

2538 Birch Street From David Gardiner, Vancouver Speaker # 101  
Analysis of Costs and Revenues Foundation logic precedes result

Part 1 Cost to build a high rise

<https://www.google.com/search?client=firefox-b-d&q=cost+to+build+highrise+in+vancouver>

cost to build highrise in Vancouver

## \$1,345 per square foot

In the city of **Vancouver**, where an acre zoned for high-density residential can top \$40 million, the average **price of a new high-rise condo apartment is now \$1,345 per square foot**, according to a survey by Century 21, up 39 per cent from a year ago.  
Mar 6, 2019

[What it costs to build real estate in Canada | New West Record](https://www.newwestrecord.ca/what-it-costs-to-build-real-estate-in-canad...)  
[https://www.newwestrecord.ca > what-it-costs-to-build-real-estate-in-canad...](https://www.newwestrecord.ca/what-it-costs-to-build-real-estate-in-canad...)

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\$1,345 per square foot

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Part 2 Proposed square footage

<https://rezoning.vancouver.ca/applications/2538birch/index.htm>

## Rezoning Application - 2538 Birch Street (formerly 1296 West Broadway)

258 secured rental units

197,359 sq. ft. of units

Part 3 Cost per acre

$$197,359 \text{ sq. ft.} * \$1,345 = \$265,447,855 / \text{acre}$$

This is not really an accurate figure because 2538 Birch Street is less than an acre

Part 4 A simplified rent scheme

$$230 \text{ units} * \$2,000 / \text{month} = \$460,000$$

$$\$460,000 * 12 = \$5,520,000 \text{ annualized income}$$

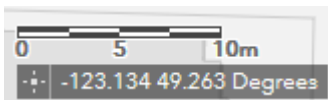
Part 5 Gross annual Income yield per acre

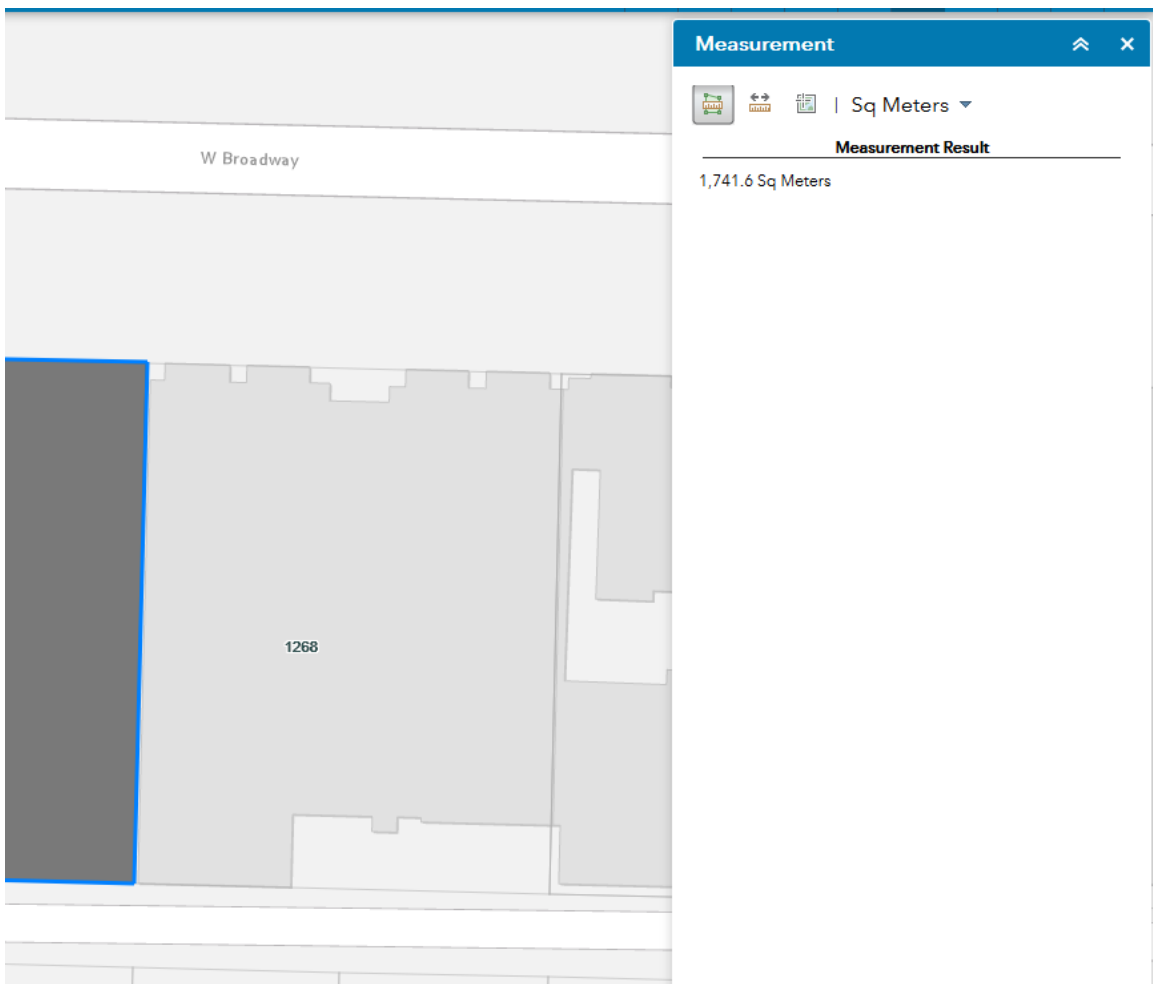
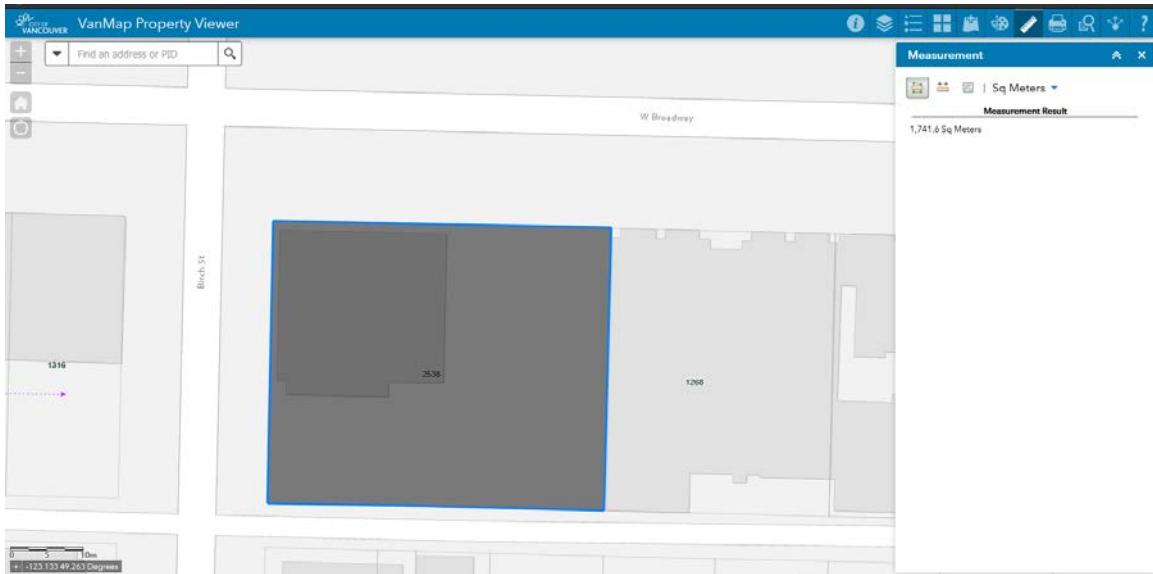
$$\$5,520,000 / \$265,447,855 = .0207950446614082$$

Gross annual Income is 2.08 % / acre

Part 6 How many Sq Meters at 2538 Birch Street

Vanmap Property Viewer





1,741.6 Sq Meters

2538 Birch Street analysis

Page 4

Part 7 Converting Sq meters to Sq Feet

<https://www.google.com/search?client=firefox-b-d&q=sq+meters+to+sq+feet>

Area

1 = 10.7639

square metre Square foot

**Formula** multiply the area value by 10.764

Conversion Square Meters to Square Feet

$$1,741.6 \text{ Sq Meters} * 10.7639 = 18,746.40824 \text{ Sq Feet}$$

Part 8 Conversion Square Feet to Acres

[https://www.google.com/search?client=firefox-b-d&sxsrf=ALeKk00219tmKJBy3FtE-dNx8CgPlsVYVA%3A1594358158957&ei=jvkHX\\_X9Odj7-gSW-L64Dw&q=sq+feet+to+acres&oq=+sq+feet&gs\\_lcp=CgZwc3ktYWIQARgCMgQIABBDMgkIABAHEB4QiwMyBAGAEEMyCQgAEAcQHhCLAzIJCAAQBxAeEIsDMgkIABAHEB4QiwMyCQgAEAcQHhCLAzIHCAAQQxCLAzIJCAAQBxAeEIsDMgkIABAHEB4QiwM6BAGAEEdQpK8WWKSvFmCg0RZoAHABeACAAYBiAGGAZIBAZAuMZgBAKABAaoBB2d3cy13aXq4AQE&scient=psy-ab](https://www.google.com/search?client=firefox-b-d&sxsrf=ALeKk00219tmKJBy3FtE-dNx8CgPlsVYVA%3A1594358158957&ei=jvkHX_X9Odj7-gSW-L64Dw&q=sq+feet+to+acres&oq=+sq+feet&gs_lcp=CgZwc3ktYWIQARgCMgQIABBDMgkIABAHEB4QiwMyBAGAEEMyCQgAEAcQHhCLAzIJCAAQBxAeEIsDMgkIABAHEB4QiwMyCQgAEAcQHhCLAzIHCAAQQxCLAzIJCAAQBxAeEIsDMgkIABAHEB4QiwM6BAGAEEdQpK8WWKSvFmCg0RZoAHABeACAAYBiAGGAZIBAZAuMZgBAKABAaoBB2d3cy13aXq4AQE&scient=psy-ab)

Area

1 = 2.29568e-5

Square foot Acre

**Formula** divide the area value by 43560

Conversion Square Feet to Acres

$$18,746.41 \text{ Sq Feet} / 43,560 = 0.4303583158861341 \text{ Acre (Birch site)}$$

Part 9 Cost per 0.4303583158861341 Acre (Birch site)

2538 Birch Street is smaller than an acre

Goal Rental Income per 0.4303583158861341 Acre (Birch site)

Recall from Part 3 Cost per acre

$$197,359 \text{ sq. ft.} * \$1,345 = \$265,447,855 / \text{cost per acre}$$

Cost per 0.4303583158861341 Acre

$$\$265,447,855 / \text{cost per acre} * 0.4303583158861341 \text{ Acre} = \$114,237,691.833$$

Cost per 0.4303583158861341 Acre (Birch site)

\$114,237,691.833 cost per 0.43035 of an acre (Birch site)

Part 10 Gross annual Income yield per 0.43035 of an acre

Recall from Part 4 A simplified rent scheme

$$230 \text{ units} * \$2,000 / \text{month} = \$460,000$$

$$\$460,000 * 12 = \$5,520,000$$

$$\$5,520,000 / 114,237,691.83 = .04832$$

Gross annual Income yield of 4.3% per 0.43035 of an acre

RR1.pdf

**REFERRAL REPORT**

City of Vancouver

Report Date: March 17, 2020  
 Contact: Theresa O'Donnell  
 Contact No.: 604.673.8434  
 RTS No.: 13730

VanRIMS No.:	08-2000-20
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**Proactive FOI releases: current year**

<https://vancouver.ca/your-government/information-released-through-foi-requests-this-year.aspx>

proposed rezoning of 2538 Birch St (formerly 1296...1296 W. Broadway/2538 Birch St.  
 Date range

**Figure 8: Proposed Unit Mix, Market and Moderate Income**

<b>Rental Market</b>		<b>Moderate Income</b>	
Studio	23	Studio	9
1-bed	104	1-bed	27
2-bed	60	2-bed	16
3-bed	13	3-bed	6
Total	200	Total	58

<b>Total 258 (approximate)</b>
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Page 15 of RR1.pdf (**REFERRAL REPORT** March 17, 2020)

**Figure 9: Proposed Rents for Moderate Income Units, Market Rents in Newer Westside Buildings, Costs of Ownership and Household Incomes Served**

<b>Moderate Income Units</b>		<b>Newer Rental Buildings – Westside<sup>2</sup></b>	
<b>Unit Type</b>	<b>Average Starting Rents</b>	<b>Unit Type</b>	<b>Average Rent</b>
<b>Studio</b>	\$950	<b>Studio</b>	\$1,804
<b>1 Bedroom</b>	\$1,200	<b>1 Bedroom</b>	\$1,999
<b>2 Bedroom</b>	\$1,600	<b>2 Bedroom</b>	\$3,059
<b>3 Bedroom</b>	\$2,000	<b>3 Bedroom</b>	\$3,876

<sup>2</sup> October 2019 CMHC Rental Market Survey for buildings completed in year 2008 or later on the west side of Vancouver.

Page 16 of RR1.pdf (**REFERRAL REPORT** March 17, 2020)

Table 1 Planned Actual Annual Income stream for 2538 Birch Street from Residential rents

Moderate Income Units						
Unit Type	# of Units	Average Starting Rents	Monthly Income	Annual Income		
Studio	9	\$950	\$8,550	\$102,600		
1 Bedroom	27	\$1,200	\$32,400	\$388,800		
2 Bedroom	16	\$1,600	\$25,600	\$307,200		
3 Bedroom	6	\$2,000	\$12,000	\$144,000		
			\$78,550			
Newer Rental Buildings – Westside:						
Studio	23	\$1,804	\$41,492	\$497,904		
1 Bedroom	104	\$1,999	\$207,896	\$2,494,752		
2 Bedroom	60	\$3,059	\$183,540	\$2,202,480		
3 Bedroom	13	\$3,876	\$50,388	\$604,656		
			\$299,776			
Total				\$6,742,392		

According to Figure 8 and Figure 9 of RR1.pdf (**REFERRAL REPORT** March 17, 2020) The total Planned Actual Annual Income stream for 2538 Birch Street from Residential rents is \$6,742,392

Of course there is additional income rental stream from the First two Floors of Commercial rents which is not known at this time by this writer

Part 12 Gross annual Residential Rental Income yield per 0.43035 of an acre

258 Residential Rental units annual yields \$6,742,392

\$114,237,691.833 cost per 0.43035 of an acre (Birch site)

$\$6,742,392 / \$114,237,691.83 = .05902$

Gross annual Residential Rental Income yield of 5.9% per 0.43035 of an acre (Birch site)



Of course the income stream for 2538 Birch Street will higher because the Part 1 Assumption for the cost to build a high rise of **\$1,345 per square foot** includes the proper parking spaces for all of the units, the proper Development Cost Levies, and the proper Capital Cost Amenities

Of Course the income stream for 2538 Birch Street will be higher because the parking spaces are limited and thus they will be rented out at additional cost

Part 13 Land Value

When the property was sold with a Denny's on it was probably worth around \$10 million. Once the property was guaranteed to be 16 floors it might be worth \$20 million. Now 28 Floors is in play Speculators might pay \$30 million. The model is going to use 30 million because land is a fixed cost

Part 14 Estimated Cost for 16 Floors

In the MURP plan 26 floors of 28 are residential  
 The alternative is plan 14 floors of 16 as residential or 14/26 or 0.53846 or 54% of the MURP plan

In Part 9 the Cost per 0.4303583158861341 Acre was estimated at \$114,237,691.833 cost per 0.43035 of an acre (Birch site)

Estimated Cost for 28 Floors \$114,237,691.83

Less estimated Land Value (\$30,000,000)

Construction Cost \$84,237,691.83

Ratio 54%

Construction Cost 16 floors \$45,488,353.59

Add back land Value \$30,000,000

Estimated Cost for 16 Floors \$ 75,488,353.59

Part 15 Estimated Rental Income for 16 Floors

In Part 11 Total Annual Residential Income 2538 Birch St was \$6,742,392

Ratio 54%  
 Estimated Rental Income for 16 Floors \$3,640,891.68

Part 16 Gross annual Residential Rental Income yield per 0.43035 of an acre (Birch site) with 16 floors

Residential Rental units annual yields \$3,640,891.68

Estimated Cost for 16 Floors \$ 75,488,353.59

$\$3,640,891.68/\$75,488,353.59 = 0.04823$

Gross annual Residential Rental Income yield of 4.8% per 0.43035 of an acre (Birch site) with 16 floors

There is still a good annual yield estimated at 4.8% per at 16 Floors for the Birch Site proving;

- 1: There was never a need to add 12 floors
  - 2: There was never a need to reduce parking requirements
  - 3: There was never a need to give up the proper Development Cost Levies, and the proper Capital Cost Amenities
- All that was needed was rental only zoning with a provision that 20% had to be affordable.

Two of the major parties elected to this government have fiscal responsibility as the MAIN BACKBONE of their political platforms

So what are you fiscally responsible or wacko pinko socialists, givers of unnecessary Corporate dole. This is a pivotal and remembered moment for your re-election.

What is needed here is a deferral for further study. You need to have pro forma Income statements and perhaps balance sheets

That include the

- 1: annual operating costs properly estimated
2. Fixed construction costs estimated
3. Variable construction costs estimated
4. Income stream already partially included. Still needed is income stream from parking spaces, and income stream from Commercial leases
5. pro forma statements at 16 floors and at 28 floors
6. pro forma statements with the proper Development Cost Levies, and the proper Capital Cost Amenities both in and out
7. Proper parking requirements included and not included
8. The real land cost.

This information should be required reading when Corporate welfare is being considered.

## Summary

I am opposed to this development because simple accounting modelling of the rental revenue stream and cost per square foot analysis. This is an attachment "2538 Birch Street Costs and Revenues.doc"

The analysis shows that 2538 Birch Street has three streams of revenue 1. the Commercial Leases from two Floors, 2. The rents from the limited parking and 3. the rents from the residential rental units.

The rents from the residential rental units are a given (taken from one of the Cities files).

The Cost of construction are taken by a survey from Century 21 and these costs include Development Cost Levies, Capital Cost Amenities, and cost of proper parking.

A third variable is the area of the lot at 2538 Birch Street which directly affects Cost of construction.

A fourth variable is the value of the land actual cost and not present value This had to be estimated.

There is an element linear algebra going on here and that can be conceived very simply that there is a band width of values but this does not effect the obvious outcomes. (No actual calculation involving linear algebra as done. Only the concept of a range of values is to be considered. A range of values analysis is common in Finance.)

The study shows that even paying for all the required parking, the DCL, and the CCA the project makes profit based on the income stream from the residential rents only because the income stream is in many millions of dollars.

The project would also make many millions of dollars if the project was restricted to 16 floors.

The expectation was that the income stream would minuscule because the planners and developers claim the need for developer welfare to justify the residential rental construction.

What this means is this

1. Development Cost Levies, Capital Cost Amenities, and cost of proper parking were unnecessary developer welfare, and 2. adding 12 floors from 16 to 28 is also unnecessary.

The project would go ahead with just Rental only zoning with a requirement for 20% affordable housing without the corporate welfare.

The project should be deferred until Pro Forma Income statements and a proper Construction cost Pro Forma is presented to justify the corporate welfare or not.