



To: General Purposes Committee

Date: June 16, 2004

From: Terry Crowe
Manager, Policy Planning

File:

Re: **STATUS REPORT - RICHMOND COMMUNITY SERVICES CENTRE
HOUSING & EMERGENCY SHELTER PROJECT**

Staff Recommendation

That:

1. The Richmond Community Services Centre, Housing and Emergency Shelter Project be terminated, as identified in the report from the Manager, Policy Planning, June 16, 2004.
2. Central Mortgage and Housing Corporation (CMHC), Health Resources Development Canada (HRDC), the Greater Vancouver Regional Steering Committee on Homelessness (RSCH) and the Richmond community project partners be notified of the termination of the project.
3. Staff be directed to report back on options to proceed with the sale of the City properties at 8111 Granville Avenue and 8080 Anderson Road.
4. Staff be directed to work with community partners to explore other feasible opportunities to implement the "Richmond Homelessness Needs Assessment and Strategy".

Terry Crowe,
Manager, Policy Planning
Att. 1

FOR ORIGINATING DIVISION USE ONLY		
CONCURRENCE OF GENERAL MANAGER <i>Terry Crowe</i>		
REVIEWED BY TAG	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
REVIEWED BY CAO	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>

Staff Report

Purpose

This report presents:

- An update on the proposed Richmond Community Services Centre, Housing and Emergency Shelter Project, and
- Recommends that this project be terminated.

Findings Of Fact

Timing

- This project has very tight deadlines.
- Phase 2 involves preliminary project design & development options, and a financial feasibility study.
- For Phase 2, while this project was recommended for SCPI funding in October 2003, the City only received federal funding authorization in March 2003.
- This delay created an extremely short period (March - June 28, 2004) for Phase 2 work which involved placing a tender call, hiring consultants, undertaking the studies, advising the project partners and Council, determining the next step, and if acceptable, applying for Phase 3 SCPI funding).
- The financial feasibility study was completed on June 10, 2004 and this report has been prepared promptly for Council.

Background

Richmond Homelessness Needs Assessment and Strategy

On June 10, 2002, Council endorsed the "*Richmond Homelessness Needs Assessment and Strategy*" as a framework to guide and coordinate local efforts to address homelessness in Richmond.

A short term "*Strategy*" priority is the replacement of the Salvation Army's existing Richmond House emergency shelter on Shell Road with a purpose built, 20-bed barrier free shelter for both men and women.

City Land Purchases

The City purchased 8111 Granville Avenue in January 13, 2003, and subsequently purchased adjacent site at 8080 Anderson Road (total City cost \$1.9 million). The site was identified as being eminently suitable for the development of a community shelter and other community service facilities, and a strategic City acquisition, because of its location.

Both properties were bought with the City's Affordable Housing Statutory Reserve Fund dollars.

Council Resolutions

On September 8th, 2003, Council approved the following motions:

- (1) *the SCPI (Supporting Communities Partnership Initiative) funding application to design, develop and construct the "Richmond Community Services Centre, Housing & Emergency Shelter Project", and as presented in the SCPI application (Attachment A to the report dated August 25th, 2003, from the Manager, Policy Planning), be endorsed.*

(2) the Greater Vancouver Housing Program be requested to contribute funds for the development of affordable housing units as part of the "Richmond Community Services Centre, Housing and Emergency Shelter Project".

The purpose of the SCPI funding is to be able to determine if the project is feasible, including capital and operating funding, so that, if the project proceeds, the City is not required to pay for the whole project alone.

Richmond Community Services Centre Project Overview

Partners

The Project partners include:

- RADAT,
- Family Services of Greater Vancouver,
- Touchstone Family Association,
- Richmond Youth Service Agency,
- Richmond House - Salvation Army,
- Greater Vancouver Housing Corporation, and
- the City of Richmond.

Project Goal

The project goal is to provide community based services for the homeless population and those at risk of being homeless, including youth, parents, and those in need of drug and alcohol treatment and affordable housing.

Project Aims

The Project aims to develop a multi-partnered development on the City-owned land located in the City Centre that could accommodate:

- A Salvation Army Emergency Shelter,
- Social service community agency space for Family Services of Greater Vancouver, Richmond Alcohol and Drug Team, Richmond Youth Service Agency, Touchstone Family Association,
- Affordable rental/market housing, and
- Ground level commercial uses, a training outlet, or a use associated with one of the above partners.

Project Development To Date

The project is being undertaken in the following phases:

- Phase 1 - Completed
(September/03 to February/04) – Prepared a Housing & Service Demand Study & Project Business Plan.
 - *\$20,000 from the 2003 CMHC Seed Funding Program was received, and CitySpaces Consulting completed the Project's "Housing & Service Demand and Project Business Plan".*
 - *The Plan confirmed that there is a need in Richmond:*
 - *for emergency housing, transitional housing, affordable rental housing units,*

- *to better address social service gaps and find new cost-effective ways to deliver services, and*
 - *The possible Richmond Community Services Centre could potentially help address many of these identified needs.*
- Phase 2 – Completed – June 10, 2004
(March/04 - June 28/04) – Preparing A Project Preliminary Design & Development Plan(s) and Feasibility Study:
- *\$45,000 from SCPI was approved for the preparation of:*
 - (a) *preliminary architectural site plans and options, and*
 - (b) *financing options and feasibility.*
 - *This work includes a call for interest to BC Housing, GVHC and private housing developers to partner in this project.*
 - *In this phase, various funding models were explored.*
 - *Gomberoff Lyon Bell Architects completed the project architectural design scheme options.*
 - *Paul Rollo Associates then undertook the project financial feasibility study.*
 - *Both consultants worked together to evaluate the following site options and assess the most preferred and feasible project option:*
 - (a) *Emergency shelter and transition housing,*
 - (b) *Emergency shelter, transition housing, community agency offices & main floor retail,*
 - (c) *Emergency shelter, transition housing, community agency offices, ground floor retail and residential (market or non-profit housing),*
 - (d) *Emergency shelter, transition housing, ground floor retail and residential (market or non-profit housing), or*
 - (e) *Sell the site and develop a smaller project with emergency shelter, transition housing or community agency offices, somewhere else in Richmond.*

Project Financial Feasibility Study Findings

The project financial feasibility study prepared by Paul Rollo Associates (**Attachment 1**) concluded that:

- Due primarily to high construction costs, the project is not feasible, and
- Other possible homelessness development land use combinations, in different locations could be considered, if Council wishes.

Staff Phase 2 Recommendation

Due to these study findings, staff recommend that this project be terminated.

Community Partners

The community project partners support the termination of the project.

Also, staff have advised the partners that it is impossible to modify the project, obtain their and Council's approval and to submit a modified SCPI application, by the June 28, 2004 deadline.

Note: - SCPI Phase 3 - Application Deadline

- The Phase 3 SCPI application deadline initially was June 28, 2004 at noon.
- SCPI officials have indicated that they would extend the federal SCPI deadline, for Richmond, to June 30, 2004, in recognition of the Richmond Council meeting on June 29, 2004.
- While the extension is appreciated, there is not enough time to prepare and locally approve any modified proposal and to submit any application.
- As this is the last known SCPI funding phase, if at some later time, Richmond and partners were to consider other projects, staff would seek to access any available senior government programs at that time.

Next Steps

Two issues remain:

1. What to do with the site?
2. How to address homelessness?

Regarding the Site

Possible options include:

1. Sell the land (Recommended - as there is no feasible project at this time), or
2. Investigate other City uses for the site, including establishing an emergency shelter on a portion of the property. Note that the site is not needed for RAV, or
3. Sell the lands and investigate other locations in Richmond for the development of an emergency shelter project and community social service agency space (e.g. on private or City owned land).

Regarding Homelessness - Recommendation

Staff recommend that the City continue to investigate alternative, feasible ways to implement the "Richmond Homelessness Needs Assessment and Strategy".

The project partners have indicated that they are interested in pursuing other ways to implement the "Richmond Homelessness Needs Assessment and Strategy" and hope that the City will join them.

Financial Impact

1. Project Study Cost to the City - None
All project studies to date have been completely paid for by federal programs, as follows.
 - (1) For Phase 1, in 2003, the City received \$20,000 from the CMHC Seed Funding Program to prepare the project needs assessment study. All this work is completed and paid by CMHC. It will not need to be repaid.
 - (2) For Phase 2, in 2004, SCPI approved \$45,000 for the City and partners to prepare project architectural design scheme options and to conduct a financial feasibility analysis.
 - The City initially pays the consultant invoices and is reimbursed by the federal SCPI Program.
 - To date, approximately \$22,000 has been spent.

- It is anticipated that the final cost of Phase 2 will be approximately \$33,000, (to document the project to federal requirements), which SCPI will pay.
- If the City terminates the project now, there will be no cost to the City as the City will be reimbursed by Health Resources Development Canada (SCPI Program) for the Phase 2 consultant costs.

2. If The Site Is Sold

- If the site is sold, staff recommend that, at least, the original \$1.9 million be returned to the City's Affordable Housing Reserve (AHR).
- If there is additional revenue from the sale, it could also be added to the AHR as there is an ongoing need to assist, along with other partners, in providing affordable housing and shelter.

Conclusion

The City of Richmond has little housing and support services for those that are homeless or those at risk of being homeless.

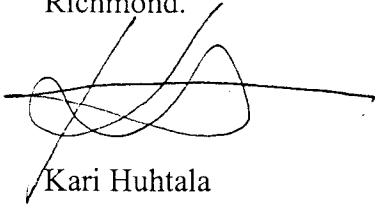
In 2002, the City approved the "Richmond Homelessness Needs Assessment and Strategy".

The Richmond Community Services Centre, Housing and Emergency Shelter Project was one possible innovative way to bring together community partners who had a wealth of knowledge, expertise, resources, a high level of energy and a commitment, to see if the project was feasible.

Due to excessive project construction costs, the project is not feasible.

It is recommended that the project be terminated.

Over time, other partnerships and projects may be considered to address homelessness in Richmond.



Kari Huhtala
Senior Planner

(4188)
KEH:cas

**G. P. Rollo & Associates Ltd.
Land Economists**

Attachment 1

June 10, 2004

To: Kari Huhtala

From Paul Rollo

**Re: Highlights – Financial Feasibility Study - Completed
Richmond Shelter/Community Services Centre**

I have now completed financial analyses of the four development options that the City are considering for the Richmond Shelter/Community Services Centre project.

Highlights

The following are highlights of these analyses (refer to RCSC Preliminary Financial Analysis of Development Options submitted under separate cover for detail) and my recommendations regarding how Richmond may wish to consider proceeding with the project.

Option #3 & Option #4

1. The strategy of funding the project with a combined SCPI grant and private sector participation for:
 - Option #3 (shelter, transitional housing, community services office space, retail and market residential) and
 - Option #4 (shelter, transitional housing, retail and market residential) is not viable due to:
 - a. Project costs for the Shelter/Community Services Centre space being \$5 million higher than anticipated in the previous Business Plan.
 - b. Lower than anticipated SCPI funds available for this round of funding - the capital cost of the proposed shelter and transitional housing alone is estimated at \$5.4 million assuming no land cost and there is only \$9.4 million SCPI funds available for the whole GVRD region for both capital and operating grants in this round of SCPI applications.
 - c. The project having to bear land costs at 75% of the City's acquisition cost.
 - d. Insufficient cross subsidization of the shelter and community services space by private residential development. The mixed use nature of the development places a limit on condo prices and hence

what a developer could afford to pay for the land. Accordingly, the expectation that developers could afford to pay high land prices that could be used to fund the shelter and community service space will not materialize.

- e. Proposed retail development is not marketable or financially viable and hence cannot provide funds to subsidize project funding.
- f. The inability of the community service groups to fund the project's substantial equity requirements.

Option #1 & Option #2

- 2. Options #1 (shelter and transitional housing only) and #2 (shelter, transitional housing and community service space) are similarly not viable as they do not have the benefit of any cross subsidization from market residential or retail development.
 - a. It is not reasonable to expect their high capital costs to be funded by a SCPI grant and, in the absence of 100% SCPI funding, the remaining equity requirements cannot be met by the community service groups.
 - b. Even if the equity requirements could be met, the annual cost of space (mortgage payments and operating costs) are in excess of \$25 per net sq.ft., a cost that is prohibitively high for the community service groups.
- 3. An analysis of Richmond offering the land at \$1 was undertaken to assess the impact of zero land costs on the shelter, transitional housing and community service office space. Because of the high capital costs (construction and development costs), the impact although positive, was insufficient to lower accommodation costs to acceptable levels for the community service groups. This points out the need for the following to take place to fund development so it produces acceptable annual cost of accommodation:
 - a. Richmond providing the land at little or no cost. Alternately, selling the site to realize increased land value and relocating the project to a more affordable Town Centre site.
 - b. SCPI grant of \$3-\$4 million for the shelter and transitional housing. Salvation Army contributing equity to fund development.

- c. Community service groups contributing equity to fund development.
- d. Favourable terms for construction and take out financing (e.g. 75% loan to value ratios which may be difficult to secure).

Option #5

- 4. A fifth option involving selling the site to realize its higher land value was also examined (the shelter, transitional housing and community service office space being relocated to another more affordable site(s) in the Town Centre.
 - a. If the site was sold for market residential development, its land value would be approximately \$2,500,000, an increase of \$600,000.
 - b. understand that the City has two sites in north Richmond (north No. 3 Road) that could be used for the shelter and transitional housing.
 - c. While the additional \$600,000 would provide a significant cash infusion into the development, it is not a deciding factor in making the project viable. Again, due to costs being \$5 million higher than anticipated, SCPI funding being less, all of the factors noted in point 3 above need to occur for the project to be funded and annual accommodation costs affordable by the Salvation Army and community service groups.
- 5. In consideration of the above, I believe that the optimal strategy for proceeding with the proposed development is as follows:

For shelter and transitional housing

- a. Relocate to a more affordable Town Centre or north Richmond site, selling the existing site and using the increased land price to fund the shelter and transition housing.
- b. Richmond providing the land at no cost or minimal cost by way of a sale at \$1 or by way of a long term lease at \$1 per year.
- c. Organizing the SCPI grant application so that it is funded entirely on the shelter and transitional housing.
- d. The Salvation Army meeting funding gaps through equity investment or fund raising campaigns (e.g. Richmond's Caring Place).

For community services office space options

- a. Continue to rent older and substantially lower cost office space in the Town Centre, or
- b. Buy an existing/older office building, or
- c. Locate in "amenity space" provided in the many new residential, commercial or mixed use developments being proposed for the Town Centre. A strategy to locate the community service office space in "amenity space" would result in the lowest cost office space for the community service groups.

Please call me if you have any questions regarding my financial analyses or this summary of the work I have completed for the City of Richmond.

Yours truly,

G. P. ROLLO & ASSOCIATES LTD.

Paul

G. Paul Rollo
GPR/ms

G. P. Rollo & Associates Ltd.
Land Economics

Financial Feasibility Study – Completed
Richmond Shelter/Community Services Centre

June 10, 2004

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Option 1a Financials, Salvation Army SCPI Grant = 100% of Project Costs

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Option 2a Financials, Salvation Army receives pro-rata share of SCPI Grant

Option 2b Financials, Salvation Army receives 100% of SCPI Grant

Option 2c Financials, Salvation Army receives SCPI Grant, Land Provided by F

Option 3, Stats

Option 3a Financials, Salvation Army receives pro-rata share of SCPI Grant

Option 3b Financials, Salvation Army receives 100% of SCPI Grant

Option 3, Economics of High Rise Strata Residential Development

Option 4 Stats

Option 4a Financials, Salvation Army receives 100% of SCPI Grant

Option 4b Financials, Salvation Army receives pro-rata share of SCPI Grant

Option 4, Economics of High Rise Strata Residential Development

Option 5 Valuation of Site for 100% Residential Strata

Richmond Community Services Centre Project
Summary of Financial Analyses

1.0 Scenario #1

Stakeholders - Salvation Army
 Site area 10,798 sq.ft.
 Gross building area 23,501 sq.ft.
 Uses - emergency shelter and transitional housing

Option #1a - SCPI Grant to Fund 50%

No land cost 2,699,614 base amount
 Land @ 75% value for 10,978 sq.ft. 2,699,614 same as base?
 Land @ 75% of total site value 2,699,614 same as base?

Option #1b - SCPI Grant to Fund All

No land cost 5,399,228
 Land @ 75% value for 10,978 sq.ft. 6,024,817
 Land @ 75% of total site value 6,963,491

2.0 Scenario #2

Stakeholders - Salvation Army and Other Community Care Providers
 Site area 27,158 sq.ft.
 Gross building area 60,862 sq.ft.
 Uses - emergency shelter, transitional housing, other care providers, retail

Option #2a - Salvation Army, Pro-Rata Share of SCPI Grant

Assumed SCPI Grant	5,399,228	Salvation	Other Care
Cost of obtaining/purchasing space		Army	Providers
Total cost		5,560,023	8,203,168
Less SCPI Grant		2,213,684	3,185,545
Stakeholder funding (mortgage/equity)		3,346,340	5,017,624
 Annual Ownership Cost			
Mortgage		293,764	440,480
Operating costs		196,052	295,474
Less retail income		0	0
Total annual cost		489,816	735,954
equivalent cost per net sq.ft.		24.98	24.91

Option #2b - Salvation Army Obtains Total SCPI Grant

Assumed SCPI Grant	5,399,228	Salvation	Other Care
Cost of obtaining/purchasing space		Army	Providers
Total cost		5,484,418	8,240,655
Less SCPI Grant		5,399,228	0
Mortgage		85,190	6,180,491
Equity		0	2,060,164
 Annual Ownership Cost			
Mortgage		7,479	542,564
Operating costs		196,052	295,474
Less retail income		0	0
Total annual cost		203,531	838,039
equivalent cost per net sq.ft.		10.38	28.36

3.0 Scenario #3

Stakeholders - Salvation Army and Other Community Care Providers

Site area 27,158 sq.ft.

Gross building area 87,165 sq.ft.

Uses - emergency shelter, transitional housing, other care providers, retail , residential

Option #3a - Salvation Army, Pro-Rata Share of SCPI Grant

Assumed SCPI Grant	5,399,228	Salvation	Other Care
		<u>Army</u>	<u>Providers</u>
Cost of obtaining/purchasing space			
Total cost		5,722,325	6,917,587
Less SCPI Grant		2,213,684	3,185,545
Less profit from land sale		205	227
Stakeholder funding (mortgage/equity)		3,508,436	3,731,816
Annual Ownership Cost			
Mortgage		307,994	327,603
Operating costs		211,147	255,972
Less retail income		0	0
Total annual cost		519,141	583,575
equivalent cost per net sq.ft.		24.59	22.80

Option #3b - Salvation Army Obtains Total SCPI Grant

Assumed SCPI Grant	5,399,228	Salvation	Other Care
		<u>Army</u>	<u>Providers</u>
Cost of obtaining/purchasing space			
Total cost		5,707,012	6,916,584
Less SCPI Grant		5,706,806	0
Less profit from land sale		205	227
Mortgage		0	5,187,438
Equity		0	1,728,919
Annual Ownership Cost			
Mortgage		0	455,387
Operating costs		211,147	255,972
Less retail income		0	0
Total annual cost		211,147	711,360
equivalent cost per net sq.ft.		9.99	27.78

Richmond Community Services Centre Project

Summary of Financial Analyses, continued

4.0 Scenario #4

Stakeholders - Salvation Army Only

Site area 27,158 sq.ft.

Gross building area 97,558 sq.ft.

Uses - emergency shelter, transitional housing, other care providers, retail , residential

Salvation Army Obtains Total SCPI Grant

Assumed SCPI Grant	5,035,138	Salvation
		<u>Army</u>
Cost of obtaining/purchasing space		
Total cost		5,355,478
Less SCPI Grant		5,035,138
Less profit from land sale		320,340
Mortgage		0
Annual Ownership Cost		
Mortgage		0
Operating costs		211,147
Less retail income		0
Total annual cost		211,147
equivalent cost per net sq.ft.		10.00

RICHMOND COMMUNITY SERVICES CENTRE PROJECT
8111 GRANVILLE AVENUE & 8080 ANDERSON ROAD
MAY 14 2004

OPTION 1

LEGAL DESCRIPTION:

ZONING: C7

SITE AREA:143'X76.5'	0.24 Ac.	1,003.12 SM	10,797.88 SF
F.A.R. ALLOWED		3.0	32,393.64 SF
PUBLIC AMENITY SPACE FAR BOUNUS		0.2	2,159.58
TOTAL F.A.R. ALLOWED		3.2	34,553.22
F.A.R. PROPOSED:		2.09	22,590.36 SF
OVER/UNDER			(11,962.86)

DENSITY CALCULATION

	SHELTER	TRANS. HOUSE	GROSS BA	F.A.R. AREA
GROUND FLOOR	4,500.00	826.00	5,326.00	5,326.00
SECOND FLOOR	6,006.00	156.72	6,162.72	6,006.00
3rd FLOOR	-	6,006.00	6,006.00	5,629.18
4th FLOOR	-	6,006.00	6,006.00	5,629.18
TOTAL	10,506.00	12,994.72	23,500.72	22,590.36

CAPITAL COST: 1,470,840.00 1,819,260.80 3,290,100.80

Source: Gomberoff Bell Lyon Architects

**Richmond Community Services Centre Project
Scenario #1a - Emergency Shelter and Transitional Housing
Salvation Army SCPI Grant = 50% Project Costs**

Site area 10,798 sq.ft.
Gross building area 23,501 sq.ft.

			<u>Land @ 75%</u> <u>10,798 sq.ft.</u>	<u>Land @ 75%</u> <u>of Total Site</u>
1.0 Project Cost		<u>No Land Cost</u>		
1.1 Land		0	569,894	1,425,000
1.2 Construction Costs				
Off-site costs		100,000	100,000	100,000
Demolition		50,000	50,000	50,000
Building and parking	139.994	3,290,000	3,290,000	3,290,000
Tenant improvements	40	822,535	822,535	822,535
Furniture and fixtures		0	0	0
Contingency @	3%	<u>127,876</u>	<u>127,876</u>	<u>127,876</u>
Total		4,390,411	4,390,411	4,390,411
1.3 Development (soft) Costs				
Architect	3.5%	153,664	153,664	153,664
Engineering	3.0%	131,712	131,712	131,712
Project management	4.0%	175,616	175,616	175,616
Audit and legal		25,000	25,000	25,000
Utilities during construction		10,000	10,000	10,000
Richmond DCC	waived	0	0	0
GVSDDC		13,460	13,460	13,460
New Home Warranty	n/a	0	0	0
Richmond fees and charges	waived	0	0	0
Property tax	waived	0	0	0
Financing fees		80,988	90,372	104,452
Accounting		10,000	10,000	10,000
Studies/Reports/Surveys/Appraisal		50,000	50,000	50,000
GST		140,380	156,645	181,051
Contingency @	15%	<u>118,623</u>	<u>122,471</u>	<u>128,243</u>
Total development costs		909,445	938,941	983,200
1.4 Interest				
Land	6%	0	25,645	64,125
Building and development	6%	<u>99,372</u>	<u>99,925</u>	<u>100,755</u>
Total		99,372	125,571	164,880
1.5 Total Project Costs		5,399,228	6,024,817	6,963,491
2.0 Financing Assumptions (before SCPI)				
2.1 Construction financing				
75% of land and building		4,049,421	4,518,613	5,222,618
Interest rate		5.75%	5.75%	5.75%
Financing fee @ 1%		40,494	45,186	52,226
Equity Requirement		1,349,807	1,506,204	1,740,873
2.2 Take-Out Financing				
75% of land and building		4,049,421	4,518,613	5,222,618
Interest rate		7.50	7.50	7.50
Amortization period		25 years	25 years	25 years
Mortgage constant		8.7787	8.7787	8.7787
Financing fee @ 1%		40,494	45,186	52,226
Annual mortgage payment		355,485	396,674	458,476
3.0 SCPI Funding				
	<u>% Dist</u>		<u>% Dist</u>	<u>% Dist</u>
2.1 SCPI Funding	50.00%	2,699,614	44.81%	2,699,614
2.2 Richmond/Salvation Army	<u>50.00%</u>	<u>2,699,614</u>	<u>55.19%</u>	<u>3,325,203</u>
2.3 Total	100.00%	5,399,228	100.00%	6,024,817
4.0 Mortgage Costs After SCPI Funding				
Total project cost		5,399,228	6,024,817	6,963,491
Less SCPI funding		<u>2,699,614</u>	<u>2,699,614</u>	<u>2,699,614</u>
Equals net cost/Mortgage		<u>2,699,614</u>	<u>3,325,203</u>	<u>4,263,877</u>
Annual mortgage cost		236,990	291,908	374,311

**Richmond Community Services Centre Project
Scenario #1b - Emergency Shelter and Transitional Housing
Salvation Army SCPI Grant = 100% Project Costs**

Site area 10,798 sq.ft.
Gross building area 23,501 sq.ft.

			<u>Land @ 75%</u> <u>10,798 sq.ft.</u>	<u>Land @ 75%</u> <u>of Total Site</u>
1.0 Project Cost		<u>No Land Cost</u>		
1.1 Land		0	569,894	1,425,000
1.2 Construction Costs				
Off-site costs		100,000	100,000	100,000
Demolition		50,000	50,000	50,000
Building and parking	139.994	3,290,000	3,290,000	3,290,000
Tenant improvements	40	822,535	822,535	822,535
Furniture and fixtures		0	0	0
Contingency @	3%	<u>127,876</u>	<u>127,876</u>	<u>127,876</u>
Total		4,390,411	4,390,411	4,390,411
1.3 Development (soft) Costs				
Architect	3.5%	153,664	153,664	153,664
Engineering	3.0%	131,712	131,712	131,712
Project management	4.0%	175,616	175,616	175,616
Audit and legal		25,000	25,000	25,000
Utilities during construction		10,000	10,000	10,000
Richmond DCC	waived	0	0	0
GVSDDC DCC		13,460	13,460	13,460
New Home Warranty	n/a	0	0	0
Richmond fees and charges	waived	0	0	0
Property tax	waived	0	0	0
Financing fees		80,988	90,372	104,452
Accounting		10,000	10,000	10,000
Studies/Reports/Surveys/Appraisal		50,000	50,000	50,000
GST		140,380	156,645	181,051
Contingency @	15%	<u>118,623</u>	<u>122,471</u>	<u>128,243</u>
Total development costs		909,445	938,941	983,200
1.4 Interest				
Land	6%	0	25,645	64,125
Building and development	6%	<u>99,372</u>	<u>99,925</u>	<u>100,755</u>
Total		99,372	125,571	164,880
1.5 Total Project Costs		5,399,228	6,024,817	6,963,491
2.0 Financing Assumptions (before SCPI)				
2.1 Construction financing				
75% of land and building		4,049,421	4,518,613	5,222,618
Interest rate		5.75%	5.75%	5.75%
Financing fee @ 1%		40,494	45,186	52,226
Equity Requirement		1,349,807	1,506,204	1,740,873
2.2 Take-Out Financing				
75% of land and building		4,049,421	4,518,613	5,222,618
Interest rate %		7.50	7.50	7.50
Amortization period		25 years	25 years	25 years
Mortgage constant		8.7787	8.7787	8.7787
Financing fee @ 1%		40,494	45,186	52,226
Annual mortgage payment		355,485	396,674	458,476
3.0 SCPI Funding				
	<u>% Dist</u>		<u>% Dist</u>	<u>% Dist</u>
2.1 SCPI Funding	100.00%	5,399,228	89.62% 5,399,228	77.54% 5,399,228
2.2 Richmond/Salvation Army	<u>0.00%</u>	<u>0</u>	<u>10.38%</u> <u>625,589</u>	<u>22.46%</u> <u>1,564,263</u>
2.3 Total	100.00%	5,399,228	100.00% 6,024,817	100.00% 6,963,491
4.0 Mortgage Costs After SCPI Funding				
Total project cost		5,399,228	6,024,817	6,963,491
Less SCPI funding		<u>5,399,228</u>	<u>5,399,228</u>	<u>5,399,228</u>
Equals net cost/Mortgage		0	625,589	1,564,263
Annual mortgage cost		0	54,918	137,321

RICHMOND COMMUNITY SERVICES CENTRE PROJECT
8111 GRANVILLE AVENUE & 8080 ANDERSON ROAD
MAY 14 2004

OPTION 2

LEGAL DESCRIPTION:

ZONING: C7

SITE AREA: 0.62 Ac. 2,522.97 SM 27,158.00 SF
F.A.R. ALLOWED 3.0 81,474.00 SF
PUBLIC AMENITY SPACE FAR BONUS 0.3 8,147.40
TOTAL F.A.R. ALLOWED 3.3 89,621.40

F.A.R. PROPOSED: 2.14 58,140.08 SF
OVER/UNDER (31,481.32)

DENSITY CALCULATION

	SHELTER	TRANS. HOUSE	OFFICES	RETAIL	GROSS BA	F.A.R. AREA	
GROUND FLOOR	5,590.33	767.00	964.22	4,687.51	12,009.06	12,009.06	
SECOND FLOOR	3,880.15	156.72	4,454.54	-	8,491.41	7,653.39	
3rd & 4th FLOOR	-	6,006.00	9,449.91	-	15,455.91	14,702.27	PER FLOOR
2 FLOORS	-	12,012.00	18,899.82	-	30,911.82	29,404.54	TOTAL 3-4 FL
5th FLOOR	-	-	9,449.91	-	9,449.91	9,073.09	
TOTAL	9,470.48	12,935.72	33,768.49	4,687.51	60,862.20	58,140.08	

CAPITAL COST: 1,325,867.20 1,811,000.80 4,727,588.60 656,251.40 8,520,708.00

PARKING REQUIREMENTS

SALVATION ARMY SHELTER/TRANSITIONAL HSG 4.0
FAMILY SERVICES OF GREATER VANCOUVER 15.0
RADAT 18.0
RICHMOND YOUTH SERVICES AGENCY 5.0
TOUCHSTONE FAMILY ASSOCIATION 20.0
TOTAL PARKING REQUIRED: 62.0

TOTAL PARKING PROVIDED: 65 PARKING STALLS

BICYCLE PARKING REQUIREMENTS

1.5 SECURED (CLASS 1) LOCKERS PER UNIT
0.2 UNSECURED (CLASS 2) SPACES PER UNIT
TOTAL BICYCLE LOCKERS REQUIRED: _____

TOTAL BICYCLE LOCKERS PROVIDED:

AMENITY SPACE REQUIREMENTS

1,076.42 (100 SM) PER DEVELOPMENT
PROVIDED: _____ SF OF INDOOR AMENITY SPACE

64.58 SF PER UNIT
PROVIDED: _____ SF OF OUTDOOR AMENITY SPACE

Source: Gomeroff Bell Lyon Architects

**Richmond Community Services Centre Project
Scenario #2a - Salvation Army + Other Service Providers**

Salvation Army Bears Pro-Rata Share of All Costs - Other Providers Benefit from SCPI Grant

Site area	27,158 sq.ft.		
Building Area	<u>Gross Area</u>		<u>Net Area</u>
Salvation Army	22,405.97 sq.ft.	37%	19,605.22
Other Care Providers	33,768.49 sq.ft.	55%	29,547.43
Retail	<u>4,687.51 sq.ft.</u>	<u>8%</u>	<u>4,101.57</u>
Total	60,861.97 sq.ft.	100%	53,254.22

		<u>Salvation Army</u>	<u>Other Care Providers</u>	<u>Retail</u>	<u>Total</u>
1.0 Project Cost					
1.1 Land @ 75% of acquisition cost		524,605	790,643	109,752	1,425,000
1.2 Construction Costs					
Off-site costs	100,000	36,814	55,484	7,702	100,000
Demolition	50,000	18,407	27,742	3,851	50,000
Building and parking		3,136,867	4,727,589	656,000	8,520,456
Tenant improvements	40	784,209	1,181,897	117,188	2,083,294
Furniture and fixtures		0	0	0	0
Contingency @	3%	<u>119,289</u>	<u>179,781</u>	<u>23,542</u>	<u>322,612</u>
Total		4,095,586	6,172,493	808,283	11,076,362
1.3 Development (soft) Costs					
Architect	3.5%	143,346	216,037	28,290	387,673
Engineering	3.0%	122,868	185,175	24,248	332,291
Project management	4.0%	163,823	246,900	32,331	443,054
Audit and legal	25,000	9,204	13,871	1,925	25,000
Utilities during construction	10,000	3,681	5,548	770	10,000
Richmond DCC		0	0	0	0
GVSDD DCC		13,460	0	0	13,460
New Home Warranty	n/a	0	0	0	0
Richmond fees and charges		0	0	0	0
Property tax		0	0	0	0
Financing fees		83,400	0	0	83,400
Accounting	10,000	3,681	5,548	770	10,000
Studies/Reports/Surveys/Appraisal	50,000	18,407	27,742	3,851	50,000
GST		144,561	213,282	0	357,843
Contingency @	15%	<u>105,965</u>	<u>137,116</u>	<u>13,828</u>	<u>256,908</u>
Total development costs		812,396	1,051,219	106,014	1,969,630
1.4 Interest					
Land	6%	35,411	53,368	7,408	96,188
Building and development	6%	<u>92,025</u>	<u>135,445</u>	<u>17,143</u>	<u>244,612</u>
Total		127,436	188,813	24,551	340,800
1.5 Total Project Costs		5,560,023	8,203,168	1,048,600	14,811,792
2.0 Financing Assumptions (before SCPI)					
2.1 Construction financing					
75% of land and building		4,170,017	6,152,376	786,450	11,108,844
Interest rate		5.75%	5.75%	5.75%	
Financing fee @ 1%		41,700	61,524	7,865	111,088
Equity Requirement		1,390,006	2,050,792	262,150	3,702,948
2.2 Take-Out Financing					
75% of land and building		4,170,017	6,152,376	786,450	11,108,844
Interest rate		7.50	7.50	7.50	
Amortization period		25 years	25 years	25 years	
Mortgage constant		8.7787	8.7787	8.7787	
Financing fee @ 1%		41,700	61,524	7,865	111,088
Annual mortgage payment		366,072	540,096	69,040	975,208

3.0 SCPI/Stakeholder Funding			Salvation Army		Other Care Providers	Retail	Total
SCPI Funding	5,399,228	39.81%	2,213,684	38.83%	3,185,545	0	5,399,228
Stakeholder Funding		<u>60.19%</u>	<u>3,346,340</u>	<u>61.17%</u>	<u>5,017,624</u>	<u>1,048,600</u>	<u>9,412,564</u>
Total		100.00%	5,560,023	100.00%	8,203,168	1,048,600	14,811,793

4.0 Cost of Building Space

Total project cost		5,560,023		8,203,168		1,048,600
Less SCPI funding		<u>2,213,684</u>		<u>3,185,545</u>		<u>0</u>
Equals net cost/Mortgage		3,346,340		5,017,624		1,048,600
Annual mortgage cost		293,764		440,480		92,053
(cost per sq.ft.)		13.11		13.04		19.64

5.0 Stakeholder Annual Ownership Costs

Annual mortgage cost		293,764		440,480		
Less share of retail income		0		0		
Plus building operating costs @	10.00 SF	196,052		295,474		
Equals total net annual cost to own		489,816		735,954		
		21.86 Gross SF		21.79 Gross SF		
		24.98 Net SF		24.91 Net SF		

6.0 Benefit of Retail Development

Gross area	4,688
Rentable Area	4,219
Rent/SF	12.00
Rental income	50,625
Less mortgage	92,053
Cash flow from retail space	-41,428

RICHMOND COMMUNITY SERVICES CENTRE PROJECT
8111 GRANVILLE AVENUE & 8080 ANDERSON ROAD
MAY 14 2004

OPTION 3

LEGAL DESCRIPTION:

ZONING:		C7		
SITE AREA:	0.62 AC.	2,522.97 SM	27,158.00 SF	
F.A.R. ALLOWED		3.0	81,474.00 SF	
PUBLIC AMENITY SPACE FAR BCUNUS		0.3	8,147.40	
TOTAL F.A.R. ALLOWED		3.3	89,621.40	
F.A.R. PROPOSED:		3.27	88,931.45 SF	
OVER/UNDER			(689.95)	

DENSITY CALCULATION

	SHELTER	TRANS. HOUSE	OFFICES	RETAIL	RESIDENTIAL	GROSS BA	F.A.R. AREA	
GROUND FLOOR	3,278.33	767.00	964.22	3,528.17	1,292.00	9,829.72	9,829.72	
SECOND FLOOR	3,880.15	156.72	-	-	592.00	4,628.87	3,869.05	
THIRD FLOOR	3,880.15	156.72	-	-	592.00	4,628.87	3,869.05	
4th & 5th FLOOR	-	6,006.00	9,429.91	-	592.00	16,027.91	14,891.27	PER FLOOR
2 FLOORS	-	12,012.00	18,859.82	-	1,184.00	32,055.82	29,782.54	TOTAL 4-5 FL
6th FLOOR	-	-	9,429.91	-	592.00	10,021.91	9,262.09	
7th-11 th FLOOR	-	-	-	-	5,200.00	5,200.00	4,817.00	PER FLOOR
5 FLOORS	-	-	-	-	26,000.00	26,000.00	24,085.00	TOTAL 7-11 FL
12th & 13th FLOOR	-	-	-	-	4,500.00	4,500.00	4,117.00	PER FLOOR
2 FLOORS	-	-	-	-	9,000.00	9,000.00	8,234.00	TOTAL 12-13 FL
TOTAL	11,038.63	13,092.44	29,253.95	3,528.17	30,252.00	96,165.19	88,931.45	

CAPITAL COST:\$	1,545,408.20	1,832,941.60	4,095,553.00	493,943.80	4,235,280.00	13,463,126.60
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PARKING REQUIREMENTS

1.0 PER ONE BEDROOM UNIT	20	20.0
1.2 PER TWO BEDROOM UNIT	18	21.6
0.2 VISITOR PER UNIT	38	7.6
TOTAL RESIDENTIAL PARKING REQUIRED:		49.2
SALVATION ARMY SHELTER/TRANSITIONAL HSG		4.0
FAMILY SERVICES OF GREATER VANCOUVER		15.0
RADAT		18.0
RICHMOND YOUTH SERVICES AGENCY		5.0
TOUCHSTONE FAMILY ASSOCIATION		20.0
TOTAL PARKING REQUIRED:		111.2

TOTAL PARKING PROVIDED: 124 PARKING STALLS

BICYCLE PARKING REQUIREMENTS

1.5 SECURED (CLASS 1) LOCKERS PER UNIT	57
0.2 UNSECURED (CLASS 2) SPACES PER UNIT	7.6
TOTAL BICYCLE LOCKERS REQUIRED:	64.6

TOTAL BICYCLE LOCKERS PROVIDED: 66
9 OUTSIDE

AMENITY SPACE REQUIREMENTS

1,076.42 (100 SM) PER DEVELOPMENT PROVIDED	SF OF INDOOR AMENITY SPACE
64.58 SF PER UNIT PROVIDED:	SF OF OUTDOOR AMENITY SPACE

Source: Gomberoff Bell Lyon Architects

Richmond Community Services Centre Project
Scenario #3 - Economics of Residential Strata Component

1.0 Underlying Assumptions

1.1 Development Characteristics

Site Area:	0.00 acres	27158 sq.ft.
Floor Space Ratio:	0.00	
Maximum Gross Building Area	30,252 sq.ft.	
Building Efficiency	87 %	
Saleable Area	26,319 sq.ft.	
Parking Rqmt, spaces per unit	1.50	

<u>Unit Type</u>	<u>Number</u>	<u>Size</u>	<u>Total</u>	<u>Price/</u>	<u>Price/</u>	<u>Gross \$'s</u>	<u>GST</u>	<u>Sales</u>	<u>Net Sales</u>
		<u>Sq.Ft.</u>	<u>Sq.Ft.</u>	<u>Sq.Ft.</u>	<u>Unit</u>		<u>Rebate</u>	<u>Comm.</u>	<u>Income</u>
Other	0	0	0	0	0	0	0	0	0
Average Unit	33	798	26,319	280	223,315	7,369,387	0	221,082	7,148,306
Other	0	0	0	0	0	0	0	0	0
Total	33		26,319			7,369,387	0	221,082	7,148,306

1.2 Marketing Assumptions

Selling Period, Months	12.00 months
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1.3 Construction Cost Assumptions

Off Site Costs	96,000
On Site Costs (site prep, landscaping)	50,000
Construction Cost/Sq.Ft. (includes parking)	135.00
Parking Stalls Required	50
Construction Cost/Stall (in construction cost/sq.ft.)	0
Planning Time	8 months
Construction Time	10 months

1.4 Financing Assumptions

Land Loan, Loan to Value Ratio	60.00 %
Land Loan, Interest Rate	6.00 %
Construction Loan, Loan to Cost Ratio	75.00 %
Construction Loan, Interest Rate	6.00 %

2.0 Developer Proforma			
2.1 Value on Completion			
Gross Sales Income		<u>7,369,387</u>	
Less Commissions + GST		<u>221,082</u>	
Net Sales Income			7,148,306
2.2 Construction + Development Costs			
2.2.1 Land			
Purchase Price	6.07556 /sf gba	495,000	
Provincial Property Tax	23.3203	12,375	
Other Closing Costs		<u>75,000</u>	
Total Land Cost			582,375
2.2.2 Construction Costs			
Offsite Costs		96,000	
On Site Costs		75,000	
Building		4,326,000	
Parking (in building construction costs)		0	
Total Construction Cost		4,497,000	
2.2.3 Development Costs			
A/E (architects + engineers)	5.00	224,850	
Legal (Cost per Unit)	500	16,500	
Taxes During Construction (tax rate)	6.98	4,065	
Finance Fee (% Project Costs)	1.50	67,455	
Development + Const. Mgmt (% Project Costs)	3.00	134,910	
Advertising/Promotion/Show Suite		50,000	
DCC's	6,799	224,367	
Sewer DCC	673	22,209	
Insurance		15,000	
New Home Warranty	1,750	57,750	
Research and Appraisal		15,000	
Survey, accounting and legal		30,000	
Other City fees		63,305	
Rezoning		0	
Contingency (% construction + development costs)	5.00	271,121	
Interest Cost, Financing Land		42,874	
Interest Cost, Financing Improvements		<u>234,858</u>	
Total Development Costs		1,474,264	
2.2.4 Total			<u>5,971,264</u>
2.2.5 Total Project Costs			<u>6,553,639</u>
3.0 Profit			
Profit - \$'s			594,666
Profit - % of Project Cost			9.07 %
4.0 Return to Equity Investment			
4.1 Total Profit			594,666
4.2 Equity Investment			
Land		232,950	
Construction		<u>1,423,383</u>	
Total		1,656,333	
4.3 Return to Equity Investment			35.90 %

Richmond Community Services Centre Project
Scenario #3a - Service Providers, Retail and Residential (Strata)

Salvation Army Bears Pro-Rata Share of All Costs - Other Providers Benefit from SCPI Grant

Site area	27,158 sq.ft.		
Building Area	<u>Gross Area</u>		<u>Net Area</u>
Salvation Army	24,131.07 sq.ft.	28%	21,114.69
Other Care Providers	29,253.95 sq.ft.	34%	25,597.21
Retail	3,528.17 sq.ft.	4%	3,087.15
Residential	<u>30,252.00</u>	<u>35%</u>	<u>26,470.50</u>
Total	87,165.19 sq.ft.	100%	76,269.54

<u>1.0 Project Cost</u>		<u>Salvation Army</u>	<u>Other Care</u>	<u>Retail</u>	<u>Residential</u>	<u>Total</u>
1.1 Land @ 75% of acquisition cost		394,501	478,251	57,679	494,568	1,425,000
1.2 Construction Costs						
Off-site costs	100,000	27,684	33,562	4,048	0	
Demolition	50,000	13,842	16,781	2,024	0	
Building and parking		3,378,350	4,095,553	494,000	0	
Tenant improvements	40	844,587	1,023,888	88,204	0	
Furniture and fixtures		0	0	0	0	
Contingency @	3%	<u>127,934</u>	<u>155,094</u>	<u>17,648</u>	<u>0</u>	
Total		4,392,398	5,324,877	605,924	4,497,000	0 14,820,199
1.3 Development (soft) Costs						
Architect	3.0%	131,772	159,746	18,178	0	
Engineering	3.0%	131,772	159,746	18,178	0	
Design Build/Project management	6.0%	263,544	319,493	36,355	0	
Audit and legal		25,000	6,390	1,012	0	
Utilities during construction	10,000	2,768	3,356	405	0	
Richmond DCC		0	0	9,279	0	
GVSDDC DCC		13,460	0	0	0	
New Home Warranty	n/a	0	0	0	0	
Richmond fees and charges		0	0	0	0	
Property tax		0	0	0	0	
Financing fees		85,835	103,764	11,824	0	
Accounting	10,000	2,768	3,356	405	0	
Studies/Reports/Surveys/Appraisal	50,000	13,842	16,781	2,024	0	
GST		148,780	179,857	0	0	
Contingency @	10%	<u>9,766</u>	<u>9,766</u>	<u>9,766</u>	<u>0</u>	
Total development costs		811,229	964,256	107,426	5,693,532	7,576,442
1.4 Interest						
Land	6%	26,629	0 32,282	3,893	0	
Building and development	6%	<u>97,568</u>	<u>117,921</u>	<u>13,375</u>	<u>0</u>	
Total		124,197	150,203	17,269	277,733	569,401
1.5 Total Project Costs		5,722,325	6,917,587	788,298	10,962,832	24,391,043
<u>2.0 Financing Assumptions (before SCPI)</u>						
2.1 Construction financing						
75% of land and building		4,291,744	5,188,191	591,223		
Interest rate		5.75%	5.75%	5.75%		10,071,158
Financing fee @ 1%		42,917	51,882	5,912		100,712
Equity Requirement		1,430,581	1,729,397	197,074		3,357,053
2.2 Take-Out Financing						
75% of land and building		4,291,744	5,188,191	591,223		
Interest rate		7.50	7.50	7.50		10,071,158
Amortization period		25	25	25		
Mortgage constant		8.7787	8.7787	8.7787		
Financing fee @ 1%		42,917	51,882	5,912		100,712
Annual mortgage payment		376,758	455,454	51,901		884,113

<u>3.0 SCPI/Stakeholder Funding</u>			<u>Salvation Army</u>		<u>Other Care Providers</u>	<u>Retail</u>	<u>Total</u>
2.1 SCPI Funding	5,399,228	38.69%	2,213,684	46.05%	3,185,545	0	5,399,228
2.2 Stakeholder Funding		<u>61.31%</u>	<u>3,508,641</u>	<u>53.95%</u>	<u>3,732,043</u>	<u>788,298</u>	<u>7,240,684</u>
2.3 Total		100.00%	5,722,325	100.00%	6,917,587	788,298	12,639,912

4.0 Cost of Building Space

Total project cost		5,722,325		6,917,587		788,298
Less revenue from residential land sale		205		227		
Less SCPI funding		<u>2,213,684</u>		<u>3,185,545</u>		<u>0</u>
Equals net cost/Mortgage		3,508,436		3,731,816		788,298
Annual mortgage cost		307,994		327,603		69,202
(cost per sq.ft.)		12.76		11.20		19.61

5.0 Stakeholder Annual Ownership Costs

Annual mortgage cost		307,994		327,603		
Less share of retail income		0		0		
Plus building operating costs @	10.00 SF	<u>211,147</u>		<u>255,972</u>		
Equals total net annual cost to own		519,141		583,575		
		21.51 Gross SF		19.95 Gross SF		
		24.59 Net SF		22.80 Net SF		

6.0 Benefit of Retail Development

Gross area	3,528
Rentable Area	3,175
Rent/SF	12.00
Rental income	38,104
Less mortgage	69,202
Cash flow from retail space	-31,098

7.0 Benefit of Residential Development

Revenue from land sale	495,000
Pro-rata share of actual cost	<u>494,568</u>
Profit from sale of land	432

**Richmond Community Services Centre Project
Scenario #3b - Service Providers, Retail and Residential (Strata)**

Salvation Army Gets All SCPI Grant - Other Providers Do Not Benefit from SCPI Grant

Site area	27,158 sq.ft.		
Building Area	Gross Area		Net Area
Salvation Army	24,131.07 sq.ft.	28%	21,114.69
Other Care Providers	29,253.95 sq.ft.	34%	25,597.21
Retail	3,528.17 sq.ft.	4%	3,087.15
Residential	<u>30,252.00</u>	<u>35%</u>	<u>26,470.50</u>
Total	87,165.19 sq.ft.	100%	76,269.54

		<u>Salvation Army</u>	<u>Other Care Providers</u>	<u>Retail</u>	<u>Residential</u>	<u>Total</u>
1.0 Project Cost						
1.1 Land @ 75% of acquisition cost		394,501	478,251	57,679	494,568	1,425,000
1.2 Construction Costs						
Off-site costs	100,000	27,684	33,562	4,048	0	
Demolition	50,000	13,842	16,781	2,024	0	
Building and parking		3,378,350	4,095,553	494,000	0	
Tenant improvements	40	844,587	1,023,888	88,204	0	
Furniture and fixtures		0	0	0	0	
Contingency @	3%	<u>127,934</u>	<u>155,094</u>	<u>17,648</u>	<u>0</u>	
Total		4,392,398	5,324,877	605,924	4,497,000	14,820,199
1.3 Development (soft) Costs						
Architect	3.0%	131,772	159,746	18,178	0	
Engineering	3.0%	131,772	159,746	18,178	0	
Design Build/Project management	6.0%	263,544	319,493	36,355	0	
Audit and legal		25,000	6,921	8,390	1,012	
Utilities during construction	10,000	2,768	3,356	405	0	
Richmond DCC		0	0	0	0	
GVSDD DCC		0	0	0	0	
New Home Warranty	n/a	0	0	0	0	
Richmond fees and charges		0	0	0	0	
Property tax		0	0	0	0	
Financing fees		85,605	103,749	11,666	0	
Accounting	10,000	2,768	3,356	405	0	
Studies/Reports/Surveys/Appraisal	50,000	13,842	16,781	2,024	0	
GST		148,382	179,831	0	0	
Contingency @	10%	<u>8,822</u>	<u>8,822</u>	<u>8,822</u>	<u>0</u>	
Total development costs		796,197	963,271	97,044	5,693,532	7,550,044
1.4 Interest						
Land	6%	26,629	0	32,282	3,893	0
Building and development	6%	<u>97,286</u>	<u>117,903</u>	<u>13,181</u>	<u>0</u>	
Total		123,915	150,185	17,074	277,733	568,906
1.5 Total Project Costs		5,707,012	6,916,584	777,722	10,962,832	24,364,150
2.0 Financing Assumptions (before SCPI)						
2.1 Construction financing						
75% of land and building		4,280,259	5,187,438	583,291		10,050,988
Interest rate		5.75%	5.75%	5.75%		
Financing fee @ 1%		42,803	51,874	5,833		100,510
Equity Requirement		1,426,753	1,729,146	194,430		3,350,329
2.2 Take-Out Financing						
75% of land and building		4,280,259	5,187,438	583,291		10,050,988
Interest rate		7.50	7.50	7.50		
Amortization period		25	25	25		
Mortgage constant		8.7787	8.7787	8.7787		
Financing fee @ 1%		42,803	51,874	5,833		100,510
Annual mortgage payment		375,749	455,387	51,205		882,342

<u>3.0 SCPI/Stakeholder Funding</u>		<u>Salvation Army</u>		<u>Other Care Providers</u>		<u>Total</u>
2.1 SCPI Funding	5,706,806	100.00%	5,706,806	0.00%	0	5,706,806
2.2 Stakeholder Funding		0.00%	0	100.00%	6,916,584	6,916,584
2.3 Total		100.00%	5,706,806	100.00%	6,916,584	12,623,390

4.0 Cost of Building Space

Total project cost		5,707,012		6,916,584
Less revenue from residential land sale		205		227
Less SCPI funding		<u>5,706,806</u>		<u>0</u>
Equals net cost/Mortgage		0		5,187,438
Annual mortgage cost		0		455,387
(cost per sq.ft.)		0.00		15.57

5.0 Stakeholder Annual Ownership Costs

Annual mortgage cost		0		455,387
Less share of retail income		0		0
Plus building operating costs @ 10.00 SF		<u>211,147</u>		<u>255,972</u>
Equals total net annual cost to own		210,942		711,133
		8.74 Gross SF		24.31 Gross SF
		9.99 Net SF		27.78 Net SF

6.0 Benefit of Retail Development

Gross area	3,528
Rentable Area	3,175
Rent/SF	12.00
Rental income	38,104
Less mortgage	51,205
Cash flow from retail space	-13,101

7.0 Benefit of Residential Development

Revenue from land sale	495,000
Pro-rata share of actual cost	<u>494,568</u>
Profit from sale of land	432

RICHMOND COMMUNITY SERVICES CENTRE PROJECT
8111 GRANVILLE AVENUE & 8080 ANDERSON ROAD
MAY 14 2004

OPTION 4

LEGAL DESCRIPTION:

ZONING:		C7		
SITE AREA:	0.62 Ac.	2,522.97 SM	27,158.00	SF
F.A.R. ALLOWED		3.0	81,474.00	SF
PUBLIC AMENITY SPACE FAR BONUS		0.3	8,147.40	
TOTAL F.A.R. ALLOWED		3.3	89,621.40	
F.A.R. PROPOSED:		3.28	89,168.97	SF
OVER/UNDER			(452.43)	

DENSITY CALCULATION

	SHELTER	TRANS. HOUSE	RETAIL	RESIDENTIAL	GROSS BA	F.A.R. AREA	
GROUND FLOOR	3,278.33	767.00	4,131.00	1,292.00	9,468.33	9,468.33	
SECOND FLOOR	3,880.15	156.72	-	3,501.91	7,538.78	6,395.96	
THIRD FLOOR	3,880.15	156.72	-	3,501.91	7,538.78	6,395.96	
4th & 5th FLOOR	-	6,006.00	-	5,200.00	11,206.00	10,069.36	PER FLOOR
2 FLOORS	-	12,012.00	-	10,400.00	22,412.00	20,138.72	TOTAL 4-5 FL
6th-13 th FLOOR	-	-	-	5,200.00	5,200.00	4,817.00	PER FLOOR
8 FLOORS	-	-	-	41,600.00	41,600.00	38,536.00	TOTAL 6-13 FL
14th & 15th FLOOR	-	-	-	4,500.00	4,500.00	4,117.00	PER FLOOR
2 FLOORS	-	-	-	9,000.00	9,000.00	8,234.00	TOTAL 14-15 FL
TOTAL	11,038.63	13,092.44	4,131.00	69,295.82	97,557.89	89,168.97	

CAPITAL COST:\$	1,545,408.20	1,832,941.60	578,340.00	9,701,414.80	13,658,104.60
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PARKING REQUIREMENTS

1.0 PER ONE BEDROOM UNIT	40	40.0
1.2 PER TWO BEDROOM UNIT	24	28.8
0.2 VISITOR PER UNIT	64	12.8
TOTAL RESIDENTIAL PARKING REQUIRED:		81.6
SALVATION ARMY SHELTER/TRANSITIONAL HSG		4.0
TOTAL PARKING REQUIRED:		85.6

TOTAL PARKING PROVIDED: 104 PARKING STALLS

BICYCLE PARKING REQUIREMENTS

1.5 SECURED (CLASS 1) LOCKERS PER UNIT	96
0.2 UNSECURED (CLASS 2) SPACES PER UNIT	12.8
TOTAL BICYCLE LOCKERS REQUIRED:	108.8

TOTAL BICYCLE LOCKERS PROVIDED: 66
9 OUTSIDE

AMENITY SPACE REQUIREMENTS

1,076.42 (100 SM) PER DEVELOPMENT PROVIDED:	SF OF INDOOR AMENITY SPACE
64.58 SF PER UNIT PROVIDED:	SF OF OUTDOOR AMENITY SPACE

Source: Gomberoff Bell Lyon Architects

**Richmond Community Services Centre Project
Scenario #4 - Service Providers, Retail and Residential (Strata)**

Salvation Army is Only Care Provider - Receives 100% of SCPI Grant

Site area	27,158 sq.ft.		
Building Area	Gross Area		Net Area
Salvation Army	24,131.07 sq.ft.	25%	21,114.69
Other Care Providers	0.00 sq.ft.	0%	0.00
Retail	4,131.00 sq.ft.	4%	3,614.63
Residential	<u>69,296.00</u>	<u>71%</u>	<u>60,634.00</u>
Total	97,558.07 sq.ft.	100%	85,363.31

1.0 Project Cost	Salvation Army		Retail	Residential	Total
1.1 Land @ 75% of acquisition cost		0	60,340	1,364,660	1,425,000
1.2 Construction Costs					
Off-site costs	100,000	24,735	4,234	0	
Demolition	50,000	12,368	2,117	0	
Building and parking		3,378,350	578,340	0	
Tenant improvements	40	844,587	103,275	0	
Furniture and fixtures		0	0	0	
Contingency @	3%	<u>127,801</u>	<u>20,639</u>	<u>0</u>	
Total		4,387,841	708,606	9,525,936	14,622,383
1.3 Development (soft) Costs					
Architect	3.0%	131,635	21,258	0	
Engineering	3.0%	131,635	21,258	0	
Design Build/Project management	8.0%	351,027	56,688	0	
Audit and legal		25,000	6,184	1,059	0
Utilities during construction	10.000	2,474	423	0	
Richmond DCC		0	0	0	
GVSDD DCC		0	0	0	
New Home Warranty	n/a	0	0	0	
Richmond fees and charges		0	0	0	
Property tax		0	0	0	
Financing fees		80,332	13,761	0	
Accounting	10,000	2,474	423	0	
Studies/Reports/Surveys/Appraisal	50,000	12,368	2,117	0	
GST		139,242	0	0	
Contingency @	10%	<u>11,699</u>	<u>11,699</u>	<u>0</u>	
Total development costs		869,070	128,687	12,305,850	13,303,607
1.4 Interest					
Land	6%	0	4,073	0	
Building and development	6%	<u>98,567</u>	<u>15,699</u>	<u>0</u>	
Total		98,567	19,772	640,289	758,628
1.5 Total Project Costs		5,355,478	917,405	23,836,734	30,109,617
2.0 Financing Assumptions (before SCPI)					
2.1 Construction financing					
75% of land and building		4,016,608	688,054		4,704,663
Interest rate		5.75%			
Financing fee @ 1%		40,166	6,881		47,047
Equity Requirement		1,338,869	229,351		1,568,221
2.2 Take-Out Financing					
75% of land and building		4,016,608	688,054		4,704,663
Interest rate		7.50			
Amortization period		25			
Mortgage constant		8.7787	8,7787		
Financing fee @ 1%		40,166	6,881		47,047
Annual mortgage payment		352,604	60,402		413,006

3.0 SCPI/Stakeholder Funding

		Salvation Army
2.1 SCPI Funding	100.00%	5,035,138
2.2 Stakeholder Funding/Profit from Land Sale	<u>0.00%</u>	<u>0</u>
2.3 Total	100.00%	5,035,138

4.0 Cost of Building Space

Total project cost	5,355,478
Less revenue from residential land sale	320,340
Less SCPI funding	<u>5,035,138</u>
Equals net cost/Mortgage	0
Annual mortgage cost	0
(cost per sq.ft.)	0.00

5.0 Salvation Army Annual Ownership Costs

Annual mortgage cost		0
Less share of retail income		0
Plus building operating costs @	10.00 SF	<u>211,147</u>
Equals total net annual cost to own		211,147
		8.75 Gross SF
		10.00 Net SF

6.0 Benefit of Retail Development

Gross area	4,131
Rentable Area	3,718
Rent/SF	12.00
Rental income	44,615
Less mortgage	<u>80,536</u>
Cash flow from retail space	-35,921

7.0 Benefit of Residential Development

Revenue from land sale	1,685,000	this is all the developer can afford to pay
Purchase price allocated to residential	<u>1,364,660</u>	
Profit from sale of land	320,340	

Richmond Community Services Centre Project
Scenario #4 - Economics of Residential Strata Component

1.0 Underlying Assumptions

1.1 Development Characteristics

Site Area: 0.00 acres
 Floor Space Ratio: 0.00
 Maximum Gross Building Area: 69,296 sq.ft.
 Building Efficiency: 87 %
 Saleable Area: 60,287 sq.ft.
 Parking Rqmt, spaces per unit: 1.50

<u>Unit Type</u>	<u>Number</u>	<u>Size</u>	<u>Total</u>	<u>Price/</u>	<u>Price/</u>	<u>Gross \$'s</u>	<u>GST</u>	<u>Sales</u>	<u>Net Sales</u>
			<u>Sq.Ft.</u>	<u>Sq.Ft.</u>	<u>Unit</u>		<u>Rebate</u>	<u>Comm.</u>	<u>Income</u>
Other	0	0	0	0	0	0	0	0	0
Average Unit	66	913	60,287	290	264,899	17,483,335	0	524,500	16,958,835
Other	0	0	0	0	0	0	0	0	0
Total	66		60,287			17,483,335	0	524,500	16,958,835

1.2 Marketing Assumptions

Selling Period, Months: 12.00 months

1.3 Construction Cost Assumptions

Off Site Costs: 96,000
 On Site Costs (site prep, landscaping): 50,000
 Construction Cost/Sq.Ft. (includes parking): 135.00
 Parking Stalls Required: 99
 Construction Cost/Stall (in construction cost/sq.ft.): 0
 Planning Time: 8 months
 Construction Time: 10 months

1.4 Financing Assumptions

Land Loan, Loan to Value Ratio: 60.00 %
 Land Loan, Interest Rate: 6.00 %
 Construction Loan, Loan to Cost Ratio: 75.00 %
 Construction Loan, Interest Rate: 6.00 %

2.0 Developer Proforma			
2.1 Value on Completion			
		<u>17,483,335</u>	
	Gross Sales Income		
	Less Commissions + GST	<u>524,500</u>	
	Net Sales Income		16,958,835
2.2 Construction + Development Costs			
2.2.1 Land			
		1,685,000	
	Purchase Price		
	Provincial Property Tax	42,125	
	Other Closing Costs	<u>75,000</u>	
	Total Land Cost		1,802,125
2.2.2 Construction Costs			
		96,000	
	Offsite Costs		
	On Site Costs	75,000	
	Building	9,354,936	
	Parking (in building construction costs)	0	
	Total Construction Cost	9,525,936	
2.2.3 Development Costs			
	A/E (architects + engineers)	5.00	476,297
	Legal (Cost per Unit)	500	33,000
	Taxes During Construction (tax rate)	6.98	12,579
	Finance Fee (% Project Costs)	1.00	95,259
	Development + Const. Mgmt (% Project Costs)	2.50	238,148
	Advertising/Promotion/Show Suite		50,000
	DCC's	6,799	448,734
	Sewer DCC	673	44,418
	Insurance		15,000
	New Home Warranty	1,750	115,500
	Research and Appraisal		7,500
	Survey, accounting and legal		25,000
	Other City fees		99,765
	Rezoning		0
	Contingency (% construction + development costs)	10.00	1,118,714
	Interest Cost, Financing Land		132,672
	Interest Cost, Financing Improvements		<u>507,616</u>
	Total Development Costs		3,420,203
2.2.4 Total			<u>12,946,138</u>
2.2.5 Total Project Costs			<u>14,748,263</u>
3.0 Profit			
	Profit - \$'s		2,210,572
	Profit - % of Project Cost		14.99 %
4.0 Return to Equity Investment			
4.1 Total Profit			2,210,572
4.2 Equity Investment			
	Land		720,850
	Construction		<u>3,076,462</u>
	Total		3,797,312
4.3 Return to Equity Investment			58.21 %

5.0 Scenario #5 - Richmond Sells the Site

5.1 Option #1 - No Write Down of Land Value

Sales price	2,400,000
Original acquisition price	<u>1,900,000</u>
Profit on sale/additional equity	500,000

5.2 Option #2 - Write Down of Land Value by 25%

Sales price	2,400,000
Original acquisition price	<u>1,425,000</u>
Profit on sale/additional equity	975,000

Richmond Community Services Centre Project
Scenario #5 - Valuation of Site as Residential Strata

1.0 Underlying Assumptions

1.1 Development Characteristics

Site Area:	0.62 acres	27158 sq.ft.
Floor Space Ratio:	1.50	
Maximum Gross Building Area	88,746 sq.ft.	
Building Efficiency	87 %	
Saleable Area	77,209 sq.ft.	
Parking Rqmt, spaces per unit	1.50	

<u>Unit Type</u>	<u>Number</u>	<u>Size</u>	<u>Total</u>	<u>Price/</u>	<u>Price/</u>	<u>Gross \$'s</u>	<u>GST</u>	<u>Sales</u>	<u>Net Sales</u>
			<u>Sq.Ft.</u>	<u>Sq.Ft.</u>	<u>Unit</u>		<u>Rebate</u>	<u>Comm.</u>	<u>Income</u>
Other	0	0	0	0	0	0	0.00	3.00	0
Average Unit	80	965	77,209	300	289,534	23,162,706	0	694,881	22,467,825
Other	0	0	0	0	0	0	0	0	0
Total	80		77,209			23,162,706	0	694,881	22,467,825

1.2 Marketing Assumptions

Selling Period, Months	12.00 months
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1.3 Construction Cost Assumptions

Off Site Costs	100,000
On Site Costs (site prep, landscaping)	50,000
Construction Cost/Sq.Ft. (includes parking)	140.00
Parking Stalls Required	120
Construction Cost/Stall (in construction cost/sq.ft.)	0
Planning Time	8 months
Construction Time	10 months

1.4 Financing Assumptions

Land Loan, Loan to Value Ratio	60.00 %
Land Loan, Interest Rate	6.00 %
Construction Loan, Loan to Cost Ratio	75.00 %
Construction Loan, Interest Rate	6.00 %

2.0 Developer Proforma			
2.1 Value on Completion			
Gross Sales Income		<u>23,162,706</u>	
Less Commissions + GST		<u>694,881</u>	
Net Sales Income			22,467,825
2.2 Construction + Development Costs			
2.2.1 Land			
Purchase Price	29.4573 /sf gba	2,400,000	
Provincial Property Tax	23.3203 /sf gba	60,000	
Other Closing Costs		<u>75,000</u>	
Total Land Cost			2,535,000
2.2.2 Construction Costs			
Offsite Costs		100,000	
On Site Costs		75,000	
Building		12,424,440	
Parking (in building construction costs)		0	
Total Construction Cost		12,599,440	
2.2.3 Development Costs			
A/E (architects + engineers)	5.00	629,972	
Legal (Cost per Unit)	500	40,000	
Taxes During Construction (tax rate)	6.98	17,694	
Finance Fee (% Project Costs)	1.00	125,994	
Development + Const. Mgmt (% Project Costs)	2.50	314,986	
Advertising/Promotion/Show Suite		50,000	
DCC's	6,799	543,920	
Sewer DCC	673	53,840	
Insurance		15,000	
New Home Warranty	1,750	140,000	
Research and Appraisal		7,500	
Survey, accounting and legal		25,000	
Other City fees		122,048	
Rezoning		0	
Contingency (% construction + development costs)	10.00	1,468,539	
Interest Cost, Financing Land		186,627	
Interest Cost, Financing Improvements		<u>666,350</u>	
Total Development Costs		4,407,471	
2.2.4 Total			<u>17,006,911</u>
2.2.5 Total Project Costs			<u>19,541,911</u>
3.0 Profit			
Profit - \$'s		2,925,914	
Profit - % of Project Cost			14.97 %
4.0 Return to Equity Investment			
4.1 Total Profit			
			2,925,914
4.2 Equity Investment			
Land		1,014,000	
Construction		<u>4,038,484</u>	
Total		5,052,484	
4.3 Return to Equity Investment			57.91 %