			
Local Government Levies					
Regional Levy	$0.00	per market unit			
Residential DCLs	$2.99	per sq.ft. of floorspace			
Financing Assumptions					
Financing rate on construction costs	5.0%	on 50% of costs, assuming a	1.00	year construction period	
		and a total loan of	75%	on costs	
Financing fees	1.00%	of financed construction costs			
Financing on Land Acquisition	5.0%	during construction on		50%	of land cost
Marketing and Commissions					
Commissions/sales costs on residential	3.0%	of gross strata market residential revenue			
Marketing on residential	2.0%	of gross strata market residential revenue			
Property Taxes					
Tax Rate (res)	0.354%	of assessed value			
Current assessment (Year 1 of analysis)	$0				
Assumed assessment after 1 year of construction (Year 2 of analysis)	$175,000	(50% of completed project value)			
Project Costs					
On-Site Servicing (Upgrade of adjacent roads/sidewalks/etc)	$0				
Connection fees	$0				
Hard construction costs	$225,020				
Landscaping	$0				
Soft costs	$20,252				
Project Management	$7,358				
Contingency on hard and soft costs	$8,842				
Regional Levy	$0				
DCLs - residential	$2,473				
Less property tax allowance during development	$0				
Construction financing	$4,949				
Financing fees/costs	$2,017				
Total Project Costs Before Land Related	$270,910				

Appendix 6B: Pro Forma for a Hypothetical 686 Square Foot Rental Coach House Built by a Property Owner

Assumptions						
Gross Residential Floorspace	686	sq.ft.				
Net Rentable Residential Floorspace	686	or	100%	of gross residential floorspace		
Total Number of Residential Units	1	units				
Average Net Residential Unit Size	686	sq.ft. net				
Assumed Number of Residential Parking Stalls	1	stalls				
Market Rental Rates						
Residential Units (average)	$2,000	per month or		$2.92	per sq. ft. per month	
Laundry Revenue	$0.00	per unit per month				
Parking Revenue	$0.00	per stall per month				
Residential Vacancy Allowance	3.0%					
Property Tax Allowance						
Residential Assessment	$251,456	(see note 2 attached)				
Residential Tax Rate	0.354%					
Residential Property Taxes	$889	per year				
Residential Operating Costs (see note 1)	$1,314	per year				
Analysis						
Revenues						
Coach House Gross Potential Rent	$24,000					
Parking Revenue	$0					
Laundry Revenue	$0					
Total Gross Potential Revenue	$24,000					
Vacancy	$720					
Effective Gross Revenue	$23,280					
Residential Operating Expenses and Property Taxes						
Residential Property Taxes	$889					
Residential Operating Expenses	$1,314					
Total Operating Expenses and Property Taxes	$2,203					
Net Operating Income on Residential	$21,077					
Capitalization Rate on Residential	4.5%					
Capitalized Value of Residential Space	$468,378					
Creation Cost	$251,456					
Increase in Land Value	$216,922					
Note 1:						
Residential Operating Costs						
Insurance	$200	per unit per year			$200	
Hydro/Gas/Utilities	$0	per unit per year			$0	
Water/Sewer	$0	per unit per year			$0	
Garbage/recycling	$50	per unit per year			$50	
Landscaping/Gardening	0%	of gross apartment rent per year			$0	
Repairs/Maintenance	$1,000	per unit per year			$1,000	
Property Management/Caretaking	0.0%	of gross apartment rent per year			$0	
Permits/Licenses	$64	per unit per year			$64	
Total Residential Operating Costs	$1,314				$1,314	
Residential Operating Costs as % of Residential Effective Gross Income					5.6%	

(continued on the following page)

Appendix 6B: Continued

Note 2: Coach House Creation Costs from a Property Owner's Perspective

Residential floorspace	686	gross square feet			
Net rentable space	686	sq.ft. or	100%	of gross area	
Number of units	1	units or			
Total Market Strata Unit Parking Stalls (assume 1 garage stall)	1	stalls or	1.00	per unit	
Construction Costs					
On-Site Servicing (Upgrade of adjacent roads/sidewalks/etc)	$10,000				
Connection fees (Sewer, Water, Electricity, Gas)	$0				
Hard Construction Costs					
Rental Floor Area	$260	per gross sq.ft. of floorspace			
Cost Per garage Parking Stall	$20,000	per garage parking stall			
Overall Costs Per Square Foot	$289	per gross sq.ft.			
LEED Gold Premium	0.0%				
Hard Cost Used in Analysis	$289				
Landscaping	$0				
Soft Costs/professional fees	9.0%	of above			
Project Management	3.0%	of above			
Contingency on hard and soft costs	3.5%	of hard and soft costs			
Local Government Levies					
Regional Levy	$826.00	per market unit			
Residential DCLs	$2.99	per sq.ft. of floorspace			
Financing Assumptions					
Financing rate on construction costs	5.0%	on 50% of costs, assuming a	1.00	year construction period	
		and a total loan of	75%	on costs	
Financing fees	1.00%	of financed construction costs			
Financing on Land Acquisition	5.0%	during construction on		50%	of land cost
Marketing and Commissions					
Commissions/sales costs on residential	3.0%	of gross strata market residential revenue			
Marketing on residential	2.0%	of gross strata market residential revenue			
Property Taxes					
Tax Rate (res)	0.354%	of assessed value			
Current assessment (Year 1 of analysis)	$0				
Assumed assessment after 1 year of construction (Year 2 of analysis)	$137,500	(50% of completed project value)			
Project Costs					
On-Site Servicing (Upgrade of adjacent roads/sidewalks/etc)	$10,000				
Connection fees	$0				
Hard construction costs	$198,360				
Landscaping	$0				
Soft costs	$18,752				
Project Management	$6,813				
Contingency on hard and soft costs	$8,187				
Regional Levy	$826				
DCLs - residential	$2,051				
Less property tax allowance during development	$0				
Construction financing	$4,594				
Financing fees/costs	$1,872				
Total Project Costs Before Land Related	$251,456				

Appendix 6C: Pro Forma for Renovating and Expanding the Existing House on Illustrative Example 1 (Small Lot) into Two Multiple Conversion Dwelling Units from the Perspective of a Developer

Total Residential floorspace	8,374	gross square feet			
Renovated Floorspace	5,066	gross square feet			
New Addition Floorspace	3,308	gross square feet			
Net saleable space	8,374	sq.ft. or	100%	of gross area	
Number of units	2	units or			
Total Market Strata Unit Parking Stalls (assume 1 garage stall)	4	stalls or	2.00	per unit	
Strata Revenue and Value					
Average Sales Price Per Sq. Ft.	$1,100	per sq.ft. of net saleable residential space			
Construction Costs					
On-Site Servicing (Upgrade of adjacent roads/sidewalks/etc)	$10,000				
Connection fees	$14,384				
Hard Construction Costs					
Renovated Residential Floor Area	$310	per gross sq.ft. of residential area			
New Addition Floors Area	$270	per gross sq.ft. of residential area			
Cost Per garage Parking Stall	$20,000	per garage parking stall			
Overall Costs Per Square Foot	$304	per gross sq.ft.			
LEED Gold Premium	0.0%				
Hard Cost Used for Renovated Residential Floor Area in Analysis	$304				
Landscaping	$75,000				
Soft Costs/professional fees	9.0%	of above			
Project Management	3.0%	of above			
Contingency on hard and soft costs	3.5%	of hard and soft costs			
Local Government Levies					
Regional Levy	$826.00	per market unit			
Residential DCLs	$2.99	per sq.ft. of floorspace			
Financing Assumptions					
Financing rate on construction costs	5.0%	on 50% of costs, assuming a	1.00	year construction period	
		and a total loan of	50%	on costs	
Financing fees	1.00%	of financed construction costs			
Financing on Land Acquisition	5.0%	during construction on		50%	of land cost
Marketing and Commissions					
Commissions/sales costs on residential	3.0%	of gross strata market residential revenue			
Marketing on residential	2.0%	of gross strata market residential revenue			
Property Taxes					
Tax Rate (res)	0.354%	of assessed value			
Current assessment (Year 1 of analysis)	$4,559,000				
Assumed assessment after 1 year of construction (Year 2 of analysis)	$4,605,700	(50% of completed project value)			
Allowance for Developer's Profit	12.3%	of gross revenue	15.0%	of costs	
Analysis					
Revenue					
Gross Market Residential Sales Revenue	$9,211,400				
Less commissions and sales costs	$276,342				
Net residential sales revenue	$8,935,058				
Project Costs					
On-Site Servicing (Upgrade of adjacent roads/sidewalks/etc)	$10,000				
Connection fees	$14,384				
Hard construction costs	$2,543,620				
Landscaping	$75,000				
Soft costs	$237,870				
Project Management	$86,426				
Residential Marketing	$184,228				
Contingency on hard and soft costs	$110,304				
Regional Levy	$1,652				
DCLs - residential	$25,038				
Less property tax allowance during development	$16,118				
Construction financing	$41,308				
Financing fees/costs	$16,730				
Total Project Costs Before Land Related	$3,362,678				
Allowance for Developer's Profit	$1,128,397				
Residual to Land and Land Carry	**$4,443,984**				
Less financing on land during construction and approvals	$199,979				
Less property purchase tax	$82,880				
Residual Land Value	**$4,161,124**				

Appendix 6D: Pro Forma for Adding a Hypothetical 686 Square Foot Rental Coach House to Multiple Conversion Dwelling from the Perspective of a Developer

Assumptions							
Gross Residential Floorspace	686	sq.ft.					
Net Rentable Residential Floorspace	686	or	100%	of gross residential floorspace			
Total Number of Residential Units	1	units					
Average Net Residential Unit Size	686	sq.ft. net					
Assumed Number of Residential Parking Stalls	1	stalls					
Market Rental Rates							
Residential Units (average)	$2,000.00	per month or		$2.92	per sq. ft. per month		
Laundry Revenue	$0.00	per unit per month					
Parking Revenue	$0.00	per stall per month					
Residential Vacancy Allowance	3.0%						
Property Tax Allowance							
Residential Assessment	$251,456	(see note 2 attached)					
Residential Tax Rate	0.354%						
Residential Property Taxes	$889						
Residential Operating Costs (see note 1)	$1,314	per year					
Profit Margin	12.3%						
Analysis							
Revenues		Inflation	10 Year Projection				
Gross Potential Rent	$24,000						
Parking Revenue	$0						
Laundry Revenue	$0						
Total Gross Potential Revenue	$24,000						
Vacancy	$720						
Effective Gross Revenue	$23,280	1.343916	$31,286.37				
Residential Operating Expenses and Property Taxes							
Residential Property Taxes	$889						
Residential Operating Expenses	$1,314						
Total Operating Expenses and Property Taxes	$2,203	1.218994	$2,685.43				
Net Operating Income on Residential	$21,077		$28,601				
Capitalization Rate on Residential	4.5%						
Capitalized Value of Residential Space	$468,378		$635,577				
Creation Cost	$251,456						
Less Profit	$57,376						
Increase in Land Value	$159,546						
Note 1:							
Residential Operating Costs							
Insurance	$200	per unit per year			$200		
Hydro/Gas/Utilities	$0	per unit per year			$0		
Water/Sewer	$0	per unit per year			$0		
Garbage/recycling	$50	per unit per year			$50		
Landscaping/Gardening	0%	of gross apartment rent per year			$0		
Repairs/Maintenance	$1,000	per unit per year			$1,000		
Property Management/Caretaking	0.0%	of gross apartment rent per year			$0		
Permits/Licenses	$64	per unit per year			$64		
Total Residential Operating Costs	$1,314				$1,314		
Residential Operating Costs as % of Residential Effective Gross Income					5.6%		

Note 2: See Appendix 6B for the calculation of the coach house creation costs.

Appendix 6E: Pro Forma for a Hypothetical 851 Square Foot Rental Secondary Suite Built by a Property Owner

Assumptions						
Gross Residential Floorspace	851	sq.ft.				
Net Rentable Residential Floorspace	851	or	100%	of gross residential floorspace		
Total Number of Residential Units	1	units				
Average Net Residential Unit Size	851	sq.ft. net				
Assumed Number of Residential Parking Stalls	1	stalls				
Market Rental Rates						
Residential Units (average)	$2,200.00	per month or		$2.59	per sq. ft. per month	
Laundry Revenue	$0.00	per unit per month				
Parking Revenue	$0.00	per stall per month				
Residential Vacancy Allowance	3.0%					
Property Tax Allowance						
Residential Assessment	$278,426	(see note 2 attached)				
Residential Tax Rate	0.354%					
Residential Property Taxes	$984					
Residential Operating Costs (see note1)	$1,314	per year				
Analysis						
Revenues						
Gross Potential Rent	$26,400					
Parking Revenue	$0					
Laundry Revenue	$0					
Total Gross Potential Revenue	$26,400					
Vacancy	$792					
Effective Gross Revenue	$25,608					
Residential Operating Expenses and Property Taxes						
Residential Property Taxes	$984					
Residential Operating Expenses	$1,314					
Total Operating Expenses and Property Taxes	$2,298					
Net Operating Income on Residential	$23,310					
Capitalization Rate on Residential	4.5%					
Capitalized Value of Residential Space	$517,993					
Creation Cost	$278,426					
Increase in Value	$239,566					
Note 1:						
Residential Operating Costs						
Insurance	$200	per unit per year			$200	
Hydro/Gas/Utilities	$0	per unit per year			$0	
Water/Sewer	$0	per unit per year			$0	
Garbage/recycling	$50	per unit per year			$50	
Landscaping/Gardening	0%	of gross apartment rent per year			$0	
Repairs/Maintenance	$1,000	per unit per year			$1,000	
Property Management/Caretaking	0.0%	of gross apartment rent per year			$0	
Permits/Licenses	$64	per unit per year			$64	
Total Residential Operating Costs	$1,314				$1,314	
Residential Operating Costs as % of Residential Effective Gross Income					5.1%	

(continued on the following page)

Appendix 6E: Continued

Note 2: Secondary Suite Creation Costs from a Property Owner's Perspective

Residential floorspace	851	gross square feet			
Net rentable space	851	sq.ft. or	100%	of gross area	
Number of units	1	units or			
Total Market Strata Unit Parking Stalls (assume 1 garage stall)	1	stalls or	1.00	per unit	
Construction Costs					
On-Site Servicing (Upgrade of adjacent roads/sidewalks/etc)	$0				
Connection fees (Sewer, Water, Electricity, Gas)	$0				
Hard Construction Costs					
Suite Area	$260	per gross sq.ft. of residential area			
Cost Per Surface Parking Stall	$10,000	per surface parking stall			
Overall Costs Per Square Foot	$272	per gross sq.ft.			
LEED Gold Premium	0.0%				
Hard Cost Used in Analysis	$272				
Landscaping	$0				
Soft Costs/professional fees	9.0%	of above			
Project Management	3.0%	of above			
Contingency on hard and soft costs	3.5%	of hard and soft costs			
Local Government Levies					
Regional Levy	$0.00	per market unit			
Residential DCLs	$2.99	per sq.ft. of floorspace			
Financing Assumptions					
Financing rate on construction costs	5.0%	on 50% of costs, assuming a	1.00	year construction period	
		and a total loan of	75%	on costs	
Financing fees	1.00%	of financed construction costs			
Financing on Land Acquisition	5.0%	during construction on		50%	of land cost
Marketing and Commissions					
Commissions/sales costs on residential	3.0%	of gross strata market residential revenue			
Marketing on residential	2.0%	of gross strata market residential revenue			
Property Taxes					
Tax Rate (res)	0.354%	of assessed value			
Current assessment (Year 1 of analysis)	$0				
Assumed assessment after 1 year of construction (Year 2 of analysis)	$175,000	(50% of completed project value)			
Project Costs					
On-Site Servicing (Upgrade of adjacent roads/sidewalks/etc)	$0				
Connection fees	$0				
Hard construction costs	$231,260				
Landscaping	$0				
Soft costs	$20,813				
Project Management	$7,562				
Contingency on hard and soft costs	$9,087				
Regional Levy	$0				
DCLs - residential	$2,544				
Less property tax allowance during development	$0				
Construction financing	$5,086				
Financing fees/costs	$2,073				
Total Project Costs Before Land Related	$278,426				

Appendix 6F: Pro Forma for Renovating and Expanding the Existing House on Example 2 (Medium Lot) into Two Multiple Conversion Dwelling Units from the Perspective of a Developer

Total Residential floorspace	11,242	gross square feet		
Renovated Floorspace	6,901	gross square feet		
New Addition Floorspace	4,341	gross square feet		
Net saleable space	11,242	sq.ft. or	100%	of gross a
Number of units	2	units or		
Total Market Strata Unit Parking Stalls (assume 1 garage stall)	4	stalls or	2.00	per unit
Strata Revenue and Value				
Average Sales Price Per Sq. Ft.	$1,100	per sq.ft. of net saleable residential space		
Construction Costs				
On-Site Servicing (Upgrade of adjacent roads/sidewalks/etc)	$10,000			
Connection fees	$14,384			
Hard Construction Costs				
Renovated Residential Floor Area	$310	per gross sq.ft. of residential area		
New Addition Floors Area	$270	per gross sq.ft. of residential area		
Cost Per garage Parking Stall	$20,000	per garage parking stall		
Overall Costs Per Square Foot	$302	per gross sq.ft.		
LEED Gold Premium	0.0%			
Hard Cost Used for Renovated Residential Floor Area in Analysis	$302			
Landscaping	$75,000			
Soft Costs/professional fees	9.0%	of above		
Project Management	3.0%	of above		
Car Share Costs	$0			
Contingency on hard and soft costs	3.5%	of hard and soft costs		
Local Government Levies				
Regional Levy - Single Family Home	$826.00	per market unit		
Residential DCLs	$2.99	per sq.ft. of floorspace		
Financing Assumptions				
Financing rate on construction costs	5.0%	on 50% of costs, assuming a	1.00	year cons
		and a total loan of	50%	on costs
Financing fees	1.00%	of financed construction costs		
Financing on Land Acquisition	5.0%	during construction on		50%
Marketing and Commissions				
Commissions/sales costs on residential	3.0%	of gross strata market residential revenue		
Marketing on residential	2.0%	of gross strata market residential revenue		
Property Taxes				
Tax Rate (res)	0.354%	of assessed value		
Current assessment (Year 1 of analysis)	$3,257,000			
Assumed assessment after 1 year of construction (Year 2 of analysis)	$6,183,100	(50% of completed project value)		
Allowance for Developer's Profit	12.3%	of gross revenue	15.0%	of costs
Analysis				
Revenue				
Gross Market Residential Sales Revenue	$12,366,200			
Less commissions and sales costs	$370,986			
Net residential sales revenue	$11,995,214			
Project Costs				
On-Site Servicing (Upgrade of adjacent roads/sidewalks/etc)	$10,000			
Connection fees	$14,384			
Hard construction costs	$3,391,380			
Landscaping	$75,000			
Soft costs	$314,169			
Project Management	$114,148			
Residential Marketing	$247,324			
Car Share	$0			
Contingency on hard and soft costs	$145,824			
Regional Levy - Single Family Home	$1,652			
DCLs - residential	$33,614			
Less property tax allowance during development	$11,515			
Construction financing	$54,488			
Financing fees/costs	$22,067			
Total Project Costs Before Land Related	$4,435,564			
Allowance for Developer's Profit	$1,514,860			
Residual to Land and Land Carry	**$6,044,790**			
Less financing on land during construction and approvals	$272,016			
Less property purchase tax	$113,455			
Residual Land Value	**$5,659,319**			

Appendix 6G: Pro Forma for a Hypothetical 605 Square Foot Rental Infill Unit Built by a Property Owner

Assumptions							
Gross Residential Floorspace	605	sq.ft.					
Net Rentable Residential Floorspace	605	or	100%	of gross residential floorspace			
Total Number of Residential Units	1	units					
Average Net Residential Unit Size	605	sq.ft. net					
Assumed Number of Residential Parking Stalls	1	stalls					
Market Rental Rates							
Residential Units (average)	$1,800	per month or		$2.98	per sq. ft. per month		
Laundry Revenue	$0.00	per unit per month					
Parking Revenue	$0.00	per stall per month					
Residential Vacancy Allowance	3.0%						
Property Tax Allowance							
Residential Assessment	$225,242	(see note 2)					
Residential Tax Rate	0.354%						
Residential Property Taxes	$796						
Residential Operating Costs (see notes)	$1,314	per year					
Analysis							
Revenues							
Infill Suite Gross Potential Rent	$21,600						
Parking Revenue	$0						
Laundry Revenue	$0						
Total Gross Potential Revenue	$21,600						
Vacancy	$648						
Effective Gross Revenue	$20,952						
Residential Operating Expenses and Property Taxes							
Residential Property Taxes	$796						
Residential Operating Expenses	$1,314						
Total Operating Expenses and Property Taxes	$2,110						
Net Operating Income on Residential	$18,842						
Capitalization Rate on Residential	4.5%						
Capitalized Value of Residential Space	$418,704						
Creation Cost	$225,242						
Increase in Value	$193,462						
Note 1:							
Residential Operating Costs							
Insurance	$200	per unit per year			$200		
Hydro/Gas/Utilities	$0	per unit per year			$0		
Water/Sewer	$0	per unit per year			$0		
Garbage/recycling	$50	per unit per year			$50		
Landscaping/Gardening	0%	of gross apartment rent per year			$0		
Repairs/Maintenance	$1,000	per unit per year			$1,000		
Property Management/Caretaking	0.0%	of gross apartment rent per year			$0		
Permits/Licenses	$64	per unit per year			$64		
Total Residential Operating Costs	$1,314				$1,314		
Residential Operating Costs as % of Residential Effective Gross Income					6.3%		

(continued on following page)

Appendix 6G: Continued

Note 2: Infill Unit Creation Costs from a Property Owner's Perspective

Residential floorspace	605	gross square feet			
Net rentable space	605	sq.ft. or	100%	of gross area	
Number of units	1	units or			
Total Market Strata Unit Parking Stalls (assume 1 garage stall)	2	stalls or	2.00	per unit	
Construction Costs					
On-Site Servicing (Upgrade of adjacent roads/sidewalks/etc)	$10,000				
Connection fees (Sewer, Water, Electricity, Gas)	$0				
Hard Construction Costs					
Suite Area	$260	per gross sq.ft. of residential area			
Cost Per Surface Parking Stall	$10,000	per Surface parking stall			
Overall Costs Per Square Foot	$293	per gross sq.ft.			
LEED Gold Premium	0.0%				
Hard Cost Used in Analysis	$293				
Landscaping	$0				
Soft Costs/professional fees	9.0%	of above			
Project Management	3.0%	of above			
Contingency on hard and soft costs	3.5%	of hard and soft costs			
Local Government Levies					
Regional Levy	$0.00	per market unit			
Residential DCLs	$2.99	per sq.ft. of floorspace			
Financing Assumptions					
Financing rate on construction costs	5.0%	on 50% of costs, assuming a	1.00	year construction period	
		and a total loan of	75%	on costs	
Financing fees	1.00%	of financed construction costs			
Financing on Land Acquisition	5.0%	during construction on		50%	of land cost
Marketing and Commissions					
Commissions/sales costs on residential	3.0%	of gross strata market residential revenue			
Marketing on residential	2.0%	of gross strata market residential revenue			
Property Taxes					
Tax Rate (res)	0.354%	of assessed value			
Current assessment (Year 1 of analysis)	$0				
Assumed assessment after 1 year of construction (Year 2 of analysis)	$175,000	(50% of completed project value)			
Project Costs					
On-Site Servicing (Upgrade of adjacent roads/sidewalks/etc)	$10,000				
Connection fees	$0				
Hard construction costs	$177,300				
Landscaping	$0				
Soft costs	$16,857				
Project Management	$6,125				
Contingency on hard and soft costs	$7,360				
Regional Levy	$0				
DCLs - residential	$1,809				
Less property tax allowance during development	$0				
Construction financing	$4,115				
Financing fees/costs	$1,677				
Total Project Costs Before Land Related	$225,242				

Appendix 6H: Pro Forma for Renovating and Expanding the Existing House on Example 3 (Large Lot A) into Two Multiple Conversion Dwelling Units from the Perspective of a Developer

Total Residential floorspace	11,720	gross square feet			
Renovated Floorspace	10,065	gross square feet			
New Addition Floorspace	1,655	gross square feet			
Net saleable space	11,720	sq.ft. or	100%	of gross area	
Number of units	2	units or			
Total Market Strata Unit Parking Stalls (assume 1 garage stall)	4	stalls or	2.00	per unit	
Strata Revenue and Value					
Average Sales Price Per Sq. Ft.	$1,100	per sq.ft. of net saleable residential space			
Construction Costs					
On-Site Servicing (Upgrade of adjacent roads/sidewalks/etc)	$10,000				
Connection fees	$14,384				
Hard Construction Costs					
Renovated Residential Floor Area	$310	per gross sq.ft. of residential area			
New Addition Floors Area	$270	per gross sq.ft. of residential area			
Cost Per garage Parking Stall	$20,000	per garage parking stall			
Overall Costs Per Square Foot	$311	per gross sq.ft.			
LEED Gold Premium	0.0%				
Hard Cost Used for Renovated Residential Floor Area in Analysis	$311				
Landscaping	$75,000				
Soft Costs/professional fees	9.0%	of above			
Project Management	3.0%	of above			
Contingency on hard and soft costs	3.5%	of hard and soft costs			
Local Government Levies					
Regional Levy - Single Family Home	$826.00	per market unit			
Residential DCLs	$2.99	per sq.ft. of floorspace			
Financing Assumptions					
Financing rate on construction costs	5.0%	on 50% of costs, assuming a	1.00	year construction period	
		and a total loan of	50%	on costs	
Financing fees	1.00%	of financed construction costs			
Financing on Land Acquisition	5.0%	during construction on		50%	of land cost
Marketing and Commissions					
Commissions/sales costs on residential	3.0%	of gross strata market residential revenue			
Marketing on residential	2.0%	of gross strata market residential revenue			
Property Taxes					
Tax Rate (res)	0.354%	of assessed value			
Current assessment (Year 1 of analysis)	$4,559,000				
Assumed assessment after 1 year of construction (Year 2 of analysis)	$6,446,000	(50% of completed project value)			
Allowance for Developer's Profit	12.3%	of gross revenue	15.0%	of costs	
Analysis					
Revenue					
Gross Market Residential Sales Revenue	$12,892,000				
Less commissions and sales costs	$386,760				
Net residential sales revenue	$12,505,240				
Project Costs					
On-Site Servicing (Upgrade of adjacent roads/sidewalks/etc)	$10,000				
Connection fees	$14,384				
Hard construction costs	$3,647,000				
Landscaping	$75,000				
Soft costs	$337,175				
Project Management	$122,507				
Residential Marketing	$257,840				
Contingency on hard and soft costs	$156,237				
Regional Levy - Single Family Home	$1,652				
DCLs - residential	$35,043				
Less property tax allowance during development	$16,118				
Construction financing	$58,412				
Financing fees/costs	$23,657				
Total Project Costs Before Land Related	$4,755,023				
Allowance for Developer's Profit	$1,579,270				
Residual to Land and Land Carry	**$6,170,947**				
Less financing on land during construction and approvals	$277,693				
Less property purchase tax	$115,865				
Residual Land Value	**$5,777,389**				

Appendix 6I: Pro Forma for a Hypothetical 605 Square Foot Strata Infill Unit from the Perspective of a Developer

Total Residential floorspace	605	gross square feet		
Renovated Floorspace	0	gross square feet		
New Addition Floorspace	605	gross square feet		
Net saleable space	605	sq.ft. or	100%	of gross a
Number of units	1	units or		
Total Market Strata Unit Parking Stalls (assume 1 garage stall)	1	stalls or	1.00	per unit
Strata Revenue and Value				
Average Sales Price Per Sq. Ft.	$1,100	per sq.ft. of net saleable residential space		
Construction Costs				
On-Site Servicing (Upgrade of adjacent roads/sidewalks/etc)	$10,000			
Connection fees	$0			
Hard Construction Costs				
Renovated Residential Floor Area	$300	per gross sq.ft. of residential area		
New Addition Floors Area	$260	per gross sq.ft. of residential area		
Cost Per garage Parking Stall	$20,000	per garage parking stall		
Overall Costs Per Square Foot	$293	per gross sq.ft.		
LEED Gold Premium	0.0%			
Hard Cost Used for Renovated Residential Floor Area in Analysis	$293			
Landscaping	$0			
Soft Costs/professional fees	9.0%	of above		
Project Management	3.0%	of above		
Contingency on hard and soft costs	3.5%	of hard and soft costs		
Local Government Levies				
Regional Levy - Single Family Home	$826.00	per market unit		
Residential DCLs	$2.99	per sq.ft. of floorspace		
Financing Assumptions				
Financing rate on construction costs	5.0%	on 50% of costs, assuming a	1.00	year cons
		and a total loan of	50%	on costs
Financing fees	1.00%	of financed construction costs		
Financing on Land Acquisition	5.0%	during construction on		50%
Marketing and Commissions				
Commissions/sales costs on residential	3.0%	of gross strata market residential revenue		
Marketing on residential	2.0%	of gross strata market residential revenue		
Property Taxes				
Tax Rate (res)	0.354%	of assessed value		
Current assessment (Year 1 of analysis)	$0			
Assumed assessment after 1 year of construction (Year 2 of analysis)	$332,750	(50% of completed project value)		
Allowance for Developer's Profit	12.3%	of gross revenue	15.0%	of costs
Analysis				
Revenue				
Gross Market Residential Sales Revenue	$665,500			
Less commissions and sales costs	$19,965			
Net residential sales revenue	$645,535			
Project Costs				
On-Site Servicing (Upgrade of adjacent roads/sidewalks/etc)	$10,000			
Connection fees	$0			
Hard construction costs	$177,300			
Landscaping	$0			
Soft costs	$16,857			
Project Management	$6,125			
Residential Marketing	$13,310			
Contingency on hard and soft costs	$7,826			
Regional Levy - Single Family Home	$826			
DCLs - residential	$1,809			
Less property tax allowance during development	$0			
Construction financing	$2,926			
Financing fees/costs	$1,185			
Total Project Costs Before Land Related	$238,163			
Allowance for Developer's Profit	$81,524			
Residual to Land and Land Carry	**$325,848**			
Less financing on land during construction and approvals	$14,663			
Less property purchase tax	$4,224			
Residual Land Value	**$306,961**			

Appendix 6J: Pro Forma for a Hypothetical 850 Square Foot Rental Secondary Suite Built by a Property Owner

Assumptions						
Gross Residential Floorspace	850	sq.ft.				
Net Rentable Residential Floorspace	850	or	100%	of gross residential floorspace		
Total Number of Residential Units	1	units				
Average Net Residential Unit Size	850	sq.ft. net				
Assumed Number of Residential Parking Stalls	1	stalls				
Market Rental Rates						
Residential Units (average)	$2,200.00	per month or		$2.59	per sq. ft. per month	
Laundry Revenue	$0.00	per unit per month				
Parking Revenue	$0.00	per stall per month				
Residential Vacancy Allowance	3.0%					
Property Tax Allowance						
Residential Assessment	$278,113	(see note 2)				
Residential Tax Rate	0.354%					
Residential Property Taxes	$983					
Residential Operating Costs (see note 1)	$1,314	per year				
Analysis						
Revenues						
Coach House Gross Potential Rent	$26,400					
Parking Revenue	$0					
Laundry Revenue	$0					
Total Gross Potential Revenue	$26,400					
Vacancy	$792					
Effective Gross Revenue	$25,608					
Residential Operating Expenses and Property Taxes						
Residential Property Taxes	$983					
Residential Operating Expenses	$1,314					
Total Operating Expenses and Property Taxes	$2,297					
Net Operating Income on Residential	$23,311					
Capitalization Rate on Residential	4.5%					
Capitalized Value of Residential Space	$518,017					
Creation Cost	$278,113					
Increase in Value	$239,904					
Note1:						
Residential Operating Costs						
Insurance	$200	per unit per year			$200	
Hydro/Gas/Utilities	$0	per unit per year			$0	
Water/Sewer	$0	per unit per year			$0	
Garbage/recycling	$50	per unit per year			$50	
Landscaping/Gardening	0%	of gross apartment rent per year			$0	
Repairs/Maintenance	$1,000	per unit per year			$1,000	
Property Management/Caretaking	0.0%	of gross apartment rent per year			$0	
Permits/Licenses	$64	per unit per year			$64	
Total Residential Operating Costs	$1,314				$1,314	
Residential Operating Costs as % of Residential EGI					5.1%	

(continued on following page)

Appendix 6J: Continued

Note 2: Secondary Suite Creation Costs from a Property Owner's Perspective

Residential floorspace	850	gross square feet			
Net rentable space	850	sq.ft. or	100%	of gross area	
Number of units	1	units or			
Total Market Strata Unit Parking Stalls (assume 1 garage stall)	1	stalls or	1.00	per unit	
Construction Costs					
On-Site Servicing (Upgrade of adjacent roads/sidewalks/etc)	$0				
Connection fees (Sewer, Water, Electricity, Gas)	$0				
Hard Construction Costs					
Suite Area	$260	per gross sq.ft. of residential area			
Cost Per Surface Parking Stall	$10,000	per surface parking stall			
Overall Costs Per Square Foot	$272	per gross sq.ft.			
LEED Gold Premium	0.0%				
Hard Cost Used in Analysis	$272				
Landscaping	$0				
Soft Costs/professional fees	9.0%	of above			
Project Management	3.0%	of above			
Contingency on hard and soft costs	3.5%	of hard and soft costs			
Local Government Levies					
Regional Levy	$0.00	per market unit			
Residential DCLs	$2.99	per sq.ft. of floorspace			
Financing Assumptions					
Financing rate on construction costs	5.0%	on 50% of costs, assuming a	1.00	year construction period	
		and a total loan of	75%	on costs	
Financing fees	1.00%	of financed construction costs			
Financing on Land Acquisition	5.0%	during construction on		50%	of land cost
Marketing and Commissions					
Commissions/sales costs on residential	3.0%	of gross strata market residential revenue			
Marketing on residential	2.0%	of gross strata market residential revenue			
Property Taxes					
Tax Rate (res)	0.354%	of assessed value			
Current assessment (Year 1 of analysis)	$0				
Assumed assessment after 1 year of construction (Year 2 of analysis)	$175,000	(50% of completed project value)			
Project Costs					
On-Site Servicing (Upgrade of adjacent roads/sidewalks/etc)	$0				
Connection fees	$0				
Hard construction costs	$231,000				
Landscaping	$0				
Soft costs	$20,790				
Project Management	$7,554				
Contingency on hard and soft costs	$9,077				
Regional Levy	$0				
DCLs - residential	$2,542				
Less property tax allowance during development	$0				
Construction financing	$5,081				
Financing fees/costs	$2,070				
Total Project Costs Before Land Related	$278,113				

Appendix 6K: Pro Forma for three Hypothetical 1,797 Square Foot Rental Infill Dwelling Units Built by a Property Owner

Assumptions						
Gross Residential Floorspace	5,390	sq.ft.				
Net Rentable Residential Floorspace	5,390	or	100%	of gross residential floorspace		
Total Number of Residential Units	3	units				
Average Net Residential Unit Size	1797	sq.ft. net				
Assumed Number of Residential Parking Stalls	6	stalls				
Market Rental Rates						
Residential Units (average)	$4,700.00	per month or		$2.62	per sq. ft. per month	
Laundry Revenue	$0.00	per unit per month				
Parking Revenue	$0.00	per stall per month				
Residential Vacancy Allowance	3.0%					
Property Tax Allowance						
Residential Assessment	$1,907,266	(see note 2 attached)				
Residential Tax Rate	0.354%					
Residential Property Taxes	$6,743					
Residential Operating Costs (see note 1)	$1,314	per year				
Analysis						
Revenues		Inflation	10 Year Projection			
Infill Suite Gross Potential Rent	$169,200					
Parking Revenue	$0					
Laundry Revenue	$0					
Total Gross Potential Revenue	$169,200					
Vacancy	$5,076					
Effective Gross Revenue	$164,124					
Residential Operating Expenses and Property Taxes						
Residential Property Taxes	$6,743					
Residential Operating Expenses	$3,942					
Total Operating Expenses and Property Taxes	$10,685					
Net Operating Income on Residential	$153,439					
Capitalization Rate on Residential	4.5%					
Capitalized Value of Residential Space	$3,409,759					
Creation Cost	$1,907,266					
Increase in Value	$1,502,493					
Note 1:						
Residential Operating Costs						
Insurance	$200	per unit per year			$600	
Hydro/Gas/Utilities	$0	per unit per year			$0	
Water/Sewer	$0	per unit per year			$0	
Garbage/recycling	$50	per unit per year			$150	
Landscaping/Gardening	0%	of gross apartment rent per year			$0	
Repairs/Maintenance	$1,000	per unit per year			$3,000	
Property Management/Caretaking	0.0%	of gross apartment rent per year			$0	
Permits/Licenses	$64	per unit per year			$192	
Total Residential Operating Costs	$1,314				$3,942	
Residential Operating Costs as % of Residential EGI					2.4%	

(continued on following page)

Appendix 6K: Continued

Note 2: Infill Unit Creation Costs from a Property Owner's Perspective

Residential floorspace	5,390	gross square feet			
Net rentable space	5,390	sq.ft. or	100%	of gross area	
Number of units	3	units or			
Total Market Strata Unit Parking Stalls (assume 1 garage stall)	6	stalls or	2.00	per unit	
Construction Costs					
On-Site Servicing (Upgrade of adjacent roads/sidewalks/etc)	$10,000				
Connection fees (Sewer, Water, Electricity, Gas)	$0				
Hard Construction Costs					
Suite Area	$270	per gross sq.ft. of residential area			
Cost Per Garage Parking Stall	$20,000	per garage parking stall			
Overall Costs Per Square Foot	$292	per gross sq.ft.			
LEED Gold Premium	0.0%				
Hard Cost Used in Analysis	$292				
Landscaping	$0				
Soft Costs/professional fees	9.0%	of above			
Project Management	3.0%	of above			
Car Share Costs	$0				
Contingency on hard and soft costs	3.5%	of hard and soft costs			
Local Government Levies					
Regional Levy	$0.00	per market unit			
Residential DCLs	$2.99	per sq.ft. of floorspace			
Financing Assumptions					
Financing rate on construction costs	5.0%	on 50% of costs, assuming a	1.00	year construction period	
		and a total loan of	75%	on costs	
Financing fees	1.00%	of financed construction costs			
Financing on Land Acquisition	5.0%	during construction on		50%	of land cost
Marketing and Commissions					
Commissions/sales costs on residential	3.0%	of gross strata market residential revenue			
Marketing on residential	2.0%	of gross strata market residential revenue			
Property Taxes					
Tax Rate (res)	0.354%	of assessed value			
Current assessment (Year 1 of analysis)	$0				
Assumed assessment after 1 year of construction (Year 2 of analysis)	$1,700,000	(50% of completed project value)			
Project Costs					
On-Site Servicing (Upgrade of adjacent roads/sidewalks/etc)	$10,000				
Connection fees	$0				
Hard construction costs	$1,575,300				
Landscaping	$0				
Soft costs	$142,677				
Project Management	$51,839				
Car Share	$0				
Contingency on hard and soft costs	$62,294				
Regional Levy	$0				
DCLs - residential	$16,116				
Less property tax allowance during development	$0				
Construction financing	$34,842				
Financing fees/costs	$14,198				
Total Project Costs Before Land Related	$1,907,266				

Appendix 6L: Pro Forma for Renovating and Expanding the Existing House on Example 4 (Large Lot B) into Three Multiple Conversion Dwelling Units from the Perspective of a Developer

Total Residential floorspace	15,910	gross square feet			
Renovated Floorspace	9,286	gross square feet			
New Addition Floorspace	6,624	gross square feet			
Net saleable space	15,910	sq.ft. or	100%	of gross area	
Number of units	3	units or			
Total Market Strata Unit Parking Stalls (assume 1 garage stall)	6	stalls or	2.00	per unit	
Strata Revenue and Value					
Average Sales Price Per Sq. Ft.	$1,100	per sq.ft. of net saleable residential space			
Construction Costs					
On-Site Servicing (Upgrade of adjacent roads/sidewalks/etc)	$10,000				
Connection fees	$14,384				
Hard Construction Costs					
Renovated Residential Floor Area	$310	per gross sq.ft. of residential area			
New Addition Floors Area	$270	per gross sq.ft. of residential area			
Cost Per garage Parking Stall	$20,000	per garage parking stall			
Overall Costs Per Square Foot	$301	per gross sq.ft.			
LEED Gold Premium	0.0%				
Hard Cost Used for Renovated Residential Floor Area in Analysis	$301				
Landscaping	$75,000				
Soft Costs/professional fees	9.0%	of above			
Project Management	3.0%	of above			
Car Share Costs	$0				
Contingency on hard and soft costs	3.5%	of hard and soft costs			
Local Government Levies					
Regional Levy - Single Family Home	$826.00	per market unit			
Residential DCLs	$2.99	per sq.ft. of floorspace			
Financing Assumptions					
Financing rate on construction costs	5.0%	on 50% of costs, assuming a	1.00	year construction period	
		and a total loan of	50%	on costs	
Financing fees	1.00%	of financed construction costs			
Financing on Land Acquisition	5.0%	during construction on		50%	of land cost
Marketing and Commissions					
Commissions/sales costs on residential	3.0%	of gross strata market residential revenue			
Marketing on residential	2.0%	of gross strata market residential revenue			
Property Taxes					
Tax Rate (res)	0.354%	of assessed value			
Current assessment (Year 1 of analysis)	$7,770,000				
Assumed assessment after 1 year of construction (Year 2 of analysis)	$8,750,500	(50% of completed project value)			
Allowance for Developer's Profit	12.3%	of gross revenue	15.0%	of costs	
Analysis					
Revenue					
Gross Market Residential Sales Revenue	$17,501,000				
Less commissions and sales costs	$525,030				
Net residential sales revenue	$16,975,970				
Project Costs					
On-Site Servicing (Upgrade of adjacent roads/sidewalks/etc)	$10,000				
Connection fees	$14,384				
Hard construction costs	$4,787,140				
Landscaping	$75,000				
Soft costs	$439,787				
Project Management	$159,789				
Residential Marketing	$350,020				
Car Share	$0				
Contingency on hard and soft costs	$204,264				
Regional Levy - Single Family Home	$2,478				
DCLs - residential	$47,571				
Less property tax allowance during development	$27,470				
Construction financing	$76,474				
Financing fees/costs	$30,972				
Total Project Costs Before Land Related	$6,225,349				
Allowance for Developer's Profit	$2,143,873				
Residual to Land and Land Carry	**$8,606,749**				
Less financing on land during construction and approvals	$387,304				
Less property purchase tax	$162,389				
Residual Land Value	**$8,057,056**				

Appendix 6M: Pro Forma for Three Hypothetical 1,797 Square Foot Strata Infill Dwelling Units Built by a Developer

Total Residential floorspace	5,390	gross square feet			
Renovated Floorspace	0	gross square feet			
New Addition Floorspace	5,390	gross square feet			
Net saleable space	5,390	sq.ft. or	100%	of gross area	
Number of units	3	units or			
Total Market Strata Unit Parking Stalls (assume 1 garage stall)	6	stalls or	2.00	per unit	
Pre-Construction Costs					
Rezoning Application Fee	$0				
Allowance for Rezoning Costs	$0				
Construction Costs					
On-Site Servicing (Upgrade of adjacent roads/sidewalks/etc)	$10,000				
Connection fees	$14,384				
Hard Construction Costs					
Renovated Residential Floor Area	$310	per gross sq.ft. of residential area			
New Addition Floors Area	$270	per gross sq.ft. of residential area			
Cost Per garage Parking Stall	$20,000	per garage parking stall			
Overall Costs Per Square Foot	$292	per gross sq.ft.			
LEED Gold Premium	0.0%				
Hard Cost Used for Renovated Residential Floor Area in Analysis	$292				
Landscaping	$0				
Soft Costs/professional fees	9.0%	of above			
Project Management	3.0%	of above			
Contingency on hard and soft costs	3.5%	of hard and soft costs			
Local Government Levies					
Regional Levy - Single Family Home	$826.00	per market unit			
Residential DCLs	$2.99	per sq.ft. of floorspace			
Financing Assumptions					
Financing rate on construction costs	5.0%	on 50% of costs, assuming a	1.00	year construction period	
		and a total loan of	50%	on costs	
Financing fees	1.00%	of financed construction costs			
Financing on Land Acquisition	5.0%	during construction on		50%	of land cost
Marketing and Commissions					
Commissions/sales costs on residential	3.0%	of gross strata market residential revenue			
Marketing on residential	2.0%	of gross strata market residential revenue			
Property Taxes					
Tax Rate (res)	0.354%	of assessed value			
Current assessment (Year 1 of analysis)	$0				
Assumed assessment after 1 year of construction (Year 2 of analysis)	$2,964,500	(50% of completed project value)			
Allowance for Developer's Profit	12.3%	of gross revenue	15.0%	of costs	
Analysis					
Revenue					
Gross Market Residential Sales Revenue	$5,929,000				
Less commissions and sales costs	$177,870				
Net residential sales revenue	$5,751,130				
Project Costs					
On-Site Servicing (Upgrade of adjacent roads/sidewalks/etc)	$10,000				
Connection fees	$14,384				
Hard construction costs	$1,575,300				
Landscaping	$0				
Soft costs	$143,972				
Project Management	$52,310				
Residential Marketing	$118,580				
Contingency on hard and soft costs	$67,009				
Regional Levy - Single Family Home	$2,478				
DCLs - residential	$16,116				
Less property tax allowance during development	$0				
Construction financing	$25,002				
Financing fees/costs	$10,126				
Total Project Costs Before Land Related	$2,035,276				
Allowance for Developer's Profit	$726,303				
Residual to Land and Land Carry	**$2,989,551**				
Less financing on land during construction and approvals	$134,530				
Less property purchase tax	$55,100				
Residual Land Value	**$2,799,921**				