CITY OF VANCOUVER

PLANNING, URBAN DESIGN & SUSTAINABILITY
General Manager's Office

MEMORANDUM

May 31, 2022

TO: Mayor and Council

CC: Paul Mochrie, City Manager
Karen Levitt, Deputy City Manager
Armin Amrolia, Deputy City Manager
Katrina Leckovic, City Clerk
Lynda Graves, Administration Services Manager, City Manager's Office
Maria Pontikis, Director, Civic Engagement and Communications
Anita Zaenker, Chief of Staff, Mayor's Office
Neil Monckton, Chief of Staff, Mayor's Office
Alvin Singh, Communications Director, Mayor's Office
Lon LaClaire, General Manager, Engineering Services
Matt Shillito, Acting Director, Special Projects

FROM: Theresa O'Donnell
General Manager, Planning, Urban Design and Sustainability

SUBJECT: Broadway Plan – Responses to Council's Questions to Staff up to May 30, 2022

RTS #: 14877

Introduction

Following the presentation of the Broadway Plan to Council on May 18th, 2022 and after hearing from Speakers on May 25th and 26th, staff received a number of written questions from Council requesting further information and clarification. In response, staff provided answers in a memo dated May 26th, 2022.

Following that memo, staff received additional written questions from Council and have prepared this follow-up memo responding to questions received up to Tuesday, May 30, 2022. A number of Councillors have asked questions about the block frontage requirements staff have proposed. Staff have prepared a fulsome response to these questions, which can be found on page 10 of the memo.

If you have any queries please do not hesitate to contact me.

Theresa O'Donnell

Theresa O'Donnell
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2022 BC's Top Employers

Question 1:

Are we able to get a larger range of case study examples of proformas to understand the viability of affordability in projects from 6 stories wood to those over 10 fsr?

Response:

Please see Appendix A for a memo from Coriolis Consulting re: Examples of Rental Proforma Scenarios for Broadway Plan. The findings can be summarized as follows:

- Viability of rental projects is challenged by high and increasing hard/soft costs and competition with strata development.
- These additional case studies represent average sites in the Broadway Plan area. In all cases no land lift was found for rental projects. However, viability will vary depending on the specific site.
- In the existing lower density areas (e.g. RT zoning) where values are lower it is possible to enable a new market rental building in a 6 storey wood frame building with tenant protections.
  - Note these projects are helped by the fact that there are fewer existing renters that require protections.
- If deeper rental affordability is desired (i.e. securing a portion of the new building at below-market rates in perpetuity) then additional density is needed, pushing the development into a concrete form which is more expensive to construct and requires significantly more density.

Question 2:

Staff is saying the income breakdown for the Broadway plan area is as follows:

3900 units Social Housing	Singles: $0-$57,500 Families: $0-$88,500
2100 units Below-Market Rental	Singles: $43-49,000 Families: $67-92,000
13800 units Market Rental	Singles: $68-82,000 Families: $109-150,000
10200 units Condominium Ownership	Singles: $139,000+ Families: $208,000+

But when I look at appendix K it looks like the average monthly rent, including the below market units is about $2900. So the market units would probably average out at at least $3000 per month, requiring an annual income of $120K. Is this right? And while some smaller units would be below $3000 a month, others would probably be in the $4000-5000 range, given views from towers? Right? Or wrong?? Thanks.

Response:

The rents assumed for the Broadway economic testing in can be found in Appendix K. Staff provided rent assumptions for below-market rental units that were a 20% discount to city-wide average rents by unit type. Coriolis used that assumption in their analysis.

The monthly below-market rental rates by unit type for 2021 and incomes required to afford while paying no more than 30% of income on rent are:

	Studio	Incomes	1 bed	Incomes	2 bed	Incomes	3 bed	Incomes
Broadway below-market rental monthly rents	$1,077	$43,080	$1,216	$48,640	$1,683	$67,320	$2,293	$91,720

Average monthly rental rates for newer market rental building built 2005+ based on 2021 data and incomes required to afford while paying no more than 30% of income on rent are as follows:

	Studio	Incomes	1 bed	Incomes	2 bed	Incomes	3 bed	Incomes
Average city-wide monthly rents in rental buildings built 2005+	$1,690	$67,600	$2,039	$81,560	$2,724	$108,960	$3,759	$150,360

As the rents in this table represent average rents in newer buildings, it is correct to assume that some units in new market rental buildings will rent for more, and some will rent for less, than these averages.

Question 3:

And we have 30,000 current renters in the area. In Burnaby 72% of the demovicted renters are taking up the offer of a rent top up while they wait for a new unit to be built. If we just had a 50% take up, that would require 15,000 below market units needed and we only have 2,100. Even if this happens over 30 years it seems to me like squishing 15,000 households into 2100 below market units it pretty impossible. How does staff see this working out??

Add on top of that that we are expecting 42,000 new workers who we would like to live in the area. Some of them, say half, cause the median renter Household income is $50K, will need lower income housing. Some (1170) could go to the new social housing HILS units . Where will the other 19,000 live? How does staff see this working out??

Response:

Staff created a development capacity model to estimate the development uptake in the Broadway area over 30 years based on proposed Plan policies. This model identified likely redevelopment sites based on assumptions that are outlined in the Memo titled “Broadway Plan - Responses to Cllr Questions” sent on January 12, 2022 (Question 1):
https://vancouver.ca/files/cov/2022-01-12-broadway-plan-responses-to-cllr-questions.pdf

Redevelopment is expected to be most attractive in areas without many existing renters such as Station Areas and mixed-employment areas. Approximately 25% of new residential floor area enabled by the Plan is anticipated to be built in the apartment areas where the majority of existing rental housing is located, amounting to just 7% of total properties in the apartment areas.

Based on this modelling, staff do not believe that all existing renters in the Broadway Plan area (~30,000 households) will be impacted by redevelopment over the 30 year plan. In fact, staff anticipate that a relatively small proportion of existing purpose-built rental housing will be redeveloped over the 30 year life of the plan.

The Broadway Plan capacity estimates are approximately 30,000 new homes and 42,000 new jobs in the area over 30 years. No income breakdown exists for potential future workers, but staff anticipate future employees to earn a wide variety of incomes. The Broadway Plan proposes to enable a large and diverse supply of rental housing to accommodate both existing residents and new workers. However, not every worker taking up these jobs will live in a new home in the Broadway area. The area is a city-wide and regional-serving employment center which will be connected to the rest of the region by the subway.

It is anticipated that lower income workers (<$50K/year) may find housing in Broadway in a variety of ways. Some workers may find accommodation in new below-market or social housing, while others may find housing in existing older rental stock. For those requiring lower rents, the Plan acknowledges that additional funding and partnerships with senior governments and the community housing sector are needed to increase the number and depth of affordability of new non-market housing over and above the units anticipated through Plan policy and the Public Benefits Strategy.

Question 4:

Is there a way we could get displaced renters the same square footage in new replacement units so that, for example, a family of three in a large one bedroom, could go to a two bedroom place with the developer paying a top up?

Response:

The proposed tenant protection policy prioritizes tenant choice in the type of housing they need. As part of the requirements in developing a Tenant Relocation and Protection Plan, the applicant must complete a mandatory tenant needs assessment with each tenant to understand their priorities for a new home (e.g. pet friendly, number of bedrooms, preferred neighbourhood etc.). Through experience in implementing the Tenant Relocation and Protection policy and consultation with renters, staff have learned that renter needs are diverse and changing based on life circumstance. This is why the policy is not prescriptive in the type of unit, building or location that tenants must relocate to but relies on an iterative process with the tenant to identify the best option for them, based on their choices.

While the tenant protection policies are not prescriptive, in order to facilitate choice for renter households, the mandatory needs assessment bases unit size needs on National Occupancy Standards. This means that a family of three living in a large one-bedroom would be eligible to move into a 2-bedroom unit if they request it through the assessment process. In this way, the Broadway Plan tenant protection policies may result in access to more appropriate housing for many renter households.

Question 5:

How do we know that units will be available in the same area for interim housing for demovicted tenants?

Response:

Please refer to the answer to Question 4 above. Staff acknowledge that the rental vacancy rate is extremely low, particularly in more affordable housing stock. This is why the Broadway Plan recommends rent top ups to enable renter households to access newer rental units for interim housing at rental rates they can afford.

Question 6:

What enforcement of tenant protection measures will be in place?

Response:

As part of the redevelopment process, applicants are required to carry out and complete a tenant relocation plan, meeting all the policy requirements as a condition of their development, building, and occupancy permits. If the plan does not meet the requirements or there is evidence that tenants are not being protected as per the plan, then permits are not issued and the project may not proceed. A staff team within the Housing Policy and Regulation group is dedicated to projects where tenants are impacted and tenant relocation plans are involved, and is responsible for reviewing whether or not the requirements are being met at multiple stages during the development process.

Question 7:

Is there any way we could get 20% affordability IN ADDITION to providing housing for demovicted renters at their same rent? (suggested by Renters Advisory Cttee)

Response:

Staff have not completed financial testing on this request, as it was submitted after the Draft Plan was presented to Council for consideration. It is anticipated that additional height and density would be required in order to make projects viable. Depending on the number of existing renters on site, this could have a large or small impact on the feasibility of the project, as well as the form of development.

The approach outlined in the Broadway Plan tenant relocation policies also provides more certainty to applicants related to the costs associated with tenant relocation and below-market housing requirements in general. This is because the BMR requirement is a consistent proportion of floor space in every project, rather than a requirement that changes from site to site based on the number of existing renter households, the proportion of those households that take up the right of first refusal to return to a unit in the new building, the length of time those renters remain in that unit, etc.

Question 8:

Are there any experts we could call on to help us figure out how to use land lift to get more affordability?

Response:

Please refer to Appendix K and the additional Coriolis memo appended to this memo. Increasing affordability is a priority, and staff will continue to work with senior governments and community housing sector partners through the implementation of the Plan, and through upcoming work to refresh the Housing Vancouver targets and action plan.

Question 9:

Will the highest and best use tax policy drive small business out of the Broadway Plan Area with the new allowable density?

Response:

Small businesses are an important part of the fabric of our community. Across Metro Vancouver, real estate speculation and the pace of change has driven up land values and most commercial property owners are passing on the increased cost of property taxes to their tenants through triple net leases. For small businesses, this can be a financial burden that threatens their viability.

Staff are working through our planning programs, consultation with the business community and inter-governmental relationships on initiatives that aim to support small businesses. In particular, the Broadway Plan seeks to enable additional supply of commercial and industrial space over the long term to reduce upward pressure on rental rates and provide more choices for growing local businesses, including new opportunities for small-scale commercial uses in residential areas.

Earlier this year, the City launched a new website to provide commercial tenants with resource materials to assist with real estate decision making and relocation planning. These resource guides were developed in close collaboration with industry experts and are available in six languages. The resources are available through City permitting and zoning processes as well as through community partners such as local brokerage firms, the Building Owners and Managers Association of BC (BOMA) and the Business Improvement Associations (BIAs).

To further address challenges faced by small businesses, in particular those affected by tax increases arising from development potential, the City joined an Intergovernmental Working Group which submitted a recommendation to the provincial government to adopt a split assessment through a commercial sub-class approach. If implemented, Council would be able to apply a lower tax rate (relative to the business tax rate) on the development potential for a limited time on eligible properties.

The provincial government introduced the Interim Business Property Tax Relief legislation in spring 2020 as a temporary tool and committed to finding a long-term solution to address the concerns flagged by local governments, property owners and businesses. Unfortunately, the interim solution posed tremendous implementation challenges and unintended consequences. There has been no uptake from local governments for 2020, 2021 and 2022.

The City has been actively engaging with the Province, BC Assessment and other municipal members as part of the Inter-governmental Working Group and sub-committee on small business property taxation to find a workable, long-term solution that can be implemented for the 2023 tax year. All parties are working closely together to ensure that potential solutions are feasible and will provide targeted tax relief to properties that are impacted by development potential. Staff will have more to report on in the coming months.

In the meantime, the City's "targeted 5-year averaging" program helps alleviate tax impact from extreme assessment volatility. The City is the only municipality in BC that uses land assessment averaging.

Question 10:

What would we lose on Broadway if we put in protected bike lanes?

Response:

Please see previous memo from May 26, 2022 for information and illustrations of trade-offs to consider.

Question 11:

What would be the cost of adding bike lanes to Broadway?

Response:

Adding protected bike lanes on Broadway can be seen as an incremental cost over and above the already estimated cost of constructing a Great Street. Building a Great Street for Broadway has been estimated to cost around $63M over the 30-year course of the Plan. Adding permanent bike lanes could raise this cost to $80M. At the low end, a bike lane using temporary materials, such as those used on Beach Ave, could cost in the region of $2-5M. However, there would be significant design challenges around the station blocks, as well as challenges and tradeoffs around bus stops and parking/loading.

This is an updated response to the above question based on additional investigation by staff.

Question 12:

What inputs from the Renters Advisory Committee were included in the plan and did staff look to incorporate their current requests to expand renter protections and vacancy controls in order to encourage 20% rental affordability over-and-above those provided Right of First Refusal under the Broadway Plan and to encourage much needed density away from the Broadway Corridor in order to mitigate impacts of displacement to current renters, including non-market housing solutions like co-ops, Council Housing, and supported housing?

Response:

Staff held three workshops with the Renters Advisory Committee (RAC) and provided email updates on each phase as part of the planning process. These workshops followed a general format of a presentation on plan content and then a discussion period to hear feedback. The Committee provided valuable feedback that was incorporated into the plan and process including:

- Incorporate supports and protections for secondary suite renters
- Existing renters impacted by redevelopment should be able to return to the new building at similar rents
- New rental housing choices should be provided off of busy arterial roads
- New market rental is unaffordable to many renters; more below-market rental options should be enabled
- Renter voices should be elevated through the engagement process and a dedicated section on renter feedback should be included in Engagement Summaries

On May 25th, 2022, the RAC passed a motion endorsing the Broadway Plan as currently presented to Council, along with two further requests to Mayor and Council. This motion was submitted after the Draft Plan was presented to Council for consideration so Staff were unable to consider their requests as part of the regular process. Please see answer to question 6 above regarding the request that renter protections be expanded to encourage 20% rental affordability over-and-above those provided Right of First Refusal. Regarding the request to locate additional density outside the Broadway Corridor, this is included in the scope of the Vancouver Plan which will be brought to Council in June 2022.

Question 13:

Without government to government conversations with all host nations or the use of cultural liaisons, how is the protection of cultural heritage, addressing cumulative impacts of development and enhancing cultural visibility on the land being accomplished within the key policy direction of decolonization?

Response:

Throughout the Broadway planning process, multiple referral letters were sent through the City's Intergovernmental Relations (IGR) table between City staff and the staff of each of the Host Nations.

A partnership was formed with the Tsleil-Waututh Nation. Planning staff met with Tsleil-Waututh staff to brief them on the policy directions, identify partnership opportunities and receive feedback on the Draft Plan. The Final Plan for Council's consideration was amended to incorporate this feedback. The Squamish Nation replied to the latest referral letter in mid-April 2022 and expressed they would like to track progress on the Plan and engage in future implementation phases.

Embedded within the Plan are policies to support Reconciliation efforts, increase Indigenous voice and visibility on the land, integrate cultural practices into public spaces, improve water quality, and continue to explore ways to work with Indigenous people living in Vancouver.

There will be significant opportunities for partnerships with the Host Nations during the implementation phase of the Plan, particularly as specific projects are advanced. One example is the "Cultural Ribbon" that will span the Creative District as a walkway that acts as a draw to the area, highlighting Coast Salish knowledge and culture through elements such as art, signage, public realm/landscape design and architecture.

These partnership opportunities are identified as a high priority action in the Plan's Priority Implementation Strategy:

> *Facilitate opportunities for Musqueam, Squamish, and Tsleil Waututh Nations to influence the planning and development of Vancouver's cultural and urban landscape in ways that reflect the living culture and history of their peoples.*

City staff look forward to continued collaboration with the Host Nations regarding the protection of cultural heritage, addressing cumulative impacts of development and enhancing cultural visibility on the land. Through Broadway Plan's future partnership agreements staff will continue to strengthen relationships of mutual respect and understanding, and integrate Indigenous perspectives.

Question 14:

What is the rationale in recommending Council repeal the Mount Pleasant Community plan recognizing that the City committed to maintain in place and/or follow through with the implementation of the Plan in the Supportive Policies Agreement dated June 27 2018?

Response:

In 2018, TransLink and the City collaborated in the creation of the Broadway Subway Supportive Policies Agreement (the “SPA”), a shared document supporting the Subway’s long-term success. The SPA includes objectives, principles and commitments intended to shape the corridor as a focal point for rapid transit supportive housing, density, and diverse land uses, with a multitude of transportation choices.

The SPA includes language to recognize planning work the City had already undertaken prior to the SPA and that had included consideration of potential rapid transit along Broadway. This SPA language included a reference to “maintain in place and/or follow through with the implementation of” a number of previously completed or initiated works, one of which was the Mount Pleasant Community Plan. The intent of that language was to acknowledge the Subway supportive work already begun or in place, recognizing that work was the starting point for commitments around new Project supportive policies, given the City was not able to fully plan around a rapid transit extension prior to the Subway project being committed.

At the core of the SPA is the City’s commitment to adopt the Broadway Plan, including land uses, densities, housing and other policy areas supportive of rapid transit. The repeal of the Mount Pleasant Community Plan as part of Council’s approval of the Broadway Plan aligns with the intent and objectives of the SPA.

Question 15:

How is the non-profit housing/co-op housing pro-forma data used to conduct the financial analysis to determine the incentives needed to increase the non market supply throughout the Broadway Plan area and what is the number of units forecasted for?

Response:

Delivering non-market housing has a different set of challenges than market-rate housing. Due to the depth of affordability, there is typically an equity gap which must be filled to make the project viable. This requires partner equity, capital funding and low-cost financing, usually through government programs. The City through its planning and regulatory functions plays an important role in enabling new non-market housing by providing a clear framework for the amount of density and height allowed in various areas.

The Broadway Plan provides significant additional height and density in various Plan areas so that non-profits have the most flexibility to create viable non-market projects. The achievable level of affordability in these projects is typically determined by the amount of senior government investment.

The Public Benefits Strategy anticipates approximately 5,000 new units of social housing over 30 years. This estimate does not include potential redevelopment and expansion of existing non-profit or senior government owned sites which are expected to add to this total over the life of the Plan.

Question 15:

How many purpose rental units exist in Arbutus Walk?

Response:

There are no purpose-built rental units in Arbutus Walk. The housing mix is as follows:

- 81% (~824 units) strata condominium housing
- 14% (143 units) market rate senior's housing
- 5% (53 units) co-operative housing

Question 16:

What would be the impacts of reducing required minimum frontage from 150 to 99 ft?

One of the speakers, a developer, said that the 150 foot frontage requirement was like a target on apartment buildings because they have bigger frontages than single family and duplexes. Does staff think this is true and if so, could staff suggest an amendment to deal with the problem?

Response:

Introduction

Currently, the Broadway Plan requires a minimum site frontage of 150 ft. for tower developments in most areas. This policy was arrived at with consideration for development feasibility, urban design performance, and minimizing adverse impacts on neighbouring sites. This requirement is primarily applicable in the 'Centres' and the existing residential apartment areas where tower allowances are proposed.

Staff have explored the implications of reducing minimum frontage requirements for towers in the Broadway Plan area. This has been based on the assumption that the reductions would be accompanied by a three tower per block face maximum in the 'Centres' and the current two tower per block maximum in the residential areas.

The 150 ft. minimum lot frontages for towers proposed in the Plan were calibrated to balance the following objectives:

- Create regulatory conditions for tower developments to achieve key urban design objectives – specifically solar access, tower separation and appropriate transitions/setbacks to adjacent properties;
- Provide clarity for the development industry and the community and reduce speculation on smaller sites; and,
- Enable consistency and efficiency at the time of application review.

The considerations associated with alternative approaches to minimum frontages are discussed below.

Impact on Development

In some cases, minimum lot frontages can reduce development opportunities by requiring consolidation where it is either impossible, or more costly, to do so. This would impact the City's ability to deliver on key Plan objectives such as provision of rental housing and job space.

In general, reducing minimum frontage requirements would make it easier to redevelop for towers throughout the Plan area, as reduced land assembly would be required. However, this could compromise the ability for adjacent properties to redevelop. This is further illustrated below.

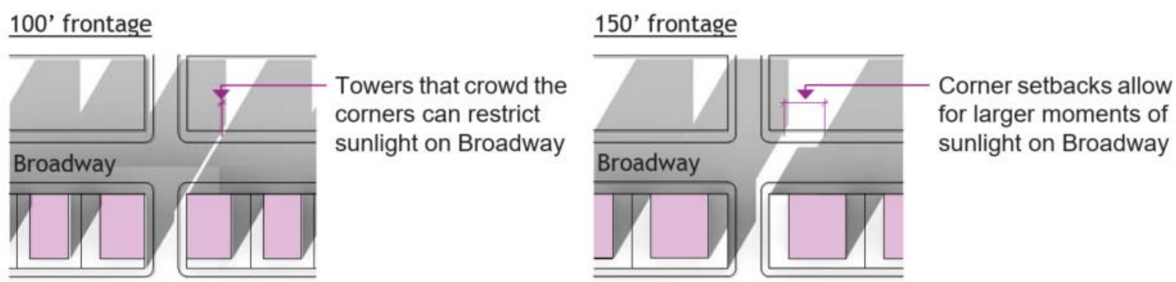
Impact on Existing Rental Buildings

In the existing apartment areas (RM/FM zones), 14% of rental apartment buildings and 24% of strata apartment buildings have a site frontage of 150 ft. or greater. Redevelopment would likely occur on these properties with larger frontages, or through land assembly of multiple smaller properties.

Regardless of minimum site frontage requirements, staff anticipate that most redevelopment will involve multi-family buildings, as these areas consist primarily of multi-family buildings and having multiple adjacent detached houses or duplexes is uncommon. As a result, staff do not expect that reducing the minimum site frontage requirements would significantly shift development away from sites with existing rental apartment buildings.

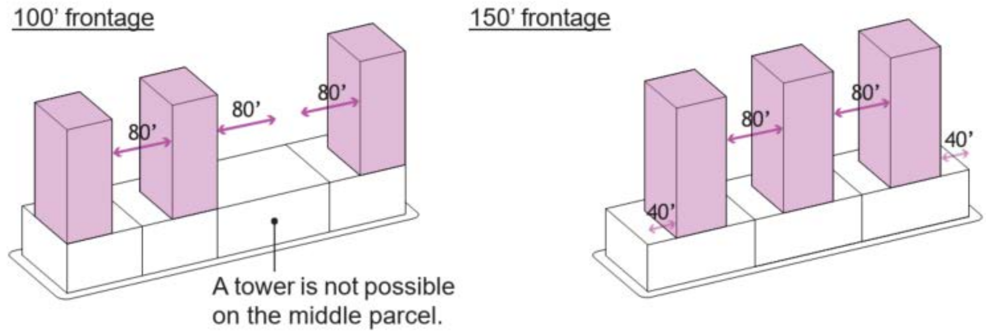
Discussion of Built Form Implications

Solar Access:
A minimum lot frontage of 150' allows for towers to be set back from the corner. This is particularly important in high density conditions because it allows for a larger 'break' in towers between blocks. This translates into a longer window of sunlight on the sidewalks and patios.

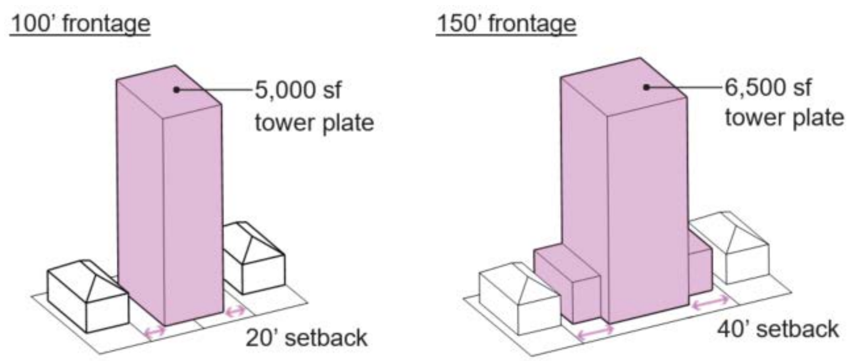


Spring Equinox at 3pm

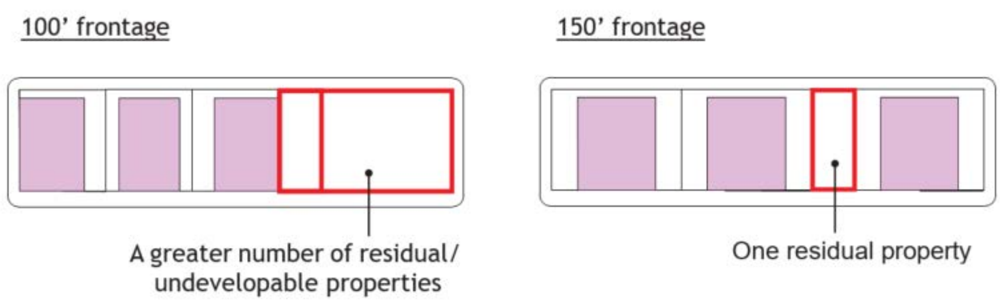
Tower separation:
A minimum lot frontage of 150' ensures that each development is able to meet tower separation requirements within the boundaries of the site while still delivering efficient floor plates. If towers are sited next to one another, reducing the minimum lot frontage would either require reducing floor plates or redevelopment potential of adjacent parcels could be encumbered by new development.



Appropriate transitions/setbacks:
A minimum lot frontage of 150’ generally allows for flexibility in tower placement to ensure appropriate setbacks to adjacent properties. This can help to mitigate transitions between new and existing developments that may be significantly smaller in scale than new development. Reducing the minimum lot frontage for towers will create smaller tower forms, which may be desirable for overall neighbourhood fit, but may not have the same flexibility in tower placement to ensure adequate setbacks to immediately adjacent properties.



Development Limitations:
A minimum lot frontage of 150’ ensures that the redevelopment potential of adjacent parcels will not be encumbered by new development in most cases. Reducing the minimum lot frontage would create conditions where the redevelopment potential of adjacent parcels could be encumbered by new development where a tower building form is not achievable given minimum tower separation requirements.



Consistency and efficiency:
The modeling and analysis required to demonstrate that a project is able to meet key urban design objectives (solar access, tower separation, setbacks) without encumbering adjacent properties can be complicated and often requires some back and forth between applicants and City staff. Standard 150’ minimum lot frontages for towers have been tested and calibrated in

numerous conditions and contexts and there is a high degree of certainty that they will work. Reducing the minimum lot frontage for towers would likely add uncertainty and processing time to applications and could result in projects that are not viable for developers who have acquired smaller properties.

Flexibility:
The standard minimum lot frontage for towers (150') is meant to be applied broadly, and therefore has been calibrated to achieve the key objectives described above under most conditions. It is intended as a general rule that can help to provide clarity and consistency for the development industry and also reduce speculation on small sites. However, there may be some circumstances where this minimum lot frontage unnecessarily impacts the ability to meet key city objectives. The urban design objectives above often depend on the size and build-out of adjacent properties. It is likely worthwhile to preserve the flexibility to look at certain projects on a case by case basis to determine the right course of action. These projects could include rental and social housing, office, heritage, or reconciliation projects where it can be demonstrated that the project fully satisfies the Broadway Plan's built form and site design objectives and does not limit development potential on adjacent properties.

Maximum 3 Towers Per Block Face in Centres – Analysis

The standard minimum lot frontage for towers (150') effectively limits the number of towers per block face in the Centres to three. A reduction of the minimum lot frontage for towers could enable 4-5 towers per block face in the absence of any further limitations. The proposed limit of three towers per block face in the Centres would help to mitigate many of the livability implications related to tightly spaced towers.

Block faces in the Centres with existing towers are as follows:
- No existing towers: 63% have no existing towers
- One existing tower: 24%
- Two existing towers: 11%
- Three existing towers: 2%

Similarly to the approach taken in the residential areas, staff would propose the following policy for new towers where it could be demonstrated that the new development meets built form and site design objectives:
- Block faces with no existing towers: the addition of up to 3 new towers
- Block faces with one existing tower: the addition of up to 2 new towers
- Block faces with two existing towers: the addition of up to 1 new tower
- Block faces with three existing towers: the addition of up to 1 new tower

Appendix A: Memo from Coriolis Consulting in response to Question 1 re: Examples of Rental Proforma Scenarios for Broadway Plan

MEMORANDUM

coriolis
CONSULTING CORP.

DATE:	26 May 2022
TO:	Chris Mah, City of Vancouver
FROM:	Blair Erb, Coriolis Consulting Corp.
RE:	**Examples of Rental Proforma Scenarios for Broadway Plan**

As requested, this memo provides some additional examples of the financial analysis that we completed for rental redevelopment scenarios in the Broadway Plan area. We have included the following additional examples that are consistent with the proposed Plan:

1. 100% market rental apartment development at an assembly of RT zoned properties. This scenario assumes rezoning to allow 6 storey rental at 2.7 FSR.
2. 80% market rental/20% below market rental at an assembly of RT zoned properties. This scenario assumes rezoning to allow highrise at 5.5 FSR.
3. 80% market rental/20% below market rental plus commercial space at a C-3A zoned property. This scenario assumes rezoning to allow highrise at 10 FSR, including retail, office and rental space.

These scenarios are for sites in the western portion of the study area (i.e, Kitsilano, Fairview, South Granville). All of the values shown in these attachments would be lower if the property was in an east side location.

RT Lots Rezoned to Allow 6 Storey Market Rental

This case study example is an assembly of three RT zoned lots improved with older homes. The total site size is about 18,750 square feet. The assumed density is 2.7 FSR resulting in about 50,625 square feet of residential floorspace and about 70 rental units.

For the financial analysis, we assume that a developer acquires the existing site based on its current market value as RT zoned lots plus an assembly premium of 20% to create an incentive for the existing owners to all sell simultaneously for redevelopment. The developer then obtains approvals, demolishes the existing buildings, constructs the new rental building and leases up the units to tenants.

A summary of the detailed proforma analysis that we completed shows:

- The estimated net operating income from the new units upon lease-up (gross revenue, less vacancy, less operating costs, less property taxes).
- The assumed costs associated with property acquisition - the existing zoned market value of the properties plus a 20% assembly cost allowance plus closing costs and financing.
- The estimated hard construction costs (including demolition, servicing, site development) assuming woodframe construction.
- The estimated soft costs (permits, professional fees, management, admin, insurance, other).
- All other project costs (such as Utilities DCL, GST, property taxes, leasing, financing, miscellaneous).
- The total estimated project costs.
- The estimated annual yield to the developer on total project costs if the project is retained by developer.
- The estimated profit margin to the developer on total project costs if the completed project was sold.

Appendix A: Memo from Coriolis Consulting in response to Question 1 re: Examples of Rental Proforma Scenarios for Broadway Plan

Attachment 1:

Summary Proforma – 100% Market Rental Development at 2.7 FSR at RT Assembly

Summary Proforma	Total
Revenue	$2,131,025
Vacancy	$21,310
Operating Costs & Taxes	$439,061
Net Operating Income (NOI)	$1,670,654
Land Acquisition (plus related)	$11,686,425
Construction Costs	$20,786,988
Permits, Soft Costs and Professional Fees	$2,336,457
All Other Costs	$4,734,216
Total Costs including Land Related	$39,544,086
Profitability Measures	
Stabilized Annual Yield to Developer	4.2%
Estimated Building Value Upon Completion	$43,393,609
Total Costs Including Land	$39,544,086
Estimated Profit	$3,849,523
Estimated Profit Margin % (on total cost)	10%

Assuming a target profit of about 10% and/or a stabilized annual yield of 4.2%, this illustrates that redevelopment densities of about 2.7 FSR in 6 storey woodframe construction are likely required to make redevelopment of RT lots improved with older homes financially attractive for a market rental project.

RT Lots Rezoned to Allow Highrise 80% Market/20% Below Market Rental

This case study example is an assembly of three RT zoned lots improved with older homes. The total site size is about 18,750 square feet. The assumed density is 5.5 FSR resulting in about 103,125 square feet of residential floorspace and about 114 market rental units and 29 below market rental units.

For the financial analysis, we assume that a developer acquires the existing site based on its current market value as RT zoned lots plus an assembly premium of 20% to create an incentive for the existing owners to all sell simultaneously for redevelopment. The developer then obtains approvals, demolishes the existing buildings, constructs the new rental building and leases up the units to tenants.

A summary of the detailed proforma analysis that we completed shows:

- The estimated net operating income from the new units upon lease-up (gross revenue, less vacancy, less operating costs, less property taxes).
- The assumed costs associated with property acquisition - the existing zoned market value of the properties plus a 20% assembly cost allowance plus closing costs and financing.
- The estimated hard construction costs (including demolition, servicing, site development) assuming concrete construction.
- The estimated soft costs (permits, professional fees, management, admin, insurance, other).
- All other project costs (such as Utilities DCL, GST, public art, property taxes, leasing, financing, miscellaneous).
- The total estimated project costs.
- The estimated annual yield to the developer on total project costs if the project is retained by developer.
- The estimated profit margin to the developer on total project costs if the completed project was sold.

Attachment 2:

Summary Proforma - 80% Market and 20% Below Market Rental at 5.5 FSR at RT Assembly

Summary Proforma	Total
Revenue	$3,972,814
Vacancy	$39,728
Operating Costs & Taxes	$871,328
Net Operating Income (NOI)	$3,061,758
Land Acquisition (plus related)	$11,840,742
Construction Costs	$48,821,988
Permits, Soft Costs and Professional Fees	$5,487,591
All Other Costs	$9,638,690
Total Costs including Land Related	$75,789,011
Profitability Measures	
Stabilized Annual Yield to Developer	4.0%
Estimated Building Value Upon Completion	$79,526,182
Total Costs Including Land	$75,789,011
Estimated Profit	$3,737,171
Estimated Profit Margin % (on total cost)	5%

Assuming a target profit of about 10% and/or a stabilized annual yield of 4.2%, this illustrates that redevelopment densities slightly greater than 5.5 FSR in concrete construction are likely required to make redevelopment of RT lots improved with older homes financially attractive for an 80% market rental and 20% below market rental project.

C-3A Property Rezoned to Allow Highrise Mixed Use Retail, Office and Residential with 80% Market/20% Below Market Rental

This case study example is an 18,750 square foot C-3A zoned property improved with an older low density commercial building. The assumed density is 10.0 FSR with about 6,563 square feet of retail, 9,375 square feet of office and 171,563 square feet of residential floorspace. The residential component includes about 190 market rental units and 47 below market rental units.

For the financial analysis, we assume that a developer acquires the existing site based on its current market value as a C-3A site. The developer then obtains approvals, demolishes the existing buildings, constructs the new rental building and leases up the units to tenants.

A summary of the detailed proforma analysis that we completed shows:

- The estimated net operating income from the new units and commercial space upon lease-up (gross revenue, less vacancy, less operating costs, less property taxes).
- The assumed costs associated with property acquisition - the existing zoned market value of the property plus closing costs and financing.
- The estimated hard construction costs (including demolition, servicing, site development) assuming concrete construction.
- The estimated soft costs (permits, professional fees, management, admin, insurance, other).
- All other project costs (such as DCLs, GST, public art, property taxes, leasing, financing, miscellaneous).
- The total estimated project costs.
- The estimated annual yield to the developer on total project costs if the project is retained by developer.
- The estimated profit margin to the developer on total project costs if the completed project was sold.

Appendix A: Memo from Coriolis Consulting in response to Question 1 re: Examples of Rental Proforma Scenarios for Broadway Plan

Attachment 3:

Summary Proforma – Commercial Plus 80% Market and 20% Below Market Rental at 10 FSR at C-3A Site

Summary Proforma	Total
Revenue	$7,251,121
Vacancy	$82,520
Operating Costs & Taxes (on residential)	$1,536,845
Net Operating Income (NOI)	$5,631,756
Land Acquisition (plus related)	$26,589,940
Construction Costs	$87,422,340
Permits, Soft Costs and Professional Fees	$9,826,271
All Other Costs	$17,718,577
Total Costs including Land Related	$141,557,127
Profitability Measures	
Stabilized Annual Yield to Developer	4.0%
Estimated Building Value Upon Completion	$148,625,922
Total Costs Including Land	$141,557,127
Estimated Profit	$7,068,794
Estimated Profit Margin % (on total cost)	5%

Assuming a target profit of about 10% and/or a stabilized annual yield of 4.2%, this illustrates that redevelopment densities greater than 10 FSR are likely required to make redevelopment of C-3A lots financially attractive for a mixed use 80% market rental and 20% below market rental project.