CITY OF VANCOUVER

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Refers to Referral Report Item #1
Public Hearing of December 9, 2025

YELLOW MEMORANDUM

December 3, 2025

TO: Mayor and Council

CC: Donny van Dyk, City Manager
Armin Amrolia, Deputy City Manager
Karen Levitt, Deputy City Manager
Sandra Singh, Deputy City Manager
Katrina Leckovic, City Clerk
Maria Pontikis, Chief Communications Officer, CEC
Teresa Jong, Administration Services Manager, City Manager's Office
Mellisa Morphy, Director of Policy, Mayor's Office
Trevor Ford, Chief of Staff, Mayor's Office
Jeff Greenberg, Assistant Director of Legal Services
Dan Garrison, Director, Housing Policy and Regulation, Planning, Urban Design and Sustainability

FROM: Josh White, General Manager, Planning, Urban Design and Sustainability

SUBJECT Downtown Eastside Housing Implementation – Amendments to the FC-1 District in the Zoning and Development By-law and the Downtown Eastside/Oppenheimer District Official Development Plan (DEOD ODP) By-law to Accelerate SRO Replacement and Increase Social Housing – Additional Financial Analysis

RTS #: 18120

This memorandum contains supplementary information on financial analysis performed by Coriolis Consulting Corp. for the City. Attached is a memo from Coriolis Consulting with additional commentary regarding the financial performance of the proposed inclusionary social housing development option. Coriolis has also provided a sample summary pro-forma of their financial analysis for illustrative purposes.

This memo will form part of the December 9, 2025 Public Hearing agenda package and be available for public viewing.

Regards,

Josh White
General Manager, Planning, Urban Design and Sustainability
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MEMORANDUM

DATE:	2 December 2025
TO:	Chris Mah, City of Vancouver
FROM:	Blair Erb, Coriolis Consulting Corp.
RE:	**Financial Performance of 80% Market Rental with 20% Social Housing**

As requested, this memo provides an example of the results of the financial analysis that we completed for a scenario that assumes a private developer constructs a new rental apartment building with 20% turnkey social housing units in the Downtown Eastside.

This case study example is a 15,250 square foot assembly located in the DEOD (subarea 3). It is currently improved with 18 SRO units plus older commercial space.

The assumed redevelopment density in this scenario is 11.0 FSR with about 5,300 square feet of grade level commercial space and 162,400 square feet of residential floorspace. The residential component includes about 188 market rental units and 48 social housing units, which are dedicated to the City at no cost upon completion (i.e., the developer fully funds the cost of building the social housing units).

For the financial analysis, we assume that a developer acquires the existing site based on its current market value as a DEOD (subarea 3) site that is improved with 18 SRO units and some older commercial space. The developer then obtains all necessary approvals, demolishes the existing buildings, constructs the new rental building, leases up the market rental units to tenants, and dedicates the social housing units to the City (or a non-profit) at no cost to the City.

Exhibit 1 provides a summary of the detailed proforma analysis that we completed. The summary 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 land value of the property plus closing costs and land financing costs during approvals and construction.
- 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, 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 (net income divided by total project costs).
- The estimated profit margin to the developer on total project costs if the completed project was sold (estimated profit divided by total project costs).

Exhibit 1:

Summary Proforma – Grade Level Commercial Plus 80% Market and 20% Social Housing at 11 FSR

Summary Proforma	
Annual Gross Rental Revenue	$6,642,196
Vacancy Allowance	$96,831
Operating Costs & Property Taxes	$1,429,578
Net Operating Income (NOI)	$5,115,787
Land Acquisition (plus related acquisition costs)	$6,143,172
Construction Costs	$86,503,230
Permits, Soft Costs and Professional Fees	$11,407,476
All Other Costs	$22,672,480
Total Project Costs including Land Costs	$126,726,358
Profitability Measures	
Calculated Stabilized Annual Yield/Return to Developer	4.0%
Estimated Building Value Upon Completion	$126,773,802
Total Costs Including Land	$126,726,358
Estimated Profit	$47,444
Estimated Profit Margin % (percentage of total cost)	0.0%

This summary shows that the estimated stabilized annual yield to the developer (assuming the developer holds the property for income) is about 4.0% per year. This is significantly lower than most private developers require in order to obtain project financing and proceed with a new rental apartment project. In addition, the exhibit shows that the developer would approximately break-even if the project was sold upon completion (i.e. no profit from building and selling the project).

Overall, the proforma analysis shows that the potential annual income to the developer is very low in this scenario compared to the total project costs, assuming the site is acquired at its existing value under current zoning. So, private developers would have no incentive to pay more for the site than the value currently supported by the existing zoning.

We would expect little or no upward pressure on existing land values under this scenario under current market conditions.