City of Richmond

Report to Council

To:	Richmond City Council	**Date:**	November 23, 2006
From:	Councillor Harold Steves Chair, Planning Committee	**File:**	08-4000-00/Vol 01
Re:	**A CITY-WIDE INTERIM AMENITY CONTRIBUTION POLICY**		

The Planning Committee, at its meeting held on November 21, 2006, considered the attached report, and recommends as follows:

Committee Recommendation

(1) ***That the following two reports be referred to the Urban Development Institute (UDI) and Greater Vancouver Home Builders Association (GVHBA) for comment and discussion by December 15, 2006:***

(a) ***Staff Report from the Director of Development and Manager, Policy Planning entitled "A City-Wide Interim Amenity Contribution Policy" dated November 10, 2006; and***

(b) ***Report from G.P. Rollo & Associates Ltd. entitled "Amenity Contributions from New Development" dated October 31, 2006.***

(2) ***That staff bring forth final recommendations, based on the input from UDI and the GVHBA, in January 2007.***

(3) ***That staff seek input from local smaller developers on the proposed City-Wide Interim Amenity Contribution Policy; and***

(4) ***That staff investigate commercial rezoning in terms of the City-Wide Interim Amenity Contribution Policy.***

Councillor Harold Steves, Chair
Planning Committee

Attach.

VARIANCE

Please note that the Committee added Parts (3) and (4) above.

Staff Report

Origin

Background:

The purpose of this report is to respond to the following referral motion from Planning Committee:

> *"That in their report to Committee on voluntary contributions to affordable housing, child care and/or public art, staff include the option of voluntary cash contributions to playing field development/upgrade".*

Council also wanted to know whether or not the current contribution rate of $0.60 per buildable square foot for affordable housing from multiple-family residential development applications was adequate when they considered the Affordable Housing Strategy – Interim Strategy & Report in July 2006 (although no specific referral motion was passed).

It should be noted that, for the purposes of this report, *"amenity"* means items such as affordable housing, child care, public art, etc. that are for the benefit of the community at large (not indoor or outdoor amenity space that is built as part of a development for the benefit of the residents in that development only).

Consultants:

In order to assist staff in responding to these requests, G.P. Rollo & Associates Ltd. was hired. Mr. Rollo is a local, land economist who has helped the City review specific developer proformas/voluntary contributions in the past.

At the same time, the City has been utilizing McClanaghan & Associates to revise its Affordable Housing Strategy. Mr. McClanaghan has extensive experience in real estate development.

The two consultants have worked together with City staff to help coordinate these two projects because they are intricately related and dependent on each other. For example, the draft Affordable Housing Strategy is recommending that an additional staff person be hired in the Lands Section of the Business and Financial Services Department to be responsible for both implementing the Affordable Housing Strategy and administering the City-Wide Interim Amenity Contribution Policy.

Both reports are to be presented to the same Planning Committee and Council meeting.

Attachment 1 provides an overview of how the proposed City-Wide Interim Amenity Contribution Policy and the draft Affordable Housing Strategy would work together.

Principles:

It is suggested that the City-Wide Interim Amenity Contribution Policy be based on the following Principles:

- Partnerships
- Balance:
  - Public and Private Interests
  - Certainty and Flexibility
- Effectiveness
- Financial Viability

Findings Of Fact

G.P. Rollo Report

A full copy of the report from G.P. Rollo & Associates is enclosed as **Attachment 2**.

Mr. Rollo was asked by staff to answer two main questions:

1) Could the current amenity contribution rate of $0.60* per buildable square foot be applied City-wide to single-family residential rezoning applications?

   ** 0.60 per buildable square foot has normally been collected for either affordable housing or child care and voluntarily for public art (not other amenities)*

2) Could the interim amenity contribution rate of $6.37* per buildable square foot approved in the West Cambie (Alexandra Neighbourhood) be used elsewhere in Richmond for multiple-family residential and commercial rezoning applications?

   ** $6.37 per buildable square foot = $5.10 for affordable housing + $0.60 for child care + $0.60 for public realm beautification + $0.07 for planning and engineering costs*

In response to these questions, Mr. Rollo has recommended that:

1) The 0.60 per buildable square foot could be used for single-family residential rezoning applications.

2) The West Cambie charge of $6.37 per buildable square foot not be used for the rest of Richmond because it is based on the specific costs of developers providing all the amenities and infrastructure in the Alexandra Neighbourhood (e.g., 150 affordable housing units; one child care facility; etc.) and assumes the developers do not take advantage of the density bonus provisions for affordable housing.

Methodology Options:

The following table identifies the different options available to the City in establishing an amenity contribution rate:

OPTION	CASE BY CASE NEGOTIATIONS	CITY-WIDE FLAT RATE	INDIVIDUAL PROFORMAS
Description:	City staff negotiate with each developer a different amenity contribution	Each developer pays the City the same rate for their amenity contribution (possibly varying by area)	Amenity contribution varies depending on each proforma and for different developments
Outcome:	The City: • takes what it wants; or • gets what developer offers	All developments pay the same rate or an area specific rate	Larger developments will probably pay more and smaller ones will pay less
Process:	1. City staff negotiate amenity contribution 2. Planning Committee agrees or disagrees 3. Council approves	1. Council establishes rates 2. Developer knows amenity contribution 3. City staff collect contribution	1. City prepares proforma model 2. Developer submits proforma 3. Staff review 4. Planning Committee and Council approval
Work to be Done:	None upfront – but inefficient and great uncertainty in development process	Establish flat rates with UDI & GVHBA input	Develop proforma format and process with UDI & GVHBA

OPTION	CASE BY CASE NEGOTIATIONS	CITY-WIDE FLAT RATE	INDIVIDUAL PROFORMAS
Pros:	City: • Existing process • Greatest flexibility Developer: • No delay or new process • Use their influence	City: • Guaranteed contribution • Less work for staff Developer: • Costs are known up-front • Equitable to everyone	City: • Economically based • Reflects market Developer: • Fairest method • Open to negotiation • Reflects market
Cons:	City: • No clear Council direction • May not get anything Developer: • No certainty/consistency • Subject to change politically • May pay too much	City: • Doesn't maximize amenity contribution • Needs further work for each neighbourhood Developer: • Not tied to market, costs or ability to pay • No flexibility or negotiation	City: • Requires new staff expertise (proposed) • Requires minimum rate Developer: • New process and possible delays • Lack of proforma expertise

Status of Methodology Options:

Each of these options will be discussed further with the Urban Development Institute (UDI) and Greater Vancouver Home Builders Association (GVHBA) as part of the finalization of a City-Wide Interim Amenity Contribution Policy.

Case Study Proformas:

In order to answer Planning Committee's referral motion, staff gave Mr. Rollo ten (10) case studies on which to do proformas. These case studies were taken from within the West Cambie (Alexandra Neighbourhood), City Centre and West Richmond. They include projects that were already completed, currently being constructed, or still in the proposal stage.

In doing the proformas, Mr. Rollo assumed a minimum profit margin of 10% for the single-family developments and 12% for the multiple-family residential and commercial developments in order to ensure that developers get an adequate return on their equity investment. He also talked to some of the developers to see if the construction costs and selling prices being used were reasonable and accounted for fluctuating costs and markets.

Staff gave Mr. Rollo all of the City's costs associated with each development and used the proposed new Development Cost Charge (DCC) Bylaw to ensure that developers would be given the benefit of this future new cost.

The fundamental principle of Mr. Rollo's work is that the increase in the land value created from rezoning a property (the "land lift") can be shared between the developer and the City (i.e., 50% of the "land lift" could be the developer's amenity contribution and 50% the developer's profit), which is an approach used by other municipalities in the region.

Tentative Key Conclusions:

To provide Council and developers with an idea of what the City might do, the following conclusions and recommendations are offered by staff at this point based on Paul Rollo's report:

Application of an Amenity Policy:

- amenity contributions would be required for residential rezoning applications only; and
- amenity contributions would not be required on commercial rezoning applications (because the proforma analysis was not conclusive enough).

Single-Family Residential:

- an amenity contribution of $0.60 per buildable square foot could be applied to all future single-family residential rezoning applications; but
- the City would prefer the provision of affordable housing in the form of a coach house or legal secondary suite.

Townhouse Developments:

- 19 units or less - a flat rate of $2.00 per buildable square foot would be used because of the small nature of the project; and
- 20 units or more - proforma calculating the land lift would be used to determine the amenity contribution.

Apartment Developments:

- typically 80-90 units - proforma calculating the land lift would be used to determine the amenity built (number of affordable housing units and possible child care facility).

West Cambie (Alexandra Neighbourhood):

- continue to pay $1.27 per buildable square foot + $5.10 per buildable square foot if the density bonus provision for "affordable housing" is not utilized;
- no proforma required; and
- UDI currently reviewing the "affordable housing" contribution and options.

These possibilities will be discussed with UDI and the GVHBA prior to finalization.

Analysis

In preparing the City-Wide Interim Amenity Contribution Policy (excluding the West Cambie–Alexandra Neighbourhood), staff and the consultants discussed the following questions.

1. **Why should Richmond have a City-Wide Interim Amenity Contribution Policy?**

   There are a number of reasons why such a policy is necessary:

   - New development increases the demand for amenities, so developers should help to build or pay for required new amenities;
   - Profit from development should be shared because the community and City should not have to pay all adjustment costs;

- It is proposed that the City-Wide Interim Amenity Contribution Policy form the basis for determining the amount of affordable housing, child care or other amenities that could be built;
- Although the City would prefer that the development community actually build the amenity, there will always be exceptions where a contribution is appropriate (i.e., for smaller projects because of project economics and the developer's ability to pay);
- Some amenities, such as affordable housing and child care, can not be financed by other means like Development Cost Charges (DCCs) and there is public reluctance to raise taxes to pay for these amenities; and
- A City-wide policy provides certainty and consistency for the City and the development community, and gives staff clear direction from Council in processing development applications.

Conclusion:
A City-Wide Interim Amenity Contribution Policy is necessary to establish the basis for determining the actual provision by developers of the amenities or a cash-in-lieu contribution.

2. What can the City do to encourage the construction of amenities?

The actual construction of amenities (such as affordable housing or child care space) by developers is preferred rather than the City collecting a cash-in-lieu contribution.

The principal way that the Local Government Act envisions that municipalities obtain these types of amenities is through density bonusing.

The City has used the density bonus provision in certain zones of the Zoning & Development Bylaw (e.g., the R/9 zone permits additional floor area for a coach house). As part of the review of this Bylaw, which is currently underway, further changes can be made to encourage affordable housing and other amenities.

Recently, Council incorporated density bonus provisions in the West Cambie Area Plan for residential developments that provide affordable housing in the Alexandra Neighbourhood. The update of the City Centre Area Plan and the Official Community Plan will also explore this provision to encourage the construction of amenities.

However, the density bonus option in Richmond has limited potential because:

- the airport restricts the height of buildings;
- soil conditions limit going underground with parking; and
- the Building Code increases the requirements for structures over four (4) storeys.

Conclusion:
City staff will continue to explore density bonusing as a mechanism to obtain amenities in the pending updates of the City Centre Area Plan and Official Community Plan, and the review of the Zoning & Development Bylaw.

3. **Why is the City-Wide Amenity Contribution Policy called an "Interim" Policy?**

Staff are recommending that this be an "interim" policy for the following reasons:

- Preparing a comprehensive amenity policy is complex, so an incremental approach is taken to allow flexibility;
- City-developer roles, priorities, needs, costs, profit margins and funding tools create many options and impacts, which take time to evaluate;
- It enables the City, developers and the community to test the policy;
- The policy needs to be reviewed annually (e.g., percentage of the land lift the City takes; amenities included in the policy; allocation of amenity contributions; etc.);
- Council has adopted the West Cambie–Alexandra Interim Amenity Guidelines as a precedent, which specifies certain voluntary contributions for amenities;
- The policy may be replaced or supplemented by other funding mechanisms as part of the implementation strategies for the City Centre Area Plan Update and the review of the Official Community Plan;
- Staff want to monitor land prices and construction costs to ensure that there is a "land lift" arising from a rezoning application, particularly in areas such as the City Centre; and
- A new policy or rate needs to be established as soon as possible because the current $0.60 per buildable square foot contribution-in-lieu of affordable housing is too low for multiple-family residential developments.

Conclusion:
The City-Wide Interim Amenity Contribution Policy will be reviewed annually and as part of the implementation strategies for the City Centre Area Plan update and the Official Community Plan review.

4. **Is the "land lift" the best way of calculating the amenity contribution?**

Paul Rollo's report identifies two methods for calculating an amenity contribution:

i) the "cost recovery" approach where the City determines the cost of amenities proposed for a newly developing neighbourhood and spreads the cost of these amenities on a pro-rata basis (e.g., $ per buildable square foot) amongst new development; and

ii) the "land lift" approach where, as a result of rezoning, the underlying value of the land is increased and the increase in land value is shared (e.g., 50/50) between the City and the developers.

Mr. Rollo has recommended that the "land lift" approach be used to calculate the potential amenity contribution rates because it takes into account the realities of the marketplace and considers the economic impact the amenity contribution has on the viability of new development.

City staff agree that the "land lift" is the most appropriate approach, which can be implemented now (i.e., the "cost recovery" approach would require costing out all of the amenities being asked for in the City Centre area and then the rest of Richmond).

In using the "land lift" approach, Mr. Rollo is comparing the value of the land based on the new land use (using a proforma that includes selling prices, project costs and profits) to the value of the land before rezoning (using the latest assessed value plus an adjustment of approximately 20% to reflect current market values).

Conclusion:
The "land lift" approach is preferred to the "cost recovery" approach for the determination of City-Wide amenity contribution rates.

5. **How will the City-Wide Interim Amenity Contribution Policy be implemented?**

It is proposed that the policy be implemented in two ways:

i) Contributions (cash-in-lieu) will be collected:

- at a rate of $2.00 per buildable square foot from townhouse developments involving 19 units or less;
- based on proformas calculating the land lift from townhouses involving 20 units or more;
- from low rise apartments and high rise developments if the proforma calculating the land lift does not generate a large enough contribution to build at least 4 affordable housing units or an appropriately located child care facility; and
- put into the appropriate reserve accounts (e.g., the Affordable Housing Reserve Fund or Child Care Development Reserve Fund).

ii) Affordable housing units and/or child care space will be built:

- based on the proforma where at least 4 affordable housing units can be given to the City, or a child care facility can be appropriately located in a low rise (four storey) apartment or high rise development (i.e., 50% of the land lift = certain amount of affordable housing or child care space).

A necessary additional staff person is being recommended for the Lands Section of the Business and Financial Services Department who would be responsible for implementing the revised Affordable Housing Strategy, managing the Affordable Housing Reserve Fund and reviewing the proformas provided by the developers. It is not expected that this will unduly delay the development approval process.

Additional resources may also be required as a separate process to administer funds collected for the Child Care Development Reserve Fund and to manage new child care opportunities (e.g., prepare proposals; oversee construction of facilities; etc.).

Staff are prepared to work with the Urban Development Institute (UDI) and Greater Vancouver Home Builders Association (GVHBA) to establish an acceptable format for the proforma and a reasonable review/negotiation process. This would give the development community adequate time to prepare for this new requirement.

Conclusion:
The City-Wide Interim Amenity Contribution Policy will be implemented on July 1, 2007, after discussions with the UDI and GVHBA and the hiring of a new staff member.

6. **What percentage of the "land lift" should the City take?**

Mr. Rollo has recommended that the City take 50% of the "land lift" as its' amenity contribution because it recognizes developers' risk in rezoning and their claim to a portion of the increased value in the land.

However, it could be argued that the City could take a higher percentage of the "land lift" (e.g., the City of Vancouver typically takes 75% of the "land lift" for community amenity contributions in its' City Centre area and the City of New Westminster takes between 70% - 80%).

Staff agree with taking 50% of the "land lift" at this time, subject to annual review, because it provides the developers with a larger profit margin to absorb cost increases, addresses market fluctuations, and provides the City with reasonable funding for its amenity reserves.

It should be noted that neither this staff report nor the work of G.P. Rollo & Associates Ltd. addresses the broader issue of financing all City growth.

Conclusion:
That 50% of the "land lift" be used at this time as the basis for determining the amenity contribution to the City of Richmond.

7. **Why are case-by-case proformas being recommended over a flat rate for all developments?**

Originally, staff preferred to establish a flat rate that could be used to determine the amenity requirement from all developments. This has the advantage of simplicity and consistency.

However, upon further reflection, it is recommended that proformas calculating the land lift on a case-by-case basis be utilized on larger projects for the following reasons:

- Smaller developers (i.e., townhouses involving 19 or less units) may not have the expertise or desire to do proformas and therefore are being charged the flat rate of $2.00 per buildable square foot;
- Proformas will take into account the differences in neighbourhoods in Richmond (e.g., market demand, selling prices, infrastructure requirements and land lifts);
- It will enable both the City and developer to arrive at a reasonable contribution (e.g., a flat rate may be too little a contribution from a large development);
- Paul Rollo's work does not provide a conclusive land lift figure for townhouse projects, low rise apartments or high rise developments (i.e., the figures vary from $2.42 to $7.56 per buildable square foot); and
- Both the City of Vancouver and City of New Westminster successfully use the proforma approach to determine their community amenity contributions.

It should be noted that City staff are recommending that $2.00 per buildable square foot be established as a minimum amenity contribution (i.e., a proforma will not be able to justify an amenity contribution of less than $2.00 per buildable square foot).

Conclusion:
Proformas calculating the land lift are the most fair and accurate way of determining the amenity contribution, except for smaller developments (i.e., townhouses involving 19 or less units) which would probably prefer to pay a flat rate.

8. What amenities should be addressed in a contribution policy?

Traditionally, Richmond has tended to ask for developer contributions for affordable housing and child care (the public art contribution has been voluntary and would continue to be handled separately from the proposed City-Wide Interim Amenity Contribution Policy). Both of these amenities have a Council-approved policy, program and statutory reserve account.

As well, recently a transit oriented development fee of $4.00 per buildable square foot was also collected from some City Centre developments. This fee has now been factored into the proposed new DCC Bylaw.

In surveying Lower Mainland municipalities, it appears that some other amenities received are:

Surrey:	library materials; police and fire protection
Vancouver:	social or cultural facilities; recreational facilities
North Vancouver:	green building features; community spaces
New Westminster:	heritage conservation

Planning Committee requested staff to examine the inclusion of playing field development/upgrade into the amenity contribution policy. Staff do not recommend this be done at this time for the following reasons:

- The Development Cost Charge Bylaw already includes park acquisition and development in the DCC program (the City can't collect money twice through DCCs and amenity contributions for the same sports field infrastructure);
- The need for specific amenities should be determined first through the City Centre Area Plan Update, the City Centre Places & Spaces Strategy and the City-Wide Facilities & Amenities process; and
- The City has collected approximately $312,000 from the development community towards the Leisure Facilities Reserve Fund and the McLennan South Neighbourhood Park Project in the past year (September 1, 2005 – September 27, 2006), in lieu of multiple-family developments providing an indoor amenity space.

Conclusion:
Amenity contributions collected should be allocated to affordable housing and child care until the implementation strategies for the City Centre Area Plan Update, City Centre Places & Spaces Strategy and City-Wide Facilities & Amenities Strategy are completed.

9. How should the amenity contribution be allocated?

In the past, affordable housing and child care have both utilized the same amenity contribution rate of $0.60 per buildable square foot.

However, normally the City only receives this contribution to either affordable housing or child care (not both, unless it is a large development or significant increase in zoning density).

Recently, because of the high profile of affordable housing, more voluntary contributions have been directed to the Affordable Housing Reserve Fund than the Child Care Development Reserve Fund.

Staff recommend that:

- where a minimum of $2.00 per buildable square foot is paid as a flat rate, the full amount go towards affordable housing; and
- where a proforma is undertaken and the amenity contribution is more than $2.60 per buildable square foot, $0.60 be used for child care purposes.

This way, more money will start to be directed towards the Child Care Development Reserve Fund. On larger developments, and in appropriate locations, a child care facility may also be considered. Additional resources may be required in order to better administer this Reserve Fund and manage the construction of new child care facilities.

The primary reason affordable housing is getting a larger share of the amenity contribution is that the cost of building affordable housing units is more than a child care facility.

Developers will continue to voluntarily either build public art as part of their development or contribute an additional $0.60 per buildable square foot to the Public Art Statutory Reserve Fund.

Conclusion:
Where cash-in-lieu is collected instead of building amenities, $0.60 per buildable square foot be put into the Child Care Development Reserve Fund provided that at least $2.00 per buildable square foot is collected for the Affordable Housing Reserve Fund.

10. What type of development applications would be subject to the City-Wide Interim Amenity Contribution Policy?

Rezoning Applications: (YES)

Staff recommend that the amenity contribution policy should apply to rezoning applications for the following two reasons:

- The Local Government Act provides that a zoning bylaw may allow an owner to receive a higher density if the owner conserves or provides amenities; and
- The whole premise of the "land lift" approach is based on the increased value of a property because the City agrees to rezone it to a higher or better use.

To give the development community and staff time to prepare for this new policy, it is suggested that it apply to rezoning applications received after July 1, 2007.

Development Permits: (NO)

The Local Government Act does not contain a similar provision for conserving or providing amenities for Development Permit applications. Therefore, staff are not recommending that the City-Wide Interim Amenity Contribution Policy apply to applications that only have to go through the development permit process.

However, applicants will continue to be encouraged to include affordable housing and child care opportunities and other amenities in their Development Permit (without the benefit of a proforma). Where a contribution in lieu of providing an amenity is volunteered, it will be based on the existing $0.60 per buildable square foot.

Subdivisions: (NO)

Although the Approving Officer has some discretion in considering subdivision applications, the Land Title Act limits this discretion to more technical matters. Therefore, staff do not believe that the Amenity Contribution Policy should apply to subdivision applications.

Conclusion:
The City-Wide Interim Amenity Contribution Policy will apply to new residential rezoning applications received after July 1, 2007.

11. How does our proposed policy compare to other municipalities?

It is difficult to compare the proposed policy to other municipalities because each handles amenity contributions differently. Originally, it was proposed to compare the ten (10) case studies that G.P. Rollo examined with similar examples in other cities. This proved to be an impossible challenge because each municipality is so different.

However, based on a survey of other municipalities, staff found that the proposed flat rate of $2.00 per buildable square foot is reasonable and the proforma approach is not unique.

Vancouver

For example, the City of Vancouver generally charges:

- $3.00 per square foot outside the City Centre as its community amenity contribution; and
- within the City Centre, contributions are negotiated as a condition of rezoning approval and typically are in the range of $25 - $80 per square foot.

However, the latter are based on a much higher permitted density than is possible in Richmond and are charged only on the additional building area above the existing permitted floor area ratio.

The City of Vancouver also charges a $6.00 per square foot Development Cost Levy (DCC), of which $2.00 goes to affordable housing.

New Westminster:

The City of New Westminster uses the "land lift" approach and has requested developers to provide between $450,000 of amenities for a 17 storey residential tower to $3,500,000 of amenities for the St. Marys Hospital redevelopment involving 550 new housing units.

This works out to an amenity contribution rate of approximately $4.50 to $6.00 per buildable square foot. It is expected that the proforma calculating the land lift in Richmond will generate a similar amenity contribution on larger rezoning applications.

Rollo Recommendation:

Mr. Rollo has purposely recommended a conservative flat rate in order not to adversely affect development and to provide for flexibility to accommodate changing market and cost conditions. Staff are comfortable with this approach because the City does not want to set an "interim" rate too high and then have to drop it in the future. However, staff are recommending that where a proforma is used, the developer contribution not be less than the established minimum of $2.00 per buildable square foot.

Conclusion:
The proposed amenity contribution policy is comparable to the City of Vancouver and City of New Westminster.

12. What about single-family residential and commercial rezoning applications?

Single-Family Residential Rezonings:

Last year, City staff negotiated, with three single-family rezoning applications, a contribution to the affordable housing fund, in lieu of having to dedicate and pay for the construction of a lane.

At the November 8, 2005 Planning Committee, a motion was passed that each applicants' contribution for affordable housing be held in trust until the new contribution for amenities policy has been approved, and that a refund be given if the new contribution was lower than those currently applied.

According to Mr. Rollo's proforma analysis, a contribution of $0.60 per buildable square foot is the most a single-family rezoning application should have to pay. Therefore, these three applications could receive the following refunds if the City-Wide Interim Amenity Contribution Policy is approved:

Rezoning Application (Location)	Paid in 2005	Payment based on $0.60 per sq. ft.	Refund
RZ 04-274895 (5400 Francis Road)	$38,000	$2,955	$35,045
RZ 04-273560 (6680 Francis Road)	$32,500	$3,685	$28,815
RZ 03-236490 (4680 Blundell Road)	$39,500	$3,105	$36,395
TOTAL	$110,000 (Affordable Housing Trust Account)	$9,745 (Affordable Housing Reserve Fund)	$100,255 (Affordable Housing Trust Account)

Staff do not expect to collect the $0.60 per buildable square foot from new single-family residential rezoning applications because the draft Affordable Housing Strategy is recommending that these applications be required to include a coach house, legal secondary suite or fully adaptable/universally accessible flex house in at least 50% of the new dwelling units.

Commercial Rezonings:

Staff agree to hold off on applying the amenity contribution to commercial rezoning applications because:

- This is a new charge that requires further analysis and consultation;
- Paul Rollo does not believe that the two commercial proformas and possible amenity contributions are applicable to City Centre locations; and
- City staff want to promote commercial (particularly office) development in Richmond.

Conclusion:
That single-family residential and commercial rezoning applications not be subject to the City-Wide Interim Amenity Contribution Policy at this time.

Next Steps:

1. Consult with UDI and the GVHBA by December 15, 2006; and
2. Bring a final report to Planning Committee in January 2007 with recommendations regarding:
   a) Establishing a City-Wide Interim Amenity Contribution Policy; and
   b) How to manage the amenity contributions already provided by RZ 04-274895, RZ 04-273560 and RZ 03-236490.
3. Prepare to implement the Policy in consultation with UDI and the GVHBA (e.g., develop a standard proforma format and determine the review/negotiation process).
4. Implement the Policy on rezoning applications received after July 1, 2007.

Financial Impact

In the past year (between September 1, 2005 and September 27, 2006), approximately $752,516 was collected from rezoning and development permit applications and put primarily into the Affordable Housing Reserve Fund with only a small amount going to the Child Care Development Reserve Fund. This was typically based on an amenity contribution rate of $0.60 per buildable square foot. In addition to this amount, the development community has contributed towards neighbourhood parks, public art, transit oriented development, road improvements and other amenities and services that not only benefited the development but the community at large.

The proposed City-Wide Interim Amenity Contribution Policy would:

- Increase the minimum contribution to the Affordable Housing Reserve Fund from $0.60 to $2.00 per buildable square foot (where affordable housing units are not built);
- Ensure that $0.60 per buildable square foot is allocated to the Child Care Development Reserve Fund where a proforma calculating the land lift results in an amenity contribution of over $2.60 per buildable square foot (and a child care facility is not built);
- Not impact the Public Art Program, which would continue to be voluntary (i.e., developer provides the public art on-site or contributes $0.60 per buildable square foot to the Public Art Statutory Reserve Fund).

Conclusion

Planning Committee and Council has asked staff to report back on and recommend a City-Wide Interim Amenity Contribution Policy.

Such a policy is needed to determine whether:

- the $0.60 per buildable square foot currently being collected for affordable housing from multiple-family residential developments is appropriate; and
- the affordable housing contribution received from three single-family residential rezoning applications last year was correct.

In order to assist with this task, staff hired G.P. Rollo & Associates Ltd. to look at what a reasonable amenity contribution rate could be. Mr. Rollo has concluded that:

- $0.60 per buildable square foot is the most that a single-family residential development should have to pay in amenity contributions;
- a flat rate of $2.00 per buildable square foot is reasonable for smaller townhouse developments involving 19 units or less; and
- proformas calculating the land lift should be used for:
  - townhouse developments with 20 units or more; and
  - all apartment developments.

Staff are prepared to support these recommendations as an interim policy, but are also recommending that:

- coach house or legal secondary suites be built instead of collecting the $0.60 per buildable square foot from single-family residential rezoning applications;
- $2.00 per buildable square foot be established as the minimum contribution received from all multiple-family residential rezoning applications;
- the new amenity contribution policy only apply to new multiple-family residential rezoning applications received after July 1, 2007.

However, prior to implementing the proposed new City-Wide Interim Amenity Contribution Policy, it is recommended that this staff report and G.P. Rollo & Associates Ltd. report be referred to the Urban Development Institute (UDI) and Greater Vancouver Home Builders Association (GVHBA) for comment and discussion by December 15, 2006.

The City-Wide Interim Amenity Contribution Policy should also be reviewed as part of implementation strategies for the City Centre Area Plan update, Official Community Plan review, City Centre Places & Spaces Strategy, and the City-Wide Facilities & Amenities Strategy.

H. Burke

Holger Burke, MCIP
Development Coordinator
(4164)
HB:cas

ATTACHMENT 1

Overview
City' Staff's Proposed Draft City-Wide Interim Amenity Contribution Policy

Type of Rezoning	Proposed Method Of Calculating "Lift"		Result			
			Affordable Housing (AH)		Child Care	
	Flat Rate	Proforma	Cash	Built	Cash	Built
Single Family	- Assume: $0.60/BSF - Not used	No	None	- AH Market Rental - 2nd suite - Coach House - Ownership: - Flexhouse	None	None
Townhouse:						
- Less than 19 units	$2.00/BSF	No	$2.00/BSF for: - Affordable Housing - Subsidized AH rental - Other	Not practical	None	None
- 20 + units	No	- Required - The amount paid is negotiable but not less than $2.00/BSF	Minimum of $2.00/BSF for: - Affordable Housing - Subsidized AH rental - Other Note: If get $2.60/BSF or more, $0.60/BSF goes to child care	- Build only in very large projects where a minimum of 4 affordable townhouse rental units are provided to the City	If get $2.60/BSF or more, $0.60/BSF goes to child care	Build only in very large projects and where appropriate
Apartments	**Flat Rate**	**Proforma**	**Cash**	**Built**	**Cash**	**Built**
	No	- Required - The amount paid is negotiable but not less than $2.00/BSF Note: At this time, it is assumed that $4.00/BSF is the breaking point between accepting cash or requiring built units: - if less than $4.00/BSF take cash, - if more than $4.00/BSF build affordable apartment rental units and possibly child care facilities	- Note: At this time, it is assumed that $4.00/BSF or less will be collected. - Cash taken only where a minimum of 4 affordable apartment rental units cannot be achieved Minimum of $2.00/BSF for: - Affordable Housing - Subsidized AH rental - Other Note: If get $2.60/BSF or more, $0.60/BSF goes to child care	Note: At this time, it is assumed that $4.00/BSF or more will be required to build units Where it occurs, a minimum of 4 affordable apartment rental units will be built.	If get $2.60/BSF or more, $0.60/BSF goes to child care	Build only in very large projects and where appropriate

❑ The determination as to whether contributions are to be cash or built is determined by the City.

2041103

ATTACHMENT 2

Amenity Contributions from New Development

For

The City of Richmond

G. P. Rollo & Associates Ltd.
Land Economists
October 31, 2006

EXECUTIVE SUMMARY

G. P. Rollo & Associates has been retained by the City of Richmond to examine the merits of adopting developer amenity contribution guidelines for new residential and commercial development.

The following are the highlights of the Study.

1) The City's proposed amenity contributions on rezoning are $0.60 per sq.ft. for single-family residential rezoning and $6.37 per sq.ft. for multiple family and commercial rezoning.

2) There are two methodologies available to determine amenity contribution amounts, the cost recovery versus the land lift approach.

   a) The land lift approach is the most suitable approach as it is based on an understanding of the economics of real estate development.

   b) With this approach, it is proposed that the increase in land value created from rezoning a property be shared equally between the developer and the City, i.e. 50% of the land lift will become the developer's amenity contribution.

3) We have examined the economics of development for 10 rezoning case studies to determine whether the City's guidelines for amenity contributions are appropriate and achievable. View the results of these analyses in the accompanying Table 1. Based on the analyses completed in these case studies we have concluded that the City's proposal for amenity contributions of $6.37 per sq.ft. for multiple family and commercial rezoning is too high and could have an adverse impact on development throughout the City.

4) G. P. Rollo & Associates recommends that the City give consideration to adopting the following policy on amenity contributions.

   "The City of Richmond supports the proposition that new development help to pay for neighborhood community amenities. Towards that end, the City is seeking voluntary amenity contributions from developers on the basis that:

   a) Amenity contributions be based on the principle of sharing the land lift associated with rezoning.

Table 1
Warranted Developer Amenity Contributions for Ten Case Study Rezonings

Case #	Gross Site Area SF	Land Use Before	Land Use After	FAR on Rezoning	GBA After Rezoning	2006 Land Value Under Existing Use	Indicated 2006 Land Value After Rezoning	Land Lift From Rezoning	Amenity Charge Based on Land Lift: Increased Land Value Total	Increased Land Value sf GBA	Amenity Charge @ 50% Total $'s	Amenity Charge @ 50% /SF GBA
1	7,252	1 single family	2 single family	0.55	3,989	440,640	446,600	5,960	5,960	1.49	2,980	**0.75**
2	38,418	single family	7 single family	0.55	14,428	1,156,800	974,400	(182,400)	(182,400)	0.00	(91,200)	**0.00**
3	35,594	single family	16 townhomes	0.65	23,136	2,000,000	2,112,000	112,000	112,000	4.84	56,000	**2.42**
4	100,688	single family	49 townhomes	0.65	100,688	5,028,750	4,565,575	(463,175)	(463,175)	0.00	(231,588)	**0.00**
5	57,674	single family	84 units in 4 storey wood frame	1.75	84,053	3,787,500	4,317,600	530,100	530,100	6.31	265,050	**3.15**
6	188,342	single family	4 storey residential	1.50	282,513	5,586,100	8,001,500	2,415,400	2,415,400	8.55	1,207,700	**4.27**
7	92,335	single family	high rise residential	3.00	277,005	2,484,000	5,645,362	3,161,362	3,161,362	11.41	1,580,681	**5.71**
8	57,824	single family	high rise residential	3.00	173,473	2,442,750	5,065,403	2,622,653	2,622,653	15.12	1,311,327	**7.56**
9	73,981	single family	strip commercial		29,432	2,847,900	2,502,037	(345,863)	(345,863)	0.00	0	**0.00**
					Amenity contribution from a historical perspective, ie warranted at time of original rezoning application							**4.91**
10	743,946	single family	wal mart shopping centre	1.25	344,387	18,600,000	17,854,714	(745,286)	(745,286)	0.00	0	**0.00**
					Amenity contribution from a historical perspective, ie warranted at time of original rezoning application							**5.76**

b) Flat rate amenity contributions should be established for single family and small (less than 20 unit) townhouse rezonings. The flat rate amenity contributions should be set low enough as to not adversely impact development and provide for flexibility to accommodate changing market conditions". Amenity contributions for all other residential rezonings should be determined by a proforma based approach.

5) Furthermore, it is recommended that flat rate amenity contributions of $0.60 and $2 per sq.ft. of gross building area should be considered for single family and small townhouse projects respectively. However, developers should have recourse to a proforma based approach if project costs, especially those imposed on the project by the City, do not warrant developers being able to make amenity contributions.

6) No amenity contributions are recommended for commercial rezonings. Further study is required before an amenity contribution for commercial development, inside and outside the core, can be recommended.

7) The City should continue to work with the development industry to ensure agreement on the City's amenity contribution policy and guidelines for amenity contributions. Towards that end, it is hoped that this Study will assist in those discussions.

Table of Contents

1.0 INTRODUCTION

Following the introduction of amenity guidelines for new residential development in the West Cambie area, the City of Richmond is considering the adoption of further amenity guidelines for residential and commercial development on a City-wide basis. More specifically, the City wishes to encourage amenity contributions from new residential and commercial development based on:

1) $0.60 per sq.ft. of gross building area for single family rezonings

2) $6.37 per sq.ft. of gross building area for multiple family residential and commercial rezonings elsewhere in the City on an interim basis effective in 2007.

The City has retained G. P. Rollo & Associates, Land Economists, to examine the suitability of these guidelines by testing their affordability for developers and their impact on several cases of recently completed or currently proposed development throughout the City, including:

1) Subdivision of single family lots for smaller single family development.

2) Single-family to townhouse.

3) Single family to low-rise and high-rise apartment.

4) Industrial to high-rise development.

5) Commercial to high-rise development.

6) Single-family to commercial.

More specifically, the tasks to be undertaken by G. P. Rollo & Associates include:

1) Describing the rationale and authority for developer amenity contributions.

2) Discussing methodologies for determining amenity charges.

3) Examining the extent to which other Lower Mainland jurisdictions seek voluntary developer amenity contributions.

4) Using a case study approach to determine the affordability and impact of the City's proposed amenity payment contributions.

5) Recommending a developer amenity policy and amenity payment guidelines for new residential and commercial development.

2.0 ASSUMPTIONS AND LIMITING CONDITIONS

This Study is governed by the following assumptions and limitations:

1) This Study is examining only the basis or methodology for determining amenity charges from new development in the City. The Study is not:

   a) Determining how the amenity funds should be spent.

   b) Attempting to resolve the issue of whether amenity charges should be imposed on the development industry. Resolution of the differing opinions on the subject is outside the scope of this Study and subject to future discussions between the development industry, Richmond staff and Council.

2) The determination of amenity charge methodology and possible amenity charges has been illustrated with ten case studies suggested by the City of Richmond. Details of the cases, including site size, gross building area, floor area ratio, and City costs (development permit, subdivision, building permit, servicing agreement and development cost charges) have been provided by the City.

3) Determining what amount of amenity charge is possible or can be supported in new residential and commercial development requires an understanding the economics of development.

   a) The ten case studies used in this Study analyse the economics of development based on standard industry "developer proformas".

   b) These developer proformas require input for variables such as land and construction costs, development or soft costs, financing, and profit requirements. Differing opinions regarding these variables complicates the discussion of the economics of development and the affordability and impact of amenity charges.

   c) G.P. Rollo & Associates has discussed cost and revenue trends with the development community in an attempt to narrow the variation in assumptions and focus discussion on what amount of amenity charge can be supported by new development. Nonetheless, differing views regarding revenues and costs will remain and affect the industry's views of what magnitude of amenity charges can be supported by new residential and commercial development. Accordingly, the real purpose of this

Study is to provide an analysis for government and development industry stakeholders to review and form the basis of additional discussions that will culminate in an agreed upon amenity policy and charges.

4) Development cost charges used in the ten case studies utilize the City's proposed new DCC Bylaw.

5) City of Richmond development permit and building permit costs assumptions used in the Study's ten case studies have been adjusted for inflation to provide current (2006) estimates of cost.

6) No responsibility is assumed for legal matters, questions of survey and opinions of title with respect to the ten cases.

7) Statements contained within this study which involve matters of opinion, whether or not identified as such, are intended as opinion only and not as representations of fact.

8) This report is intended to be read in its entirety; individual sections should not be extracted or reproduced or in any way utilized independently of the complete report.

This study is qualified in its entirety by, and should be considered in light of these limitations, conditions and considerations. If, for any reason, major changes should occur which influence the basic assumptions stated previously, the findings and recommendations contained in these analyses should be reviewed with such conditions in mind and revised if necessary.

3.0 DEVELOPER AMENITY CONTRIBUTIONS

Governments are increasingly seeking to augment traditional ways(1) of funding new community infrastructure and amenities by having new urban development make significant contributions to the cost of infrastructure. Approaches to generating revenues from new development include DCC's, and amenity contributions (through voluntary contributions, density bonus zoning and comprehensive development zoning).

The following describes legislation and regulations governing amenity contributions, alternate approaches to securing amenity contributions, and the City of Richmond's experience in obtaining developer amenity contributions.

3.1 Legislation + Regulations Governing Amenity Contributions

1) Local Government Act, Section 904:

   a) Section 904 of the Local Government Act lays out the conditions that local government must follow with respect to amenity contributions.

   b) The basic premise for local government seeking amenity contributions is that a change of use through rezoning as well as increases in permitted densities beyond density entitlements specified in a zoning bylaw can generate value and that the community has a right to retain some of that value, either in the form of amenities or affordable housing.

   c) The Act allows local governments to enact provisions to permit developers to exceed base density in exchange for affordable or special needs housing or other amenities specified in a schedule.

   d) However, the act does not speak to amenities secured from rezoning. Accordingly, amenities sought on rezoning have to be addressed by voluntary contributions. These contributions cannot be required by municipal bylaw, but local government does have the legal authority to deny a rezoning if it imposes a financial burden on a community. The voluntary provision of amenities can address this concern.

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[1] Operating budgets or surpluses, debt, grants from senior government, special sources of revenue (e.g. casinos) and development cost charges.

e) Whether rezoning or seeking bonus development, additional land value is created. The fundamental question arises as to how this increase in land value should be split or enjoyed by the developer and local government. Often the community argues it is responsible for allowing increased value so it should be able to enjoy some of the benefit along with developer.

f) However, there is a great deal of controversy over if and how this split should occur.

   i) Developer perspective:

   - The development industry holds the view that rezoning involves risk and cost, therefore the benefits of a successful rezoning (which usually includes a lift in land value) belong to the developer.

   ii) Local government perspective:

   - Government argues that it was responsible for allowing the rezoning or increased density that led to the increase in value and therefore it should retain some or all of the increase in value to offset the cost of growth.
   - Government argues that developers have the option of buying already zoned development sites at current market value and that acquiring development rights via rezoning should not involve any less total land cost than acquiring development rights by buying already zoned land. Developers should be compensated for the cost of rezoning and for absorbing the risk, but should not earn additional revenue from government's granting development rights through rezoning or bonus density when there is potential for development from rezoning or increased density to impose financial burdens on the community.

3.2 Approaches to Securing Amenity Contributions

As stated previously there are two situations where government can seek amenity contributions – at the time of rezoning and when a developer seeks increased density beyond the basic entitlement specified in a zoning bylaw. This Study is focused on determining amenity contributions sought at the time of rezoning.

1) More specifically, this Study examines rezoning of residential, industrial and commercial properties to higher density residential, commercial or mixed residential and commercial development. Rezoning can be to a stated zone or via a comprehensive development (CD) zoning process.

2) At the time of rezoning, government seeks a voluntary contribution from the property developer.

3) The potential for a development to afford an amenity contribution depends on the economics of the project (which often involves a change in land use and almost always involves an increase in density).

4) There are two methodologies for determining the basis of an amenity contribution:

    a) Cost recovery approach: government determines the cost of amenities proposed for a newly developing neighborhood and spreads the cost of these amenities on a pro-rata basis amongst new development. The difficulty with this approach is that it is imposed on the development industry without giving any consideration to its economic impact on the viability of new development.

    b) Land lift approach: as a result of rezoning the underlying value of the land is increased. The increase in land value (commonly called the land lift) is then shared between government and developers. The amount of the increased land value is a function of the economics of development hence this approach reflects market expectations regarding development costs and revenues and developer profit expectations. This approach is generally acknowledged as the most appropriate approach for government to pursue as it takes into account the realities of the marketplace.

5) Estimating the value of the land lift on rezoning.

   There are different approaches one can employ to estimate the increase in land value from rezoning a property.

   a) <u>Approach #1, Observing Land Sales Transactions:</u>

      This is an easily understood approach that is based on value of land observed from comparable land sales transactions.

      i) Examine property sales transactions before and after zoning to establish land value per sq.ft. of gross building area (gba). Apply the values per sq.ft. of gba to potential gross building area possible under the existing and proposed rezoning and the increased value will be apparent.

         - The advantage of this approach is that it is easy to understand and apply. Also, it does not require one to have to address the many revenue and cost assumptions required in the alternate developer proforma approach to estimating underlying land value.

         - However, a difficulty in employing this approach in an area under transition is that there often will not be sufficient land sales transactions upon which to estimate the increase in land value. There is also a danger that comparable land sales will underestimate land value in a rising market or in situations where a proposed land use contains a mix of uses not currently experienced in the market. Thus, the use of comparable land sales (where there are few or no such comparable land sales) will introduce a large amount of subjectivity and lead to an underestimation of the value of the land.

      ii) Alternately, one can estimate the value of the property using assessed values for both the existing property in its current use and the assessed value of properties comparable to the rezoned use.

         - But to utilize this approach, one must first adjust assessed values to current market values. Assessed values are set mid year based on sales transactions in the mid year preceding the assessment date. So 2006 assessed values are based on market values at mid year 2005.

- A phone call to the area assessor will enable one to determine the increase in market values that has occurred since the last time assessed values were set and today.
- Dangers of using this approach include the Assessment Authority may have set base values low in order to minimize criticism of the assessment and the "mass appraisal" nature of the assessment may not allow for precision in estimating the value differences between some similar properties. Comparing actual sales to values indicated by adjusted assessed values (see above) will allow one to determine the appropriateness of using adjusted assessed values to determine the base land value before rezoning.

b) Approach #2, Developer Proforma Approach:

i) This more sophisticated approach to estimating the value of land supported by new development and is based on using a developer proforma to determine what value of land can be supported given the revenue, cost and profit requirements for a proposed development.

ii) The developer proforma approach allows one to determine the underlying land value of land for a proposed development by pursuing the following process:

- Estimate the value of the proposed development (for non-income producing real estate such as a residential strata project or for income producing properties such as a mixed retail and office development).
- Estimate construction and development (soft) costs.
- Determine the developer's profit requirement (e.g. 12% on project costs).

- With the developer proforma (usually computerized), determine what value can be paid for the land to achieve the developer's desired profit requirement. The value of land that supports the 12% profit requirement is the estimated value of the land upon rezoning.

iii) The value of land before rezoning can be established three ways:

- By observing property transactions and using comparable sales to determine the value of the property on a per sq.ft. of land or per sq.ft. of gba basis (with gba being typical of what would be permitted under the existing zoning).
- By adjusting assessed value to current market value as per the approach suggested above.
- By using a developer proforma model, as described above, to determine the value of land for development permitted under the existing zoning.

iv) Once the increased value of land is estimated, the City can then determine the proportion of the land lift it feels is appropriate to ask from a developer. The City of Richmond is proposing to split the land lift on a 50%/50% basis – 50% being retained by the developer and 50% being paid by the developer to the City, this being the developer's amenity contribution.

6) As stated previously, the process of obtaining amenity contributions from the development industry is a negotiated not legislated process.

a) Effective negotiation requires that both sides understand the economics of development and how greater density realized from rezoning impacts project viability and the underlying value of land.

b) It is the valuation of land before and after rezoning that is the difficult part of the process for planners, not determining how to split the increased land value between government and developer.

c) Planners are often uncomfortable in dealing with the mathematics of real estate development and often their policy analysis regarding issues such as amenity contributions make general suggestions for approaches with little understanding of their impact on the market. Hence, it is not uncommon for government to receive complaints from the development industry on the inappropriateness of amenity contributions proposed by government.

7) Government and developer concerns regarding the application of amenity contribution guidelines include:

   a) The City requires that the approaches or models employed in determining amenity contributions address the following concerns:

      i) They are clearly within the legal boundaries set by provincial legislation.

      ii) They are administratively appropriate and do not require a high amount of staff time.

      iii) They are easily understood.

      iv) Data requirements are easily obtained and likely to be understood and agreed to by developers.

      v) They are consistent with the City's objectives for public amenities as outlined in the City's official Community Plan

      vi) They define an appropriate value of amenity contribution that is commensurate with the development value that is being conferred.

      vii) They rely on incentives to the extent possible. Developers must be given reasonable options: develop under existing zoning or choose to seek additional entitlements.

   b) Developer concerns are related to the recommended approach for securing community amenity contributions:

      i) Not impairing project viability and the incentive to develop in Richmond.

      ii) Being based on some understanding of the economics of development.

      iii) Being based on simpler approaches that lead to quicker processing of zoning and consideration of bonus density...............time is money.

iv) Being equitable and leaving some share of increased land value for developers, this to compensate them for the risk they perceive being involved in rezoning properties and redeveloping neighborhoods.

v) Being administered by staff who have an understanding of the development process and economics of development. This is particularly important when amenity contributions are based on residual land value techniques that require a basic understanding of real estate development.

3.3 City of Richmond Experience with Amenity Payments

1) Uses a density bonus system, stipulated in the City's Zoning Bylaw, for its high density residential zone and mixed use commercial zones in its City Centre. Project proponents can garner additional density in exchange for public amenity space (space provided in a building for the use of the general public in pursuing business, educational, cultural, social and recreational activities. However, in the Downtown Commercial (C7) District it is difficult to get additional density above 3.0 floor area ratio because of building height restrictions and soil/parking limitations.

2) Richmond accepts voluntary contributions offered during the development approvals process. Cash and in-kind amenity contributions are used to support non-market housing, childcare facilities and the provision of public art. Cash-in-lieu collected is deposited into reserve funds and allocated to eligible capital projects.

3) The City also recently indicated it would accept developer contributions toward transportation infrastructure improvements needed to accommodate the Richmond-Airport-Vancouver SkyTrain line. The City has established a $4 per sq.ft. recommended voluntary contribution. This $4 per sq.ft. has now been incorporated into the proposed new DCC Bylaw.

4) Recently the City has adopted the amenity contribution guidelines for the West Cambie Alexandra neighborhood. These contributions are for multiple family development. The West Cambie amenity contributions only apply to rezoning from single family to multiple family housing (i.e. there were no amenity contributions proposed for single family housing or commercial development).

More specifically, the City created the following Interim Amenity Guidelines for developer contributions in the West Cambie Alexandra neighborhood. The amenity charges are based upon the cost methodology approach, not the land lift approach. The amenity guidelines are as follows:

a) Child care contribution: for each buildable square foot, the City may receive a developer financial contribution of $0.60, based on the proposed FAR in the development, to assist in paying for child care facilities.

b) Affordable housing contribution: if developers choose not to build affordable housing, the City may receive a developer financial contribution of $5.10 per buildable square foot for affordable housing, based on the proposed FAR in the development.

c) City public realm beautification contribution: for each buildable square foot, $0.60, based on the proposed FAR in the development, to assist in paying for city beautification works (e.g. High Street: streetscaping, public realm, walkways, plazas, feature landscaping).

d) Community and engineering planning cost contribution: for each buildable square foot, the City may receive a developer financial contribution of $0.07, based on the proposed FAR in the development, to assist in paying for community planning and engineering costs to plan community land use, services and infrastructure.

5) With developers already making these contributions in the West Cambie area, the City is considering expanding the principle of developer amenity contributions to new development throughout the City on the basis of:

a) $0.60 per sq.ft. of gross building area for single family rezonings

b) $6.37 per sq.ft. of gross building area for multiple family residential and commercial rezonings elsewhere in the City on an interim basis effective in 2007.

The purpose of this Study is to test the suitability of these proposed contributions, i.e. to determine whether they can be supported by the "land lift" methodology for determining what amount of amenity contributions can be justified by rezonings for new residential and commercial development.

4.0 EXPERIENCES OF OTHER LOWER MAINLAND JURISDICTIONS

The Richmond Planning Department has undertaken a survey of other Lower Mainland jurisdictions to assess their experiences in securing developer amenity contributions. The results of the survey are contained in Appendix A, Survey of Lower Mainland Jurisdictions.

The survey addresses amenity contributions associated with density bonusing as well as voluntary amenity contributions associated with rezoning. The experiences of other jurisdictions with respect to both density bonusing and voluntary contributions on rezoning are described in Appendix A.

4.1 Voluntary Amenity Contributions

The following are the highlights of the survey with respect to voluntary amenity contributions from rezonings.

1) Jurisdictions accepting voluntary contributions on rezoning include:
    a) Burnaby
    b) Surrey
    c) Township of Langley
    d) City of North Vancouver
    e) District of North Vancouver
    f) New Westminster
    g) Vancouver
2) Jurisdictions considering voluntary contributions on rezoning include:
    a) Coquitlam
    b) West Vancouver
3) Jurisdictions that do not pursue voluntary contributions on rezoning include:
    a) Port Coquitlam
    b) Delta
    c) City of Langley

4) Basis of amenity contribution:

a) Burnaby:

i) Policy or practice: infrequent practice.

ii) Policy method: occasionally require an amenity for very large projects, at rezoning stage.

iii) Amount calculation: case by case basis, without great influence from planners in the specific value provided. Usually based on land lift approach.

b) Surrey:

i) Policy or practice: Council policy.

ii) Policy method: Neighborhood Concept Plans (NCP) specify monetary contribution requirements for new neighborhoods. Payable at Building Permit Stage, or at Subdivision stage for single family or duplex zones.

iii) Amount calculation: based on cost recovery methodology.

c) Township of Langley:

i) Policy or practice: Council policy.

ii) Policy method: the Neighborhood Plans Policy capitalizes on voluntary contributions and facilitates growth consistent with community objectives.

iii) Amount calculation: negotiated amenity provisions, typically in-kind and on-site.

d) City of North Vancouver:

i) Policy or practice: Policy.

ii) Policy method: there is a Public Art Reserve Fund to which developers are encouraged to voluntarily contribute 1% of construction value. All other amenities are acquired through the fairly broad density bonusing program.

e) District of North Vancouver:

i) Policy or practice: amenity bonuses.

ii) Policy method: an amenity bonusing program, such as allowing DCC reduction/exemption for provision of rental units. Majority of amenities are provided through density bonusing.

f) City of New Westminster:

i) Policy or practice: Council policy.

ii) Policy method: acquired at rezoning or development variance permit stage. Council considers quality and value of proposed amenity before considering rezoning application. Amenities provided on/offsite or cash in lieu. Staff, consultant and applicant meet to discuss economic lift probable from rezoning. The consultant establishes contribution value from this discussion, and the staff and applicant continue the application process alone and determine the specific quantity of contribution to be provided.

iii) Amount calculation: city retains a land use economist to determine lift associated with particular rezoning application. Currently a labour-intensive process. Fees negotiated, collected and amenities built are recorded in tracking system, ready to report to Council.

g) City of Vancouver:

i) Policy or practice: policy.

ii) Policy method: Community Amenity Contribution (CAC) policy implemented at rezoning stage. Payment as cash or as in kind amenity with associated operated funds. Administration of the broader "Financing Growth" which includes DCC and CAC, retains one exclusive full-time staff position. Payable before rezoning enactment or before BP issuance if no development covenant is issued at rezoning stage.

iii) Amount calculation: city wide CAC fee and several exempt areas that pay their own area specific fees (had their own public benefit fees established before CAC). CAC calculation considers population projection of neighborhood (not individual project).

iv) Specific amount: standard rezoning charged flat CAC rate of $3 sq.ft. on net increase of allowable floor space. Non standard rezonings provide negotiated CAC: large sites (2+ acres; 1+ acre in Neighborhood Centre), downtown, or change of use from industrial to residential.

4.2 Density Bonus + Amenity Contributions

Many jurisdictions secure amenities through density bonusing. The following examples have been drawn from the Planning Department's survey of other jurisdictions. See Appendix A for more detail.

1) Burnaby:

   a) Policy or practice: council policy, zoning bylaw.

   b) Policy method: to be eligible, properties must be located in one of Burnaby's 4 town centres and be rezoned to a CDD. The amenity value provided must be equivalent in value to the increase in value attributable to the increase in FAR. Bonuses range from 0.1 to 0.4 FAR.

   c) Amenity calculation: pre-determined increases in FAR for each amenity, or negotiated bonus.

2) Surrey:

   a) Policy or practice: council policy, zoning bylaw.

   b) Policy method: used as a way to encourage the provision of Neighborhood Concept Plan amenity requirements. Maximum FAR is significantly lower if NCP amenities are not provided (e.g. 1 upa versus 23 upa with amenity provision).

3) Coquitlam:

   a) Policy or practice: council policy, zoning bylaw

   b) Policy method: available in RM zones (medium-high density townhouse or apartments) and C4 zone (town centre commercial).

   c) Amenity calculation: bonus granted proportional to amenity provided.

4) City of North Vancouver:

   a) Policy or practice: council policy, zoning bylaw.

   b) Policy method: program includes density bonuses, transfers and floor area exclusions. No established limit on the amount of additional density can be granted. Bonusing may only be approved through a rezoning process with a public hearing. Density transfers require a registered covenant on affected properties. The impact of traffic, height, views, use etc. influences the amount of bonus granted. The amenity received must benefit the local neighborhood. Cash in lieu provided is allocated to one of many reserve funds for the purpose. Council gives final approval on bonus negotiated between staff and developer.

c) Amenity calculation: staff determine value of lift through a proforma or in house appraisal, then determine an appropriate proportion of the lift, generally 50%, to be allocated to an amenity.

5) District of North Vancouver:

a) Policy or practice: council policy, zoning bylaw.

b) Policy method: a density based amenity bonusing program: maximum allowable density is only granted with the provision of specified community development objectives, which are determined by each neighborhood and adopted in the OCP.

c) Amenity calculation: the amenity is provided, in kind and or cash "in support", at a negotiated value associated with the impact of the project on the neighborhood.

6) Port Coquitlam:

a) Policy or practice: council policy, zoning bylaw.

b) Policy method: bonuses set within zoning bylaw and on an ad hoc negotiated basis. OCP, adopted in 2005, supports amenity bonusing through DP process.

c) Amenity calculation: non standard bonus negotiations based on an economic analysis of the project, provided by developer and approved by staff.

7) City of New Westminster:

a) Policy or practice: council policy, zoning bylaw.

b) Policy method: only high rise multiple family zones are eligible. The bonus granted (increased units per acre) is calculated relative to the amount/size of the provided amenity.

8) City of Vancouver:

a) Policy or practice: council policy, zoning bylaw.

b) Policy method: extensive bonusing opportunities. Within zoning bylaw: the DP Board or Director of Planning may relax any of the regulations of particular zones where it is satisfied that the relaxation will serve to accomplish certain social and community goals. Such a relaxation must consider the submission of any advisory group or interested party.

5.0 CASE STUDY METHODOLOGY + ASSUMPTIONS

As discussed in Section 3.0, Developer Amenity Contributions, the "land lift" approach to determining the amount of voluntary amenity contribution is considered to be the most appropriate means of creating guidelines for amenity contribution amounts.

1) The land lift approach will be used to test the appropriateness of proposed amenity contributions of:

   a) $0.60 per sq.ft. of gross building area for single family rezonings

   b) $6.37 per sq.ft. of gross building area for multiple family residential and commercial rezonings elsewhere in the City on an interim basis effective in 2007.

2) The appropriateness of the amenity contributions has been tested by examining ten cases of recent or current rezonings to determine whether the proposed amounts are less than or equal to 50% of the land lift associated with each rezoning.

3) The City has chosen the cases to be representative of rezonings they face and involve:

   a) <u>Case studies #1 + #2:</u> subdivision of single family lots for smaller single family development

   b) <u>Case studies #3 + #4:</u> single-family to townhouse

   c) <u>Case studies #5 + #6:</u> single family to low-rise and low-rise apartment

   d) <u>Case study #7:</u> industrial to high-rise development.

   e) <u>Case study #8:</u> commercial to high-rise development.

   f) <u>Case studies #9 + #10:</u> single-family to commercial.

   Refer to Appendices B through K to view a description of the properties involved, existing versus proposed uses and City fees associated with rezoning.

4) The methodology used in the ten cases to determine the justified amenity contribution is based on the following steps:

   a) Step #1: estimate the value of the land supported by the new land use.

      i) Identify the gross building area and amount of residential or commercial space.

      ii) Estimate project costs including construction costs, soft or development costs, interest on equity investment plus financing

      iii) Estimate potential revenues that could be realized on the completion of construction

      iv) Determine the underlying land value to be that which allows the developer to realize a 15% profit on project cost (project cost equals land, construction and soft costs, plus interest on equity and financing during the construction and sales or leasing period).

      Refer to Appendices B through K to view the developer proformas used to identify the value of land supported by the new rezoned use.

   b) Step #2: determine the value of the land before rezoning.

      i) Obtain the 2006 assessed value of the land in its existing use.

      ii) As 2006 assessed values are based on 2005 market values, increase 2006 assessed values by 20%+ (will vary by type of land use and location) to estimate current market value of the land.

      Refer to Table 1, Warranted Developer Amenity Contributions for Ten Case Study Rezonings, in Section 6.0, Case Studies, to view estimates of land value under current land uses for each of the ten case studies.

   c) Step #3: determine the amount of the land lift by subtracting the value of land under its existing use from the value of land under the new rezoned use.

   d) Step #4: identify the justified amenity contribution as 50% of the land lift.

5) Assumptions underlying developer proformas utilized in ten case studies:

   a) The developer proformas used in the ten case studies (see Appendices B through K) are standard industry formats.

   b) Construction costs are based on discussions with developers and are representative of the costs developers are facing in building new projects today.

   c) Development or soft costs are market determined and represent the range of additional costs and contingencies that developers budget for in planning to build new development.

   d) Financing costs are associated with both developer equity and the cost of financing. The cost of developer equity is assumed to be 10% and the cost of construction financing is 8%.

   e) Estimates of project revenue, either sales prices or commercial rents, that will be realized are estimated.

   f) With regards to developer profit requirements:

      i) A 10% profit on cost has been utilized for rezonings to smaller single family lots. This reflects the competitiveness of the single family market, and the lower overhead of the many smaller contractors and developers servicing this part of the residential market in Richmond.

      ii) A 12% profit on cost has been utilized for rezoning to townhouse, low rise and high rise residential development.

6.0 CASE STUDIES

Details of the case studies including site plans, land use and zoning before and after rezoning, city costs plus the developer proforma analyses used to determine the underlying value of the land upon rezoning are contained in Appendices B through K.

Case Study #1-Existing Single Family to 2 Single Family Lots

1) **Location:** 8300 Block Number 1 Road
2) **Form of Development:** a single family lot on No. 1 Road is to be subdivided and developed with two approximately 2,000 sq.ft. homes. Existing lane has already been developed.
3) **Developer Proforma Analysis:** is contained in Appendix B.
4) **Indicated Land Lift from Rezoning:** $5,960
5) **Justified Amenity Contribution:** $2,980 or $0.75 per sq.ft. of gross building area.
6) **Comments:** a developer's profit of 10% has been employed in this analysis. This is a very competitive market containing numerous smaller developers, many of whom will realize even lesser profit on development.
7) **Conclusion:** the City's proposal for an amenity contribution of $0.60 per sq.ft. of building area is warranted.

Case Study #2-Existing Single Family to 7 Single Family Lots

1) **Location:** 7511 Bridge Street, South Mclennan
2) **Form of Development:** a large single family lot is rezoned for seven single family lot where a new road is required to service the lots.
3) **Developer Proforma Analysis:** is contained in Appendix C.
4) **Indicated Land Lift from Rezoning:** $0
5) **Justified Amenity Contribution:** $0
6) **Comments:** the total of all City fees is approximately $62,000 per lot, double the fees and charges in Case #1. This is attributable to the long 30 month rezoning period (time is money) and the servicing agreement costs of $220,000 for a new road required for the development. To be able to support the City's proposed amenity charge of $0.60 per sq.ft. of building area, each home would have to sell for approximately $705,000, approximately $45,000 higher than the $660,000 assumed in Appendix C. This price is unlikely to be able

to be achieved in this transitioning neighborhood. If this were a west side location, the higher selling price might be achievable and the amenity contribution justified.

7) **Conclusion:** the City's proposal for an amenity contribution of $0.60 per sq.ft. of building area is not warranted.

Case Study #3-Existing Single Family to Townhouse @ 0.65 FAR

1) **Location:** 9600 No. 3 Road
2) **Form of Development:** three single family lots are rezoned to accommodate 16 townhouse units
3) **Developer Proforma Analysis:** is contained in Appendix D.
4) **Indicated Land Lift from Rezoning:** $112,000
5) **Justified Amenity Contribution:** $56,000 or $2.42 per sq.ft. of gross building area.
6) **Conclusion:** the City's proposal for an amenity contribution of $6.37 per sq.ft. of building area is not warranted. Based on the assumptions contained in the accompanying developer proforma analysis, a lower amenity contribution of $2.42 per sq.ft. of building area is warranted.

Case Study #4 – Single Family to Proposed Townhouse @ 0.65 FAR

1) **Location:** Alexandra Road and No. 4 Road, West Cambie
2) **Form of Development:** rezoning of single family lots to townhouse at 0.65 FAR
3) **Developer Proforma Analysis:** is contained in Appendix E.
4) **Total Land Lift from Rezoning:** $0
5) **Justified Amenity Contribution:** $0
6) **Comments:** an additional $8 per sq.ft. has been added to construction costs for airport noise-mitigation and this impacts the land lift for this project.

Case Study #5 – Existing Single Family to Apartment @ 1.5 FAR

1) **Location:** 6033 Katsura Street, North Mclennan Neighborhood
2) **Form of Development:** single family lots rezoned to apartment at FAR of 1.75
3) **Developer Proforma Analysis:** is contained in Appendix F.
4) **Indicated Land Lift from Rezoning:** $530,100
5) **Justified Amenity Contribution:** $265,050 or $3.15 per sq.ft. of gross building area.
6) **Conclusion:** the City's proposal for an amenity contribution of $6.37 per sq.ft. of building area is not warranted. Based on the assumptions contained in the accompanying developer proforma analysis, a lower amenity contribution of $3.15 per sq.ft. of building area is warranted.

Case Study #6 – Single Family to Apartment @ 1.5 FAR

1) **Location:** 9200 and 9300 Block Odlin Road, West Cambie
2) **Form of Development:** proposed single family to apartments at a 1.5 FAR where a new road is required that is still at the pre-application proposal stage in the West Cambie area.
3) **Developer Proforma Analysis:** is contained in Appendix G.
4) **Indicated Land Lift from Rezoning:** $2,415,400
5) **Justified Amenity Contribution:** $1,207,700 or $4.27 per sq.ft. of gross building area.

Case Study #7–Existing Industrial to High Rise Residential @ 3.0 FAR

1) **Location:** 7571 Alderbridge Way
2) **Form of Development:** existing industrial to high rise development at a 3 FAR
3) **Developer Proforma Analysis:** is contained in Appendix H.
4) **Indicated Land Lift from Rezoning:** $3,161,362
5) **Justified Amenity Contribution:** $1,580,681 or $5.71 per sq.ft. of gross building area.
6) **Conclusion:** the City's proposal for an amenity contribution of $6.37 per sq.ft. of building area is not warranted – an amenity charge of $5.71 per sq.ft. of building area is justified. An additional $8 per sq.ft. has been added to construction costs for airport mitigation measures and reduces the justified amenity contribution relative to similar high rise development in Case Study #8.

Case Study #8 – Commercial to Proposed High Rise Residential @ 3.0 FAR

1) **Location:** 8080 Granville Avenue
2) **Form of Development:** rezoning from commercial to high rise residential at an FAR of 3.0.
3) **Developer Proforma Analysis:** is contained in Appendix I.
4) **Indicated Land Lift from Rezoning:** $2,622,653
5) **Justified Amenity Contribution:** $1,311,327 or $7.56 per sq.ft. of gross building area.
6) **Conclusion:** the City's proposal for an amenity contribution of $6.37 per sq.ft. of building area is warranted.

Case Study #9 – Existing Single Family to Commercial

1) **Location:** 11000 No. 5 Road
2) **Form of Development:** existing single family lots being rezoned for 30,000 sq.ft. strip commercial development.
3) **Rezoning Based on Current Land Value for Existing Use**
   a) Developer Proforma Analysis: is contained in Appendix J.
   b) Indicated Land Lift from Rezoning: $0.
   c) Justified Amenity Contribution: $0
4) **Rezoning from a Historical Perspective (i.e. looking backwards to date of rezoning application)**
   a) Financial Analysis: is contained in Appendix J
   b) Indicated Land Lift from Rezoning: $289,000
   c) Justified Amenity Contribution: $144,500 or $4.91 per sq.ft. of building area
5) **Conclusions:** if the City had applied an amenity contribution at the time the rezoning application was made, the potential land lift that occurred after rezoning would have supported an amenity contribution of $4.91 per sq.ft. of building area.

Case Study #10 – Proposed Single Family to Commercial

1) **Location:** Garden City Road and Alderbridge Way
2) **Form of Development:** rezoning from single family to Wal Mart shopping centre
3) **Rezoning Based on Current Land Value for Existing Use**
   a) Developer Proforma Analysis: is contained in Appendix K.
   b) Indicated Land Lift from Rezoning: $0.
   c) **Justified Amenity Contribution:** $0
4) **Rezoning from a Historical Perspective (i.e. looking backwards to date of rezoning application)**
   a) Financial Analysis: is contained in Appendix K
   b) Indicated Land Lift from Rezoning: $4,586,000
   c) Justified Amenity Contribution: $2,293,357 or $5.76 per sq.ft. of building area

5) **Comments:** this is a very complicated project that requires far greater analysis of costs and potential income before an assessment of land lift and amenity contributions can be determined. Accordingly, the analysis and comments regarding the economics of Case Study #10 are meant to provide only a cursory review of the project.

6) **Conclusions:** if the City had applied an amenity contribution at the time the rezoning application was made, the potential land lift that occurred after rezoning would have supported an amenity contribution of $5.76 per sq.ft. of building area.

6.2 Concluding Observations

Based upon the land lift analyses contained in Appendices B and K, as highlighted Section 6.1, Case Study Analyses, we offer the following comments regarding the potential for a City wide residential and commercial development as proposed by the City of Richmond.

1) Refer to Table 1, Warranted Developer Amenity Contributions for Ten Case Study Rezonings, to view a summary of the land lift and justified amenity contributions resulting from the analyses in the accompanying Appendices B through K.

2) Based upon the analyses we have completed, we believe that the amenity contribution guidelines proposed by the City are not justified under current market conditions. They are too high and should be lowered. Refer to the following Section 7.0, Amenity Charge Policy and Contribution Guidelines, for further discussion.

3) While a City wide amenity charge is attractive for its simplicity and the certainty that it brings to the development industry, it is not appropriate due to:

   a) Varying market conditions, e.g. in the Town Centre versus western versus eastern (east of No. 3 Road) Richmond.

   b) The high cost of new infrastructure in newly developing neighborhoods (e.g. West Cambie) versus redeveloping neighborhoods where the basic servicing infrastructure is in place.

Table 1

Warranted Developer Amenity Contributions for Ten Case Study Rezonings

Case #	Gross Site Area SF	Land Use		FAR on Rezoning	GBA After Rezoning	2006 Land Value Under Existing Use	Indicated 2006 Land Value After Rezoning	Land Lift From Rezoning	Amenity Charge Based on Land Lift			
									Increased Land Value		Amenity Charge @ 50%	
		Before	After						Total	sf GBA	Total $'s	/SF GBA
1	7,252	1 single family	2 single family	0.55	3,989	440,640	446,600	5,960	5,960	1.49	2,980	**0.75**
2	38,418	single family	7 single family	0.55	14,428	1,156,800	974,400	(182,400)	(182,400)	0.00	(91,200)	**0.00**
3	35,594	single family	16 townhomes	0.65	23,136	2,000,000	2,112,000	112,000	112,000	4.84	56,000	**2.42**
4	100,688	single family	49 townhomes	0.65	100,688	5,028,750	4,565,575	(463,175)	(463,175)	0.00	(231,588)	**0.00**
5	57,674	single family	84 units in 4 storey wood frame	1.75	84,053	3,787,500	4,317,600	530,100	530,100	6.31	265,050	**3.15**
6	188,342	single family	4 storey residential	1.50	282,513	5,586,100	8,001,500	2,415,400	2,415,400	8.55	1,207,700	**4.27**
7	92,335	single family	high rise residential	3.00	277,005	2,484,000	5,645,362	3,161,362	3,161,362	11.41	1,580,681	**5.71**
8	57,824	single family	high rise residential	3.00	173,473	2,442,750	5,065,403	2,622,653	2,622,653	15.12	1,311,327	**7.56**
9	73,981	single family	strip commercial		29,432	2,847,900	2,502,037	(345,863)	(345,863)	0.00	0	**0.00**
					Amenity contribution from a historical perspective, ie warranted at time of original rezoning application							**4.91**
10	743,946	single family	wal mart shopping centre	1.25	344,387	18,600,000	17,854,714	(745,286)	(745,286)	0.00	0	**0.00**
					Amenity contribution from a historical perspective, ie warranted at time of original rezoning application							**5.76**

4) G. P. Rollo & Associates recommends that a proforma based system, augmented by a flat rate system be used to determine amenity contributions on rezonings for residential projects:

   a) Use a flat rate for single family rezoning and small (e.g. less than 20 unit) townhouse projects. By way of illustration we believe that amenity contributions of $0.60 and $2 per sq.ft. of gross building area for single family and small townhouse projects respectively should be considered by the City.

   b) Use a proforma based methodology for all other residential projects.

   c) It is recommended that amenity contributions for commercial projects not be considered until additional research can be completed to determine what contributions are warranted.

5) The advantages of a proforma based approach for residential rezonings are:

   a) It recognizes differences in market demand, soil conditions, site servicing costs, project viability and land lift in different parts of the City.

   b) It is more equitable than a City wide flat rate for both developers and the City.

   c) It provides a vehicle (developer proformas) for the City and developers to speak directly to each other to address issues of project viability, land values and land lift.

   d) While more complicated to administer than a City wide flat rate system, City staff with a real estate background assisted by outside consultants (e.g. appraisers and land economists) will be able to undertake and/or analyze developer proforma analyses to determine land lifts and amenity contributions. The developer proformas used in this Study, for example, are "plug and play" excel proformas that can be used by the City to determine land lift and amenity contributions. The proforma analyses can easily be changed to bring them up to any standard of analysis required by the development community, leaving developers and the City to focus on major issues that both could have valid differences of opinion, including, but not limited to selling prices, quality of development, construction costs.

6) Having completed the ten case studies, we offer the following comments regarding the level of amenity contribution that could be expected by each of the land uses examined in this Study. It is important to note that these are only general comments – the exact amount of amenity contributions supported by individudal rezonings will vary by location, soil conditions, quality of development, site servicing requirements.

   a) Rezoning to Smaller Single Family Lots:

      i) There is greater potential for the $0.60 per sq.ft. of gross building area amenity contribution to be supported in western infill than newly emerging eastern areas.

      ii) However, this opportunity could be lessened in circumstances where lane costs will increase the cost of housing. The potential for the market to absorb these cost increases is higher in western than in eastern infill locations.

   b) Rezoning to Townhouse:

      i) Outside of newly developing areas such as West Cambie, there is a case for developers making amenity contributions. However, we believe that the proposed $6.37 per sq.ft. contribution is too high and that a lower charge in the $2.00 to $4.00 range is more likely to be indicated by the recommended proforma approach to determining amenity contributions.

      ii) Generally speaking, larger projects are able to pay a greater amenity contribution than smaller developments.

   c) Rezoning to Low Rise Apartment: our analyses indicate that, generally speaking, rezonings to low rise apartment should be able to pay amenity contributions in the order of $3 to $4 per sq.ft. of gross building area.

   d) Rezoning to High Rise Apartment:

      i) All rezonings to high rise apartment projects should use the proforma based approach to determine amenity contributions.

      ii) It is expected that most rezonings to rise development in the core should be able to pay the City's proposed $6.37 per sq.ft. amenity charge.

e) Rezoning to Commercial:

i) The two commercial case studies have examined development in non-core locations only. Accordingly, we are not able to offer comments regarding rezoning to commercial development in the Town Centre.

ii) In neither of the commercial cases (#9 and #10), was a land lift and amenity contribution warranted if a developer was to consider acquiring the land in 2006 and proceed to rezone and develop the site. However, from a historical perspective, i.e. looking back to the time that the rezoning application was made, the value of the land would have been much lower and hence a land lift would have been supported and an amenity contribution warranted. From this historical perspective, cases #9 and #10 support amenity contributions of $4.91 and $5.76 per sq.ft. of building area respectively. Both are below the City's proposed $6.37 per sq.ft. of building area.

iii) However, we believe that it is not possible to make a generalization about land lift and amenity contribution from these limited case studies, and recommend that commercial rezonings not be assessed amenity charges until the economics of these projects are better understood.Rather, we believe that the most appropriate methodology for determining amenity contributions from rezonings for new development is a proforma based approach similar to that illustrated in this Study's ten cases.

7) With regards to the proforma based approach to determining land lift and amenity contributions, we note that there is likely to be differences of opinions between G. P. Rollo & Associates, the City and developers regarding revenue, cost, and profit assumptions we have used in our Appendix B through K analyses. Recognizing that, we believe it is important to highlight those factors that could make the land lift and amenity contributions higher or lower than we have indicated in Table 1.

Factors Justifying Lower Land Lift and Amenity Contribution

a) The continuing high cost of construction will not be able to be absorbed by housing consumers. This will cause a slow down in housing prices and lower the profitability and underlying land value of new residential development in the City.

b) The high cost of infrastructure that will characterize new multiple family and commercial development in new neighborhoods such as West Cambie.

c) A changing developer profile, especially in the single family market, where smaller and/or inexperienced developers are attracted to the City and increase the demand for existing lands. Experienced developers have been commenting for at least the past year that this is occurring throughout the entire Lower Mainland, decreasing the viability of new development.

Factors Justifying Higher Land Lift and Amenity Contribution

a) Multiple family residential construction costs could be $5 to $10 lower per sq.ft. than we have assumed. There are opportunities for developers to achieve lower construction costs based on the quality of construction, mix and size of units, soil conditions, etc. There will be opportunities for some developers to build new residential projects with lower costs than we have assumed. For those, the underlying land value and justified amenity contributions will be higher than indicated in this Study.

b) Recognizing the competitiveness of the development industry, some developers will choose to accept a lower profit than have been assumed in the ten case studies.

c) Market prices and rents, while they may slow relative to the recent past, will still continue their upward trend([1]). Developers argue that an amenity charge must be passed on to consumers who cannot continue to absorb increasing housing prices and that demand, therefore, will decrease. While we acknowledge that housing prices increases cannot be maintained at recent rates, we do not believe that the overall demand for housing in

[1] The Real Estate Board of Greater Vancouver's MLS Housing Price Index indicates that Richmond detached, attached and apartment prices have increased 24.6%, 23.3% and 24% respectively over the past 12 months.

Richmond will fall over the next 1-2 years at least. However, rising house prices will continue to adversely affect housing affordability for those with lower to moderate incomes.

d) For larger residential and commercial development, developers will be able to buy land well in advance of development potential being realized. These lower land costs could enable these projects to absorb higher infrastructure costs and support higher land lifts and amenity contributions. Where a land lift and amenity contribution could be warranted in the future is when developers acquire green field sites with very low land values, and even with holding costs and rising land value, development potential is so high that a land lift and amenity contribution would be warranted.

7.0 AMENITY CHARGE POLICY AND GUIDELINES FOR CONTRIBUTIONS

Based on the analyses we have conducted in this Study plus discussions with the City of Richmond and a sample of developers, we offer the following comments and suggestions for a City amenity policy and guidelines for amenity contributions.

1) An amenity contribution policy should consider the needs of both the City (representing the public) and the development industry.

   a) City Aspirations and Views:

      i) Amenity contributions are needed to pay for neighbourhood amenities required by new residents.

      ii) Developers should take the lead in developing and funding amenities in the neighbourhoods they create.

      iii) The City is supportive of the development industry and wishes to create amenity guidelines that do not have an adverse impact on the viability of new development.

      iv) The City recognizes that there are applications for both cost recovery and land lift approaches determining desirable amounts of amenity contributions.

      v) With respect to the land lift approach, the City believes that amenity contributions should be based on an equitable approach for both the City and developers. Accordingly, the City wishes to consider splitting land lifts from rezoning on a 50%/50% basis. The City's share of the land lift would constitute the developer's amenity contribution.

      vi) The City wishes to create easily understood and administered contribution guidelines, and hence is attracted to the idea of City wide flat rate contributions.

b) Developer Perspectives:

i) Recognizing the trend of Lower Mainland municipalities to encourage developers to make voluntary contributions to neighbourhood amenities, the industry reluctantly recognizes that it will have to pay an amenity contribution in the City of Richmond.

ii) Developer's often view amenity contributions as a tax on development that must be passed on to housing consumers and therefore adversely impacts housing affordability.

iii) Developers will argue that the City does not understand the economics of development and therefore could propose unrealistic and too costly amenity guidelines that will impair new residential development in the City and adversely impact the affordability of housing.

iv) Developers believe that a City wide flat rate amenity cost is inequitable and unworkable as it does not reflect the differences between neighbourhoods with respect to location (west versus east) and the state of neighbourhood infrastructure or having to deal with airport noise mitigation measures.

v) Developers are concerned that the City, having formulated amenity contributions in a strong housing market, will not have the incentive or flexibility to adjust contribution rates to changing market conditions, i.e. to rates that would be supported in the falling part of the housing market cycle.

vi) Many developers would argue that a bonus density approach to obtaining amenities is a better way to encourage the development industry to develop neighbourhood amenities.

2) Having considered the views of both the City and development industry, G. P. Rollo & Associates has concluded:

   a) That an equitable plus easily understandable and administered amenity contribution can be set up in the City of Richmond. Such a system should be formulated through continuing dialogue between the City and the development industry.

   b) The City and development industry, through GVHBC and UDI, have been engaged in discussions regarding amenity contributions. Those discussions should become more focused on actual cases of proposed development so that both sides will obtain a better understanding of issues and the ability of the industry to pay amenity contributions.

   c) Towards that end, it is hoped that this Study could be used as a starting point for these more detailed discussions. The result of this more transparent process will be each side's greater understanding of the broader need for amenity contributions and the other's position on the subject. Flowing from this dialogue, we believe that City staff and Council will be able to formulate an amenity policy and contribution guidelines that best help to meet community needs and are as equitabe as possible.

3) G. P. Rollo & Associates recommends that the City give consideration to adopting the following policy on amenity contributions.

   "The City of Richmond supports the proposition that new development help to pay for neighbourhood community amenities. Towards that end, the City is seeking voluntary amenity contributions from developers on the basis that:

   a) Amenity contributions be based on the principle of sharing the land lift associated with rezoning.

   b) Flat rate amenity contributions should be established for single family and small (less than 20 unit) townhouse projects. However, developers should have recourse to request a proforma based approach to address situations where project costs, particularly those imposed by the City, are too onerous for the developer to pay and be able to support an amenity contribution.

c) Amenity contributions for all other residential rezonings should be based on a proforma approach.

4) With respect to actual guidelines for amenity contributions, we recommend that the City give consideration to the following:

a) For single family rezonings: should have an amenity contribution rate of $0.60 per sq.ft. of building area. Individual developers can then present arguments, based on proforma analyses to argue that the $0.60 per sq.ft. contribution is not justified and the City and developer will then negotiate an appropriate amenity contribution.

b) For townhouse rezonings:

i) An amenity contribution of $2 per sq.ft. of gross building area should be considered for smaller (under 20 unit) townhouse projects.

ii) All other townhouse projects should have amenity contributions determined by a proforma based approach.

c) Low Rise and High Rise Apartment Projects: amenity contributions for all apartment projects should be determined by a proforma based approach.

d) Amenity charges for commercial development

i) No amenity contributions are recommended for commercial rezonings.

ii) Further study is required before an amenity contribution for commercial development, inside and outside the core, can be recommended.

8.0 CONCLUSIONS

G. P. Rollo & Associates has been retained by the City of Richmond to examine the merits of adopting developer amenity contribution guidelines for new residential and commercial development.

1) Of the two approaches available, the land lift and the cost recovery methods, the land lift approach is considered to be the best approach for the City to adopt.

2) We have examined the economics of development for 10 rezoning proposals to determine what amounts of amenity contributions should be pursued by the City. Based on these analyses we have concluded:

   a) The City's proposal for amenity contributions of $0.60 per sq.ft. for residential rezonings and $6.37 per sq.ft. for multiple family and commercial rezoning is too high and could have an adverse impact on development throughout the City.

   b) City wide flat contribution rates are not appropriate to adopt. A more flexible system that uses a flat rates for single family and small (less than 20 unts) townhouse projects and proforma based approach to all other residential rezonings is more equitable for the City and development community and will allow for the creation of an efficient approval process. Where flat rates are used, they should be set low enough that they do not adversely impact new development and allow for downturns in the real estate cycle.

   c) In instances where flat rate amenity contributions cannot be agreed upon, contributions should be determined on a case by case basis. Towards that end, consideration should be given to obtaining 3rd party assistance in estimating land lift and determining appropriate amounts for amenity contributions.

   d) Recommended flat rates for single family and small townhouse projects are:

      i) For single family rezonings: $0.60 per sq.ft. of gross building area.

      ii) For small townhouse rezonings: $2 per sq.ft. of gross building area.

e) Amenity charges for commercial development: no amenity contribution should be required of commercial rezonings at this time. Further analysis of commercial projects, inside and outside the core are required before the issue of amenity contributions from commercial rezonings can be considered.

3) The City should continue to work with the development industry to ensure agreement on the City's amenity contribution policy and guidelines for amenity contributions. Towards that end, it is hoped that this Study will assist in those discussions.

Appendix A

Survey of Other Lower Mainland Jurisdictions

1. Density Bonusing Policy

	Existing Policy	Policy Method	Amenity Calculation	Amenities	Future Changes, Additional Comment
Burnaby	Council policy, Zoning bylaw	To be eligible, properties must be located in one of Burnaby's 4 town centres and be rezoned to a CDD. The amenity value provided must be equivalent in value to the increase in value attributable to the increase in FAR. Bonuses range from 0.1-0.4 FAR.	Pre-determined increases in FAR for each amenity, or negotiated bonus.	Eligible amenities for bonusing: underground parking, reduced site coverage, public plaza, public facilities (library, community centre, arts facility), public art, extraordinary public realm improvements, improvements to park land, environmental enhancements, child care facilities, affordable housing, or housing for people with physical or mental disabilities or victims of violence.	
Surrey	Council policy, Zoning bylaw	Used as a way to encourage the provision of Neighbourhood Concept Plan (NCP) amenity requirements. Maximum FAR is significantly lower if NCP amenities are *not* provided (e.g. 1u.p.s *vs.* 23u.p.a with amenity provision).		Heritage protection, and NCP Amenities (see over).	
Coquitlam	Council policy, Zoning bylaw	Available in RM zones (med-high density townhouse or apartments) and C4 zone (town centre commercial).	Bonus granted proportional to amenity provided.	Underground parking, employment-generating floor space, water feature, plaza. No public art, affordable housing, etc.	
Delta	No				The majority of development is infill and small scale, with limited opportunities for increased density or bonusing.
City of Langley	No				No plans for a policy in the near future. Limited density opportunities.
Township Langley	No				

1. Density Bonusing Policy

	Existing Policy	Policy Method	Amenity Calculation	Amenities	Future Changes, Additional Comment
City North Vancouver	Council policy, Zoning bylaw	Program includes density bonuses, transfers and floor area exclusions. No established limit on the amount of additional density that can be granted. Bonusing may only be approved through a rezoning process with a Public Hearing. Density transfers require a registered covenant on affected properties. The impact of traffic, height, views, use, etc. influences the amount of bonus granted. The amenity received must benefit the local neighbourhood. Cash-in-lieu provided is allocated to one of many reserve funds for the purpose. Council gives final approval on bonus negotiated between staff and developer.	Staff determine value of lift through a pro-forma or in-house appraisal, then determine an appropriate proportion of the lift - generally 50% - to be allocated to an amenity.	Standard: underground parking and reduced site coverage. Negotiated: adaptable design features, green building features, affordable housing, park or greenway, heritage preservation, extraordinary street or sidewalk enhancements, community spaces, payment-in-lieu.	This policy was reaffirmed after public consultation in 2005, with annual updates to Council expected.
District North Vancouver	Council policy, Zoning bylaw	A density-based Amenity Bonusing program: maximum allowable density is only granted with the provision of specified Community Development Objectives, which are determined by each neighbourhood and adopted in the OCP.	The amenity is provided, in-kind and/or cash "in support", at a negotiated value associated with the impact of the project on the neighbourhood.	Community Development Objectives: community space, retention/replacement of rental housing, affordable housing, architectural themes, heritage preservation, public space, etc.	
Port Coquitlam	Council policy, Zoning bylaw	Bonuses set within zoning bylaw and on an ad-hoc, negotiated basis. OCP, adopted in 2005, supports amenity bonusing through DP process.	Non-standard bonus negotiations based on economic analysis of project, provided by developer and approved by Staff.	Underground parking (increased FAR *and* lot coverage). Recently received first amenity-bonus application and negotiated a dedication of riparian area to City and $5,750 per extra unit allowed, which will be the first contribution to an Affordable Housing fund.	Staff would like to scrap/reduce current bonus for underground parking. Looking to expand current ad-hoc bonusing program into Council-adopted Amenity Zoning policy in 2007. Not a development climate for significant density at the moment, so City looking to secure amenities through negotiated, site-specific bonuses.
West Vancouver	Limited practice	Density bonuses "few and far between"; limited opportunities in certain new neighbourhoods, but multi-family residential projects are the minority.			Opportunities for density bonusing are limited because of impacts on views and significant opposition to large projects.
New Westminster	Council policy, Zoning bylaw	Only high-rise multi-family zones are eligible. The bonus granted (increased units-per-acre) is calculated relative to the amount/size of the provided amenity.		Underground parking, reduced site coverage, roofs suitably landscaped as useable open space, increased useable open space on-site.	Currently drafting policy guidelines for density bonusing, as the final tool in their Financing Growth strategy.
Vancouver	Council policy, Zoning bylaw	Extensive bonusing opportunities. Within zoning bylaw: "The DP Board or Director of Planning may relax any of the regulations of [particular zones] where it is satisfied that the relaxation will serve to accomplish certain social and community goals." Such a relaxation must consider the submission of any advisory group or interested party.		Underground parking, reduced site coverage, social or cultural facilities (covenant may be require to preserve facility in public domain), heritage sites, pedestrian amenities, strong overall design quality, plazas, etc. FAR exclusion provided for child care or recreational facilities, retention of existing buildings, bicycle storage, atria, rooftop gardens.	

2. Amenity Contribution Policy

	Policy or Practice	Policy Method	Amount Calculation	Specific Amount	Funds Managed	Amenities	Future Changes, Additional Comments
Burnaby	Infrequent practice	Occasionally acquire an amenity for very large projects, at rezoning stage.	Case-by-case basis, without great influence from Planners in the specific value provided.	Voluntary contribution, including bond to guarantee maintenance. Approximate value: $25-30,000	n/a	Public art, enhanced on-site features. No affordable housing, child care programs, etc.	
Surrey	Council policy	Neighbourhood Concept Plans (NCP) specify monetary contribution requirements for new neighbourhoods. Payable at Building Permit stage, or at Subdivision stage for single family or duplex zones.	Exact fee specified in each NCP, detailed in per-amenity charges. Increases annually by CPI. Total amenity requirement for each NCP is divided equally by each dwelling unit (non-residential equivalent to 4 units/acre).	Example NCP values: (Residential (per unit) / Non-residential (per acre)): Police Protection $57 / $227; Fire Protection $246 / $983; Park & Pathways $964 / n/a; Library Materials $127 / n/a; **Total Amenity Charge $1,394 / $1,210**		Police protection, fire protection, park and pathway development, and library materials.	
Coquitlam	Policy being considered	Considering securing amenities in two new, mixed-use, TOD zones (adopted in 2002): Urban Corridor and Transit Village.	Looking at various models: informal, case-by-case basis without guiding principals or more formal structure.	Not a flat fee, but rather, a value linked to the economic lift of the rezoning.		Would like to include day care, public realm, etc.	Staff would like to have a Council policy, but are aware of legal constraints. A guiding principal whereby Council will expect some contributions for applications in the relevant zones could work well.
Delta	No						No support for policy in near future.
City of Langley	No						Development climate not amenable.
Township Langley	Council policy, adopted 1998.	The Neighbourhood Plans Policy "capitalizes on voluntary contributions and facilitates growth consistent with community objectives."	Neogtiated amenity provsions, typically in-kind and on-site.				Limited impact due to small project scale.
City North Vancouver	Policy	There is a Public Art Reserve Fund to which developers are encouraged to voluntarily contribute 1% of construction value. All other amenities are acquired through the fairly broad density bonusing program.					

2. Amenity Contribution Policy

	Policy or Practice	Policy Method	Amount Calculation	Specific Amount	Funds Managed	Amenities	Future Changes, Additional Comments
District North Vancouver	Amenity bonuses	An amenity bonusing program, such as allowing DCC reduction/exemption for provision of rental units. Majority of amenities provided through Density Bonusing.					
Port Coquitlam	No						
West Vancouver	Policy being drafted	"Community Benefits" contribution would be collected at rezoning stage. Contribution will reflect the economic 'lift' from rezoning.	Pre-determined rates based on land use and neighbourhood, not negotiated with developers on a case-by-case basis. SF and duplex probably exempt.	Not yet determined	Creation of an Amenity Fund, managed by the District.	Community will identify a program or list of amenities that have "amenity status" for consideration during development negotiations.	An amenity contribution policy is particularly important because of limited opportunities for increased density and bonusing in West Vancouver.
New Westminster	Council policy, adopted May 2005	Acquired at rezoning or development variance permit stage. Council considers quality and value of proposed amenity before considering rezoning application. Amenities provided on/off-site or cash-in-lieu. Staff, consultant and applicant meet to discuss economic lift probable from rezoning; consultant established contribution value from this discussion, then staff and applicant continue application process alone and determine specific quality of contribution to be provided.	City retains a land-use economist to determine 'lift' associated with particular rezoning application. Currently a labour-intensive process. Fees negotiated, collected and amenities built are recorded in tracking system, ready to report to Council.	Have finalized 3 contributions since policy adoption, to a total of $4.5 million cash and in-kind amenities (including childcare space and non-market housing).	Single statutory reserve fund created for all fees (DCC, density bonusing, amenity contributions); funds must be spent on amenity provision, not programs or facilities unrelated to growth-fueled amenity requirements. Amenities are owned by public body or secured through a covenant in perpetuity, or at least for the life of the structure. Considering fee breakdown per amenity, in which case a reserve fund may be created for the provision of each amenity.	Public Benefits Team (varied municipal staff) determine potential amenities: park improvements, public art, childcare facilities, non-market housing, heritage conservation, community facilities. Contributions are not used to acquire amenities otherwise provided by the private market, DCCs, or local/senior government investments and maintenance.	Program is half implemented at the moment. Working on an expedited approach to calculating amenity fee, so that consultant does not have to be retained to calculate lift on every application. End result will be major applications that require case-by-case fee analysis, and standard applications that pay set fees. Council expressed interest in an Amenity policy in 2004. Council approved staff-prepared report in May 2005 (the report is available on-line).
Vancouver	Council policy, adopted 1999	Community Amenity Contribution (CAC) policy implemented at rezoning stage. Payment as cash or as in-kind amenity with associated operating funds. Administration of the broader "Financing Growth", which includes DCC and CAC, retains one exclusive full-time staff position. Payable before rezoning enactment or before BP issuance if no-development covenant is issued at rezoning stage.	City-wide CAC fee, and several exempt areas that pay their own area-specific fees (had their own public benefit fees established before CAC). CAC calculation considers population projection of neighbourhood (not individual project).	Standard rezoning charged flat CAC rate of $3/ft^2 on net increase of allowable floor space. Non-standard rezonings provide negotiated CAC: Large sites (2+ acres; 1+ acre in Neighbourhood Centre), Downtown, or Change of use from Industrial to residential.	Single CAC fund, generally spent on capital expenses but may be used for operating costs.	Amenities should serve the immediate neighbourhood from which they are provided, be growth related or address a neighbourhood deficiency, be operationally viable, be proportional in value to the donor development, and reflect community input.	Vancouver's Charter allows the city powers of authority not available to other municipalities. nb. Vancouver's DCCs pay for childcare and affordable housing in addition to engineering utilities and parks.

Appendix B – Case Study #1

Amenity Contributions For:
Existing Single Family to Two Single Family Lots

With an Existing Lane That Has Already Been Developed

CITY OF RICHMOND
INTERIM AMENITY POLICY

CASE STUDY 1

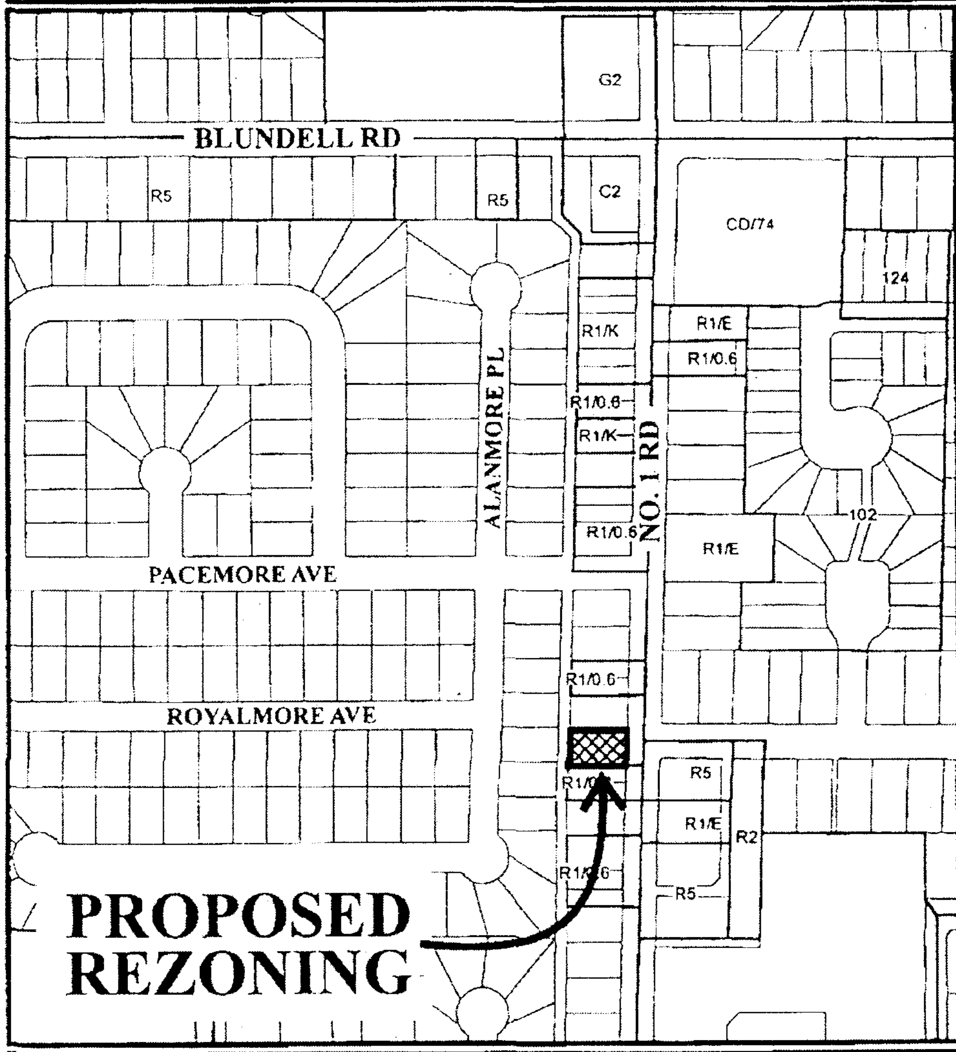
Type of Application:	Rezoning Application
Form of Development:	Existing single-family to two single-family lots on an arterial road with existing lane that has already been developed
File Numbers:	RZ 05-318252; SD 05-318258; BP 06-333593; BP 06-333592; etc.
Address:	8331 No. 1 Road (original and new address) 8335 No. 1 Road (additional new address)
Location:	Seafair Neighbourhood

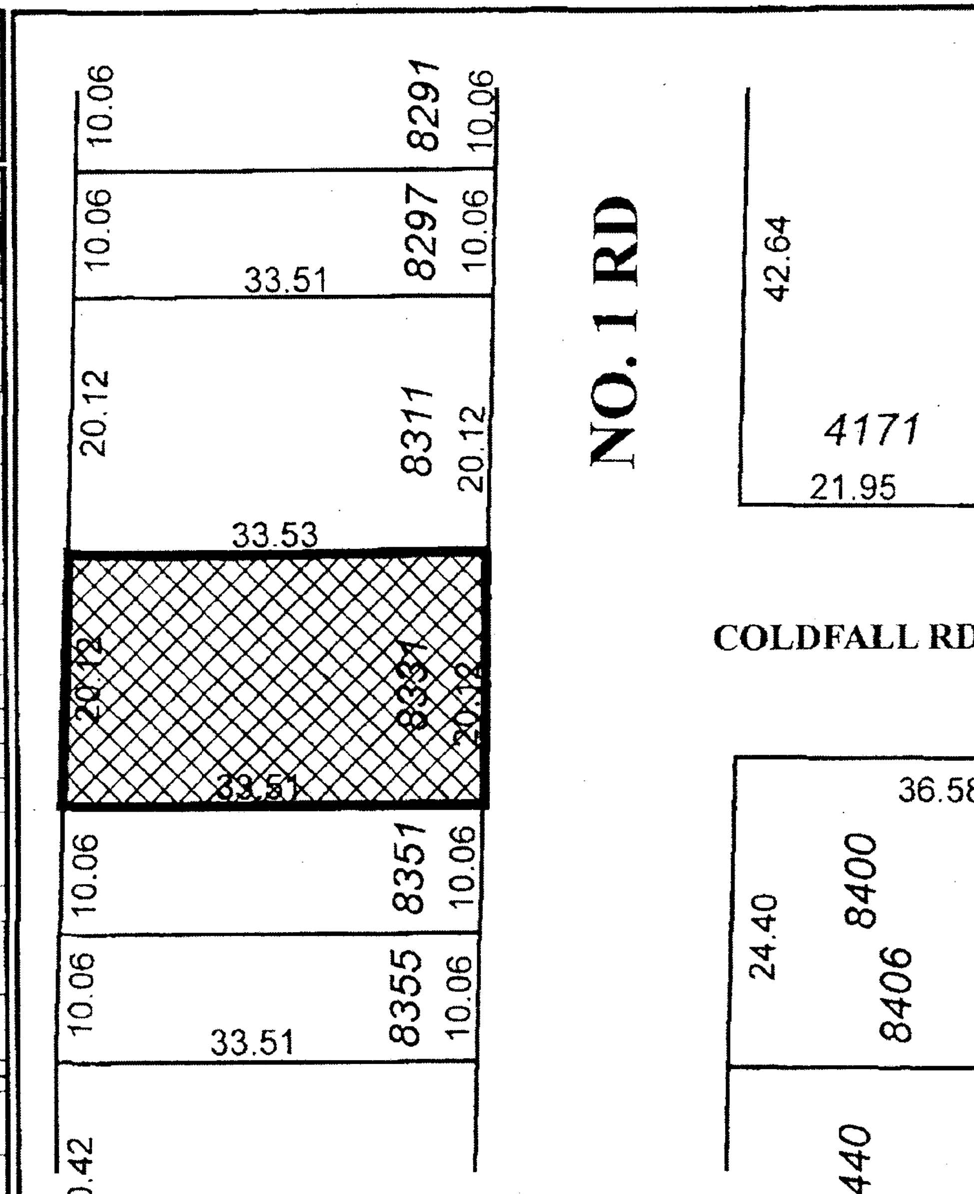
	Before Development	**After Development**
Gross Site Area:	674 m^2	2 lots x 337 m^2
Land Dedication:	0 m^2	0 m^2
Net Site:	674 m^2	2 x 337 m^2
Floor Area Ratio (FAR):	0.55	0.60
Building Area Allowed:	371 m^2	2 x 202 m^2
Site Coverage:	45%	50%
Permitted Uses:	One family dwelling, with boarding & lodging and home occupation	One family dwelling, with boarding & lodging and home occupation on each lot
Parking Required:	2 spaces per one dwelling unit	2 spaces per each dwelling unit (4 in total)
Permitted Height:	2.5 stories	2.5 stories
City's Rezoning Costs (RZ):	$0	$3,000
City's Development Permit Costs (DP):	$0	$0
City's Subdivision Costs (SD):	$0	$28,665
City's Building Permit Costs (BP):	$2,700 estimated	$5,400
City's Servicing Agreement Costs (SA):	$0	$0
City's Development Cost Charge		$23,430
Approval Time:	1 month (BP only)	6 months (RZ to BP)
Assessed Value:	$314,200 (in 2005)	$367,200 (in 2006) – 8331 No. 1 Road only

Notes:	Fast Track application. No amenity contribution. Primary subdivision cost is Neighbourhood Improvement Charge for lane upgrading. Typical of many applications on arterial roads.

Case Study 1

City of Richmond





RZ 05-318252

Original Date: 12/05/05

Revision Date:

Note: Dimensions are in METRES

CASE #1 - REZONE 1 SINGLE FAMILY LOT INTO 2 SMALLER SINGLE FAMILY LOTS

1.0 Underlying Assumptions

1.1 Development Characteristics

Site Area:	7,252	sq.ft.
FAR	0.55	
Road Dedication	0.00	
Net Developable Area	7,252	
Maximum Gross Building Area	3,989	sq.ft.
Number of Homes	2	
Average Sized Home	1,994	sq.ft.

Lot Type	Number	Size (sq.ft.)	Average Home Price	Gross $'s	Sales Comm. %	Net $'s
Typical House	2	1,994	690,000	1,380,000	13,800	1,366,200
Other	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total	2			1,380,000	13,800	1,366,200

1.2 Marketing Assumptions

Selling Period, Months	2.00	months
% Presales	0.00%	

1.3 Construction Cost Assumptions

Off Site Costs	0	
On Site Servicing Cost/Lot (demo, clearing, etc.)	10,000	
Other On Site Costs	0	
Hard Construction Cost Per Sq.Ft.	135	
City's rezoning costs	3,150	
City's development permit costs	0	
City's subdivision costs	28,665	
City's building permit costs	5,670	
City's servicing agreement costs	0	
City's DCC's	23,430	
Rezoning Time	6	months
Construction Time	6	months

1.4 Financing Assumptions

Land Loan, Loan to Value Ratio	50.00	%
Land Loan, Interest Rate	8.00	%
Constuction Loan, Loan to Cost Ratio	75.00	%
Construction Loan, Interest Rate	8.00	%

1.5 Interest on Equity (opportunity cost of equity) 10.00 %

2.0 Project Value and Costs						
2.1 Value on Completion						
Gross Sales Income				1,380,000		
Less Commissions				13,800		
Net Sales Income					1,366,200	
2.2 Construction + Development Costs						
2.2.1 Land		Price/Lot	# Lots			
Purchase Price		223,300	2	446,600		
Property Transfer Tax				6,932		
Other Closing Costs				50,000		
Total Land Cost					503,532	
2.2.2 Construction Costs						
Offsite Costs				0		
On Site Servicing Cost/Lot (demo, clearing, etc.)				20,000		
Other On Site Costs				0		
House Construction				538,479		
Contingency @		0 %		0		
Total Construction Cost					558,479	
2.2.3 Development Costs						
Professional fees		2.50 %		12,588		
Construction Project Management		0.00 %		0		
Development Project Management		0.00 %		0		
Legal (Cost per Lot)		1,000		2,000		
Finance Fee (% Project Costs)		0.50 %		6,210		
Survey				1,500		
Accounting				1,000		
Advertising/Promotion/Show Home				5,000		
City's rezoning costs				3,150		
City's development permit costs				0		
City's subdivision costs				28,665		
City's building permit costs				5,670		
City's servicing agreement costs				0		
City's DCC's				23,430		
GVRD Sewer DCC				590		
New Home Warranty		2,000		4,000		
Utilities During Construction				1,500		
Property Taxes		3.18	tax rate	1,732		
Corporate Overhead (% Project Cost)		0.00 %		0		
Miscellanous Development Costs		0.00 %		0		
Contingency		5.00 %		4,852		
Total Development Costs					101,887	
2.2.4 Interest Costs						
Interest Cost, Equity Investment	Included? Y/N	y		32,090		
Interest Cost, Land Financing				34,408		
Interest Cost, Construction Financing				11,556		
Total Interest Costs					78,054	
2.2.5 Total Project Costs					1,241,952	0
3.0 Profit on Project Costs						
Profit - $'s					124,248	
Profit - % Project Cost					10.00 %	
4.0 Return to Equity Investment						
Total Profit					124,248	
		% Equity	$ Cost	$ Equity		
Equity - Land		50.00	503,532	251,766		
Construction+development (soft) costs		25.00	738,420	184,605		
Equity - Total					436,371	
Return to Equity Investment					28.47 %	

Appendix C – Case Study #2

Amenity Contributions For:
Proposed Single Family to Seven Single Family Lots

Where A New Road is Required to Service the Lots That Are in Proposal Stage

CITY OF RICHMOND
INTERIM AMENITY POLICY

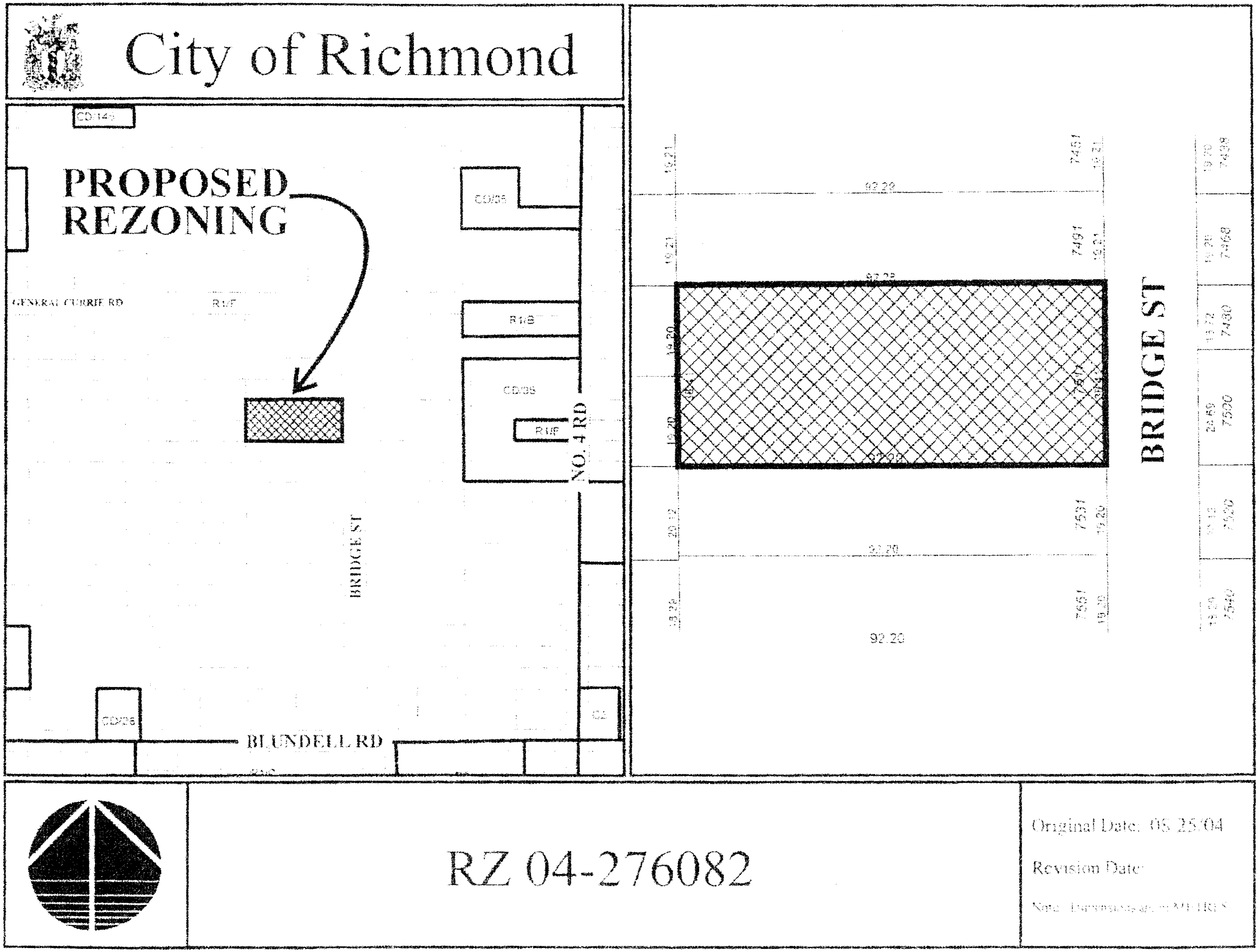
CASE STUDY 2

Type of Application:	Rezoning Application
Form of Development:	Proposed single-family to seven single-family lots where a new road is required to service the lots that is still at the proposal stage
File Numbers:	RZ 04-276082; SD 04-276084
Address:	7511 Bridge Street
Location:	South McLennan

	Before Development	**After Development**
Gross Site Area:	3,569 m^2	3,569 m^2
Land Dedication:	0 m^2	1,132 m^2
Net Site:	3,569 m^2	7 x 320 m^2 (approximately)
Floor Area Ratio (FAR):	0.55	0.55
Building Area Allowed:	1,963 m^2	176 m^2 (approximately)
Site Coverage:	45%	45%
Permitted Uses:	One family dwelling, with boarding & lodging and home occupation	One family dwelling, with boarding & lodging and home occupation on each lot
Parking Required:	2 spaces per one dwelling unit	2 spaces per each dwelling unit (14 in total)
Permitted Height:	2.5 stories	2.5 stories
City's Rezoning Costs (RZ):	$0	$2,000
City's Development Permit Costs (DP):	$0	$0
City's Subdivision Costs (SD):	$0	$43,500 estimated
City's Building Permit Costs (BP):	$2,675 estimated	$18,000 estimated
City's Servicing Agreement Costs (SA):	$0	$220,000 estimated
City's Development Cost Charges		$164,000
Approval Time:	1 month (BP only)	30 months estimated (RZ to BP)
Assessed Value:	$473,600 (in 2004)	$964,000 (in 2006)

Notes:	There is the potential for a Latecomer Agreement on a portion of subdivision (DCC) costs. Application has been delayed because the applicant wanted the City to reimburse him for some of the road dedication and construction costs.

Case Study 2



City of Richmond
PROPOSED
REZONING
GENERAL CURRIE RD
BRIDGE ST
NO. 4 RD
BLUNDELL RD
CD/14
CD/35
R1/B
CD/35
R1/F
R1/F
CD/26
7451
7491
7531
7561
7438
7468
7480
7500
7520
7540
92.20
BRIDGE ST
RZ 04-276082
Original Date: 05/25/04
Revision Date:

CASE #2 - REZONE LARGE SINGLE FAMILY LOT INTO 7 SMALLER SINGLE FAMILY LOTS

1.0 Underlying Assumptions

1.1 Development Characteristics

Site Area:	38,418	sq.ft.
FAR	0.55	
Road Dedication	12,185	
Net Developable Area	26,233	
Maximum Gross Building Area	14,428	sq.ft.
Number of Homes	7	
Average Sized Home	2,061	sq.ft.

Lot Type	Number	Size (sq.ft.)	Average Home Price	Gross $'s	Sales Comm. % = 3.00	Net $'s
Typical House	7	2,061	660,000	4,620,000	133,000	4,487,000
Other	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total	7			4,620,000	133,000	4,487,000

1.2 Marketing Assumptions

Selling Period, Months	3.00	months
% Presales	0.00%	

1.3 Construction Cost Assumptions

Off Site Costs		0	
On Site Servicing Cost/Lot		7,000	
Other On Site Costs		0	
Construction Cost Per Sq.Ft.		135	
City's rezoning costs		2,100	
City's development permit costs		0	
City's subdivision costs		43,500	
City's building permit costs	64,071	18,900	
City's servicing agreement costs		220,000	
City DCC's		164,000	
Rezoning Time		30	months
Construction Time		6	months

1.4 Financing Assumptions

Land Loan, Loan to Value Ratio	50.00	%
Land Loan, Interest Rate	8.00	%
Constuction Loan, Loan to Cost Ratio	75.00	%
Construction Loan, Interest Rate	8.00	%

1.5 Interest on Equity (opportunity cost of equity) 10.00 %

2.0 Project Value and Costs					
2.1 Value on Completion					
Gross Sales Income				4,620,000	
Less Commissions				133,000	
Net Sales Income					4,487,000
2.2 Construction + Development Costs					
2.2.1 Land		**Price/Lot**	**# Lots**		
Purchase Price		139,200	7	974,400	
Property Transfer Tax				17,488	
Other Closing Costs				50,000	
Total Land Cost					1,041,888
2.2.2 Construction Costs					
Offsite Costs				0	
On Site Servicing Costs				49,000	
Other On Site Costs				0	
House Construction				1,947,773	
Contingency @		0 %		0	
Total Construction Cost					1,996,773
2.2.3 Development Costs					
Professional fees		2.50 %		26,047	
Construction Project Management		0.00 %		0	
Development Project Management		0.00 %		0	
Legal (Cost per Lot)		1,000		7,000	
New Home Warranty		2,000		14,000	
Finance Fee (% Project Costs)		1.00 %		40,790	
Survey				5,000	
Accounting				2,500	
Advertising/Promotion/Show Home				15,000	
City's rezoning costs				2,100	
City's development permit costs				0	
City's subdivision costs				43,500	
City's building permit costs				18,900	
City's servicing agreement costs				220,000	
City DCC's				164,000	
GVRD Sewer DCC				3,540	
Utilities During Construction				8,000	
Property Taxes		3.18 tax rate		10,339	
Corporate Overhead (% Project Cost)		1.00 %		40,790	
Miscellanous Development Costs		0.00 %		0	
Contingency		5.00 %		31,075	
Total Development Costs					652,580
2.2.4 Interest Costs					
Interest Cost, Equity Investment	**Included? Y/N**	y		183,493	
Interest Cost, Land Financing				154,547	
Interest Cost, Construction Financing				49,675	
Total Interest Costs					387,715
2.2.5 Total Project Costs					4,078,956
3.0 Profit on Project Costs					
Profit - $'s					408,044
Profit - % Project Cost					10.00 %
4.0 Return to Equity Investment					
Total Profit					408,044
		% Equity	$ Cost	$ Equity	
Equity - Land		50.00	1,041,888	520,944	
Construction+development (soft) costs		25.00	3,037,068	759,267	
Equity - Total					1,280,211
Return to Equity Investment					31.87 %

Appendix D – Case Study #3

Amenity Contributions For:
Existing Single Family to Townhouse @ 0.65 FAR

On An Arterial Road That is Still in the Process of Being Developed

CITY OF RICHMOND
INTERIM AMENITY POLICY

CASE STUDY 3

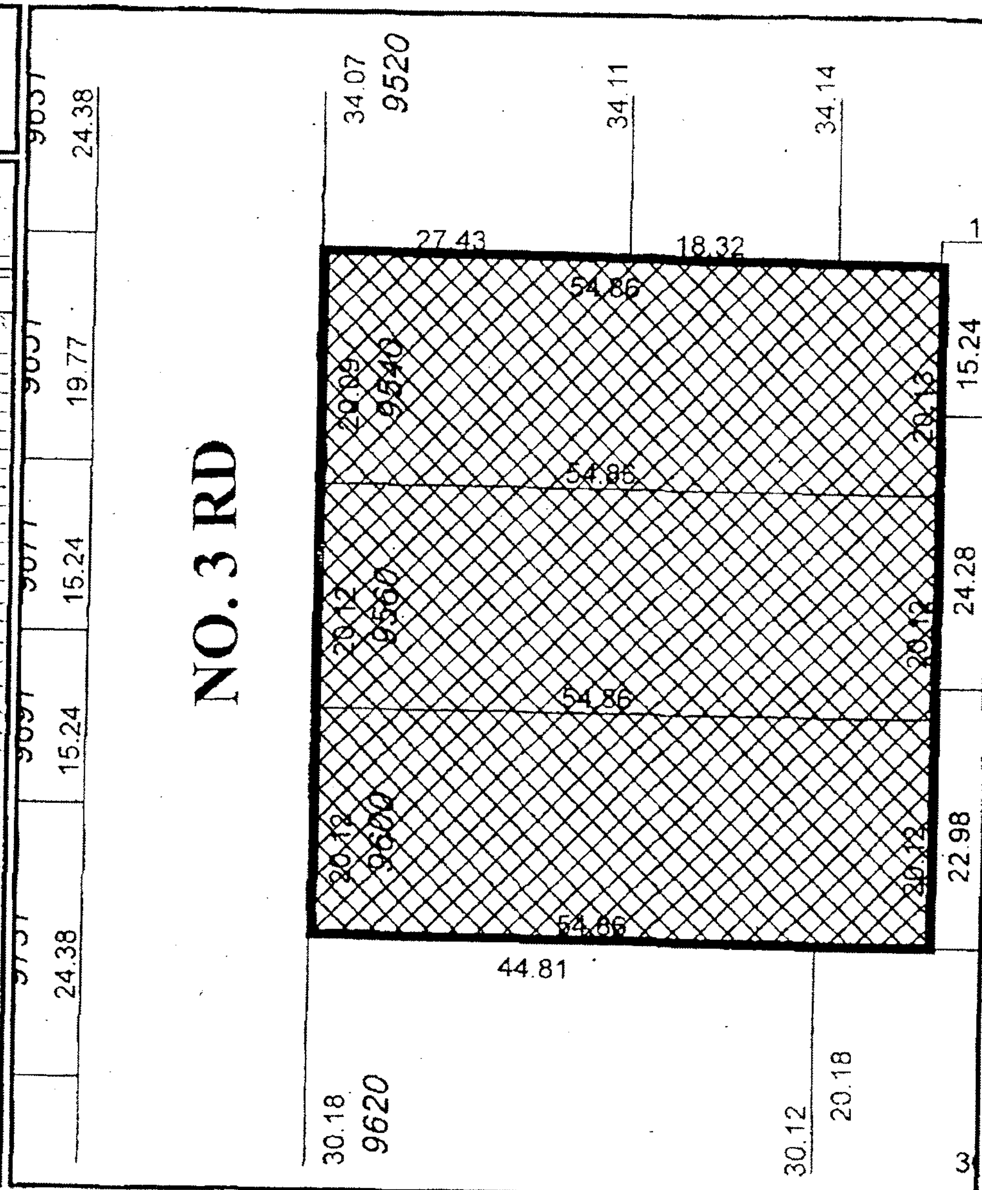
Type of Application:	Rezoning Application
Form of Development:	Existing single-family to townhouse at a 0.65 FAR on an arterial road that is in the process of being developed
File Numbers:	RZ 04-271652; DP 05-293519; SA 05-315487; BP 05-314938; etc.
Address:	9600 No. 3 Road (original and new consolidated address) 9540, 9560, 9600 No. 3 Road (old addresses)
Location:	Broadmoor Neighbourhood

	Before Development	**After Development**
Gross Site Area:	1,102 m^2, 1,103 m^2 and 1,103 m^2	3,308 m^2
Land Dedication:	0 m^2	0 m^2
Net Site:	1,102 m^2, 1,103 m^2 and 1,103 m^2	3,308 m^2
Floor Area Ratio (FAR):	0.55	0.65
Building Area Allowed:	606 m^2 on each lot	2,150 m^2
Site Coverage:	45%	42%
Permitted Uses:	One family dwelling, with boarding & lodging and home occupation on each lot	Townhouses, with boarding & lodging and home occupation in each dwelling unit (16 in total)
Parking Required:	2 spaces per each dwelling unit (6 in total)	1.7 spaces per each dwelling unit (31 required; 36 provided)
Permitted Height:	2.5 stories	3 stories
City's Rezoning Costs (RZ):	$0	$18,360
City's Development Permit Costs (DP):	$0	$4,020
City's Subdivision Costs (SD):	$0	$0
City's Building Permit Costs (BP):	$9,000 estimated (3 houses)	$39,545
City's Servicing Agreement Costs (SA):	$0	$29,535
City's Development Cost Charges		$301,050
Approval Time (RZ to BP):	1 month (BP only)	17 months (RZ to BP)
Assessed Value:	$1,111,200 (in 2005) total for all 3 existing lots	$1,604,000 (in 2006) for land only on consolidated 9600 No. 3 Road

Notes:	No amenity contribution received. Primary rezoning cost was contribution in lieu of indoor amenity space. No road or lane dedication required. Typical development on an arterial road.

Case Study 3

City of Richmond



RZ 04-271652

Original Date: 06/11/04

Revision Date: 09/29/04

Note: Dimensions are in METRES

CASE #3 - REZONE 3 SINGLE FAMILY LOTS FOR 16 TOWNHOUSE UNITS

1.0 Underlying Assumptions

1.1 Development Characteristics

Site Area:	35,594 sq ft
Floor Space Ratio	0.65
Maximum Gross Building Area	23,136 sq ft
Building Efficiency	100 %
Saleable Area	23,136 sq ft
Parking Rqmt, spaces per unit	2.00

Unit Type	Number	Size	Total Sq.Ft.	Price/ Sq.Ft.	Price/ Unit	Gross $'s	GST Rebate 0.00	Sales Comm.%= 3.00	Net Sales Income
Other	0	0	0	0	0	0	0	0	0
Average Unit	16	1,446	23,136	345	498,873	7,981,972	0	239,459	7,742,513
Other	0	0	0	0	0	0	0	0	0
Total	16		23,136			7,981,972	0	239,459	7,742,513

1.2 Marketing Assumptions

Selling Period, Months	4.00 months
% Presales	0.00%

1.3 Construction Cost Assumptions

Off Site Costs	0
On Site Costs (demolition, site prep, landscaping)	50,000
Construction Cost/Sq.Ft	130.00
Parking Stalls Required	32
Furniture and Equipment	0
Landscaping, signage, lighting	5,000
Construction Cost/Stall	0
City's rezoning costs	19,278
City's development permit costs	4,221
City's subdivision costs	0
City's building permit costs	41,522
City's servicing agreement costs	32,489
City's DCC Costs	301,050
Rezoning Time	17 months
Construction Time	6 months

1.4 Financing Assumptions

Land Loan, Loan to Value Ratio	50.00 %
Land Loan, Interest Rate	8.00 %
Constuction Loan, Loan to Cost Ratio	75.00 %
Construction Loan, Interest Rate	8.00 %

1.5 Interest on Equity (opportunity cost of equity) 10.00 %

	Per Unit	Per SF Land	PER GBA		
2.0 Project Value and Costs					
2.1 Value on Completion					
Gross Sales Income				7,981,972	
Less Commissions+GST				239,459	
Net Sales Income					7,742,513
2.2 Construction + Development Costs					
2.2.1 Land	**Per Unit**	**Land**	**PER GBA**		
Purchase Price	132,000	59.34	91.29	2,112,000	
Property Transfer Tax				40,240	
Other Closing Costs (environmental assessment, conveyancing, pty tax, legal, etc.)				25,000	
Total Land Cost					2,177,240
2.2.2 Construction Costs					
Offsite Costs				0	
On Site Costs				50,000	
Building				3,007,700	
Parking				0	
Furniture and Equipment				0	
Landscaping, signage, lighting				5,000	
Contingency (% construction costs)		0.00 %		0	
Total Construction Cost					3,062,700
2.2.3 Development Costs					
A/E (architects+engineers)		4.00 %		122,508	
Other Consultants		0.50 %		15,313	
Construction Project Management		1.00 %		30,627	
Development Project Management		0.90 %		62,219	
Legal (Cost per Unit)		1,000 per unit		16,000	
Finance Fee (% Project Costs)		0.50 %		34,566	
Advertising/Promotion/Show Suite				159,639	
Furniture, Recreation and Other Equipment				0	
Sewer DCC		590 per unit		9,440	
Insurance				30,000	
New Home Warranty, Homeowner Protection		2,000 per unit		32,000	
After Construction Customer Service		500 per unit		8,000	
Research and Appraisal				8,000	
Survey, accounting				7,000	
Development and Building Permit Fees				29,318	
Rezoning-consultants				25,000	
City's rezoning costs				19,278	
City's development permit costs				4,221	
City's subdivision costs				0	
City's building permit costs				39,545	
City's servicing agreement costs				32,489	
City DCC's				301,050	
GVRD Sewer DCC				9,440	
Post Construction Strata Fee, Utilities				10,000	
Utilities During Construction				2,000	
Corporate Overhead		1.00 %		69,132	
Property Taxes		3.18 tax rate		14,424	
Miscellanous Development Costs		0.00 %		0	
Contingency (%development costs)		5.00 %		54,560	
Total Development Costs					1,145,769
2.2.4 Interest Costs					
Interest Cost, Equity Investment	**Included? Y/N**	y		261,866	
Interest Cost, Land Financing				181,437	
Interest Cost, Construction Financing				84,169	
Total Interest Costs					527,472
2.2.5 Total Project Costs					6,913,181
3.0 Profit					
Profit - $'s					829,332
Profit - % of Project Cost					12.00 %
4.0 Return to Equity Investment					
4.1 Total Profit					829,332
4.2 Equity Investment			% Equity	$ Cost	$ Equity
Land			50.00	2,177,240	1,088,620
Construction+development (soft) costs			25.00	4,735,941	1,183,985
Total					2,272,605
4.3 Return to Equity Investment					36.49 %

Appendix E – Case Study #4

Amenity Contributions For:
Proposed Single Family to Townhouse @ 0.65 FAR

Still at the Pre-Application Proposal Stage in the West Cambie Area

CITY OF RICHMOND
INTERIM AMENITY POLICY

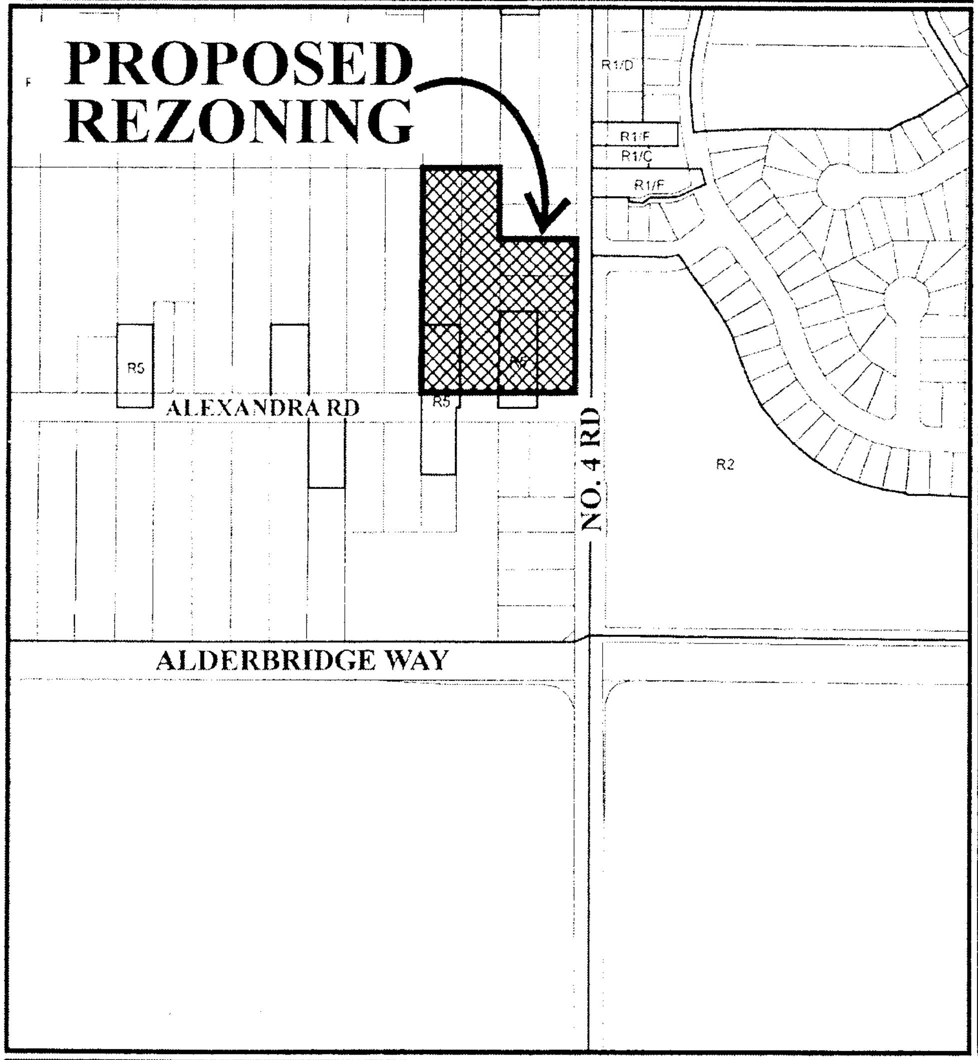
CASE STUDY 4

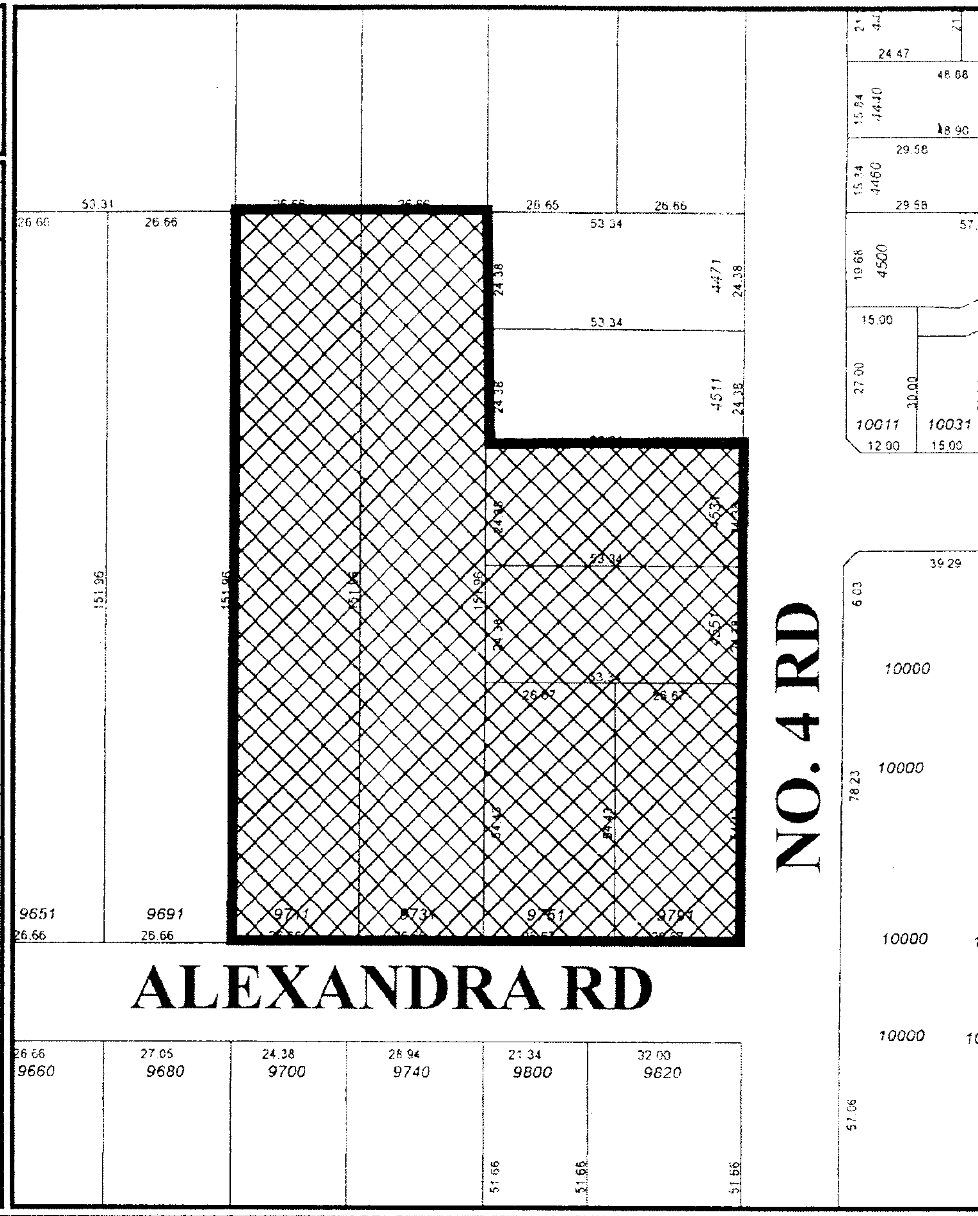
Type of Application:	Rezoning Application
Form of Development:	Proposed single-family to townhouse at a 0.65 FAR that is still in the pre-application proposal stage in the West Cambie area and that assumes the full proposed amenity contribution
File Numbers:	None
Address:	9711, 9731, 9751, 9791 Alexandra Road and 4531, 4551 No. 4 Road
Location:	West Cambie (Alexandra Neighbourhood)

	Before Development	**After Development**
Gross Site Area:	1,299 m^2 to 4,047 m^2 13,593 m^2 total	11,673 m^2 (residual 1,920 m^2 assumed to be purchased by adjacent development)
Land Dedication:	0 m^2	2,319 m^2 estimated
Net Site:	1,299 m^2 to 4,047 m^2 13,593 m^2 total	9,354 m^2
Floor Area Ratio (FAR):	0.55	0.65 (no 0.1 density bonus for affordable housing)
Building Area Allowed:	715 m^2 to 2,225 m^2	6,080 m^2
Site Coverage:	45%	40%
Permitted Uses:	One family dwelling, with boarding & lodging and home occupation on each lot	Townhouses, with boarding & lodging and home occupation in each dwelling unit (estimated 49 @ 125 m^2)
Parking Required:	2 spaces per each dwelling unit (12 in total)	1.7 spaces per each dwelling unit (84 required; 108 provided)
Permitted Height:	2.5 stories	3 stories
City's Rezoning Costs (RZ):	$0	$3,820 estimated
City's Development Permit Costs (DP):	$0	$5,000 estimated
City's Subdivision Costs (SD):	$0	$0
City's Building Permit Costs (BP):	$18,000 estimated (6 houses)	$85,460 estimated
City's Servicing Agreement Costs (SA):	$0	$95,715 estimated
City's Development Cost Charges		$1,306,360
Approval Time (RZ to BP):	1 month (BP only)	18 months estimated (RZ to BP)
Assessed Value:	$2,443,200 (in 2004) total for all 6 existing lots	To be determined

Notes:	UDI has indicated that it costs an additional $8 - $10 per sq. ft. for airport mitigation measures in the Alexandra Neighbourhood that are not included in the above-noted costs. If the applicant took advantage of the 0.1 density bonus and provided some affordable housing, the rezoning costs would drop to an estimated $126,200.

City of Richmond





Pending RZ Application

Original Date: 07/12/06

Revision Date:

Note: Dimensions are in METRES

Case Study 4

CASE #4 - REZONE 6 SINGLE FAMILY LOTS FOR 49 TOWNHOUSE UNITS

1.0 Underlying Assumptions

1.1 Development Characteristics

Site Area	100,688	sq.ft.
Floor Space Ratio	0.65	
Maximum Gross Building Area	65,447	sq.ft.
Building Efficiency	100	%
Saleable Area	65,447	sq.ft
Parking Rqmt, spaces per unit	2.00	

Unit Type	Number	Size	Total Sq.Ft.	Price/ Sq.Ft.	Price/ Unit	Gross $'s	GST Rebate 0.00	Sales Comm.%= 4.00	Net Sales Income
Other	0	0	0	0	0	0	0	0	0
Average Unit	49	1,336	65,447	345	460,802	22,579,284	0	903,171	21,676,113
Other	0	0	0	0	0	0	0	0	0
Total	49		65,447			22,579,284	0	903,171	21,676,113

1.2 Marketing Assumptions

Selling Period, Months	8.00	months
% Presales	0.00%	

1.3 Construction Cost Assumptions

Off Site Costs	0	
On Site Costs (demolition, site prep, landscaping)	100,000	
Construction Cost/Sq.Ft.	130.00	
Parking Stalls Required	98	
Furniture and Equipment	25,000	
Landscaping, signage, lighting	10,000	
Construction Cost/Stall	0	
City's rezoning costs	4,011	
City's development permit costs	5,250	
City's subdivision costs	0	
City's building permit costs	89,922	
City's servicing agreement costs	95,715	
City DCC's	1,306,360	
Rezoning Time	18	months
Construction Time	12	months

1.4 Financing Assumptions

Land Loan, Loan to Value Ratio	50.00	%
Land Loan, Interest Rate	8.00	%
Constuction Loan, Loan to Cost Ratio	75.00	%
Construction Loan, Interest Rate	8.00	%

1.5 Interest on Equity (opportunity cost of equity) 10.00 %

	Per Unit	Per SF Land	PER GBA		
2.0 Project Value and Costs					
2.1 Value on Completion					
Gross Sales Income				22,579,284	
Less Commissions+GST				903,171	
Net Sales Income					21,676,113
2.2 Construction + Development Costs					
2.2.1 Land					
Purchase Price	93,175	45.34	69.76	4,565,575	
Property Transfer Tax				89,312	
Other Closing Costs (environmental assessment, conveyancing, pty tax, legal, etc.)				75,000	
Total Land Cost					4,729,887
2.2.2 Construction Costs					
Offsite Costs				0	
On Site Costs				100,000	
Building				8,508,136	
Parking				0	
Front end infrastructure costs (net of DCC credits)				209,109	
Furniture and Equipment				25,000	
Landscaping, signage, lighting				10,000	
Contingency (% construction costs)		0.00 %		0	
Total Construction Cost					8,852,245
2.2.3 Development Costs					
A/E (architects+engineers)		4.50 %		398,351	
Other Consultants		0.50 %		44,261	
Construction Project Management		1.00 %		88,522	
Development Project Management		1.00 %		193,530	
Legal (Cost per Unit)		1,000 per unit		49,000	
Finance Fee (% Project Costs)		0.80 %		154,824	
Advertising/Promotion/Show Suite				451,586	
Furniture, Recreation and Other Equipment				25,000	
Sewer DCC		590 per unit		28,910	
Insurance				50,000	
New Home Warranty, Homeowner Protection		2,000 per unit		98,000	
After Construction Customer Service		1,000 per unit		49,000	
Research and Appraisal				10,000	
Survey, accounting				15,000	
Development and Building Permit Fees				45,988	
Rezoning-consultants				50,000	
City's rezoning costs				4,011	
City's development permit costs				5,250	
City's subdivision costs				0	
City's building permit costs				89,922	
City's servicing agreement costs				95,715	
City DCC's				1,306,360	
Post Construction Strata Fee, Utilities				70,000	
Utilities During Construction				6,000	
Corporate Overhead		1.50 %		290,295	
Property Taxes		3.18 tax rate		42,616	
Miscellanous Development Costs		0.00 %		0	
Contingency (%development costs)		5.00 %		183,107	
Total Development Costs					3,845,250
2.2.4 Interest Costs	Included? Y/N				
Interest Cost, Equity Investment		y		881,692	
Interest Cost, Land Financing				536,054	
Interest Cost, Construction Financing				507,900	
Total Interest Costs					1,925,646
2.2.5 Total Project Costs					19,353,027
3.0 Profit					
Profit - $'s					2,323,085
Profit - % of Project Cost					12.00 %
4.0 Return to Equity Investment					
4.1 Total Profit					2,323,085
4.2 Equity Investment			% Equity	$ Cost	$ Equity
Land			50.00	4,729,887	2,364,943
Construction+development (soft) costs			25.00	14,623,141	3,655,785
Total					6,020,728
4.3 Return to Equity Investment					38.58 %

Appendix F – Case Study #5

Amenity Contributions For:
Existing Single Family to apartment @ 1.5 FAR

Where a New Road Was Required That Is
In The Process of Being Developed

CITY OF RICHMOND
INTERIM AMENITY POLICY

CASE STUDY 5

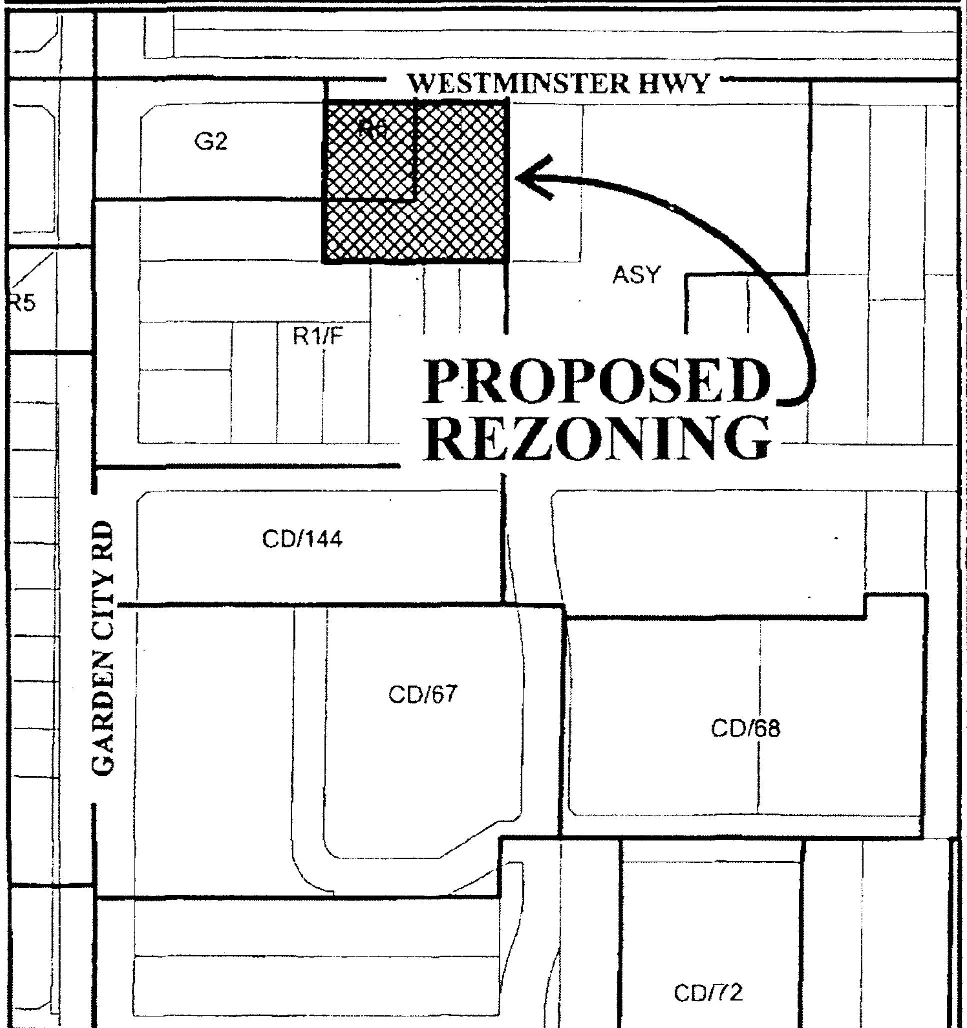
Type of Application:	Rezoning Application
Form of Development:	Existing single-family to apartment at a 1.75 FAR where a new road was required that is in the process of being developed
File Numbers:	RZ 04-287217; DP 05-292001; SA 05-295366; BP 05-305503; etc.
Address:	6033 Katsura Street (new address) 9180/9186, 9200, 9220 Westminster Highway (old address)
Location:	North McLennan Neighbourhood

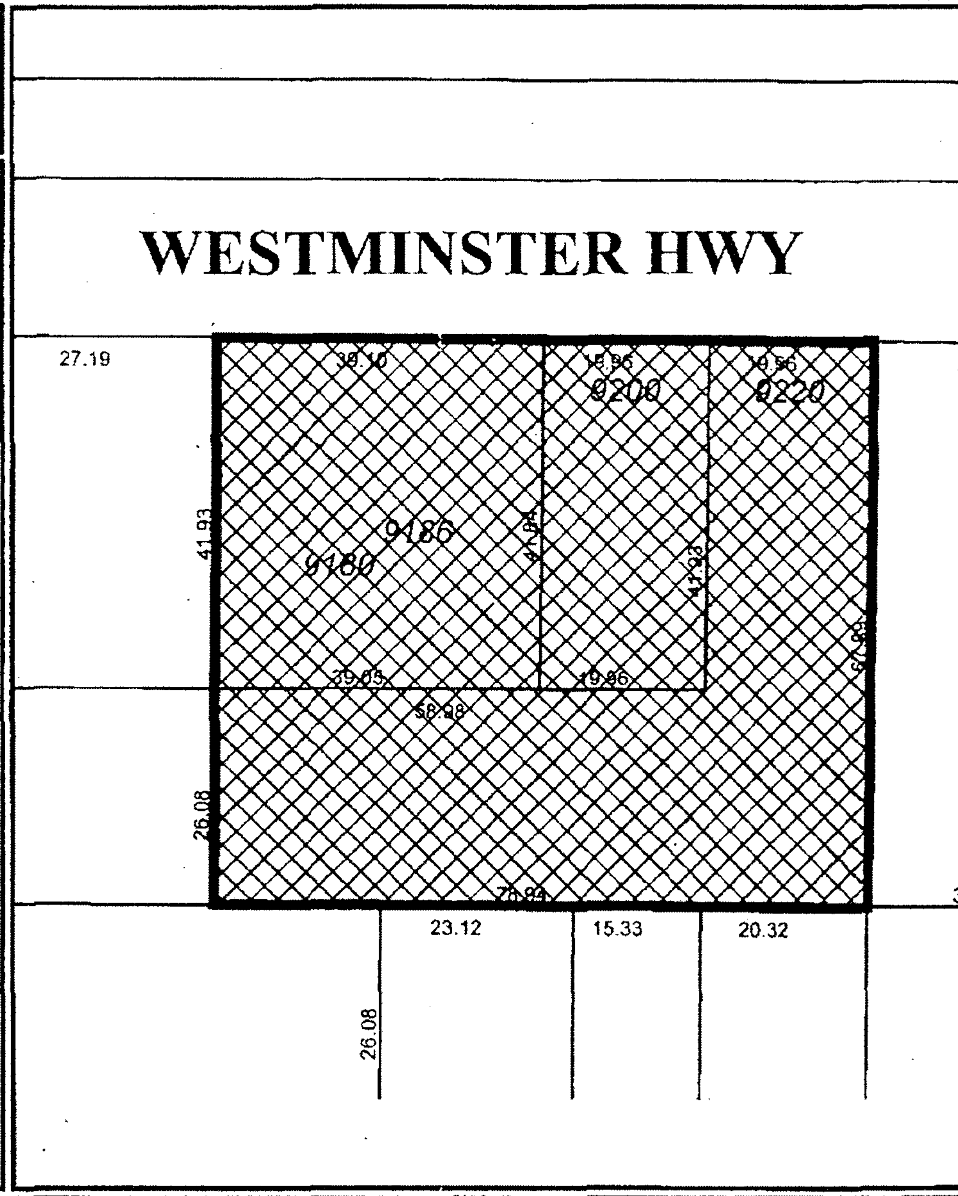
	Before Development	**After Development**
Gross Site Area:	837 m^2, 1,636 m^2 and 2,894 m^2	5,360 m^2
Land Dedication:	0 m^2	820 m^2
Net Site:	837 m^2, 1,636 m^2 and 2,894 m^2	4,540 m^2
Floor Area Ratio (FAR):	0.55	1.75
Building Area Allowed:	460 m^2, 900 m^2 and 1,592 m^2	7,945 m^2
Site Coverage:	45%	45%
Permitted Uses:	One family dwelling on two lots and two family dwelling on one lot, with boarding & lodging and home occupation on each lot	Multiple-family dwellings and townhouses, with boarding & lodging and home occupation in each dwelling unit (84 in total)
Parking Required:	2 spaces per each dwelling unit (8 in total)	1 per small dwelling unit, 1.5 per regular dwelling unit, 0.2 per dwelling unit for visitors (111 required; 122 provided)
Permitted Height:	2.5 stories	20 m
City's Rezoning Costs (RZ):	$0	$4,850 ($187,440 reimbursement still pending for new road)
City's Development Permit Costs (DP):	$0	$9,990
City's Subdivision Costs (SD):	$0	$0
City's Building Permit Costs (BP):	$12,000 estimated (4 houses)	$84,805
City's Servicing Agreement Costs (SA):	$0	$354,600
City's Development Cost Charges		$1,210,535
Approval Time (RZ to BP):	1 month (BP only)	12 months (RZ to BP)
Assessed Value:	$842,600 (in 2005) total for 3 existing lots	To be determined

Notes:	City has charged all developers for proposed roads – that is why this development will still get a reimbursement for the road it dedicated and constructed. This is an unusual arrangement not to be repeated.

Case Study 5

City of Richmond





RZ 04-287217

Original Date: 01/13/05

Revision Date:

Note: Dimensions are in METRES

CASE #5 - REZONE SINGLE FAMILY LOTS FOR 84 LOW RISE RESIDENTIAL UNITS

1.0 Underlying Assumptions

1.1 Development Characteristics

Site Area:	57,674	sq.ft.
Less Road Dedication	9,643	sq.ft.
Equals Net Developable Area	48,030	sq.ft.
Floor Space Ratio	1.75	
Maximum Gross Building Area	84,053	sq.ft.
Building Efficiency	85	%
Saleable Area	71,445	sq.ft.
Parking Rqmt, spaces per unit	1.50	

Unit Type	Number	Size	Total Sq.Ft.	Price/ Sq.Ft.	Price/ Unit	Gross $'s	GST Rebate 0.00	Sales Comm.%= 3.00	Net Sales Income
Other	0	0	0	0	0	0	0	0	0
Average Unit	84	851	71,445	385	327,457	27,506,410	0	825,192	26,681,217
Other	0	0	0	0	0	0	0	0	0
Total	84		71,445			27,506,410	0	825,192	26,681,217

1.2 Marketing Assumptions

Selling Period, Months	12.00 months
% Presales	0.00%

1.3 Construction Cost Assumptions

Off Site Costs	0
On Site Costs (demolition, site prep, landscaping)	100,000
Construction Cost/Sq.Ft.	150.00
Parking Stalls Required	126
Furniture and Equipment	15,000
Landscaping, signage, lighting	50,000
Construction Cost/Stall	0
City's rezoning costs	5,093
City's development permit costs	10,490
City's subdivision costs	0
City's building permit costs	89,045
City's servicing agreement costs	390,060
City's DCC's less reimbursement ($187,440) pending for new road	1,023,095
Rezoning Time	12 months
Construction Time	12 months

1.4 Financing Assumptions

Land Loan, Loan to Value Ratio	50.00 %
Land Loan, Interest Rate	8.00 %
Constuction Loan, Loan to Cost Ratio	75.00 %
Construction Loan, Interest Rate	8.00 %

1.5 Interest on Equity (opportunity cost of equity) 10.00 %

		Per SF			
2.0 Project Value and Costs					
2.1 Value on Completion					
Gross Sales Income				27,506,410	
Less Commissions+GST				825,192	
Net Sales Income					26,681,217
2.2 Construction + Development Costs					
2.2.1 Land	Per Unit	Land	PER GBA		
Purchase Price	51,400	74.86	51.37	4,317,600	
Property Transfer Tax				84,352	
Other Closing Costs (environmental assessment, conveyancing, pty tax, legal, etc.)				75,000	
Total Land Cost					4,476,952
2.2.2 Construction Costs					
Offsite Costs				0	
On Site Costs				100,000	
Building				12,607,980	
Parking				0	
Furniture and Equipment				15,000	
Landscaping, signage, lighting				50,000	
Contingency (% construction costs)		0.00	%	0	
Total Construction Cost					12,772,980
2.2.3 Development Costs					
A/E (architects+engineers)		4.50	%	574,784	
Other Consultants		0.50	%	63,865	
Construction Project Management		1.00	%	127,730	
Development Project Management		1.00	%	238,225	
Legal (Cost per Unit)		1,000	per unit	84,000	
Finance Fee (% Project Costs)		0.80	%	190,580	
Advertising/Promotion/Show Suite				550,128	
Furniture, Recreation and Other Equipment				15,000	
Sewer DCC		590	per unit	49,560	
Insurance				50,000	
New Home Warranty, Homeowner Protection		2,000	per unit	168,000	
After Construction Customer Service		1,000	per unit	84,000	
Research and Appraisal				15,000	
Survey, accounting				20,000	
Development and Building Permit Fees				51,123	
Rezoning-consultants				100,000	
City's rezoning costs				5,093	
City's development permit costs				10,490	
City's subdivision costs				0	
City's building permit costs				89,045	
City's servicing agreement costs				390,060	
City DCC's				1,023,095	
Post Construction Strata Fee, Utilities				75,000	
Utilities During Construction				5,000	
Corporate Overhead		1.00	%	238,225	
Property Taxes		3.18	tax rate	35,592	
Miscellanous Development Costs		0.00	%	0	
Contingency (%development costs)		5.00	%	212,680	
Total Development Costs					4,466,274
2.2.4 Interest Costs					
Interest Cost, Equity Investment	Included? Y/N	y		882,855	
Interest Cost, Land Financing				447,695	
Interest Cost, Construction Financing				775,766	
Total Interest Costs					2,106,317
2.2.5 Total Project Costs					23,822,523
3.0 Profit					
Profit - $'s					2,858,694
Profit - % of Project Cost					12.00 %
4.0 Return to Equity Investment					
4.1 Total Profit					2,858,694
4.2 Equity Investment			% Equity	$ Cost	$ Equity
Land			50.00	4,476,952	2,238,476
Construction+development (soft) costs			25.00	19,345,571	4,836,393
Total					7,074,869
4.3 Return to Equity Investment					40.41 %

Appendix G – Case Study #6

Amenity Contributions For:
Proposed Single Family to Apartment @ 1.5 FAR

Where a New Road is Required That is Still at the Pre-Application Stage in the West Cambie Area

CITY OF RICHMOND
INTERIM AMENITY POLICY

CASE STUDY 6

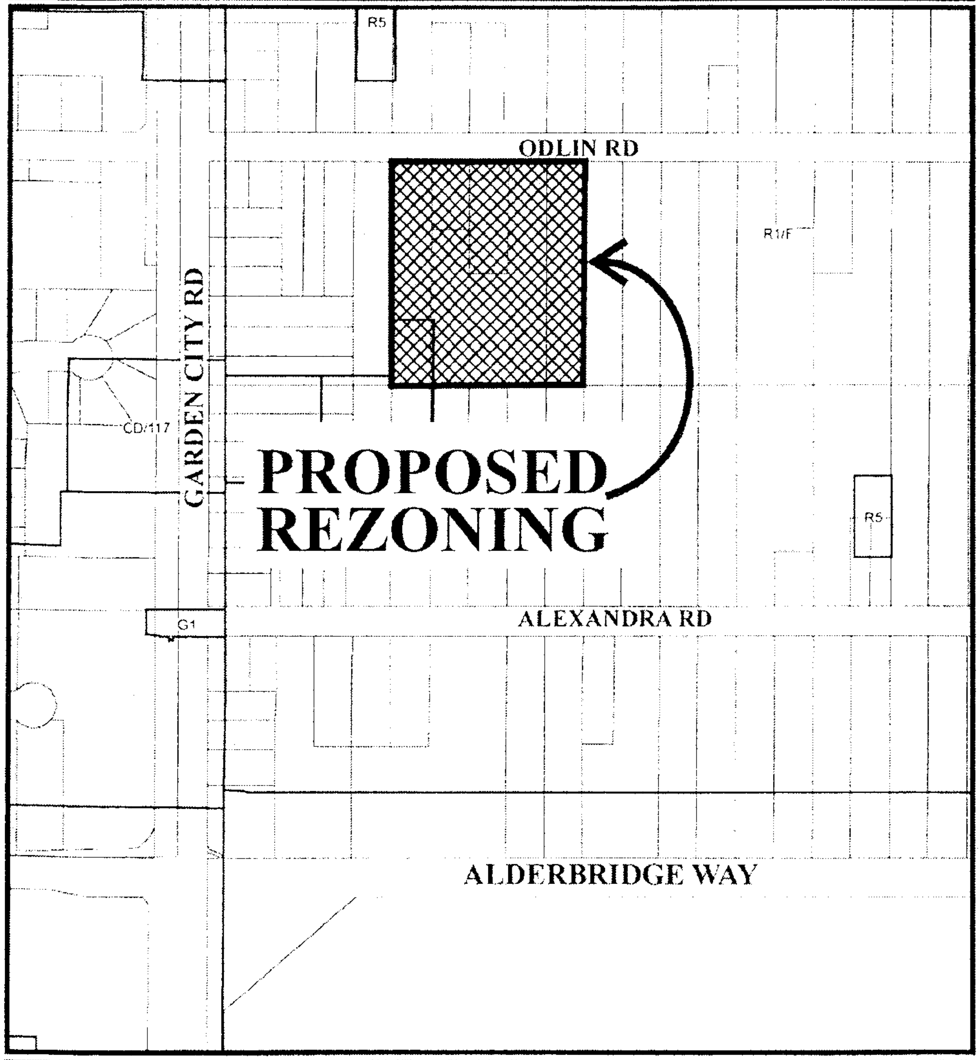
Type of Application:	Rezoning Application
Form of Development:	Proposed single-family to apartments at a 1.5 FAR where a new road is required that is still at the pre-application proposal stage in the West Cambie area and that assumes the full proposed amenity contribution
File Numbers:	None
Address:	9200, 9240, 9280, 9300, 9320 Odlin Road
Location:	West Cambie (Alexandra Neighbourhood)

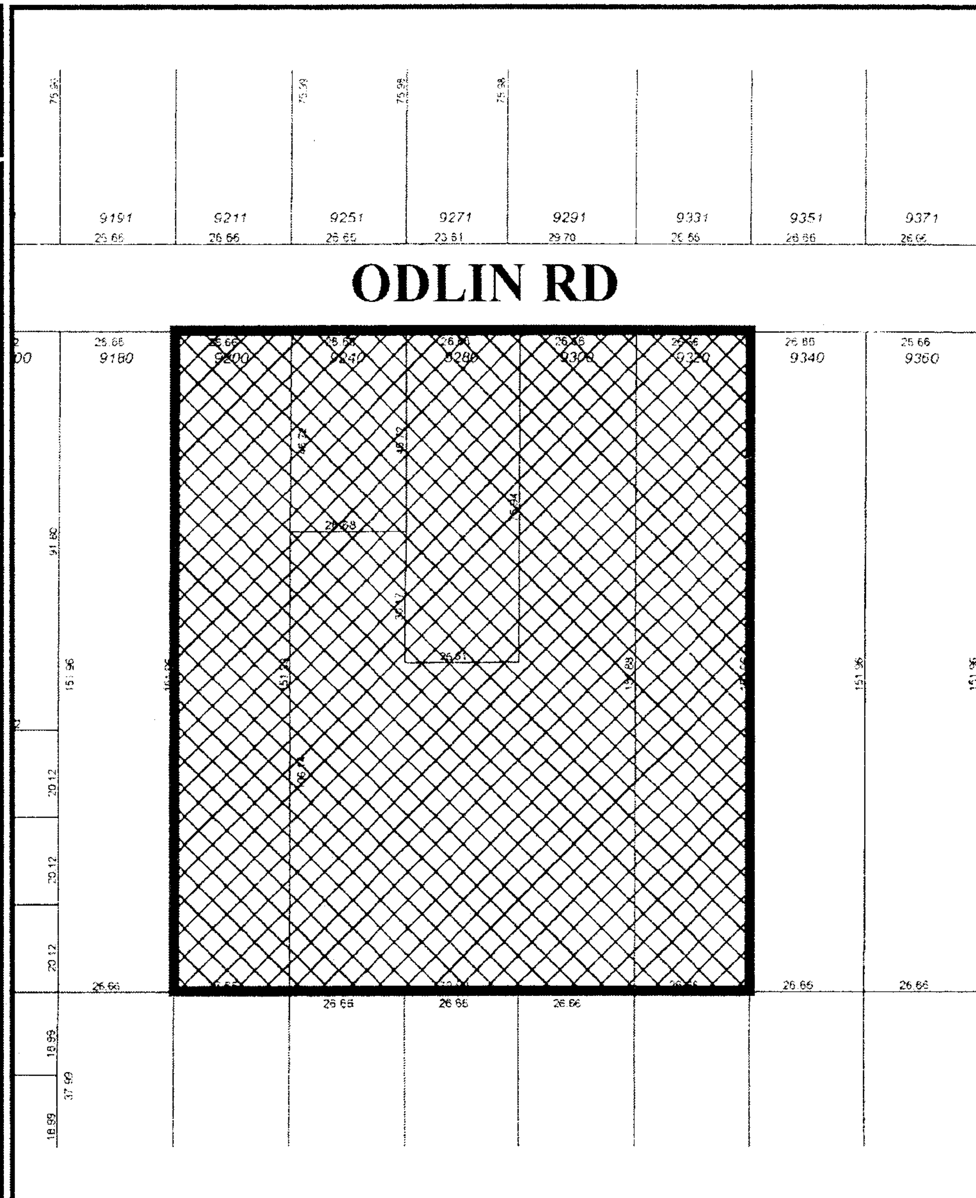
	Before Development	After Development
Gross Site Area:	1,218 m^2, 2,023 m^2, 4,047 m^2 4,048 m^2 and 8,900 m^2	20,250 m^2
Land Dedication:	0 m^2	2,753 m^2
Net Site:	1,218 m^2, 2,023 m^2, 4,047 m^2 4,048 m^2 and 8,900 m^2	17,497 m^2
Floor Area Ratio (FAR):	0.55	1.5 (no 0.2 density bonus for affordable housing)
Building Area Allowed:	670 m^2 to 4,895 m^2	26,245 m^2
Site Coverage:	45%	40%
Permitted Uses:	One family dwelling, with boarding & lodging and home occupation on each lot	Multi-family housing (apartments or townhouses), care facility, congregate care facility (260 units proposed)
Parking Required:	2 spaces per each dwelling unit (10 in total)	1.7 per dwelling unit (441 required and provided)
Permitted Height:	2.5 stories	4-5 stories
City's Rezoning Costs (RZ):	$0	$5,885 estimated
City's Development Permit Costs (DP):	$0	$15,750 estimated
City's Subdivision Costs (SD):	$0	$0
City's Building Permit Costs (BP):	$15,000 estimated (5 houses)	$258,815 estimated (with DCC credits)
City's Servicing Agreement Costs (SA):	$0	$295,000 estimated
City's Development Cost Charges		$5,155,860
Approval Time (RZ to BP):	1 month (BP only)	18 months estimated (RZ to BP)
Assessed Value:	$4,297,400 (in 2006) total for all 5 existing lots	To be determined

Note:	UDI has indicated that it costs an additional $8 - $10 per sq. ft. for airport mitigation measures in the Alexandra Neighbourhood that are not included in the above-noted costs. If the applicant took advantage of the 0.2 density bonus and provided some affordable housing, the rezoning costs would drop to an estimated $534,185. DCC credits have been deducted from the Building Permit costs.

Case Study 6

City of Richmond





Pending RZ Application

Original Date: 07/12/06

Revision Date:

Note: Dimensions are in METRES

CASE #6 - REZONE SINGLE FAMILY LOTS FOR 260 LOW RISE RESIDENTIAL UNITS

1.0 Underlying Assumptions

1.1 Development Characteristics

Site Area:	188,342	sq.ft.
Floor Space Ratio:	1.50	
Maximum Gross Building Area	282,513	sq.ft.
Building Efficiency	87	%
Saleable Area	245,786	sq.ft.
Parking Rqmt, spaces per unit	1.50	

Unit Type	Number	Size	Total Sq.Ft.	Price/ Sq.Ft.	Price/ Unit	Gross $'s	GST Rebate 0.00	Sales Comm.%= 3.00	Net Sales Income
Other	0	0	0	0	0	0	0	0	0
Average Unit	260	945	245,786	375.00	354,499	92,169,866	0	2,765,096	89,404,770
Other	0	0	0	0	0	0	0	0	0
Total	260		245,786			92,169,866	0	2,765,096	89,404,770

1.2 Marketing Assumptions

Selling Period, Months	24.00	months
% Presales	0.00%	

1.3 Construction Cost Assumptions

Off Site Costs	0	
On Site Costs (demolition, site prep, landscaping)	500,000	
Construction Cost/Sq.Ft.	160.00	
Parking Stalls Required	390	
Furniture, Equipment + Other Amenities	500,000	
Landscaping, signage, lighting	250,000	
Construction Cost/Stall	0	
City's rezoning costs	6,179	
City's development permit costs	16,538	
City's subdivision costs	0	
City's building permit costs	271,756	
City's servicing agreement costs	295,000	
City DCC's	5,155,860	
Rezoning Time	18	months
Construction Time	18	months

1.4 Financing Assumptions

Land Loan, Loan to Value Ratio	50.00	%
Land Loan, Interest Rate	8.00	%
Constuction Loan, Loan to Cost Ratio	75.00	%
Construction Loan, Interest Rate	8.00	%

1.5 Interest on Equity (opportunity cost of equity) 10.00 %

		Per SF			
2.0 Project Value and Costs					
2.1 Value on Completion					
Gross Sales Income				92,169,866	
Less Commissions+GST				2,765,096	
Net Sales Income					89,404,770
2.2 Construction + Development Costs					
2.2.1 Land	Per Unit	Land	PER GBA		
Purchase Price	30 775	42 48	28 32	8,001,500	
Property Transfer Tax				158,030	
Other Closing Costs (environmental assessment, conveyancing, pty tax, legal, etc.)				75,000	
Total Land Cost					8,234,530
2.2.2 Construction Costs					
Offsite Costs				0	
On Site Costs				500,000	
Front end infrastructure costs (net of DCC credits)				761,713	
Building				45,202,080	
Parking				0	
Furniture, Equipment and other Amenities				500,000	
Landscaping, signage, lighting				250,000	
Contingency (% construction costs)		0.00 %		0	
Total Construction Cost					47,213,793
2.2.3 Development Costs					
A/E (architects+engineers)		4.50 %		2,124,621	
Other Consultants		0.50 %		236,069	
Construction Project Management		1.00 %		472,138	
Development Project Management		1.00 %		798,268	
Legal (Cost per Unit)		1,000 per unit		260,000	
Finance Fee (% Project Costs)		0.80 %		638,614	
Advertising/Promotion/Show Suite				1,843,397	
Furniture, Recreation and Other Equipment				250,000	
Sewer DCC		590 per unit		153,400	
Insurance				50,000	
New Home Warranty, Homeowner Protection		2,000 per unit		520,000	
After Construction Customer Service		1,000 per unit		260,000	
Research and Appraisal				10,000	
Survey, accounting				20,000	
Development and Building Permit Fees				51,123	
Rezoning-consultants				100,000	
City's rezoning costs				6,179	
City's development permit costs				16,538	
City's subdivision costs				0	
City's building permit costs				271,750	
City's servicing agreement costs				295,000	
City DCC's				5,155,860	
Post Construction Strata Fee, Utilities				75,000	
Utilities During Construction				5,000	
Corporate Overhead		0.50 %		399,134	
Property Taxes		3.18 tax rate		104,743	
Miscellanous Development Costs		0.00 %		0	
Contingency (%development costs)		5.00 %		705,842	
Total Development Costs					14,822,682
2.2.4 Interest Costs					
Interest Cost, Equity Investment	Included? Y/N	y		3,585,546	
Interest Cost, Land Financing				1,317,525	
Interest Cost, Construction Financing				4,652,736	
Total Interest Costs					9,555,806
2.2.5 Total Project Costs					79,826,811
3.0 Profit					
Profit - $'s					9,577,959
Profit - % of Project Cost					12.00 %
4.0 Return to Equity Investment					
4.1 Total Profit					9,577,959
4.2 Equity Investment			% Equity	$ Cost	$ Equity
Land			50 00	8,234,530	4,117,265
Construction+development (soft) costs			25 00	71,592,281	17,898,070
Total					22,015,335
4.3 Return to Equity Investment					43.51 %

Appendix H – Case Study #7

Amenity Contributions For:
Existing Industrial to High Rise Development @ 3.0 FAR

Where Road Dedication Was Required That
Is In The Process of Being Developed

CITY OF RICHMOND
INTERIM AMENITY POLICY

CASE STUDY 7

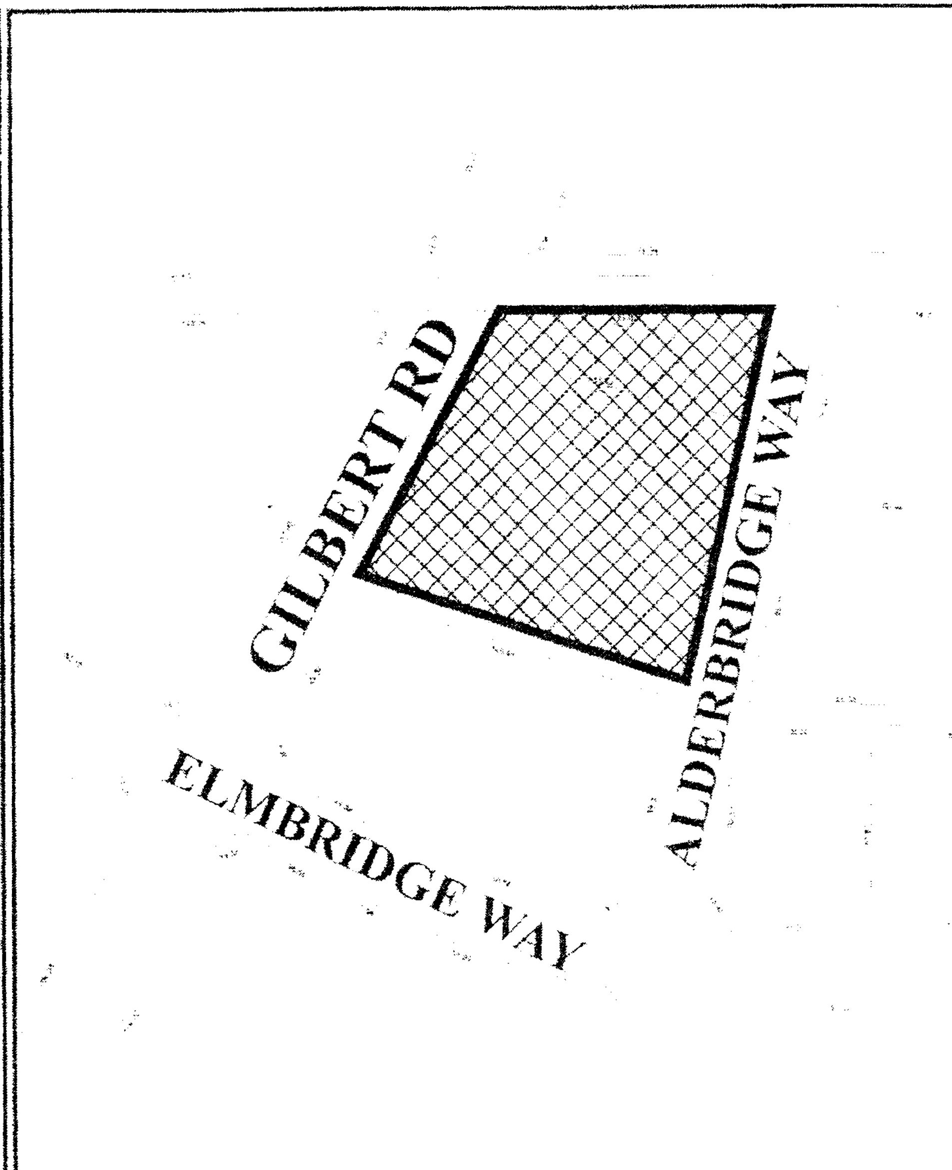
Type of Application:	Rezoning Application
Form of Development:	Existing industrial to high rise development at a 3.0 FAR where road dedication required that is in the process of being developed
File Numbers:	RZ 04-266049; DP 04-274282; SA 04-274281; BP 05-303841;
Address:	7571 Alderbridge Way (new address) 7571 and 7611 Alderbridge Way (old addresses)
Location:	City Centre (Westminster Neighbourhood)

	Before Development	**After Development**
Gross Site Area:	9,094 m^2	9,094 m^2
Land Dedication:	0 m^2	516 m^2
Net Site:	9,094 m^2	8,578 m^2
Floor Area Ratio (FAR):	1.0	3.0
Building Area Allowed:	9,094 m^2	25,734 m^2
Site Coverage:	N/A	90%
Permitted Uses:	Light industry, specific limited retail uses, restaurant, etc.	Multiple-family dwelling, mixed commercial/residential use, retail trade, restaurant, etc. (256 dwelling units)
Parking Required:	1 – 4 spaces per 100 m^2 based on type of use (91 minimum; 364 maximum)	1.7 spaces per dwelling unit (435 required; 417 provided)
Permitted Height:	12 m	45 m
City's Rezoning Costs (RZ):	$0	$4,910
City's Development Permit Costs (DP):	$0	$15,750
City's Subdivision Costs (SD):	$0	$0
City's Building Permit Costs (BP):	$300,000 estimated	$578,190
City's Servicing Agreement Costs (SA):	$926,600	$926,600
City's Development Cost Charges		$3,949,310
Approval Time (RZ to BP):	3 months (estimated)	16 months (RZ to BP)
Assessed Value:	$646,700 (in 2005)	$1,656,500 (in 2006)

Notes:	This development is located in the same aircraft noise sensitive area as the Alexandra Neighbourhood. UDI has indicated that it costs an additional $8 - $10 per sq. ft. for airport mitigation measures in the Alexandra Neighbourhood. Because this development is concrete construction, staff do not believe the additional $8 - $10 per sq/ ft. would apply here. Therefore, UDI's additional costs have not been included in the above-noted figures.

Case Study 7

City of Richmond



RZ 04-266049

Original Date: 03/08/04

Revision Date: 06/09/04

CASE #7 - REZONE INDUSTRIAL LOTS TO HIGH RISE RESIDENTIAL

1.0 Underlying Assumptions

1.1 Development Characteristics

Site Area	2.120	acres or	92,335	sq ft
Floor Space Ratio	3.000			
Maximum Gross Building Area	277,005	sq ft		
Building Efficiency	87	%		
Useable Area	240,994	sq ft		
% Residential	100.00	%	240,994	sq ft
% Office Space	0.00	%	0	sq ft
% Retail Space	0.00	%	0	sq ft
			240,994	sq ft

1.2 Value Assumptions--Residential

Unit Type	Number	Size	Total Sq.Ft.	Price/ Sq.Ft.	Price/ Unit	Gross $'s	GST Rebate 0.00	Sales Comm. 3.00	Net Sales Income
Other	0	0	0	0	0	0	0	0	0
Average Unit	256	941	240,994	460	433,037	110,857,401	0	3,325,722	107,531,679
Other	0	0	0	0	0	0	0	0	0
Total	256		240,994			110,857,401	0	3,325,722	107,531,679

Selling Period, Months 20.00 months

1.3 Value Assumptions--Office + Retail

Rentable Area, Office	0	sq ft
Rentable Area, Retail	0	sq ft
Office Rental Rate	0.00	
Retail Rental Rate	0.00	
Vacancy, Office	0.00	%
Vacancy, Retail	0.00	%
Operating Expenses, % NOI	0.00	%
Marketing Cost, %	0.00	%
Capitalization Rate	0.00	%

1.4 Construction Cost Assumptions

Off Site Costs	0	
On Site Costs	100,000	
Residential Cost/sq ft.	223.00	
Office Cost/sq ft.	0.00	
Retail Cost/sq ft	0.00	
Parking Cost/Stall	0	
Retail TI/sq ft.	0.00	
Office TI/sq ft.	0.00	
City's rezoning costs	5,156	
City's development permit costs	15,538	
City's subdivision costs	0	
City's building permit costs	507,100	
City's servicing agreement costs	1,019,260	
City DCC's	3,948,310	
Rezoning Time	16	months
Construction Time	18	months

1.5 Financing Assumptions

Land Loan, Loan to Value Ratio	50	%
Land Loan, Interest Rate	8.00	%
Constuction Loan, Loan to Cost Ratio	75	%
Construction Loan, Interest Rate	8.00	%

Interest on Development Equity 10.00 %

2.0 Developer Investment Analysis

2.1 Value on Completion

2.1.1 Residential Value

Gross Sales Income	110,857,401	
Less Commissions+GST	3,325,722	
Net Sales Income		107,531,679

2.1.2 Commercial Value

Gross Income	0	
Less Vacancy	0	
Equals Effective Gross Income	0	
Operating Costs	0	
Equals NOI	0	
Capitalization Rate	0.00 %	
Indicated Value on Completion	0	
Less Marketing Costs	0	
Equals Net Sales Proceeds		0

2.1.3 Total Value on Completion 107,531,679

3.0 Project Costs

3.1 Land

	GBA Sq.ft.	Cost/sf land		
Purchase Price	277,005	20.38	5,645,362	
Property Transfer Tax			110,907	
Other Closing Costs			50,000	
Total Land Cost				5,806,269

3.2 Construction Costs

Offsite Costs		0	
On Site Costs		100,000	
Building		61,772,115	
Tenant Improvement		0	
Parking		0	
Contingency (% Construction Costs)	0.00 %	0	
Total Construction Cost			61,872,115

3.3 Development Costs

A/E (architects+engineers)	4.00	%	2,474,885	
Other consultants	0.50	%	309,361	
Construction Project Management	0.50	%	480,059	
Development Project Management	0.50	%	480,059	
Legal	1,000	per unit	256,000	
Survey			35,000	
Accounting			30,000	
Lease Commission (% 1st year NOI)	20.00	%	0	
Financing Fees (% Project Costs)	0.80	%	768,095	
Insurance			100,000	
New Home Warranty	2,000	per res. Unit	512,000	
Research and Appraisal			45,000	
Advertising/Promotion/Show Suite			2,217,146	
Rezoning-consultants			150,000	
Sewer DCC's, residential	590	per unit	151,040	
Sewer DCC's, commercial	0.000	/sq ft. comm. gba	0	
Utilities and Operating Costs During Construction			25,000	
City's rezoning costs			5,156	
City's development permit costs			16,538	
City's subdivision costs			0	
City's building permit costs			607,100	
City's servicing agreement costs			1,019,260	
City DCC's			3,946,310	
Property Taxes	3.18		83,088	
Post Construction Strata Fee			150,000	
Corporate Overhead	1.00	%	960,118	
Miscellaneous Development Costs	0.00	%	0	
Contingency (% Development Costs)	5.00	%	741,061	
Total				15,562,275

3.4 Interest

Interest Cost, Equity Investment	Included? Y/N	y	2,274,450	
Interest Cost, Land Financing			7,012,173	
Interest Cost, Construction Financing			3,484,548	
Total Interest Cost				12,771,170

3.2.4 Total Project Costs 96,011,830 0

3.0 Short Term Yield Indicators

3.1 Profit on Sale of Project at Completion of Construction

Profit on Total Project Costs		
Value at completion	107,531,679	
Project Costs	96,011,830	
Profit - $'s	11,519,849	
Profit - %	12.00	%

→

Profit on Development Equity	Project Cost	Equity %	Equity $'s
Land	5,806,269	50	2,903,135
Construction	90,205,561	25	22,551,390
Total	96,011,830		25,454,525

Profit on Development Equity $'s 11,519,849

Profit on Development Equity % 45.26 %

Appendix I – Case Study #8

Amenity Contributions For:
Proposed Commercial to High Rise Development @ 3.0 FAR

Where no Significant Road Dedication is Required That Is Still In The Proposal Stage

CITY OF RICHMOND
INTERIM AMENITY POLICY

CASE STUDY 8

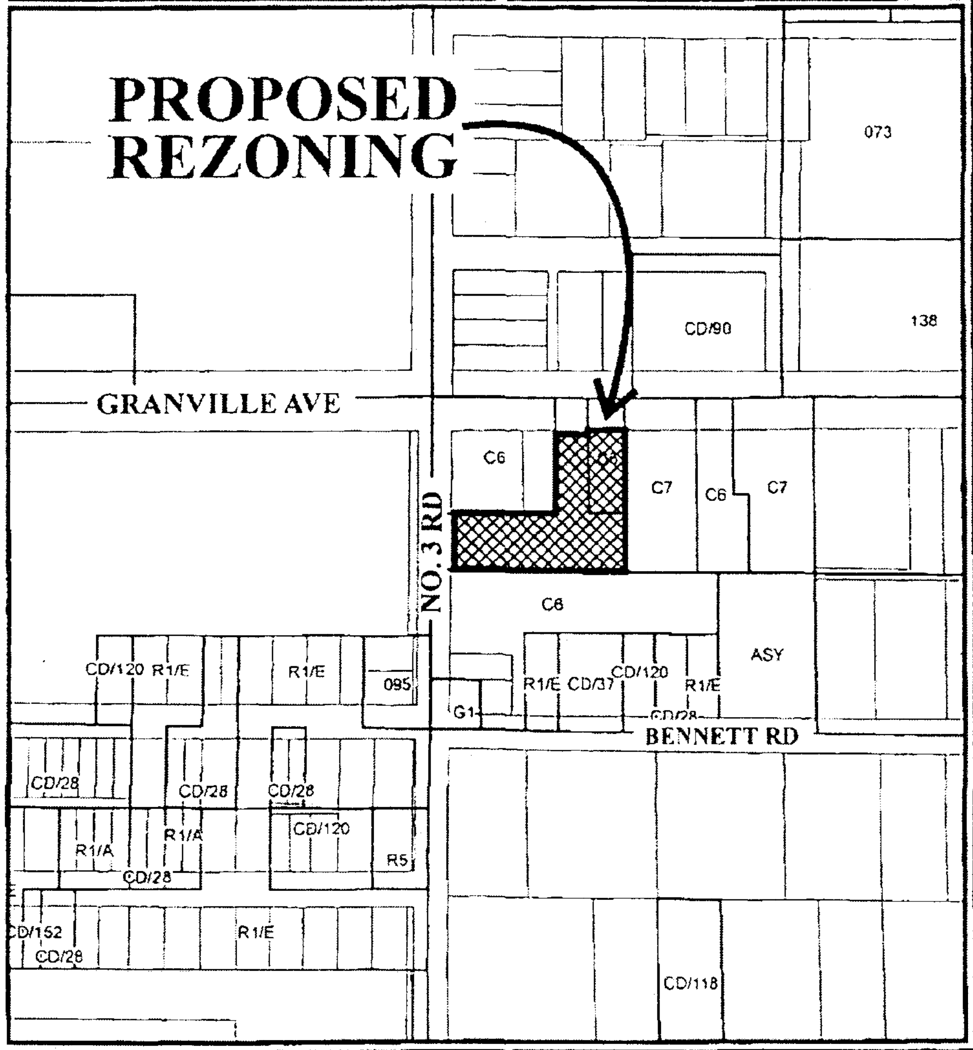
Type of Application:	Rezoning Application
Form of Development:	Proposed commercial to high rise development at a 3.0 FAR where no significant road dedication was required that is still in the proposal stage
File Numbers:	RZ 05-317472; DP 05-317317; SA 06-336128
Address:	8080 Granville Avenue 7080 No. 3 Road (8060 Granville Avenue)
Location:	City Centre (Brighouse Village Neighbourhood)

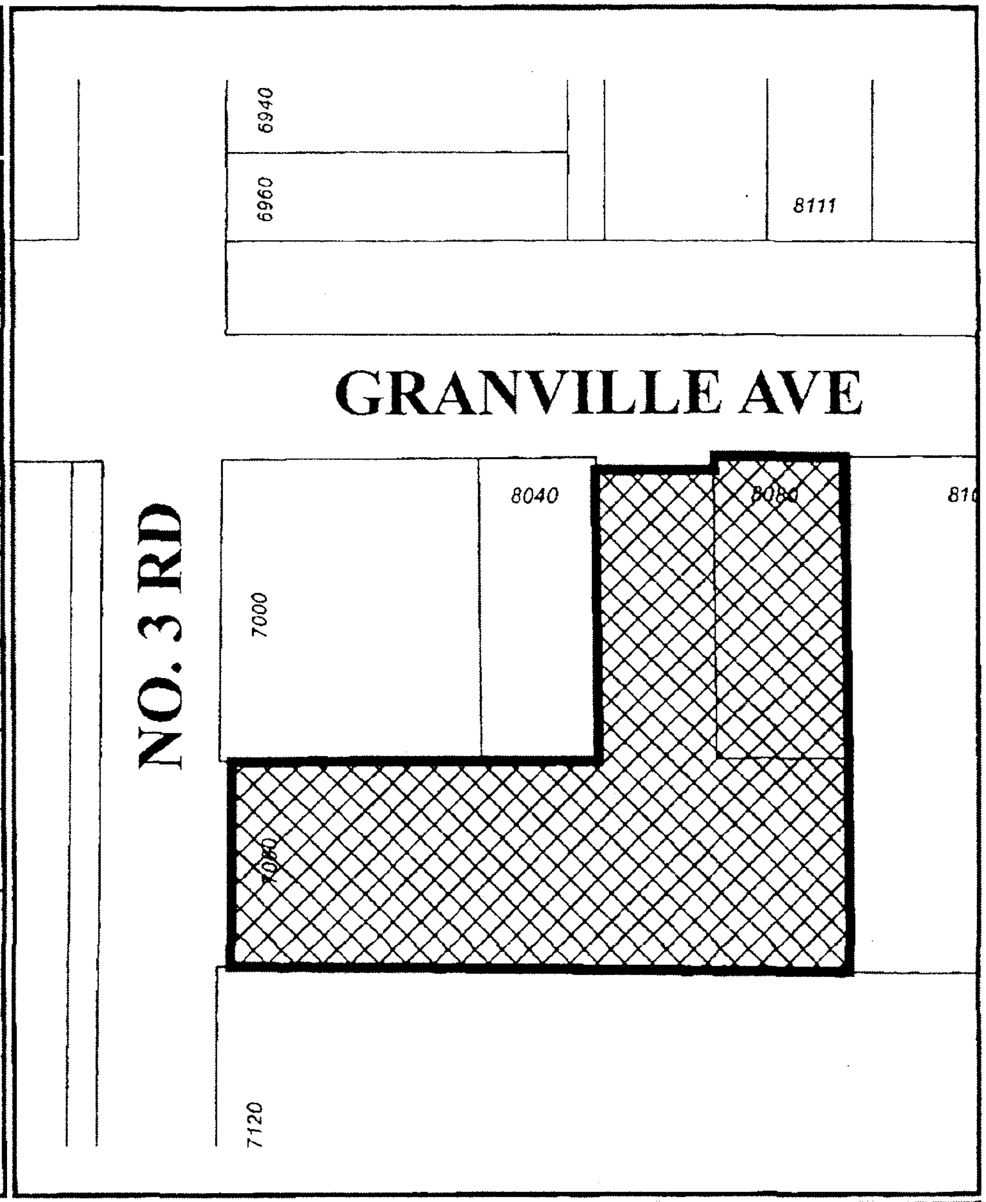
	Before Development	**After Development**
Gross Site Area:	5,374 m^2	5,374 m^2
Land Dedication:	0 m^2	42 m^2
Net Site:	5,374 m^2	5,332 m^2
Floor Area Ratio (FAR):	8080 Granville Ave – 0.50 7080 No. 3 Rd – 3.0	3.0
Building Area Allowed:	8080 Granville Ave – 525 m^2 7080 No. 3 Rd – 12,970 m^2	15,996 m^2
Site Coverage:	8080 Granville Ave – 50% 7080 No. 3 Rd – 90%	90%
Permitted Uses:	8080 Granville Ave – retail trade, office, etc. 7080 No. 3 Rd – retail trade, multi-family residential, etc.	Retail trade, office, multiple family residential, etc.
Parking Required:	3-4 spaces per 100 m^2 retail trade/office (410 required)	3 spaces per 100 m^2 retail trade; 1.7 per multi-family (269 required; 273 proposed)
Permitted Height:	8080 Granville Ave – 12 m 7080 No. 3 Rd – 45 m	45 m
City's Rezoning Costs (RZ):	$0	$2,225
City's Development Permit Costs (DP):	$13,480 estimated	$13,480
City's Subdivision Costs (SD):	$0	$0
City's Building Permit Costs (BP):	$1,200,000 estimated (based on 6068 No. 3 Road)	$373,530
City's Servicing Agreement Costs (SA):	$115,000	$115,000
City's Development Cost Charges		$2,054,185
Approval Time (RZ to BP):	3 months	16 months (RZ to BP)
Assessed Value:	$1,185,500 total (in 2005)	To be determined

Notes:	No special aircraft noise mitigation measures required here

Case Study 8

City of Richmond





RZ 05-317472

Original Date: 12/05/05

Revision Date:

Note: Dimensions are in METRES

CASE #8 - REZONE INDUSTRIAL LOTS TO HIGH RISE RESIDENTIAL ABOVE

1.0 Underlying Assumptions

1.1 Development Characteristics

Site Area	1.327	acres or	57,824	sq ft
Floor Space Ratio	3.000			
Maximum Gross Building Area	173,473	sq ft		
Building Efficiency	85	%		
Useable Area	147,452	sq ft		
% Residential	100.00	%	147,452	sq ft
% Office Space	0.00	%	0	sq ft
% Retail Space	0.00	%	0	sq ft
			147,452	sq ft

1.2 Value Assumptions--Residentia

Unit Type	Number	Size	Total Sq.Ft.	Price/ Sq.Ft.	Price/ Unit	Gross $'s	GST Rebate 0.00	Sales Comm. 3.00	Net Sales Income
Other	0	0	0	0	0	0	0	0	0
Average Unit	160	922	147,452	460	423,924	67,827,834	0	2,034,835	65,792,999
Other	0	0	0	0	0	0	0	0	0
Total	160		147,452			67,827,834	0	2,034,835	65,792,999

Selling Period, Months 15.00 months

1.3 Value Assumptions--Office + Retai

Rentable Area, Office	0	sq ft
Rentable Area, Retail	0	sq ft
Office Rental Rate	0.00	
Retail Rental Rate	0.00	
Vacancy, Office	0.00	%
Vacancy, Retail	0.00	%
Operating Expenses, % NOI	0.00	%
Marketing Cost, %	0.00	%
Capitalization Rate	0.00	%

1.4 Construction Cost Assumptions

Off Site Costs	0	
On Site Costs	350,000	
Residential Cost/sq ft	215.00	
Office Cost/sq ft.	0.00	
Retail Cost/sq ft	0.00	
Parking Cost/Stall	0	
Retail TI/sq ft	0.00	
Office TI/sq ft	0.00	
City's rezoning costs	2,336	
City's development permit costs	14,154	
City's subdivision costs	0	
City's building permit costs	392,207	
City's servicing agreement costs	115,000	
City's DCC's	2,054,185	
Rezoning and Planning Time	16	months
Construction Time	15	months

1.5 Financing Assumptions

Land Loan, Loan to Value Ratio	50	%
Land Loan, Interest Rate	8.00	%
Constuction Loan, Loan to Cost Ratio	75	%
Construction Loan, Interest Rate	8.00	%

Interest on Development Equity 10.00 %

2.0 Developer Investment Analysis

2.1 Value on Completion

2.1.1 Residential Value				
Gross Sales Income			67,827,834	
Less Commissions+GST			2,034,835	
Net Sales Income				65,792,999
2.1.2 Commercial Value				
Gross Income			0	
Less Vacancy			0	
Equals Effective Gross Income			0	
Operating Costs			0	
Equals NOI			0	
Capitalization Rate			0 00 %	
Indicated Value on Completion			0	
Less Marketing Costs			0	
Equals Net Sales Proceeds				0
2.1.3 Total Value on Completion				65,792,999

3.0 Project Costs

3.1 Land	GBA sq.ft.	Cost/sf		
Purchase Price	173,473	29 20	5,065,403	
Property Transfer Tax			99,308	
Other Closing Costs			50,000	
Total Land Cost				5,214,711
3.2 Construction Costs				
Offsite Costs			0	
On Site Costs			350,000	
Building			37,296,635	
Tenant Improvement			0	
Parking			0	
Contingency (% Construction Costs)	0 00 %		0	
Total Construction Cost				37,646,635
3.3 Development Costs				
A/E (architects+engineers)	4 00 %		1,505,865	
Other consultants	0.50 %		188,233	
Construction Project Management	0 50 %		293,719	
Development Project Management	0 50 %		293,719	
Legal	1000 per unit		160,000	
Survey			20,000	
Accounting			20,000	
Lease Commission (% 1st year NOI)	0 00 %		0	
Financing Fees (% Project Costs)	1 00 %		587,438	
Insurance			70 000	
New Home Warranty	2 000 per res Unit		320,000	
Research and Appraisal			35,000	
Advertising/Promotion/Show Suite			1,356,557	
Rezoning-consultants			100,000	
Sewer DCC's, residential	590 per unit		94,400	
Sewer DCC's, commercial	0.000 /sq.ft. comm gba		0	
Utilities and Operating Costs During Construction			20 000	
City's rezoning costs			2 336	
City's development permit costs			14,164	
City's subdivision costs			0	
City's building permit costs			392,207	
City's servicing agreement costs			115,000	
City DCC's			2,054,185	
Property Taxes	3 18 tax rate		67,022	
Post Construction Strata Fee			130 000	
Corporate Overhead	1 00 %		587,438	
Miscellaneous Development Costs	0 00 %		0	
Contingency (% Development Costs)	5 00 %		421,364	
Total				8,848,636
3.4 Interest				
Interest Cost, Equity Investment	Included? Y/N	y	1,400,056	
Interest Cost Land Financing			3,890,152	
Interest Cost, Construction Financing			1,743,573	
Total Interest Cost				7,033,780
3.2.4 Total Project Costs				58,743,762

3.0 Short Term Yield Indicators

3.1 Profit on Sale of Project at Completion of Construction

Profit on Total Project Costs	
Value at completion	65,792,999
Project Costs	58,743,762
Profit - $'s	7,049,236
Profit - %	12 00 %

→

Profit on Development Equity	Project Cost	Equity %	Equity $'s
Land	5,214,711	50	2,607,356
Construction	53,529,051	25	13,382,263
Total	58,743,762		15,989,618

Profit on Development Equity $'s 7,049,236

Profit on Development Equity % 44 09 %

Appendix J – Case Study #9

Amenity Contributions For:
Existing Single Family to Commercial

In the Process of Being Developed

CITY OF RICHMOND
INTERIM AMENITY POLICY

CASE STUDY 9

Type of Application:	Rezoning Application
Form of Development:	Existing single-family to commercial that is in the process of being developed
File Numbers:	RZ 04-269188; RZ 04-286494; DP 05-292236; SA 05-301070; BP 05-310270; etc.
Address:	11000 No. 5 Road (new and previous address) 11000, 11020, 11040, 11080, 11100 No. 5 Road (private) 12000 Steveston Highway (owned by City)
Location:	Shellmont Neighbourhood

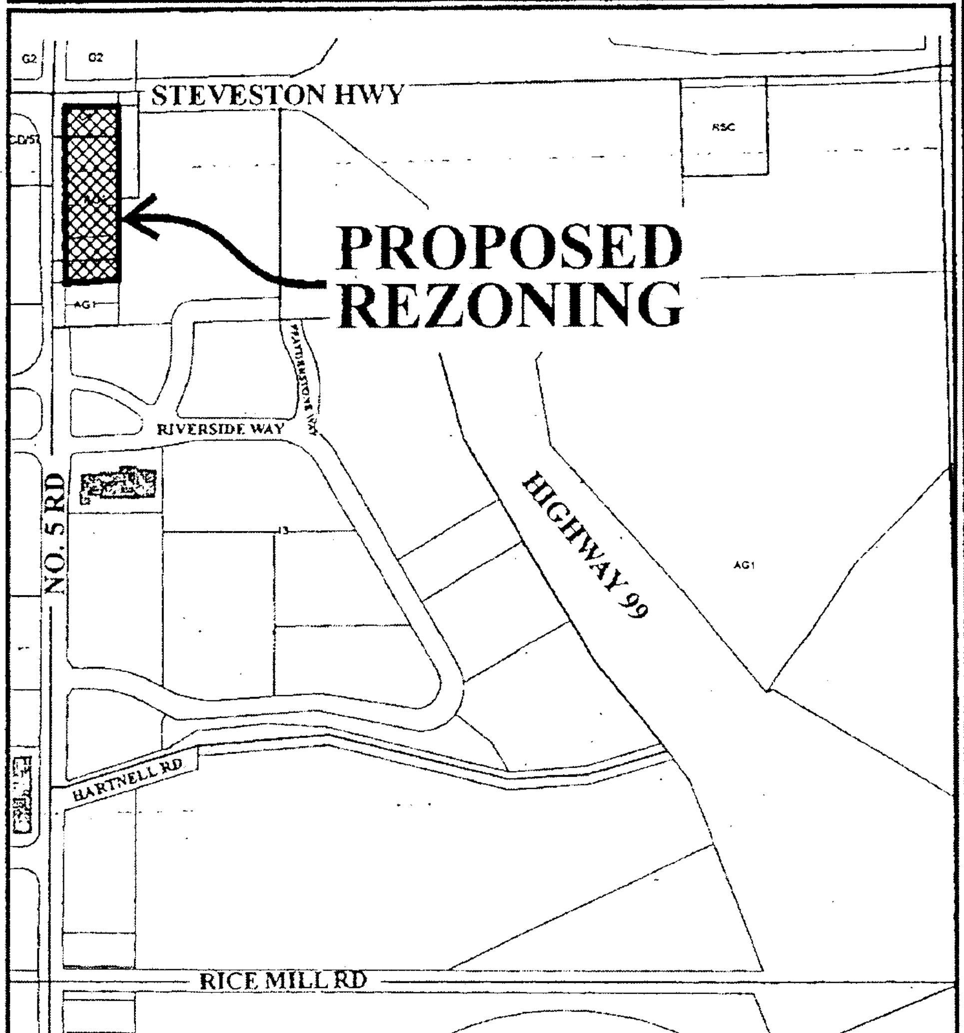
	Before Development	After Development
Gross Site Area:	1,011 m^2 to 1,534 m^2 6,517 m^2 total (excl. City lot)	7,921 m^2
Land Dedication:	0 m^2	1,049 m^2
Net Site:	1,011 m^2 to 1,534 m^2 6,517 m^2 total (excl. City lot)	6,872 m^2
Floor Area Ratio (FAR):	0.55	0.50
Building Area Allowed:	556 m^2 to 844 m^2	3,436 m^2
Site Coverage:	45%	50%
Permitted Uses:	One family dwelling, with boarding & lodging and home occupation on each lot	Retail trade, office, neighbourhood pub, light industry, etc.
Parking Required:	2 spaces per each dwelling unit (10 in total)	4 per 100 m^2 retail/office 25 for neighbourhood pub (123 required/provided)
Permitted Height:	2.5 stories	12 m
City's Rezoning Costs (RZ):	$0	$4,025 + $338,935 for purchase of City lot
City's Development Permit Costs (DP):	$0	$4,650
City's Subdivision Costs (SD):	$0	$0
City's Building Permit Costs (BP):	$15,000 estimated (5 houses)	$11,460 (includes DCC credit road dedication/construction)
City's Servicing Agreement Costs (SA):	$0	$183,575
City's Development Cost Charges		$101,835
Approval Time (RZ to BP):	1 month (BP only)	22 months (original RZ to BP)
Assessed Value:	$1,067,800 total (in 2004) City lot $453,000	To be determined

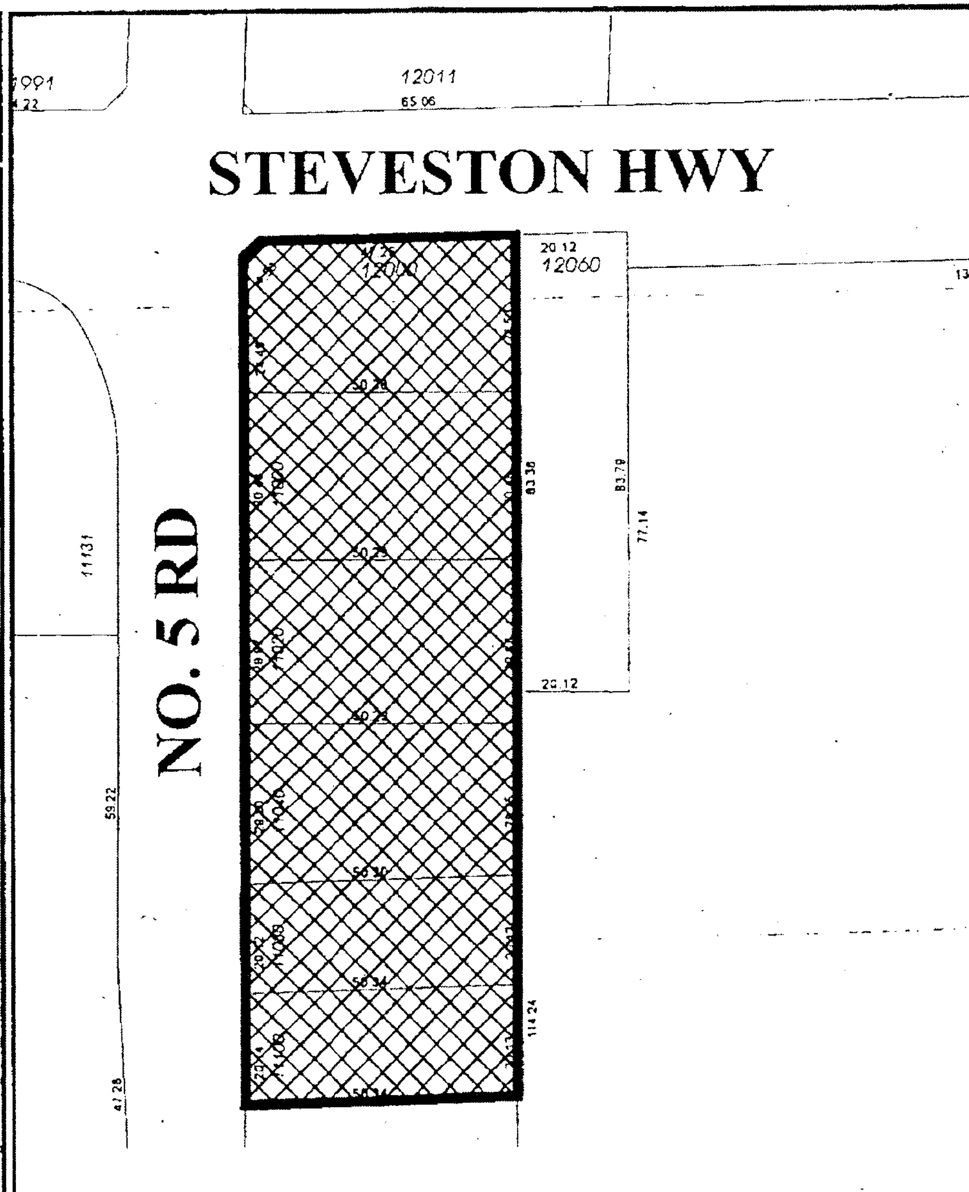
Notes:	Developer had to purchase City lot and received DCC credits for the required road dedication

1897212

Case Study 9

City of Richmond





RZ 04-286494

Original Date: 01/05/05

Revision Date:

Note: Dimensions are in METRES

CASE #9 - REZONE SINGLE FAMILY LOTS FOR STRIP COMMERCIAL DEVELOPMENT AT NUMBER 5 ROAD + STEVESTON HIGHWAY

1.0 Underlying Assumptions

1.1 Development Characteristics

Site Area:	1.698	Acres or	73,981	sq.ft.
Max Floor Space Ratio Allowed	0.398	FSR		
Actual Gross Building Area	29,432	sq.ft.		
Building Efficiency	100	%		
Total Rentable Area	29,432	sq.ft.		
Office Space @	29	%, or	8,535	sq.ft.
Retail Space @	71	%, or	20,897	sq.ft.
Office Parking Rqmt, one space per	270	sq.ft.	29,432	sq.ft.
Retail Parking Rqmt, one space per	270	sq.ft.		
Number Parking Stalls	109			

1.2 Assumptions Underlying Value

Rentable Area, Office	8,535	sq.ft.
Office Rental Rate	16.00	/sq.ft.
Rentable Area, Retail	20,897	sq.ft.
Retail Rental Rate	37.00	/sq.ft.
Vacancy, Office	0.00	%
Vacancy, Retail	0.00	%
Monthly Income per Office Parking Stalls	0	per stall
Rentable Space Operating Costs per sq.ft.	0.00	/sq.ft.
Owner's Structural Reserve, % EGI	0.00	%
Parking Operating Expenses , % Gross Revenue	0.00	%
Disposition (sale) Costs, % Gross Value	3.00	%
Capitalization rate, end of lease-up	7.50	%

1.3 Land Acquisition

	Land (SF)	Land Value Per Sf Land	Land Value Per SF GBA	
Cost of land	73,981	33.82	85.01	2,502,037

1.4 Construction Cost Assumptions

Off-site costs	0	
Demolition and site preparation	200,000	
Building Cost/sq.ft.	115.00	
Parking Cost/Stall	0	
Servicing connections	50,000	
Office TI/sq.ft.	25.00	
Retail TI/sq.ft.	25.00	
City's rezoning costs (includes purchase of City lot)	342,960	
City's development permit costs	4,883	
City's subdivision costs	0	
City's building permit costs	12,033	
City's servicing agreement costs	201,933	
City's DCC's	101,835	
Planning Time	22	months
Construction Time	10	months

1.5 Financing Assumptions

Construction Financing

Land Loan, Loan to Value Ratio	60.00	%
Land Loan, Interest Rate	8.00	%
Constuction Loan, Loan to Cost Ratio	75.00	%
Construction Loan, Interest Rate	8.00	%

Take out financing

Debt Service Coverage Ratio	1.25	
Stated Annual Interest Rate	7.50	%
Amortization Period	25	years
Mortgage Constant	8.77866	
Take Out Financing Advanced	8	months after completion of construction

Interest on Development Equity 10.00 %

2.1 Value on Completion				
Potential Gross Income				
Office		153,635		
Retail		773,179		
Parking		0		
Potential Gross Income			926,814	
Less Vacancy			0	
Equals Effective Gross Income			926,814	
Less Investor's Operating Costs on Vacant Space			0	
Less Structural Reserve			0	
Less Parking Expenses			0	
Equals NOI			926,814	
Capitalization Rate			7.50 %	
Indicated Value on Completion, Investor Holds			12,357,516	
Less Sales Costs @	3.00 %		370,725	
Indicated Value on Completion, Investor Sells at Completion of Lease-up			11,986,790	
2.0 Project Cost				
2.1 Land Cost				
Purchase Price			2,502,037	
Property Transfer Tax			48,041	
Other Costs			50,000	
Total Land Acquisition Cost				2,600,078
2.2 Construction Costs				
Offsite costs			0	
Demolition and site preparation			200,000	
Building			3,384,680	
Parking			0	
Servicing connections			50,000	
Tenant Improvements			735,800	
Contingency @	0 %		0	
Total Construction Cost				4,370,480
2.3 Development Costs				
A/E (architects+engineers)	4.00 %		174,819	
Other consultants (plan., traffic, testing, soils, envir, etc.)	1.00		43,705	
Const + Development Proj. Mgmt.	2.00 %		208,461	
Legal, survey and accounting			50,000	
Financing Fees (% Construction Costs)	1.00 %		104,231	
Lease Commission (% 1st year NOI)	20.00 %		185,363	
Insurance			75,000	
Research and Appraisal			25,000	
Rezoning (consultants)			50,000	
Marketing and promotion			250,000	
Utilities and operating costs during construction			15,000	
Taxes During Construction @	11.040 tax rate		92,075	
City's rezoning costs			342,960	
City's development permit costs			4,883	
City's subdivision costs			0	
City's building permit costs			12,033	
City's servicing agreement costs			201,933	
City DCC's			101,835	
GVRD Sewer DCC			13,009	
Overhead	2.00 %		208,461	
Miscellaneous development costs	0.00 %		0	
Contingency	5.00 %		107,938	
Total Development Costs				2,266,706
2.4 Interest				
Interest Cost, Equity Investment	**Included? Y/N**	y	471,124	
Interest Cost, Land Financing			416,013	
Interest Cost, Construction Financing			298,673	
Total Interest Cost				1,185,810
2.5 Total Project Costs				10,423,074

3.0 Short Term Yield Indicators
3.1 Profit on Sale of Project at Completion of Construction

	Profit on Costs
Value at completion	11,986,790
Project Costs	10,423,074
Profit - $'s	1,563,716
Profit - %	15.00 %

Profit on Equity	Cost	Equity %	Equity $'s
Equity - Land	2,600,078	40	1,040,031
Equity - Construction	7,822,996	25	1,955,749
Total Equity			2,995,780
Profit-$'s			1,563,716
Profit-% to Equity Investment			52.20 %

3.2 NOI/Project Cost

NOI	926,814
Project Cost	10,423,074
NOI/Cost (%)	8.89 %

3.3 Cash on Cash, investor holds

Project Cost	10,423,074
Take Out Financing	8,446,062
Equity	1,977,013
Net income	926,814
Less mortgage payments	741,451
Cash flow	185,363
Cash flow/equity (%)	9.38 %

4.0 Project Viability, Discounted Cash Flow, All Cash Equity (Unleveraged)

4.1 Cash Flow	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14
Net Revenues	0	463,407	834,132	926,814	926,814	926,814	923,277	1,023,277	1,023,277	1,023,277	1,023,277	1,029,781	1,129,781	1,129,781	1,129,781
Capital Costs	(11,700,534)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Flow	(11,700,534)	463,407	834,132	926,814	926,814	926,814	923,277	1,023,277	1,023,277	1,023,277	1,023,277	1,029,781	1,129,781	1,129,781	1,129,781

	Disc. Rate	
4.2 Net Present Value	10.00%	(1,400,671)
4.3 Simple Internal Rate of Return		8.91%

5.0 Project Cash Flow, Leveraged Equity (equity and construction financing)
5.1 Revenues

Annual escalation, gross revenue 2 % per annum

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14
Gross revenue potential, 100% occupancy	0	926,814	926,814	926,814	926,814	926,814	1,023,277	1,023,277	1,023,277	1,023,277	1,023,277	1,129,781	1,129,781	1,129,781	1,129,781
Less vacancy - %	0	50%	10%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
- $	0	463,407	92,681	0	0	0	0	0	0	0	0	0	0	0	0
Equals effective gross income	0	463,407	834,132	926,814	926,814	926,814	1,023,277	1,023,277	1,023,277	1,023,277	1,023,277	1,129,781	1,129,781	1,129,781	1,129,781
Investor's Operating Costs (structural reserve)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Operating Income	0	463,407	834,132	926,814	926,814	926,814	1,023,277	1,023,277	1,023,277	1,023,277	1,023,277	1,129,781	1,129,781	1,129,781	1,129,781
Sale of Property @ Year 30, cap rate (%) = 9.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total revenues	0	463,407	834,132	926,814	926,814	926,814	1,023,277	1,023,277	1,023,277	1,023,277	1,023,277	1,129,781	1,129,781	1,129,781	1,129,781
5.2 Other Expenditures															
Equity Investment	1,977,013	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mortgage payments (not automated)		741,451	741,451	741,451	741,451	741,451	741,451	741,451	741,451	741,451	741,451	741,451	741,451	741,451	741,451
Additional tenant improvements (at 5 year lease renewals)		0	0	0	0	0	100,000	0	0	0	0	100,000	0	0	0
Total other expenditures	1,977,013	741,451	741,451	741,451	741,451	741,451	841,451	741,451	741,451	741,451	741,451	841,451	741,451	741,451	741,451
5.3 Total Cash Flow	(1,977,013)	(278,044)	92,681	185,363	185,363	185,363	181,826	281,826	281,826	281,826	281,826	288,330	388,330	388,330	388,330

5.4 Net Present Value

Discount rate	10.00 %
Net present value	1,592,671

5.5 Internal Rate of Return

13.54%

3.0 Short Term Yield Indicators
3.1 Profit on Sale of Project at Completion of C

Value at completion
Project Costs
Profit - $'s
Profit - %

3.2 NOI/Project Cost
NOI
Project Cost
NOI/Cost (%)

3.3 Cash on Cash, investor holds
Project Cost
Take Out Financing
Equity

Net income
Less mortgage payments
Cash flow

Cash flow/equity (%)

4.0 Project Viability, Discounted Cash Flow, All

4.1 Cash Flow	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
Net Revenues	1,129,781	1,147,369	1,247,369	1,247,369	1,247,369	1,247,369	1,277,196	1,377,196	1,377,196	1,377,196	1,377,196	1,420,536	1,520,536	1,520,536	1,520,536	17,570,639
Capital Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Flow	1,129,781	1,147,369	1,247,369	1,247,369	1,247,369	1,247,369	1,277,196	1,377,196	1,377,196	1,377,196	1,377,196	1,420,536	1,520,536	1,520,536	1,520,536	17,570,639

4.2 Net Present Value
4.3 Simple Internal Rate of Return

5.0 Project Cash Flow, Leveraged Equity (equit
5.1 Revenues
Annual escalation, gross revenue

	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
Gross revenue potential, 100% occupancy	1,129,781	1,247,369	1,247,369	1,247,369	1,247,369	1,247,369	1,377,196	1,377,196	1,377,196	1,377,196	1,377,196	1,520,536	1,520,536	1,520,536	1,520,536	1,520 536
Less vacancy - %	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
- $	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equals effective gross income	1,129,781	1,247,369	1,247,369	1,247,369	1,247,369	1,247,369	1,377,196	1,377,196	1,377,196	1,377,196	1,377,196	1,520,536	1,520,536	1,520,536	1,520,536	1,520,536
Investor's Operating Costs (structural reserve)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Operating Income	1,129,781	1,247,369	1,247,369	1,247,369	1,247,369	1,247,369	1,377,196	1,377,196	1,377,196	1,377,196	1,377,196	1,520,536	1,520,536	1,520,536	1,520,536	1,520,536
Sale of Property @ Year 30, cap rate (%) =	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	16,050,103
Total revenues	1,129,781	1,247,369	1,247,369	1,247,369	1,247,369	1,247,369	1,377,196	1,377,196	1,377,196	1,377,196	1,377,196	1,520,536	1,520,536	1,520,536	1,520,536	17,570,639
5.2 Other Expenditures																
Equity Investment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mortgage payments (not automated)	741,451	741,451	741,451	741,451	741,451	741,451	741,451	741,451	741,451	741,451	741,451	0	0	0	0	0
Additional tenant improvements (at 5 year lease r	0	100,000	0	0	0	0	100,000	0	0	0	0	100,000	0	0	0	0
Total other expenditures	741,451	841,451	741,451	741,451	741,451	741,451	841,451	741,451	741,451	741,451	741,451	100,000	0	0	0	0
5.3 Total Cash Flow	388,330	405,918	505,918	505,918	505,918	505,918	535,745	635,745	635,745	635,745	635,745	1,420,536	1,520,536	1,520,536	1,520,536	17,570,639

5.4 Net Present Value
Discount rate
Net present value

5.5 Internal Rate of Return

Case #9 Viewed from a Historical Perspective

Land Value After Rezoning(1)	2,502,037	
Land value at time of rezoning application(2)	1,281,000	
Interest cost, 3 years at 15%	667,000	
Property tax, 3 years	15,000	
Other costs	250,000	
Total costs of land acquisition(4)	2,213,000	
Total land lift	289,037	
Building area	29,432	
Land lift per sq.ft. building area	9.82	per sq.ft.
Amenity contribution at 50%	4.91	per sq.ft.

(1) Based on Case #9 developer proforma, which takes the perspective of a developer commencing the rezoning and development process in 2006.
(2) Land value = 2004 assessed value x 1.2
(3) City rezoning costs are contained in developer proforma and reflected in value of rezoned land. These costs reflect other costs between 2004 and 2006.
(4) All City costs for rezoning plus site development costs are contained in the Case 9 developer proforma. These are costs incurrred from 2004 to 2006

Appendix K – Case Study #10

Amenity Contributions For:
Proposed Single Family to Commercial

In The West Cambie Area That Is Still At The Proposal Stage

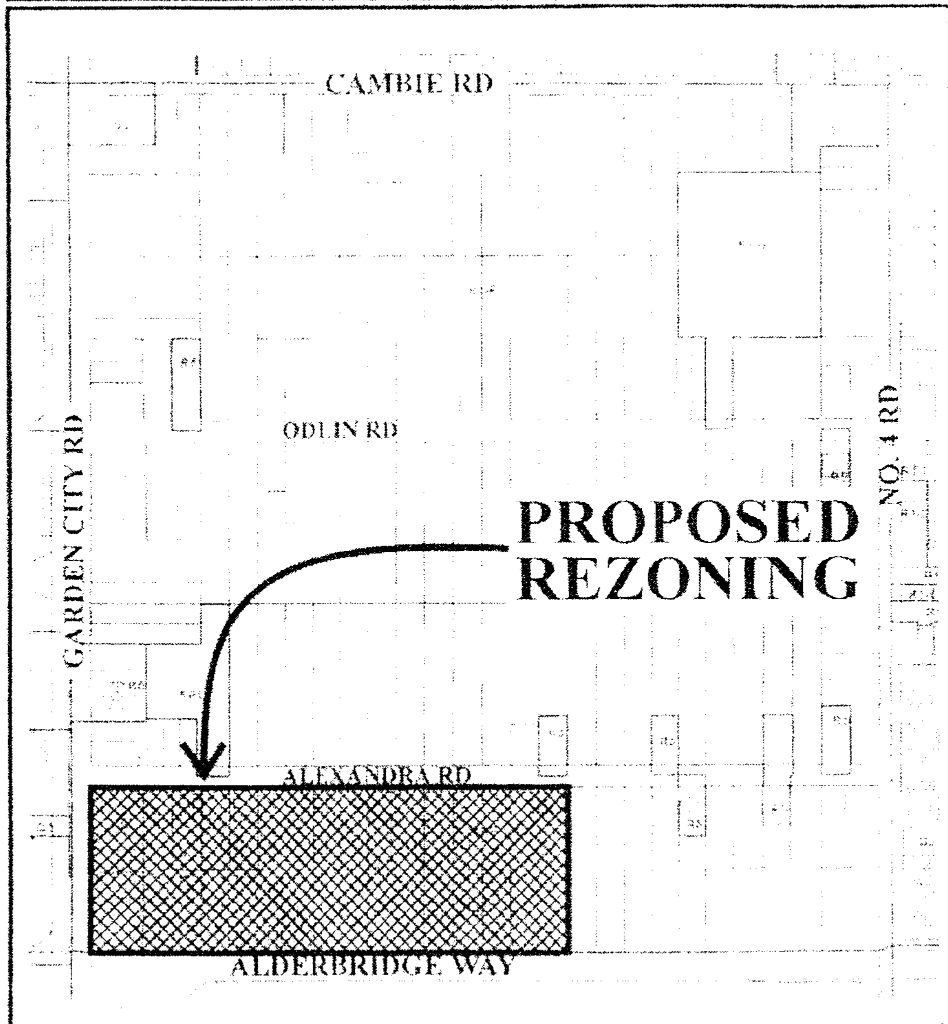
CITY OF RICHMOND
INTERIM AMENITY POLICY

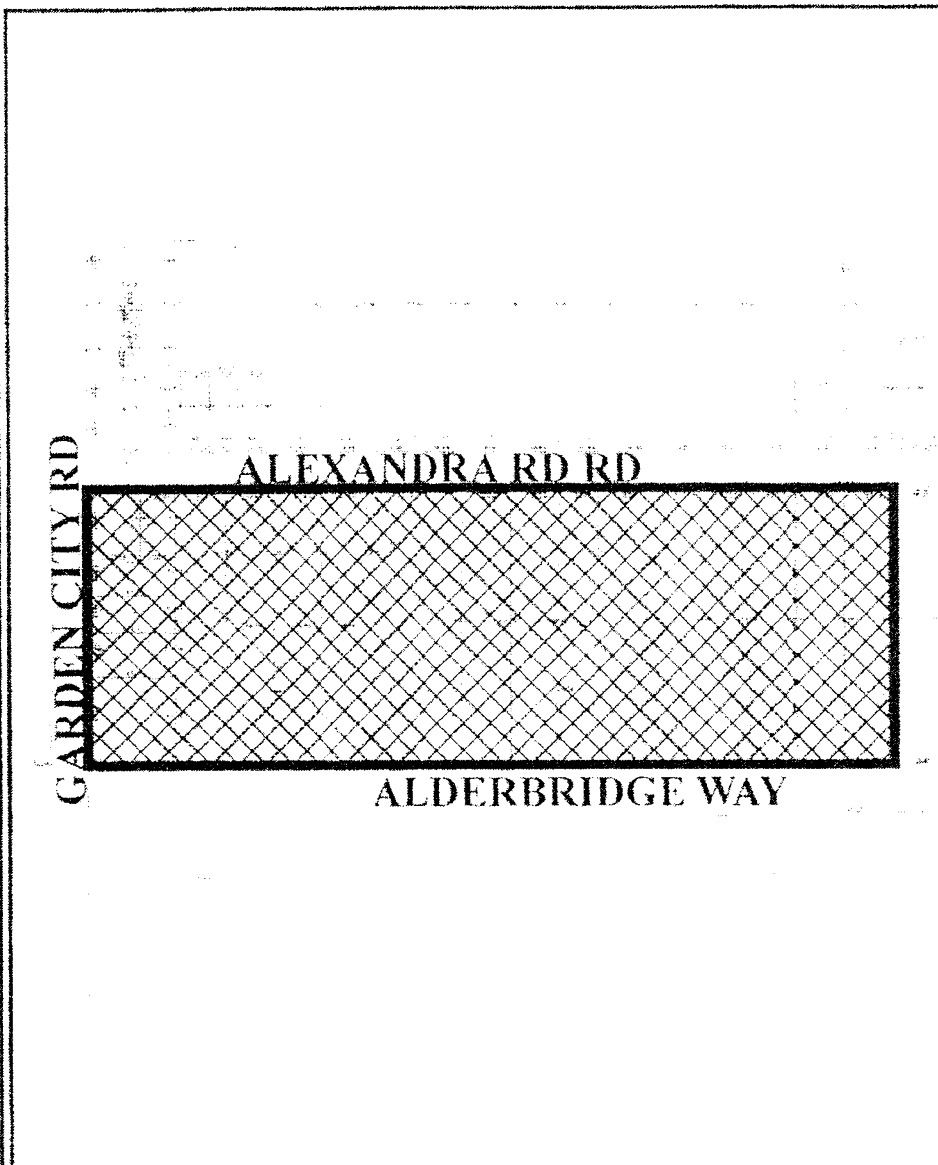
CASE STUDY 10

Type of Application:	Rezoning Application	
Form of Development:	Proposed single-family to commercial in the West Cambie area that is still at the proposal stage (proposed Wal Mart site) and that assumes an amenity contribution for everything but affordable housing (the most costly contribution)	
File Numbers:	RZ 03-235259	
Address:	4660, 4680, 4700, 4720, 4740 Garden City Road 9040, 9060, 9080, 9180, 9200, 9260, 9280, 9320, 9340, 9360, 9400, 9420, 9440, 9480, 9500 Alexandra Road	
Location:	West Cambie (Alexandra Neighbourhood)	
	Before Development	**After Development**
Gross Site Area:	947 m^2 to 12,140 m^2	69,140 m^2
Land Dedication:	0 m^2	13,660 m^2 total
Net Site:	947 m^2 to 12,140 m^2	55,480 m^2
Floor Area Ratio (FAR):	0.55	1.25 - retail 2.0 - hotel
Building Area Allowed:	521 m^2 to 6,677 m^2	87,400 m^2 total
Site Coverage:	45%	Up to 60%
Permitted Uses:	One family dwelling, with boarding & lodging and home occupation on each lot	Retail trade, office, hotel, restaurant, neighbourhood pub, educational facilities, recreation, etc.
Parking Required:	2 spaces per each dwelling unit (40 in total)	20% reduction to standard requirement suggested (e.g. 3.2 per 100 m^2 retail)
Permitted Height:	2.5 stories	2 stories (8 m) – retail 15 stories (45 m) - hotel
City's Rezoning Costs (RZ):	\$0	\$7,210 estimated
City's Development Permit Costs (DP):	\$0	\$10,000 estimated
City's Subdivision Costs (SD):	\$0	\$0
City's Building Permit Costs (BP):	\$60,000 estimated (20 houses)	\$134,000 (with DCC credits)
City's Servicing Agreement Costs (SA):	\$0	\$740,800 estimated
City's Development Cost Charges		\$11,681,610
Approval Time (RZ to BP):	1 month (BP only)	48 months estimated (RZ to BP)
Assessed Value:	\$6,367,500 total (in 2003)	\$15,560,000 total (in 2006)
Notes:	The above-noted costs do not include \$9,800,000 in "front end" infrastructure (sanitary sewer pump stations; external drainage improvements) that must be completed before any development occurs in the Alexandra Neighbourhood. This development may be the first to proceed and could "front end" this additional cost. It is assumed this developer would either have a private agreement with other developers to recoup some of the \$9,800,000 or the City would reimburse the developer as DCC's are collected for these works.	

Case Study 10

City of Richmond





RZ 03-235259

Original Date: 05/28/03

Revision Date:

Note: Dimensions are in METRES

CASE #10 - REZONE SINGLE FAMILY LOTS FOR WAL MART AND OTHER COMMERCIAL DEVELOPMENT

1.0 Underlying Assumptions

1.1 Development Characteristics

Site Area	743,946 sq ft		17.079 Acres
Road Dedication	146,982		
Net Developable Area	596,965		
Floor Space Ratio	0.403 FSR		
Maximum Gross Building Area	344,387 sq ft		
Building Efficiency	100 %		
Total Rentable Area	344,387 sq ft		
Wal Mart	200,000 Sq Ft		
Bldg A	30,000 Sq Ft		
Bldg B	45,000 Sq Ft		
CRU on Deck	26,200 Sq Ft		
CRU at Grade	43,187 Sq Ft		
Other	0 Sq Ft		
Total Building Area	344,387 Sq Ft		

1.2 Assumptions Underlying Value

	Rentable SF	Rent SF
Wal Mart	200,000	23 sq ft
Bldg A	30,000	30 sq ft
Bldg B	45,000	30 sq ft
CRU on Deck	26,200	35 sq ft
CRU at Grade	43,187	35 sq ft
Other	0	0 sq ft

Vacancy, CRU	0.00 %
Total Operating Costs per sq ft	0.00 /sq ft
Owner's Building Operating Expenses (structural reserve), % EGI	1.00 %
Disposition (sale) Costs, % Gross Value	3.00 %
Capitalization rate, end of lease-up	7.00 %

1.3 Land Acquisition

	Land (SF)	Land Value Per Sf Land	Land Value Per SF GBA	
Cost before ProvTax and other costs	743,946	24.00	51.84	17,854,714

1.4 Construction Cost Assumptions

	Area Sf	Cost SF	T.I's
Demolition and site preparation			1,500,000
Building Cost/sq ft			
Wal Mart	200,000	55.00	0.00
Bldg A	30,000	80.00	20.00
Bldg B	45,000	80.00	20.00
CRU on Deck	26,200	120.00	20.00
CRU at Grade	43,187	120.00	20.00
Other	0	0.00	0.00
Parking Cost/Stall			15,000
Servicing connections			100,000
City's rezoning costs			7,571
City's development permit costs			10,500
City's subdivision costs			0
City's building permit costs			140,700
City's servicing agreement costs			814,000
City's DCC's			7,567,800
Rezoning Time			48 months
Construction Time			24 months

1.5 Financing Assumptions

Construction Financing

Land Loan, Loan to Value Ratio	60.00 %
Land Loan, Interest Rate	8.00 %
Constuction Loan, Loan to Cost Ratio	75.00 %
Construction Loan, Interest Rate	8.00 %

Take out financing

Debt Service Coverage Ratio	1.25
Stated Annual Interest Rate	8.00 %
Amortization Period	25 years
Mortgage Constant	9.16
Take Out Financing Advanced	8 months after completion of construction

Interest on Development Equity 10 %

CASE #10 - REZONE SINGLE FAMILY LOTS FOR WAL MART AND OTHER COMMERCIAL DEVELOPMENT

2.0 Value on Completion				
Potential Gross Income	**Area SF**	**Rent SF**	**Gross $'s**	
Wal Mart	200,000	23	4,600,000	
Bldg A	30,000	30	900,000	
Bldg B	45,000	30	1,350,000	
CRU on Deck	26,200	35	917,000	
CRU at Grade	43,187	35	1,511,545	
Other	0	0	0	
Potential Gross Income			9,278,545	
Less Vacancy - CRU+Office			0	
Equals Effective Gross Income			9,278,545	
Less Non Recoverable Operating Costs			0	
Equals NOI			9,278,545	
Capitalization Rate			7.00 %	
Indicated Value on Completion, Investor Holds			132,550,643	
Less Sales Costs @ 3.00 %			3,976,519	
Indicated Value on Completion, Investor Sells at Completion of Lease-up			128,574,124	
3.0 Project Cost				
3.1 Land Cost				
Purchase Price			17,854,714	
Property Transfer Tax			355,094	
Other Costs			75,000	
Total Land Acquisition Cost				18,284,808
3.2 Construction Costs				
Demolition and site preparation			1,500,000	
Front end infrastructure costs (net of DCC credits)			1,893,718	
Building			25,326,440	
Parking	1,334		20,010,000	
Servicing connections			100,000	
Tenant Improvements			2,887,740	
Contingency @	0 %		0	
Total Construction Cost				51,717,898
3.3 Development Costs				
A/E (architects+engineers)	5.00 %		2,585,895	
Other consultants (plan., traffic, testing, soils, envir, etc.)	1.00		517,179	
Const + Development Proj Mgmt	2.50 %		2,869,875	
Legal, survey and accounting			60,000	
Financing Fees (% Construction Costs)	0.80 %		918,360	
Lease Commission (% 1st year NOI)	20.00 %		935,709	
Insurance			200,000	
Research and Appraisal			50,000	
Rezoning-consultants			60,000	
Market research and appraisal			5,000	
Marketing			2,500,000	
Utilities and operating costs during construction			5,000	
City's rezoning costs			7,571	
City's development permit costs			10,500	
City's subdivision costs			0	
City's building permit costs			140,700	
City's servicing agreement costs			814,000	
City's DCC's			7,567,800	
GVRD Sewer DCC			152,219	
Property Taxes	11.040	tax rate	1,314,107	
Overhead	2.00 %		2,295,900	
Miscellaneous development costs	0.00 %		0	
Contingency	10.00 %		2,302,981	
Total Development Costs				25,332,796
3.4 Interest				
Interest Cost, Equity Investment	Included? Y/N	y	7,444,305	
Interest Cost, Land Financing			5,851,139	
Interest Cost, Construction Financing			6,164,055	
Total Interest Cost				19,459,499
3.5 Total Project Costs				114,795,000

CASE #10 - REZONE SINGLE FAMILY LOTS FOR WAL MART AND OTHER COMMERCIAL DEVELOPMENT

4.0 Short Term Yield Indicators
4.1 Profit on Sale of Project at Completion of Construction

	Profit on Costs
Value at completion	128,574,124
Project Costs	114,795,000
Profit - $'s	13,779,123
Profit - %	12.00 %

Profit on Equity	Cost	Equity %	Equity $'s
Equity - Land	18,284,808	40	7,313,923
Equity - Construction	96,510,192	25	24,127,548
Total Equity			31,441,471
Profit-$'s			13,779,123
Profit-% to Equity Investment			43.82 %

4.2 NOI/Project Cost

NOI	9,278,545
Project Cost	114,795,000
NOI/Cost (%)	8.08 %

4.3 Cash on Cash, investor holds

Project Cost	114,795,000
Take Out Financing	81,048,056
Equity	33,746,945
Net income	9,278,545
Less mortgage payments	7,422,836
Cash flow	1,855,709
Cash flow/equity (%)	5.50 %

5.0 Project Viability, Discounted Cash Flow, All Cash Equity (Unleveraged)

5.1 Cash Flow Basis	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14
Net Revenues	0	6,889,320	8,726,472	9,185,760	9,185,760	9,185,760	10,141,821	10,141,821	10,141,821	10,141,821	10,141,821	11,197,390	11,197,390	11,197,390	11,197,390
Capital Costs	(152,536,802)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Flow	(152,536,802)	6,889,320	8,726,472	9,185,760	9,185,760	9,185,760	10,141,821	10,141,821	10,141,821	10,141,821	10,141,821	11,197,390	11,197,390	11,197,390	11,197,390

	Disc. Rate	
5.2 Net Present Value	10%	(44,042,111)
5.3 Simple Internal Rate of Return		7.30%

6.0 Project Cash Flow, Leveraged Equity (equity and construction financing)
6.1 Revenues

Annual escalation, gross revenue 2.00 % per annum

		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14
Gross revenue potential, 100% occupancy		0	9,278,545	9,278,545	9,278,545	9,278,545	9,278,545	10,244,263	10,244,263	10,244,263	10,244,263	10,244,263	11,310,495	11,310,495	11,310,495	11,310,495
Less CRU+office vacancy - %		0	25%	5%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
- $		0	2,319,636	463,927	0	0	0	0	0	0	0	0	0	0	0	0
Equals effective gross income		0	6,958,909	8,814,618	9,278,545	9,278,545	9,278,545	10,244,263	10,244,263	10,244,263	10,244,263	10,244,263	11,310,495	11,310,495	11,310,495	11,310,495
Non Recoverable Operating Costs	2.50%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Investor's Operating Costs (structural reserve)		0	69,589	88,146	92,785	92,785	92,785	102,443	102,443	102,443	102,443	102,443	113,105	113,105	113,105	113,105
Net Operating Income		0	6,889,320	8,726,472	9,185,760	9,185,760	9,185,760	10,141,821	10,141,821	10,141,821	10,141,821	10,141,821	11,197,390	11,197,390	11,197,390	11,197,390
Sale of Property @ Year 30, cap rate (%) =	7.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total revenues		0	6,889,320	8,726,472	9,185,760	9,185,760	9,185,760	10,141,821	10,141,821	10,141,821	10,141,821	10,141,821	11,197,390	11,197,390	11,197,390	11,197,390

6.2 Expenditures

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14
Cash Equity investment	33,746,945	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mortgage payments (not automated)		7,422,836	7,422,836	7,422,836	7,422,836	7,422,836	7,422,836	7,422,836	7,422,836	7,422,836	7,422,836	7,422,836	7,422,836	7,422,836	7,422,836
Additional tenant improvements (at 5 year lease renewals)		0	0	0	0	0	100,000	0	0	0	0	100,000	0	0	0
Total other expenditures	33,746,945	7,422,836	7,422,836	7,422,836	7,422,836	7,422,836	7,522,836	7,422,836	7,422,836	7,422,836	7,422,836	7,522,836	7,422,836	7,422,836	7,422,836
6.3 Cash Flow	(33,746,945)	(533,516)	1,303,636	1,762,924	1,762,924	1,762,924	2,618,985	2,718,985	2,718,985	2,718,985	2,718,985	3,674,554	3,774,554	3,774,554	3,774,554

6.4 Net Present Value

Discount rate	10.00 %
Net present value	7,235,203

6.5 Internal Rate of Return

11.14%

CASE #10 - REZONE SINGLE FAMILY LOT

4.0 Short Term Yield Indicators

4.1 Profit on Sale of Project at Completion

Value at completion
Project Costs
Profit - $'s
Profit - %

4.2 NOI/Project Cost

NOI
Project Cost
NOI/Cost (%)

4.3 Cash on Cash, investor holds

Project Cost
Take Out Financing
Equity

Net income
Less mortgage payments
Cash flow

Cash flow/equity (%)

5.0 Project Viability, Discounted Cash Flo

5.1 Cash Flow Basis	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
Net Revenues	11,197,390	12,362,823	12,362,823	12,362,823	12,362,823	12,362,823	13,649,555	13,649,555	13,649,555	13,649,555	13,649,555	15,070,212	15,070,212	15,070,212	15,070,212	219,594,520
Capital Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Flow	11,197,390	12,362,823	12,362,823	12,362,823	12,362,823	12,362,823	13,649,555	13,649,555	13,649,555	13,649,555	13,649,555	15,070,212	15,070,212	15,070,212	15,070,212	219,594,520

5.2 Net Present Value

5.3 Simple Internal Rate of Return

6.0 Project Cash Flow, Leveraged Equity (

6.1 Revenues

Annual escalation, gross revenue

	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
Gross revenue potential, 100% occupancy	11,310,495	12,487,700	12,487,700	12,487,700	12,487,700	12,487,700	13,787,430	13,787,430	13,787,430	13,787,430	13,787,430	15,222,437	15,222,437	15,222,437	15,222,437	15,222,437
Less CRU+office vacancy - %	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
- $	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equals effective gross income	11,310,495	12,487,700	12,487,700	12,487,700	12,487,700	12,487,700	13,787,430	13,787,430	13,787,430	13,787,430	13,787,430	15,222,437	15,222,437	15,222,437	15,222,437	15,222,437
Non Recoverable Operating Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Investor's Operating Costs (structural reser	113,105	124,877	124,877	124,877	124,877	124,877	137,874	137,874	137,874	137,874	137,874	152,224	152,224	152,224	152,224	152,224
Net Operating income	11,197,390	12,362,823	12,362,823	12,362,823	12,362,823	12,362,823	13,649,555	13,649,555	13,649,555	13,649,555	13,649,555	15,070,212	15,070,212	15,070,212	15,070,212	15,070,212
Sale of Property @ Year 30, cap rate (%) =	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	204,524,308
Total revenues	11,197,390	12,362,823	12,362,823	12,362,823	12,362,823	12,362,823	13,649,555	13,649,555	13,649,555	13,649,555	13,649,555	15,070,212	15,070,212	15,070,212	15,070,212	219,594,520

6.2 Expenditures	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
Cash Equity Investment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mortgage payments (not automated)	7,422,836	7,422,836	7,422,836	7,422,836	7,422,836	7,422,836	7,422,836	7,422,836	7,422,836	7,422,836	7,422,836	0	0	0	0	0
Additional tenant improvements (at 5 year (	0	100,000	0	0	0	0	100,000	0	0	0	0	100,000	0	0	0	0
Total other expenditures	7,422,836	7,522,836	7,422,836	7,422,836	7,422,836	7,422,836	7,522,836	7,422,836	7,422,836	7,422,836	7,422,836	100,000	0	0	0	0
6.3 Cash Flow	3,774,554	4,839,987	4,939,987	4,939,987	4,939,987	4,939,987	6,126,719	6,226,719	6,226,719	6,226,719	6,226,719	14,970,212	15,070,212	15,070,212	15,070,212	219,594,520

6.4 Net Present Value

Discount rate
Net present value

6.5 Internal Rate of Return

Case #10 Viewed from a Historical Perspective

Land Value After Rezoning(1)	17,854,714	
Land value at time of rezoning application(2)	7,640,000	
Interest cost, 3 years at 15%	3,978,000	
Property tax, 3 years	150,000	
Other costs(3)	1,500,000	
Total cost of land(4)	13,268,000	
Total land lift	4,586,714	
Building area	345,000	sq.ft.
Land lift per sq.ft. building area	13.29	per sq.ft.
Amenity contribution at 50%	6.65	per sq.ft.

(1) Based on Case #10 developer proforma, which takes the perspective of a commencing the rezoning and development process in 2006.

(2) Land value = 2003 assessed value x 1.2

(3) City rezoning costs are contained in developer proforma and reflected in v rezoned land. These costs reflect other costs between 2003 and 2006.

(4) All City costs for rezoning plus site development costs are contained in the Case 10 developer proforma. These are costs incurrred from 2003 to 2006