City of Richmond

Report to Committee

Planning and Development Division

To:	Planning Committee	**Date:**	June 1, 2018
From:	Wayne Craig Director, Development	**File:**	RZ 16-724589

Re: **Application by IBI Group on behalf of Goodwyn Enterprises (2015) LTD., Inc. No. 1056275 for Official Community Plan (OCP)/City Centre Area Plan (CCAP) amendment and rezoning at 7111, 7451 and 7531 Elmbridge Way, 7600, 7640, 7671 and 7880 Alderbridge Way, 5751 and 5811 Cedarbridge Way, 5003 Minoru Boulevard, from Industrial Retail (IR1) to a new site specific zone**

Staff Recommendation

That the application to amend the Official Community Plan (OCP) and City Centre Area Plan (CCAP), and to rezone the subject properties, including 7111, 7451 and 7531 Elmbridge Way, 7600, 7640, 7671 and 7880 Alderbridge Way, 5751 and 5811 Cedarbridge Way, 5003 Minoru Boulevard, from Industrial Retail (IR1) to a new site specific zone be denied.

Wayne Craig
Director, Development

WC:dn
Att.

REPORT CONCURRENCE		
ROUTED TO:	**CONCURRENCE**	**CONCURRENCE OF GENERAL MANAGER**
Real Estate Services	☑	
Affordable Housing	☑	
Parks Services	☑	
Recreation Services	☑	
Engineering	☑	
Law	☑	
Policy Planning	☑	
Transportation	☑	

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Staff Report

Origin

IBI Group, on behalf of Goodwyn Enterprises (2015) Ltd., Inc. No. 1056275, has applied to amend the Official Community Plan (OCP) and City Centre Area Plan (CCAP), to rezone the 10 subject properties, and to increase the permitted building height on 5 lots (Attachment 1).

The developer proposes to:

- Increase the CCAP supported residential density by 50%, from 2.0 Floor Area Ratio (FAR) to 3.003 FAR over 10 lots. The proposal would introduce approximately 57,277 m^2 (616,532 ft^2) of additional residential floor area in a location where additional floor area is not supported by the CCAP; and
- Pre-zone 8 of the 10 lots while retaining existing uses for an unrestricted period of time. The developer provided timeframe for redevelopment extends to 2040.

Based on a comprehensive analysis of the application, the developer's proposal is not supported due to:

- Fundamental inconsistencies with key OCP and CCAP objectives;
- The precedent and related consequences of pre-zoning properties; and
- The significant imbalance between benefits to the developer and the lack of amenities of an equivalent value to the City, which includes consideration of the developer's proposal to transfer ownership of Lot 3 to the City.

The applicant's proposal is to provide 9,290 m^2 (100,000 ft^2) of Affordable Housing (AH) (approximately 6% of anticipated residential floor area) in the first phase of development at 7600 Alderbridge Way (Lot 3) along with approximately 4,645 m^2 (50,000 ft^2) of market rental housing (88 units) and voluntary transfer of Lot 3 to the City. This report includes a detailed analysis of the AH proposed by the applicant including, but not limited to the following considerations:

- The developer's proposal to provide approximately 6% of anticipated market residential development as AH is a slight increase over the 5% AH requirement that applied at the time the application was submitted to the City.
- Council amended the AH Strategy on July 24, 2017 to increase the required AH contribution from 5% of residential floor area to 10% of residential floor area. Grandfathering provisions that maintain the 5% requirement apply only until July 24, 2018.
- If the subject properties are rezoned at the time of future development, the applicant would be required to comply with the AH requirements that apply at the time. Applying the current AH Strategy requirement to secure 10% of residential floor area as AH and assuming redevelopment that is consistent with the CCAP (2.0 FAR) is anticipated to secure approximately 2,130 m^2 (22,960 ft^2) more AH than is proposed by the subject proposal, although it would be secured at a future date.

This report:

1. Summarizes the developer's proposal.
2. Summarizes consultation with stakeholders and the public.

3. Analyzes the proposed OCP and CCAP amendments and the cumulative impacts on:
    a. City Centre population projections;
    b. Amenities and infrastructure; and
    c. Anticipated urban form.
4. Evaluates the developer's proposal to pre-zone the properties and to use a Phased Development Agreement (PDA) to facilitate development including the impact on a future Council's discretionary authority to ensure a project's contributions to public amenities and off-site works reflect policies, requirements and Council objectives that are in place at the time of development.
5. Evaluates the community amenities and contributions that are proposed by the developer, including a comparative summary of the potential total value of the additional density to the developer and the amenities proposed to the City.
6. Suggests two options based on the findings of the analysis:
    a. Option 1 (Recommended): Deny the OCP/CCAP amendment and rezoning application.
    b. Option 2: That Council provide direction to staff related to specific elements of the developer's proposal (increasing residential density, pre-zoning properties, extending the Affordable Housing (AH) Strategy grandfathering provisions for 15 years, and accepting ownership of a property that is encumbered with housing agreements and a 60 year lease).

Findings of Fact

A Development Application Data Sheet providing details about the development proposal is attached (Attachment 2).

Background & Project Description

The development proposal includes the following defining characteristics:

- The development proposal includes ten properties that are dispersed within the Lansdowne Village but are located outside of a designated Village Centre where the CCAP supports the highest density and tallest building heights (Attachment 3).

- The maximum CCAP supported density for the subject properties is a Floor Area Ratio (FAR) of 2.0. The applicant proposes to amend the CCAP to permit an average of 3.003 FAR over the 10 subject lots. Although the density over the 10 lots is 3.003 FAR, the proposed density on individual lots ranges between 2.9 FAR to 3.6 FAR (Attachment 4).

- The proposal seeks to develop approximately 171,515 m^2 (1.84 million ft^2) of floor area dispersed amongst the subject properties and includes approximately 57,277 m^2 (616,532 ft^2) of additional residential floor area that was not anticipated in the planning process for the City Centre and is not supported by the CCAP. The proposal represents a 50% increase in the CCAP supported density over the subject properties, all of which is proposed as residential development.

- The applicant proposes to pre-zone eight of the ten lots and development is projected to occur in phases extending to 2040. The subject properties are currently developed with existing commercial, office and warehouse uses, which the applicant proposes to maintain during the interim.

- Conceptual massing plans for the subject properties that reflect density and building heights that were initially proposed by the developer can be found in Attachment 5. The plans are a general representation of building forms that would accommodate the proposed building density, including an additional 57,277 m^2 (616,532 ft^2) of building floor area on the properties. A typical rezoning application would require the applicant to provide more detailed plans than those that are attached to this report.

- The AH proposed by the developer includes the following features:
  - Upfront construction of all of the proposed AH at 7600 Alderbridge Way (Lot 3);
  - Approximately 9,290 m^2 (100,000 ft^2) of AH, which is proposed to be allocated as a combination of 98 Low End Market Rental (LEMR) and 24 Non-Market units;
  - An AH unit mix that includes 10% bachelor, 30% 1 bedroom, 30% 2 bedroom, and 30% 3 bedroom units and is supported by staff;
  - Eighty eight (88) market rental units in the AH building;
  - Transferring ownership of Lot 3 to the City with a lease agreement in place that assigns operation and management to an experienced third party operator (e.g. S.U.C.C.E.S.S.);
  - Registration of legal agreements and covenants that would secure AH and market rental housing. The legal agreements and covenants, as well as the lease agreement with a housing operator, significantly impact the value of Lot 3; and
  - Inclusion of approximately 278 m^2 (3,000 ft^2) of amenity space to offer support to residents.

  Typically, AH units are dispersed through a development. The City's criteria for consolidating AH units are outlined in the Affordable Housing Special Development Circumstances criteria (Attachment 6).

- The developer justifies increasing the residential density supported by the CCAP by 50% based on the provision of approximately 6% of the anticipated total residential floor area (9,290 m^2 [100,000 ft^2]) as AH in the first phase of development. 9,290 m^2 (100,000 ft^2) of AH represents surplus AH *only if* Council supports extending grandfathering AH provisions beyond July 24, 2018 for the subject properties. The current policy requires 10% of residential floor area to be secured as AH. The applicant has requested that the AH requirement be grandfathered at 5% of residential floor area for a period of 15 years.

- With the exception of development on Lot 3, the rezoning requested by the developer would preserve the option of unrestricted market residential housing development on the properties (up to 156,930 m^2 [1.68 million ft^2] of market residential development). While the applicant has referenced the possibly of including seniors oriented congregate housing and approximately 1,840 m^2 (19,797 ft^2) of commercial space at 7640 Alderbridge Way (Lot 4), the developer would not commit to zoning bylaw restrictions to secure development of congregate housing on the property.

Surrounding Development

The subject sites are currently developed with uses that are permitted by the Industrial Retail (IR1) zone and accommodate a range of existing uses. Attachment 7 provides a detailed synopsis of adjacent land uses and designations.

Consultation

Signage notifying the public of the proposal to amend the OCP/CCAP and to rezone the ten properties has been installed on the subject lots. Comments received from the public include:

- General inquiries related to the scope of the application; and
- Inquiries whether the City would support similar increased density and building height elsewhere within the City Centre and/or Lansdowne Village neighbourhood.

Staff have met with and/or received correspondence from the following agencies, who have provided specific comments on the developer's proposal:

School District

According to the OCP Bylaw Preparation Consultation Policy 5043, which was adopted by Council and agreed to by the School District, the proposal to amend the OCP/CCAP and rezone the properties to increase permitted density by 1.003 FAR and potentially introduce approximately 106 additional school aged children (62 elementary students, 44 secondary students) to Richmond schools is required to be referred to the School District.

Staff have received an email response from the School District on May 29, 2018 that advises:

- An additional 5 classrooms (3 elementary classrooms and 2 secondary classrooms) would be required to accommodate an additional 106 school aged students.
- The subject properties are within an area where there is an existing need to introduce a new school to provide students within the City Centre with a local elementary school.
- Additional elementary school aged children will increase the already significant pressure on the area elementary school (Tomsett Elementary School) and should be considered as part of the school addition project.

The School District comments are specific to the number of additional school aged students specific to the proposal to increase residential density on ten properties. The cumulative impact of increasing residential density within the City Centre was not assessed and would be significant.

Richmond Chinese Community Society (RCCS)

Originally, the applicant proposed to allocate approximately 496 m^2 (5,340 ft^2) of space within the building at Lot 4 for use by the Richmond Chinese Community Society (RCCS). In response to a Council referral, Community Services staff prepared a memo for Council's consideration (dated May 4, 2016) that reviewed the proposal to allocate space for exclusive use by RCCS. The applicant reassigned the space to the City and it is included in the approximately 930 m^2 (10,000 ft^2) that was offered to the City.

Richmond Emmanuel Church

The Richmond Emmanuel Church operates out of the existing building at 7451 Elmbridge Way (Lot 1), which is included in the expected second phase of development (2020-2028). Staff have received written correspondence from the church that expresses their interest in remaining in the current location (Attachment 8). The CCAP supports mixed uses and may accommodate assembly use conditional to compliance with standard zoning and policy terms. The subject application does not include reference to assembly specific uses. Inclusion of assembly space would be secured by a private agreement with the property owner. The church has contacted the owner directly and staff have been advised by the applicant that it is premature to consider retention of the church. Rezoning of property, that will be developed at a future date (i.e. pre-zoning) does not provide staff with opportunity to facilitate reasonable discussion between interest groups and the developer.

S.U.C.C.E.S.S.

S.U.C.C.E.S.S. is a non-profit charitable organization that has been identified by the developer to purchase a lease hold interest from the applicant to manage and operate the proposed AH and market rental housing.

The developer has provided staff with six letters from S.U.C.C.E.S.S. that support the applicant's proposal (Attachment 9). The AH proposal has changed during the application review process and the series of attached letters demonstrates that S.U.C.C.E.S.S. has been kept up to date on the changes. The letters also reference a $6 million grant from BC Housing, which is intended, but not required or restricted, to being used to subsidize market rental housing units. The use of the grant is consistent with the AH Strategy, which does not support using senior government funding to fulfill AH Strategy requirements. S.U.C.C.E.S.S.'s involvement in the project remains subject to their Board's approval.

Analysis

PART 1 – Official Community Plan (OCP) & City Centre Area Plan (CCAP) Amendments

The developer proposes to amend the OCP and the CCAP land use designations for the subject properties to permit high density development on the ten subject properties and to increase building height on five of the subject properties (Attachment 4). The proposed amendments raise fundamental concerns for staff that include:

- Establishing a repeatable precedent that may result in City Centre population targets being significantly exceeded and surpassing a higher growth scenario of 156,000 people in the City Centre. This higher growth scenario was previously specifically considered and rejected by Council as it would not be possible to maintain a strategic balance of population, parkland and employment with the additional population;
- A shortfall in amenities and services for City Centre residents;
- Financial impacts that affect the City and development community generally; and
- Development that is inconsistent with CCAP design objectives.

Precedent Setting

- Supporting the developer's application would set a repeatable precedent for a proportional 50% increase in CCAP supported residential density in exchange for upfront provision of AH as proposed by the developer.

Staff regularly receive inquiries and applications to increase residential density and building height that is inconsistent with the CCAP. Generally, these applications are not supported by staff and the applicant withdraws or revises the development proposal before it is considered by Council. Despite staff's expressed concerns, the developer proposes to increase density from 2.0 FAR to 3.003 FAR over 10 lots, which represents a 50% increase to the CCAP supported density for the subject properties.

The developer proposes a 50% increase in density conditional to providing approximately 6% of anticipated residential floor area as AH in the first phase of development. The applicant suggests that the development proposal is original and therefore not repeatable based on the following rationale:

- Total land area (including detached properties): The total land area included in the rezoning application (which includes non-contiguous properties) is greater than typical redevelopment sites in the City and as a result, the required AH contribution is substantial and reasonably suited to being consolidation in a designated rental building. The developer suggests limiting future applications from seeking a proportional 50% increase in density by requiring them to provide a minimum of 9,290 m^2 (100,000 ft^2) of AH.
- AH is provided in the first phase of development: The applicant advises that developers would generally be reluctant to provide AH in the first phase of development because the obligation to provide AH is calculated based on the assumed future residential floor area, which may be converted to non-residential uses in the future and thereby result in the developer providing a surplus of AH to the City. Further, the City benefits from early delivery of AH while the property owner may be required to delay market redevelopment due to changing market conditions and/or a long term lease.
- Market rental housing: Eighty eight market rental housing units are proposed within the building at Lot 3.
- Non-market units: The developer voluntarily proposes to assign 24 of the proposed AH units as Non-market housing units, which would be rented at lower rents than the Low End Market (LEMR) units.

Staff believe that a proportional 50% increase in CCAP supported density would provide strong incentive for property owners to submit similar applications that seek increased density.

Therefore, staff remain concerned that the subject proposal will establish a significant and impactful precedent that others will seek to duplicate. Although the introduction of an additional 57,277 m^2 (616,532 ft^2) of residential floor area within the City Centre is significant, it is secondary to the impacts associated with establishing a repeatable precedent for increasing residential density within the City Centre.

Impact on CCAP Population Target

- The Council approved population target for the City Centre is 120,000 people.
- The developer's proposal would set a precedent to support a 50% increase in residential density that may result in the City Centre population increasing by approximately 40,000 additional people, which would increase the projected population from 120,000 to 160,000 people.
- During the CCAP preparation process, Council and the community specifically considered and rejected a higher growth scenario of 156,000 people because a strategic balance of population, parkland and employment lands could not be maintained with an additional 36,0000 people.

The process of preparing the CCAP, which included significant community consultation, established an acceptable growth scenario and the CCAP population target of 120,000 people. The existing CCAP population target supports a strategic balance of population, parkland and employment lands. Setting a precedent that would support a proportionate increase in residential density for properties with reasonable redevelopment potential may increase the City Centre population by 25% or approximately 40,000 people bringing the overall number of people in the City Centre to 160,000. 160,000 people within the City Centre is both greater than the CCAP population target of 120,000 people and exceeds a higher growth scenario of 156,000 people, which was considered during the CCAP preparation process and was rejected by the community and Council because a balance of population, parkland and employment lands could not be maintained with an additional 36,000 people. In addition, the existing strategic balance of population, parkland and employment lands that is achieved by the CCAP would be upset. Attachment 10 summarizes the potential population increase by Village Centre where residential use is permitted and includes only properties with reasonable redevelopment potential.

Impact on Amenities and Infrastructure

- Additional people over and above the Council approved population target for the City Centre would strain existing and planned amenities and infrastructure resulting in costly upgrades, strategic plan updates, and increases to development related fees.

Setting a precedent that increases residential density and the overall City Centre population has the potential to strain access to amenities (park space, community centre, libraries, art facilities), services (emergency services, health care facilities) and infrastructure (roads, utilities). As a result of up to 40,000 additional people within the City Centre, projections and strategic plans (Parks and Open Space Plan, City Centre Transportation Plan, City's Development Cost Charges program) that are based on the existing CCAP framework would no longer be valid and would require revision and expensive upgrades to ensure that the population receives an acceptable level of service.

Community Amenity, Parks and Open Space Plan Impacts

In order to meet the City's standards for quality and distribution of public amenities, an increase of 40,000 people would necessitate increasing City amenity spaces including:

- An additional 3,715 m^2 (40,000 ft^2) of community centre space would be required to service an additional 40,000 people and planned facilities would need be larger, as well as potentially being required earlier.

- Additional City wide and City Centre specific parks and open space to comply with the park quantity standard established by the OCP and CCAP (3 hectares [7.66 acres]/1,000 people, of which 1.3 hectares [3.25 acres]/1,000 people is to be located within the City Centre). The projected additional population would require an additional 124 hectares (306 acres) of park land.

The costs associated with providing park space in accordance with Council approved rates is estimated at approximately $723.5 million for land acquisition costs and $218 million in park development costs. The additional park and open space required to provide sufficient amenities for use by the increased population may significantly impact future Development Cost Charges (DCC) programs. DCC rates for all developments would need to increase to fund associated land acquisition and park development costs. The increases are estimated at:

- Land acquisition cost of an additional 306 acres: 253% increase.
- Park development cost of the additional park acreage: 104% increase.

Transportation and City Infrastructure Plan Impacts

The projected additional 40,000 people would affect the City Centre Transportation Plan and City infrastructure plans, which were developed to accommodate a maximum of 120,000 people within the City Centre. Expanding City infrastructure would result in increases to DCC rates for all developments. The process of quantifying the cumulative impacts and identifying mitigation measures and costs would require repeating the technical work that was undertaken as part of the comprehensive process of developing the CCAP using updated population projections.

Staff have determined that based on the cost and scope of work involved in updating the plans, the quantitative assessment will not be undertaken in advance of resolution of the fundamental issues associated with the proposal, which includes impacts on population projections, and amenity and infrastructure impacts. Similarly, subsequent to initial review of the submitted Traffic Impact Study (TIS), staff have suspended the review process as its findings are not acceptable to staff. Specifically, the TIS has not assessed nor identified any further transportation improvements than those already identified in the CCAP to mitigate the additional transportation impacts associated with both the unexpected proposed increase in density on the subject properties, as well as the potential cumulative impact of approximately 40,000 additional people in the City Centre.

Impact on Urban Form and Transit Oriented Development

The CCAP is founded on the principle of creating six distinct urban Village Centres and supporting transit oriented development. As a result, the greatest building density and height is concentrated within identified Village Centres and in close proximity to a frequent transit network to support compact, mixed-use walkable communities. The resulting high density development planned to be located within identified Village Centres strategically contrasts with lower density development and building heights elsewhere within the City Centre.

- The developer proposes to accommodate the additional residential density in continuous and tall streetwalls and additional building height on some properties, which is inconsistent with CCAP urban design objectives.

To study the impact on urban design of introducing high urban density to the subject properties, which are outside a Village Centre, the developer prepared conceptual building massing plans (Attachment 5). In the absence of a concurrent Development Permit (DP) application, building massing, form, and character is subject to change. To accommodate the additional floor area, the developer proposes to introduce a mid-rise building typology that is characterized by long building façades and concentrated building massing, which is inconsistent with existing CCAP design guidelines and sub-area guidelines that apply to the subject properties. Buildings that exceed CCAP supported building heights are proposed on five lots to accommodate the proposed additional floor area (Lot 1, 4, 5, 9, 10).

To achieve the City's objectives to support the use of alternative modes of transportation, decisions about individual development applications need to consider important connections between the places where people live, work, shop and play, and where alternative transportation options are most concentrated. Supporting high density development outside a designated Village Centre undermines the City's efforts to introduce resilient, high-density, mixed use communities and to reduce car dependency within the City Centre.

Table 1: Summary of Proposed OCP/CCAP Amendment Impacts

Precedent setting	Proposal would set a precedent & expectation that the City would entertain increasing residential density in exchange for additional AH and transfer of ownership of AH to the City.
Proportionate 50% increase to properties with reasonable redevelopment potential may introduce 40,000 additional people resulting in the following impacts. Applied assumptions: - 50% increase in CCAP supported density applied to undeveloped parcels - $93m^2$ average unit size - 2.1 people/unit	
CCAP population target	- City Centre population may exceed CCAP 120,000 population target and increase to 160,000 residents. - During development of the CCAP, Council rejected a higher growth scenario of 156,000 people as the additional people would upset the existing CCAP strategic balance of population, parkland and employment lands.
Amenities & infrastructure	Additional people would necessitate increasing City facilities and services: - Additional 3,715 m^2 (40,000 ft^2) of community centre space; - Planned facilities to be larger and potentially required earlier; - Additional 124 hectares (306 acres) of park (approximately $723.5 million in land acquisition costs & $218 million in park development costs to be collected through increased DCCs); - Impacts to strategic plans including City Centre Transportation & Infrastructure Plans. Transportation DCCs likely to increase, Engineering DCCs may increase.
Urban form	- High density building massing and taller buildings outside a Village Centre is contrary to the CCAP and sub-area guidelines, and City objectives to support the greatest building density and height within identified Village Centres, which contrast with strategically lower density development and building heights between Village Centres.

PART 2 – PROPOSED PRE-ZONING TO SITE SPECIFIC ZONE

The developer proposes to pre-zone eight of ten lots while retaining existing buildings and uses for an unrestricted period of time. Staff do not support the proposal to pre-zone ten properties as it limits Council's discretionary authority and unnecessarily restricts the amenities and contributions that are secured through the future development process.

Pre-Zoning

- Council's discretionary authority to secure amenities and contributions is tied to rezoning. Pre-zoning removes Council's strongest tool to secure up to date and/or new contributions, amenities and off-site works that are in place at the time of redevelopment.

Negotiating amenities with the developer is undertaken through the rezoning application review process as rezoning is local government's strongest tool to secure community amenities. Pre-zoning compromises Council's discretionary authority to ensure that a project's contributions to public amenities and off-site works, which are expected to increase over time, reflect up to date policies, requirements, and Council objectives that are in place at the time of development. By pre-zoning property, Council would also forego the ability to require amenities and provisions that may be requirements in the future but have not yet been articulated (ex. sustainability initiatives such as green infrastructure and solar energy provisions, increases in AH requirements).

In comparison, the benefits to the developer associated with amending a property's zoning in advance of development include the following:

- Pre-zoning provides the developer with certainty regarding future land uses and permits the developer to realize the increased value of the property (i.e. the property can be sold at a price that reflects the increased permitted residential density).
- Zoning is secured at current amenity and contribution rates rather than at future rates, which are expected to increase.
- The developer avoids the obligation to provide any new amenities and/or contributions that are introduced in the future, which would typically be secured as a condition of rezoning bylaw adoption.

Updated or newly introduced amenities and contributions can be significant. For example, Council adopted amendments to the AH Strategy in July 2017 that increased the AH area requirements from 5% to 10% of market residential floor area. Grandfathering provisions apply only until July 24, 2018.

- The developer's proposal includes the provision of 9,290 m^2 (100,000 ft^2) of AH. Providing approximately 6% of the residential floor area as AH is a slight increase over the 5% AH requirement that applied at the time the application was submitted to the City.
- The proposal would effectively extend the grandfathering provisions, which secure 5% rather than 10% of market residential floor area, for 15 years.
- If the properties are rezoned at the time they are anticipated to be redeveloped, they would be subject to the City's AH requirements that apply at that time. Given the update to the City's AH Strategy in July 2017, if the properties were rezoned in accordance with the CCAP (2.0 FAR), the requirement to secure 10% of residential floor area would result in more AH units, although these units would be realized at a future date. (A 10% AH requirement at 2.0 FAR, assuming the sites are developed solely for residential purposes [i.e. no market rental or commercial floor area], is anticipated to generate 11,420 m^2 [122,965 ft^2] of AH.).

- If grandfathering provisions are not extended and the applicant's proposal remained the same (i.e. 50% increase in residential density with the inclusion of 4,645 m^2 (50,000 ft^2) of market rental and limited commercial), the 10% AH requirement would generate approximately 7,145 m^2 (76,940 ft^2) more AH floor area than the current proposal in order to comply with the current AH Strategy requirement (i.e. a total of 16,435 m^2 [176,940 ft^2] of AH).

Within the City Centre, a number of properties with redevelopment potential are pre-zoned Downtown Commercial (CDT1) zone, which supports high density development. Redevelopment of these properties typically requires only a Development Permit application, which limits the contributions and amenities that can be secured through the development application review process. To secure suitable contributions and amenities at the time a pre-zoned property is redeveloped, existing bylaws and policies include incentives (e.g. exemptions from reduced City Centre parking rates, exemption from CCAP density bonusing provisions, density calculation based on gross site area to secure public amenities on private property, etc.).

Phased Development Agreement (PDA)

- A Phased Development Agreement (PDA) between a local government and a developer limits the ability of a future Council to secure up to date or new amenities that apply at the time of redevelopment while protecting the developer's zoning interests for a defined period of time.

The developer has requested use of a Phased Development Agreement (PDA) rather than the standard site specific rezoning and Development Permit process to facilitate the proposed development of the ten properties. The *Local Government Act* was expanded in 2007 to include PDAs. A PDA is an agreement that provides assurance, primarily to the benefit of the developer of a multi-phase project that may take years to complete. The PDA establishes fundamental terms of the development, including zoning, that are in place at the time of approval will not change before the final phase of development is complete. The standard timeframe for a PDA is 10 years; however, the developer proposes to extend the duration of the PDA to 15 years, which would be subject to approval by the Inspector of Municipalities. A project that is facilitated by a PDA is characterized by its associated substantive amenity package to the community. It is staff's suggestion that the subject development proposal does not include a sufficient range or scope of unique qualities that support use of a PDA rather than the standard site specific rezoning and Development Permit Process.

Although it is technically feasible to draft a PDA for the subject application, there is no associated benefit to the City to use a PDA.

- The standard application review process effectively facilitates development in Richmond, including large, multi-phased developments with a complicated and expansive amenity package. Further, upfront delivery of AH and market rental housing can be facilitated through the standard rezoning process and does not require use of a PDA.
- While a PDA provides the developer with a high level of certainty, it limits the decisions that can be made by a future Council when active redevelopment is undertaken including the ability to secure up to date and/or new amenities and/or contributions. A PDA does not address staff's pre-zoning concerns.

- A PDA would address the developer's expressed concern that even if the properties are successfully rezoned to support 50% additional density, the City retains the authority to down-zone the properties (i.e. local government initiated changes to the zoning bylaw or property zoning that narrows uses, changes permitted uses or reduces permitted density on a property). For context, City Council does not have a history of down-zoning properties with site specific zoning.

Legal Agreement with Escalation Clause

- During the 15 year term subsequent to rezoning bylaw adoption, the City would forgo supplementary AH and any new amenities and/or contributions.

The developer proposes to use a legal agreement to address staff concerns that pre-zoning and a PDA compromise the City's ability to secure required amenities that apply at the time of redevelopment. The applicant proposes a legal agreement with the following characteristics:

- The term of the agreement would extend for 15 years after the date of rezoning bylaw adoption (however, the applicant has advised that the owner is receptive to considering a shorter 10 year term).
- During the 15 year term, contributions for current amenities that are identified at the time of rezoning (i.e. public art and community planning) would be adjusted to reflect rates that are in effect at the Development Permit stage.
- The agreement would not apply to AH. Subsequent to securing 9,290 m^2 (100,000 ft^2) of AH as a condition of rezoning, the City would be unable to secure any additional AH for the duration of the agreement irrespective of future policy amendments.
- At the end of the 15 year term, properties that have not yet developed would be required to comply with the AH requirements that apply at the time of redevelopment that are in addition to the AH secured by the grandfathering provision, which requires 5% of the residential floor area to be secured as AH. Using a legal agreement to secure a future obligation to provide supplementary AH, rather than using the rezoning process, is associated with a greater degree of risk to the City.

The City would be unable to collect any new amenities/contributions that are introduced during the term of the agreement, which include amenities and provisions that have not yet been articulated (ex. sustainability initiatives such as green infrastructure and solar energy provisions, increases in AH requirements). For those properties that do not redevelop within 15 years of rezoning bylaw adoption, the applicant proposes to include provisions in the agreement that would permit the City to collect up to date amenities/contributions, which would ordinarily be secured as a condition of rezoning.

Rezoning is local government's strongest tool to secure contributions, amenities and off-site works. Using a legal agreement to secure amenities, which are best collected through the rezoning process, unnecessarily exposes the City to risk as the validity of the agreement could be challenged in the future. Although the legal agreement can be drafted to minimize this risk, compared to rezoning, it is an inferior process to secure amenities.

Table 2: Summary of Proposed Pre-zoning Concerns and Developer's Proposal

Pre-zoning	- Rezoning is local government's strongest tool to secure contributions, amenities & off-site works. Using a legal agreement to secure amenities typically secured through the rezoning process increases the level of risk assumed by the City. - Pre-zoning means the City secures contributions, amenities and off-site works at current rates rather than those that are in place when redevelopment occurs in the future, which are expected to be greater.
Developer's Proposed Modifications to Pre-zoning Proposal	
Developer proposes using a PDA	- A PDA limits the decisions that can be made by a future Council at the time redevelopment is undertaken and limits Council's ability to secure up to date amenities/contributions. - A PDA assures the developer that density and amenity terms negotiated through the rezoning and PDA process remain unchanged for the duration of the agreement. - A PDA requires a B/L and Public Hearing & secures the terms of development for the duration of the PDA (the developer proposes an extension from 10 to 15 years).
Developer proposed escalating legal agreement	- For existing amenities, an escalation clause in the agreement would secure supplementary amenity contributions that apply at the time of redevelopment for 15 years after bylaw adoption. - The escalation clause does not apply to AH. The AH provided as a condition of rezoning would be the total AH provided for the duration of the term of the agreement. At the end of the 15 years, if the AH terms have increased, the developer is responsible for providing the difference. This approach increases the risk assumed by the City. - The City would be unable to collect any new amenities and/or contributions until 15 years after bylaw adoption.

PART 3 – DEVELOPER PROPOSED COMMUNITY AMENITIES AND CONTRIBUTIONS

- An economic evaluation of the proposal that was undertaken by a third party consultant, Richard Wozny – Site Economics Ltd., and reviewed by staff indicates a significant financial imbalance in favor of the developer. The value of the additional density to the developer is estimated to be approximately $81.7 million. In comparison, Richard Wozny's analysis indicates that the value to the City of the community amenities beyond standard requirements and contributions that are proposed by the developer is less than $6.5 million.

Rezoning to permit additional residential density is not supported by any City policy. In unique scenarios when additional residential density is supported, the City's practice is to recover approximately 100% of the value of the additional residential density as part of a comprehensive amenity package. The subject proposal includes standard development requirements and the community amenities and contributions proposed by the developer do not include provisions for the City to recover the value of the additional residential density that is proposed by the developer.

To assist staff with the economic analysis of this complex development proposal, staff retained the services of Richard Wozny, Site Economics Ltd. A summary of the analysis and advice that was provided to staff by written correspondence and a series of meetings with the consultant regarding valuation of additional density, pre-zoning, and the developer's community amenity package, including the proposal to transfer ownership of Lot 3 to the City, can be found in Attachment 11.

Affordable Housing (AH) and Market Rental Housing Proposed in the First Phase of Development

The standard City practice is to secure AH provisions at the time of rezoning with timing for development of the residential units based on market demand. This proposal is unusual in that the developer proposes to rezone all ten subject properties but only two properties would be developed immediately following rezoning. Development of some of the properties would be significantly delayed at the applicant's discretion (even though rezoning will have been granted). Typically, provision of AH closely follows granting of rezoning adoption, based on market forces. In this context, it can be argued that this proposal is not "front-ending" provision of AH as rezoning and the ability to develop all lots at a higher density will have been obtained.

The first phase of development would include approximately 9,290 m^2 (100,000 ft^2) of AH (98 Low End Market Rental [LEMR] and 24 Non-Market units) and 4,645 m^2 (50,000 ft^2) of market rental housing (88 units). The provision of AH and market rental housing is supported by staff. The details of the AH and market rental proposal include the following:

1. The developer would construct the AH and market rental building at Lot 3, which includes 122 AH units and 88 market rental units. BC Housing has indicated a willingness to provide the developer with construction financing. The AH Strategy requires the developer to assume all costs associated with the construction of AH.
2. The developer would register housing agreements and covenants to secure AH and market rental housing in the building and would enter into a 60 year lease with S.U.C.C.E.S.S.
3. S.U.C.C.E.S.S. would purchase a lease hold interest to occupy the land and the building for 60 years from the developer. BC Housing has indicated a willingness to provide S.U.C.C.E.S.S. with a mortgage for the purchase, which would repay a portion of the developer's construction loan from BC Housing. Rent collected by S.U.C.C.E.S.S. from occupants would service the mortgage payments and general operating costs.
4. S.U.C.C.E.S.S. would receive a $6 million grant from BC Housing that is intended to subsidize market rental housing units or otherwise provide support services to residents. However, the grant would not be restricted to these uses and could include operation and administration costs (Attachment 9).
5. Subsequent to S.U.C.C.E.S.S. purchasing the lease hold interest in the AH and market rental building from the developer, the developer would transfer ownership of Lot 3, which is leased to S.U.C.C.E.S.S., to the City. Attachment 12 outlines the lease terms that are proposed by the developer.

Richard Wozny – Site Economics Ltd., advised staff that the value to the City of the provision of AH in the first phase of development cannot be expressed in terms of financial value for the City, rather the upfront provision of AH is a social good with an associated economic benefit to the developer. While this proposal would provide AH in the first phase of development at Lot 3, the applicant's proposal removes the AH requirement from the remaining properties, which would be developed in the future without obligation to provide AH and would be associated with an increased value. Richard Wozny, Site-Economics Ltd., advised staff that properties that are not required to provide on-site AH would be worth at least 5% more overall than if the property was required to provide on-site AH units (i.e. approximately $11 million). This increase in value reflects the preference of buyers and developers for properties that are not required to provide on-site AH, for which they are willing to pay a premium.

Table 3: Upfront Provision of Affordable Housing and Market Rental Housing Summary

Proposed AH/Market Rental Features	Delivery timeline: AH (122 units) and market rental (88 units) in the 1st phase of development 6% AH: 9,290 m^2 (100,000 ft^2) of AH in the 1st phase of development (approximately 6% of anticipated residential floor area) 6% exceeds the AH contribution requirement in place at the time the application was submitted. The current AH strategy requires 10%. Grandfathering provisions (5% rather than 10%) apply only until July 24, 2018. Supporting the developer's proposal would secure 4% (7,150 m^2 [76,940 ft^2]) less AH than required by the current policy. Requiring redevelopment to comply with the CCAP supported density and current AH Strategy would secure approximately 2,130 m^2 (22,970 ft^2) *more* AH than proposed. Unit Mix: Proposed unit mix: 10% bachelor, 30% 1 bedroom, 30% 2 bedroom, 30% 3 bedroom LEMR units: 98 units Non-Market units: 24 units (20% of AH units) Market rental: 4,645 m^2 (50,000 ft^2) of market rental development that provides 88 units Experienced operator: Third party operator selected by the developer (S.U.C.C.E.S.S.) to manage the AH and market rental for the duration of a 60 year lease Note: Family housing would be provided; however, seniors are S.U.C.C.E.S.S.'s preferred target group. Lot 3: Transfer ownership of Lot 3 (encumbered with AH & market rental agreements) to the City. S.U.C.C.E.S.S. would purchase a leasehold interest to occupy the building and the land from the developer.
Benefit to Developer	- Richard Wozny, Site Economics Ltd., advises that properties that are not required to provide on-site AH are worth at least 5% more than properties that are required to provide on-site AH. Providing consolidated AH in the first phase of development increases the value to the developer of the remaining properties by approximately $11 million. - The total AH proposed by the developer is less than required by the amended AH Strategy. Securing 6% rather than 10% of proposed residential floor area as AH is a benefit to the developer (Estimated value: $10 million)

Transferring Ownership of 7600 Alderbridge Way (Lot 3) to the City

- The developer proposes to transfer ownership of 7600 Alderbridge Way (Lot 3) to the City. The lot would be encumbered with housing agreements and covenants in perpetuity and a 60 year lease that grants exclusive use and access to the site/building to S.U.C.C.E.S.S.
- Richard Wozny, Site Economics Ltd., advised that the encumbrances and lease significantly reduce the value of the property to the City.

The developer's proposal to transfer ownership of Lot 3 to the City, which includes the associated AH and market rental building, is a significant component of the community amenities and contributions that are proposed by the developer (Attachment 13). However, staff have been advised by Richard Wozny, Site Economics Ltd., that the present value of Lot 3 to the City is marginal for the following reasons:

- Lot 3 would be encumbered with legal agreements that will run with the land in perpetuity and restrict on-site uses to AH (LEMR, Non-market units) and market rental housing. The encumbrances that restrict use reduce the value of Lot 3 by more than 60%.
- Subsequent to S.U.C.C.E.S.S. purchasing the lease hold interest in the AH and market rental building from the developer, the developer would transfer ownership of Lot 3, which is leased to S.U.C.C.E.S.S. at a rate of $1/year, to the City. The City is unable to collect any financial payment or use of the building/land for 60 years.
- A long term lease is comparable to a sale; therefore, the building and land value is provided up front to the leaseholder (S.U.C.C.E.S.S.) rather than to a land owner (the City) who is unable to use or otherwise benefit from the land/building for the duration of the lease. The current value of Lot 3 to the City reflects the City's inability to use the land/building for 60 years (less than $ 2 million, calculated by applying a discount rate of 2.5% over 60 years to a property that is encumbered with housing agreements). Further, after 60 years, the building has no notable associated value and maintenance may become a liability.

If Council supports the developer's proposal to transfer ownership of Lot 3 to the City, which includes an associated AH and market rental building, an operational budget would be required to be established for major building repairs as these are not specifically assigned to the tenant in the lease terms that are proposed by the developer (Attachment 12).

Table 4: Lot 3 Present Value of Lot 3 to the City

Richard Wozny, Site Economics, Ltd. Evaluation of Present Value of Lot 3	- The value of Lot 3 to the City is marginal: -The land would be encumbered with two housing agreements and covenants in perpetuity that restrict use to AH and market rental housing. -The City would inherit a lease with a 3rd party who is guaranteed exclusive access and use of the land/building for 60 years at a rate of $1/year. The City will not receive any financial compensation for use of the land/building. - A long term lease is comparable to a sale. - The current value of Lot 3 to the City is less than $2 million. The land can only be used for AH and market rental housing and the City is unable to use the lot/building for 60 years.

Other Developer Proposed Community Amenities and Contributions

Attachment 13 includes the developer's evaluation of the proposed community amenities and contributions.

<u>Unrecoverable costs associated with construction of AH</u>

In accordance with the AH Strategy, the developer would construct the AH, which is proposed to be located at Lot 3. Accommodating the City's general preference to encumber City owned property with a 60 rather than 99 year lease, and considering the maximum mortgage payments that S.U.C.C.E.S.S. could manage to repay their purchase of the lease hold interest from the developer, the applicant has concluded that the sale will not recover the full cost of constructing the building on Lot 3. Therefore, the developer has subtracted the unrecoverable construction cost ($32 million) from their valuation of net value to the land owner. The AH Strategy assigns the cost of AH construction to the developer. Whether a developer is able to recover the full cost of AH construction is a private matter that does not involve the City.

Although the developer's AH package complies with existing policy only until July 24, 2018, staff's assessment of the developer's proposed community amenities and contributions assigns the 'surplus' 1% of AH value (approximately \$4.6 million calculated using \$4,300/m^2 [\$400/ft^2] to reflect the cost of constructing the 'surplus' AH floor area), which is applicable until July 24, 2018.

Purchase of lane for redevelopment

The developer proposes to purchase the existing north/south lane between Lots 3-6, for the purpose of development, and has included the estimated purchase price in the community amenity package (\$3.3 million). The City has no history of recognizing the purchase of City land for the purpose of development as a community amenity.

The developer has initiated a Servicing Agreement application (SA 16-739101) to relocate the services that are currently located within the north/south lane to advance the redevelopment process. The developer is aware that the SA application review process is independent of the subject development application. The cost of relocating City utilities to facilitate development is not considered an amenity.

Upfront road alignment changes and provision of Lansdowne Linear Park

The amenities and services that the applicant suggests may be delivered during the first phase of development are limited, which is contrary to standard practice whereby the City secures all or the majority of infrastructure and public realm dedications and improvements through the Servicing Agreement as a condition of rezoning bylaw adoption. The developer proposes to determine whether road dedications and/or frontage improvements are undertaken as conditions of rezoning based on site specific consideration of existing on-site uses and the associated impacts on site access and parking. These details have not been studied in advance of addressing the fundamental issues associated with the development proposal. Discussions have included the following:

- The developer proposes to undertake road alignment changes to establish the ultimate Minoru Boulevard alignment adjacent to 7880 Alderbridge Way (Lot 7) and 5003 Minoru Boulevard (Lot 8) and includes the associated costs in their community amenity summary (\$1.6 million). Although the improvements are consistent with the City's long term road alignment objectives, staff have confirmed that the timing of Minoru Boulevard's realignment adjacent to Lot 7 and Lot 8 does not impact redevelopment of nearby properties and that an interim design of the intersection would meet standard transportation requirements.
- The developer proposes to introduce sections of the Lansdowne Linear Park at 7640 Alderbridge Way (Lot 4), 5751 Cedarbridge Way (Lot 5) and 7671 Alderbridge Way (Lot 9) during the first phase of development. Lot 4 and 5 are included in the developer's initial phase of development (Phase 1A/1B); therefore the linear park improvements would necessarily be installed at the time of active development.
- Interim frontage improvements were undertaken on Lot 9 in association with a recently issued Development Permit for the property.

Transfer of approximately 930 m^2 (10,000 ft^2) of amenity space to the City at 7640 Alderbridge Way (Lot 4)

The developer originally proposed to transfer ownership of approximately 930 m^2 (10,000 ft^2) of indoor amenity space within the building at Lot 4 to the City. Following careful consideration, staff advised the applicant that the space does not meet criteria of a desirable City asset. The space is no longer included in the developer's proposed community amenities and contributions assessment; however, the applicant recently advised staff that the space could be reinstated as a community amenity contribution if Council expresses an interest in the area.

The City secures amenity space through identified density bonusing provisions in the CCAP, which do not apply to the subject properties. Criteria of a desirable City asset include the following:

- Need for an amenity space in the area
  The City has amenities in the area (Richmond Olympic Oval and City Centre Community Centre) and has secured a future amenity (City Centre North Community Centre). Based on CCAP population plans, these amenities are projected to be sufficient for the neighbourhood's needs.
- Efficiency and function
  The City's objective is to maximize operational efficiency and function of City amenity space. Typically, City amenity space is part of an amenity hub or co-located with other facilities. Although influenced by the specific type of amenity, spaces are typically a minimum of 1,580 m^2 (17,000 ft^2).

Table 5: Developer's Proposed Community Amenities and Contributions (see Attachment 14 for the expanded version of this table)

	Developer's community amenities and contributions (as shown in Attachment 13)	Assessment of developer's community amenity package by Richard Wozny, Site Economics Ltd.
Summary Value to the Developer and to the City	**Net value to the developer: $13.8 million** Value of additional density to the developer: Lift in land value (Land Lift Value– Developer Identified Supplementary Amenities/Costs) : $84.8 million - Value of community amenity package: $71 million $ 13.8 million City would recapture approximately 84% of the value of the additional density to the developer	**Net value to the developer: Approximately $81.7 million** Value of additional density to the developer: (Residential floor area at $1,453/$m^2$ ($135/$ft^2$) + market rental at $538/$m^2$ ($50/$ft^2$) +(required AH - 'surplus') at $538/$m^2$ ($50/$ft^2$) + premium for unencumbered lots –'cost to construct 'surplus' AH – present value to City of Lot 3 transfer Approximately $81.7 million City would recapture less than $6.5 million of the value of the additional density to the developer

Financial Impact

This proposal would trigger amendments to strategic plans, infrastructure upgrades and increases in the City's DCC programs to maintain the City's standards for quality and distribution of services and amenities. To quantify these costs, the comprehensive and costly process that was applied during the development of the CCAP would need to be repeated using updated population projections. The associated costs would become the responsibility of the City and would necessarily be passed on to the development community generally.

The projected operational budget impact for the OCP/CCAP density is estimated at $59,000.00. No work has been undertaken to assess the impact on infrastructure that would be associated with an additional 40,000 people over current population projections in the City Centre.

Options for Consideration

Option 1: Deny the OCP amendment and rezoning application (recommended option)

Staff recommend that the applicant's proposal to amend the OCP and rezone 10 lots to permit 50% additional density and additional building height on 5 lots be denied based on the fundamental issues discussed in this report.

Option 2: To refer the application back to staff with specific direction on fundamental aspects of the proposal that do not comply with existing City policy.

Given the significant difference between the applicant's proposal and existing City policy, staff require direction on specific aspects of the proposal should the application be referred back to staff as outlined below:

1. The developer proposes to increase residential density by 50% (from 2.0 FAR to 3.003 FAR) over 10 lots that are outside a designated Village Centre. Council direction is needed on whether there is support to:
   a. Increase CCAP supported residential density, and if so, to what extent would additional residential density be supported.

2. The proposal includes elements that would limit a future Council's discretionary authority to ensure a project's contributions to public amenities and off-site works reflect up to date policies, requirements and Council objectives that are in place at the time of development. Council direction is needed on whether there is support to:
   a. Pre-zone properties with an anticipated but unsecured development timeframe.
   b. Use a Phased Development Permit Agreement (PDA), rather than the City's standard rezoning and Development Permit process.

3. The developer's proposal includes providing AH in the first phase of development. Council direction is needed on whether there is support to:
   a. Extend grandfathering Affordable Housing (AH) Strategy requirements beyond July 24, 2018 for the subject application (i.e. secure a minimum 5% of the anticipated residential floor area as AH and forego the current requirement to secure 10% of the anticipated residential floor area as AH for 15 years).
   b. Accept the developer's proposal to transfer ownership of 7600 Alderbridge Way (Lot 3) to the City with consideration of:
      i. The lease terms proposed by the developer (i.e. 60 year lease to S.U.C.C.E.S.S., assignment of maintenance/repair responsibilities);and

ii. Establishing an operating budget for anticipated and unanticipated costs during the life of the building.

Conclusion

IBI Group, on behalf of Goodwyn Enterprises (2015) Ltd., has applied to the City of Richmond to amend the OCP and CCAP, to rezone 10 properties to increase the CCAP supported residential density by 50%, and to permit additional building height on 5 lots. The proposal also includes extending grandfathering AH provisions beyond July 24, 2018.

The developer's proposal includes notable elements (provision of AH in the first phase of development, a staff supported AH unit mix, inclusion of market rental housing); however, the overall proposal is not supported by staff based on significant unresolved issues related to:

- Inconsistencies with key OCP and CCAP objectives;
- The precedent and related consequences of rezoning development parcels that would be redeveloped at a later date; and
- The significant imbalance between benefits to the developer and the lack of amenities of an equivalent value to the City.

It is recommended that the developer's proposal to amend the OCP and CCAP to increase the supported residential density by 50%, and to rezone the 10 subject properties be denied.

Diana Nikolic, MCIP
Senior Planner/Urban Design

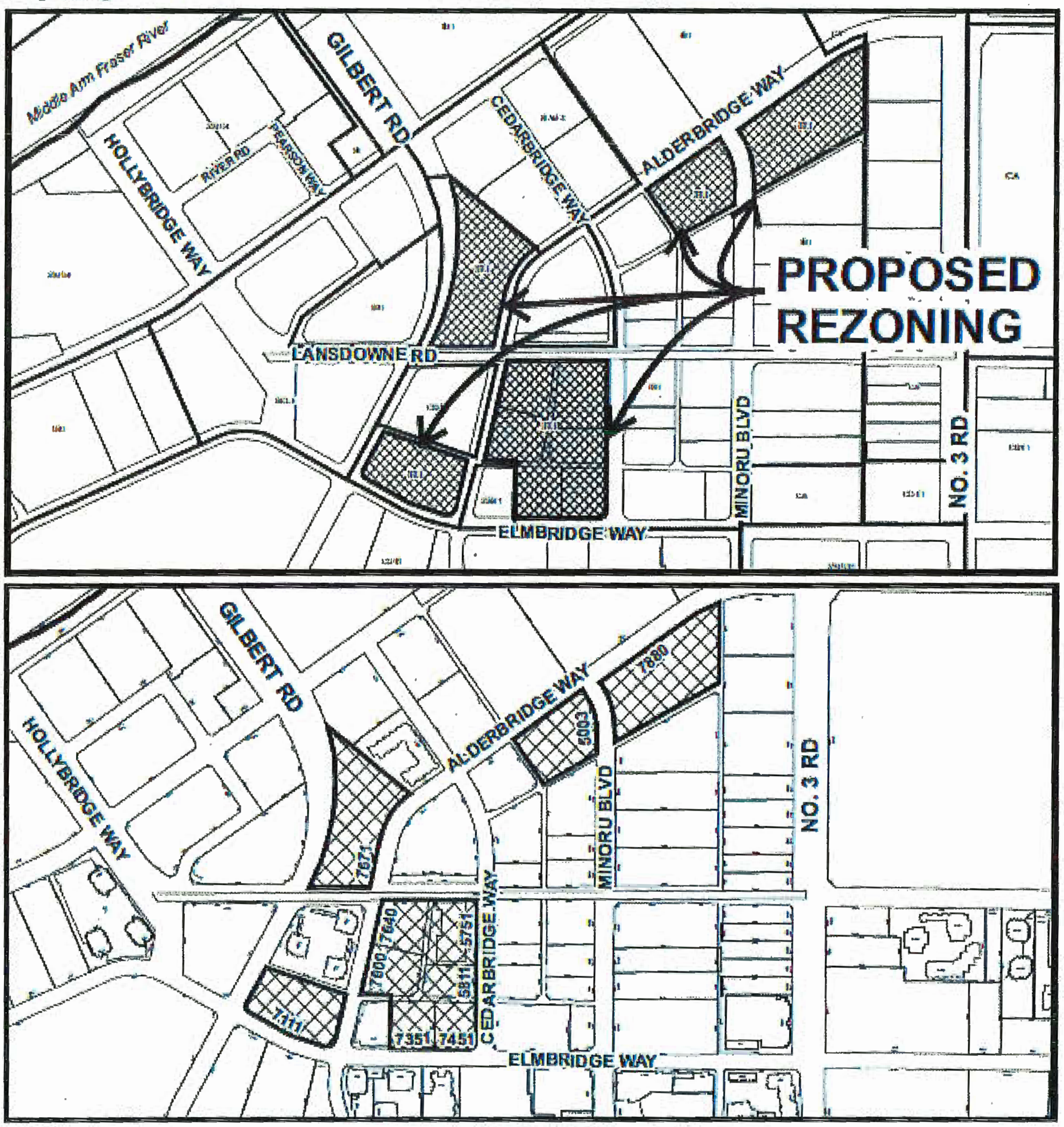
DN:cas

Attachment 1: Location Map
Attachment 2: Development Application Data Sheet
Attachment 3: Map Identifying Location of Subject Properties and Location of Lansdowne and Oval Village Centres
Attachment 4: Table: Proposed Density on Individual Subject Lots
Attachment 5: Conceptual Building Massing Plans
Attachment 6: Affordable Housing Special Development Circumstance (AHSDC)
Attachment 7: Synopsis of Adjacent Land Uses & Designations
Attachment 8: Correspondence from Richmond Emmanuel Church
Attachment 9: Correspondence from S.U.C.C.E.S.S.
Attachment 10: Table: City Centre Population Cumulative Impacts
Attachment 11: Summary of Economic Analysis Undertaken by Richard Wozny, Site Economics Ltd.
Attachment 12: Proposed Lease Agreement
Attachment 13: Developer's Evaluation: Community Amenities and Contributions
Attachment 14: Table: Developer Proposed Community Amenity Package and Analysis

Attachment 1

Location Map

City of Richmond



RZ 16-724589

Original Date: 02/25/16

Revision Date:

Note: Dimensions are in METRES

City of Richmond

Development Application Data Sheet

Development Applications Department

RZ 16-724589 **Attachment 2**

Address: 7111, 7531 and 7451 Elmbridge Way, 7600, 7640, 7671 and 7880 Alderbridge Way, 5751, 5811 Cedarbridge Way, 5003 Minoru Boulevard

Applicant: IBI Group on behalf of Goodwyn Enterprises (2015) LTD., Inc. No. 1056275

Planning Area(s): Lansdowne Village – City Centre Area Plan

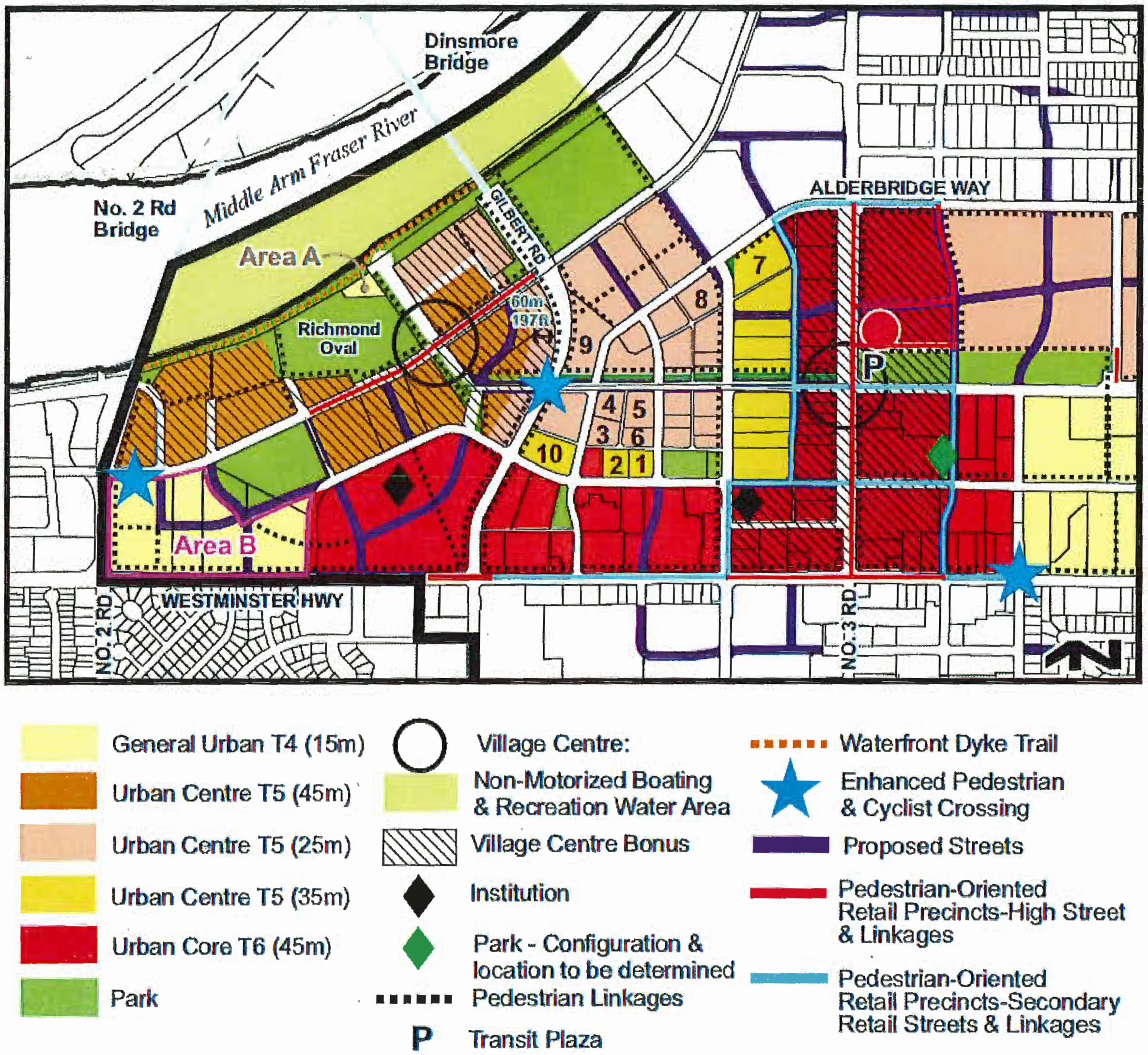
Lot 1: 7451 Elmbridge Way
Lot 2: 7351 Elmbridge Way
Lot 3: 7600 Alderbridge Way
Lot 4: 7640 Alderbridge Way
Lot 5: 5751 Cedarbridge Way
Lot 6: 5811 Cedarbridge Way
Lot 7: 7880 Alderbridge Way
Lot 8: 5003 Minoru Boulevard
Lot 9: 7671 Alderbridge Way
Lot 10: 7111 Elmbridge Way

	Existing	Proposed
Owner:	Goodwyn Enterprises (2015) Ltd., Inc. No. 1056275	Goodwyn Enterprises (2015) Ltd., Inc. No. 1056275
Site Size (m^2):	Lot 1: 3,181 m^2 Lot 2: 3,400 m^2 Lot 3: 4,645 m^2 Lot 4: 3,790 m^2 Lot 5: 3,923 m^2 Lot 6: 3,510 m^2 Lot 7: 13,238 m^2 Lot 8: 6,846 m^2 Lot 9: 12,141 m^2 Lot 10: 7,558 m^2 Total: 62,232 m^2 (669,860 ft^2) 15.37 acre	Approximate net (to be confirmed) Lot 1: 2,992 m^2 Lot 2: 3,209 m^2 Lot 3: 4,373 m^2 Lot 4: 3,358 m^2 Lot 5: 3,561 m^2 Lot 6: 3,410 m^2 Lot 7: 12,397 m^2 Lot 8: 5,402 m^2 Lot 9: 11,392 m^2 Lot 10: 7,025 m^2 Total: 57,119m^2 (614,824 ft^2) 14.11 acre
Land Uses:	Lot 1: assembly Lot 2,3, 5 – 8: commercial Lot 4: undeveloped surface parking lot Lot 9: office and warehouse (recently renovated) Lot 10: commercial (Rona)	Lot 1: market residential Lot 2: market residential Lot 3: AH (LEMR and subsidized), market rental Lot 4: market residential, possibly seniors oriented congregate housing Lot 5 - 10: market residential
OCP Designation:	Mixed Use	Downtown Mixed Use
CCAP(Lansdowne Village) Designation, Density, Height:	Lot 1,2, 7, 10: Urban Centre T5 (35 m) Lot 3-6, 8,9: Urban Centre T5 (25 m)	Lot 1 and 2: Urban Centre T6 Proposed density: 2.9 FAR, Max. height: 40, 34 m Lot 3: Urban Centre T6 Proposed density: 3.3, Max. height: 25 m Lot 4: Urban Centre T6 Proposed density: 3.6 FAR, Max height: 30 m Lot 5: Urban Centre T6 Proposed density: 3.35 FAR, Max height: 37 m

	Existing	Proposed
		Lot 6: Urban Centre T6 Proposed density: 2.9 FAR, Max height: 25 m Lot 7: Urban Centre T6 Proposed density: 2.9 FAR, Max. height: 28 m Lot 8: Urban Centre T6 Proposed density: 2.9 FAR, Max. height: 25 m Lot 9: Urban Centre T6 Proposed density: 2.9 FAR, Max. height: 43 m Lot 10: Urban Centre T6 Proposed density: 2.9 FAR, Max. height: 37 m
Sub Area:	Sub Area B.2: Lots 1-6, 8-10 Sub-Area B.3: Lot 7	
Zoning:	Lot 1-10: Industrial Retail (IR1)	Site Specific
Number of Units:	Ten (10) commercial, office, warehouse buildings with multiple tenants	Approximately 2,505 units

On Future Subdivided Lots	Bylaw Requirement	Proposed	Variance
Off-street Parking Spaces	Proposed parking variances, which will be reviewed in detail by staff conditional to resolution of fundamental issues. Residential: 12% reduction Visitor: shared between buildings Loading: 30% reduction		Proposed

Map 1: Location of Subject Properties, Existing Designations & Location of Lansdowne and Oval Village Centres



Lot 1:	7451 Elmbridge Way
Lot 2:	7351 Elmbridge Way
Lot 3:	7600 Alderbridge Way
Lot 4:	7640 Alderbridge Way
Lot 5:	5751 Cedarbridge Way
Lot 6:	5811 Cedarbridge Way
Lot 7:	7880 Alderbridge Way
Lot 8:	5003 Minoru Boulevard
Lot 9:	7671 Alderbridge Way
Lot 10:	7111 Elmbridge Way

Attachment 4

Proposed Density, Floor Area and Timeline Summary

Property	CCAP supported density	Proposed density	Proposed additional floor area	CCAP supported building height	Proposed building height	Phasing
Lot 1 - 7451 Elmbridge Way	2.0 FAR	2.9 FAR	2,692 m^2 (28,985 ft^2)	35 m	40.1 m	Phase 2 2020-2028
Lot 2 - 7351 Elmbridge Way	2.0 FAR	2.9 FAR	2,888 m^2 (31,087 ft^2)	35 m	34.3 m	
Lot 3 - 7600 Alderbridge Way	2.0 FAR	3.4 FAR	5,839 m^2 (62,852 ft^2)	25 m	25.6 m	Phase 1A 2018-2024
Lot 4 - 7640 Alderbridge Way	2.0 FAR	3.6 FAR	5,372 m^2 (57,832 ft^2)	25 m	30.6 m	
Lot 5 - 5751 Cedarbridge Way	2.0 FAR	3.4 FAR	4,807 m^2 (51,899 ft^2)	25 m	37.2 m	Phase 1B 2020-2028
Lot 6 - 5811 Cedarbridge Way	2.0 FAR	2.9 FAR	3,069 m^2 (33,034 ft^2)	25 m	25.5 m	
Lot 7 - 7880 Alderbridge Way	2.0 FAR	2.9 FAR	11,157 m^2 (120,096 ft^2)	35 m	28.5 m	Phase 3 2025-2040
Lot 8 - 5003 Minoru Boulevard	2.0 FAR	2.9 FAR	4,861 m^2 (52,332 ft^2)	25 m	25.9 m	
Lot 9 - 7671 Alderbridge Way	2.0 FAR	2.9 FAR	10,252 m^2 (110,360 ft^2)	25 m	43.0 m	
Lot 10 - 7111 Elmbridge Way	2.0 FAR	2.9 FAR	6.322 m^2 (68,055 ft^2)	35 m	37.0 m	
Total proposed additional floor area (Lots 1-10)					**Approximately 57,277 m^2 (616,532 ft^2)**	
TOTAL proposed floor area (Lots 1-10) at proposed 3.003 FAR				171,515 m^2 (1.84 million ft^2)		
CCAP supported density (2.0 FAR)				114,238 m^2 (1.2 million ft^2)		

Note: On-site uses would be confirmed at the time the developer applies for a Development Permit(s). The amount of proposed AH is estimated at approximately 6%. The applicant's proposal to provide 9,290 m^2 (100,000 ft^2) of AH is approximately:

- 5.4% of the overall floor area proposed on the 10 lots;
- 5.6% of the residential floor area (exempting the market rental housing at Lot 3, and 560 m^2 (19,797 ft^2) of possible commercial development at Lot 4.) This scenario assumes that market housing rather than senior oriented congregate housing is built on Lot 4; or
- 6% of the residential floor area (exempting the market rental housing at Lot 3 and all development at Lot 4 where seniors congregate housing may be constructed).

Concept Building Massing Plans

Attachment 5

Sites 1 & 2

6,581 M2

13 Floors (40m)
11 Floors (35m)

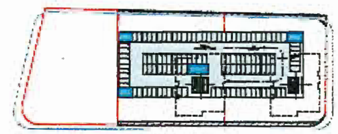
279 Units

348 Bikes

379 Cars

500 Metres

Sites 1 & 2 adhere to the conventional "podium-and-point tower" development pattern that predominates Richmond's current downtown skyline. The base fronting Elmbridge Way, Cedarbridge Way and the lane adjacent Site 1 is lined with two-storey townhouse development; the residential towers present a building height of 40 m and offer apartment units that provide significant views from all units.



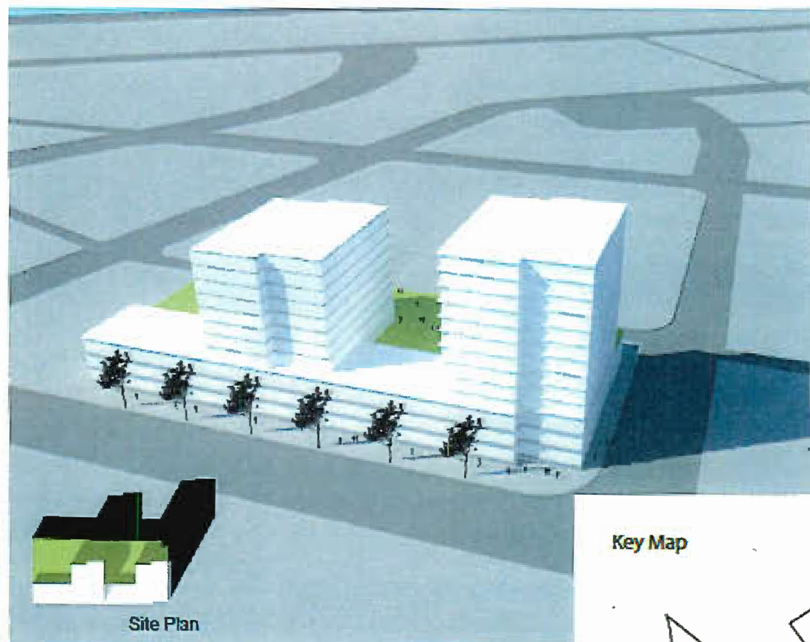
Parking 1

Level 1

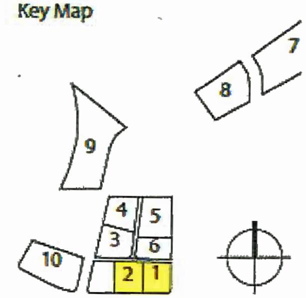
Floor	Height Flr to Flr	Height	Housing (SF)	Total (SM)	Total (SF)
Appertenance	-	-	-	-	-
T.o.p	-	131.5	-	-	-
14	-	129.5	-	-	-
13	9.5	120	7,602	706	7,602
12	9.5	110.5	7,602	706	7,602
11	9.5	101	15,203	1,412	15,203
10	9.5	91.5	15,944	1,481	15,944
9	9.5	82	16,684	1,550	16,684
8	9.5	72.5	16,684	1,550	16,684
7	9.5	63	16,684	1,550	16,684
6	9.5	53.5	16,684	1,550	16,684
5	9.5	44	18,596	1,728	18,596
4	9.5	34.5	19,360	1,799	19,360
3	9.5	25	20,171	1,874	20,171
2	10	15	20,171	1,874	20,171
1	10	5	20,833	1,935	20,833
P1	10	-5	-	-	-
TOTAL			212,218	19,716	212,218

	BYLAW RATE	REQUIRED (SM)	PROVIDED (SM)	PROVIDED (SF)	SURPLUS (SM)
INDOOR AMEN	2 SM / UNIT	558	571	6,143	13
ON SITE	6 SM / UNIT	1,674	3,005	32,346	1,331

		REQUIRED	WITH TDM	DIFF.
PARKING	1.4 / UNIT	391	379	(12)



Site Plan



Key Map

Site 3

4,645 M2

8 Floors (25m)

240 Units

295 Bikes

227 Cars

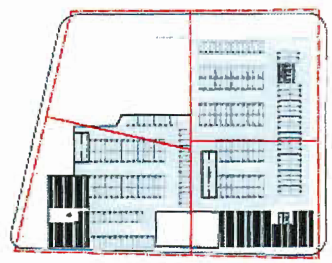
550 Metres

Site 3 is the affordable housing complex comprising 9,290 m² (100,000 sf) of low-end market rental housing, and an additional 4,645 m² (50,000 sf) of market rental housing to "normalize" the housing mix. In addition to the building's own indoor and on site amenities, residents may have access to the indoor pool facility of the Seniors Retirement Living Community complex (Site 4).

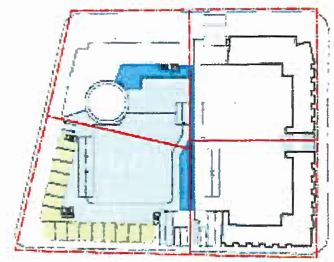
Floor	Height Flr to Flr	Height	Housing (SF)	Total (SM)	Total (SF)
Appertenance	-	-	-	-	-
T.o.p	-	84	-	-	-
13	-	-	-	-	-
12	-	-	-	-	-
11	-	-	-	-	-
10	-	-	-	-	-
9	-	82	-	-	-
8	9.5	72.5	21,788	2,024	21,788
7	9.5	63	21,788	2,024	21,788
6	9.5	53.5	21,788	2,024	21,788
5	9.5	44	21,788	2,024	21,788
4	9.5	34.5	21,788	2,024	21,788
3	9.5	25	11,228	1,043	11,228
2	10	15	12,629	1,173	12,629
1	10	5	12,440	1,156	12,440
P1	10	-5	-	-	-
TOTAL			145,237	13,493	145,237

	BYLAW RATE	REQUIRED (SM)	PROVIDED (SM)	PROVIDED (SF)	SURPLUS (SM)
INDOOR AMEN	2 SM / U	480	482	5,192	2
ON SITE	6 SM / U	1,440	1,693	18,223	253

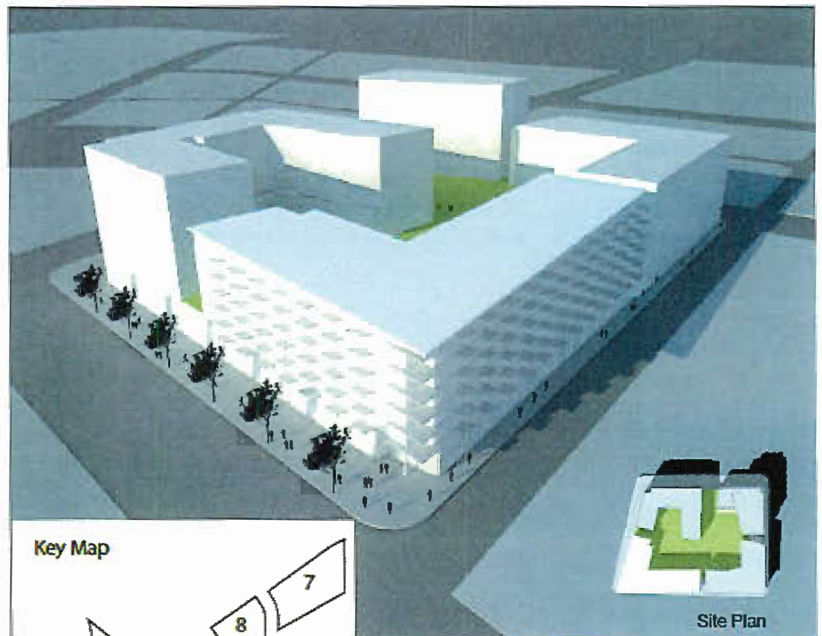
		REQUIRED	WITH TDM	DIFF.	
PARKING		1.4 / UNIT	336	227	(109)



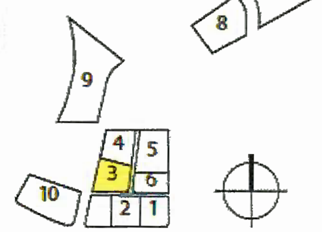
Parking 1



Level 1



Key Map



Site 4

3,790 M2

9 Floors (30m)

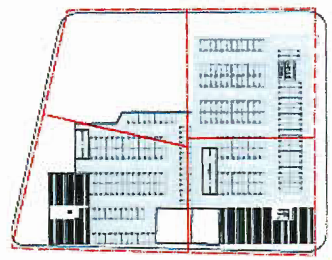
168 Units

207 Bikes

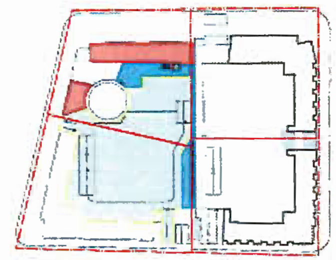
103 Cars

500 Metres

Site 4 houses the Seniors Retirement Living Community and comprises both of memory care units on the intermediate floor and seniors market rental units (independent and assisted living) on the upper five floors. The street level and the mezzanine floors provide nominal retail services to tenants – possibly including a small restaurant/coffee shop and beauty salon, as well as a new home for the Richmond Chinese Community Society (RCSS). A key feature of the Seniors Retirement Living Community is a generous internal porte cochere drop off area.



Parking 1



Level 1

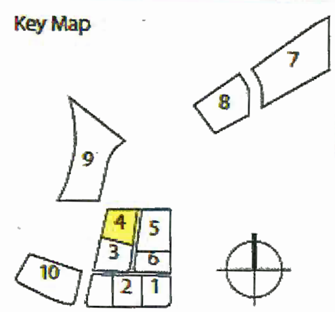
Floor	Height Flr to Flr	Height	Seniors (SF)	Retail (SF)	Total (SM)	Total (SF)
Appertenance	-	-	-	-	-	-
T.o.p	-	100.5	-	-	-	-
13	-	-	-	-	-	-
12	-	-	-	-	-	-
11	-	-	-	-	-	-
10	-	98.5	-	-	-	-
9	9.5	89	18,045	-	1,676	18,045
8	9.5	79.5	18,045	-	1,676	18,045
7	9.5	70	18,045	-	1,676	18,045
6	9.5	60.5	18,045	-	1,676	18,045
5	9.5	51	18,045	-	1,676	18,045
4	12	39	20,088	-	1,866	20,088
3	12	27	-	-	-	-
2	12	15	-	5,841	543	5,841
1	15	0		13,956	1,297	13,956
P1	-	-	-	-	-	-
TOTAL			110,313	19,797	12,088	130,110

	BYLAW RATE	REQUIRED (SM)	PROVIDED (SM)	PROVIDED (SF)	SURPLUS (SM)
INDOOR AMEN	2 SM / U	336	1,711	18,417	1,375
ON SITE	6 SM / U	1,008	616	6,631	(392)

		REQUIRED	WITH TDM	DIFF.
PARKING	1.4 / UNIT	232	103	(129)

Site Plan

Key Map



Site 5

3,923 M2

12 Floors (40m)

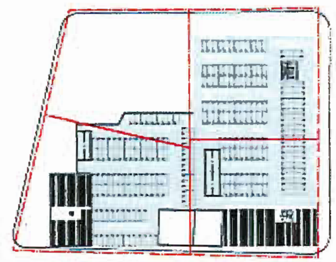
153 Units

191 Bikes

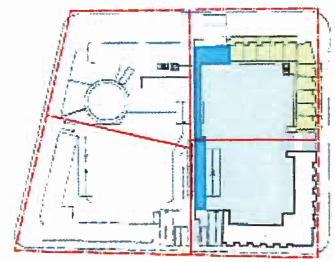
193 Cars

500 Metres

Site 5 is proposed as a 12-storey market rental or market condominium facility, a "signature" building of the site in both its design and the integration of a prominent water feature that ties seamlessly into the proposed Lansdowne Parkway. It features at-grade two-storey townhouses fronting both Lansdowne Road and Cedarbridge Way. Residents may have access to the indoor pool facility of the Seniors Retirement Living Community complex (Site 4).



Parking 1



Level 1

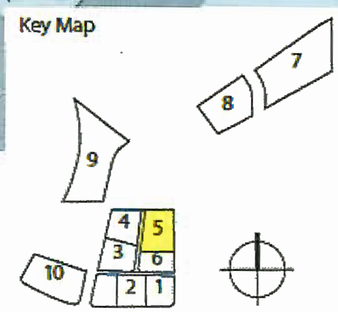
Floor	Height Flr to Flr	Height	Housing	Total (SM)	Total (SF)
Appertenance	-	-	-	-	-
T.o.p	-	122	-	-	-
13	-	120	-	-	-
12	9.5	110.5	10,131	941	10,131
11	9.5	101	10,131	941	10,131
10	9.5	91.5	10,131	941	10,131
9	9.5	82	10,131	941	10,131
8	9.5	72.5	10,131	941	10,131
7	9.5	63	10,131	941	10,131
6	9.5	53.5	12,793	1,189	12,793
5	9.5	44	12,793	1,189	12,793
4	9.5	34.5	12,793	1,189	12,793
3	9.5	25	12,793	1,189	12,793
2	10	15	8,218	763	8,218
1	10	5	8,386	779	8,386
P1	10	-5			
TOTAL			128,562	11,944	128,562

	BYLAW RATE	REQUIRED (SM)	PROVIDED (SM)	PROVIDED (SF)	SURPLUS (SM)
INDOOR AMEN	2 SM / U	306	313	3,366	7
ON SITE	6 SM / U	918	974	10,484	56

		REQUIRED	WITH TDM	DIFF.
PARKING	1.4 / UNIT	214	193	(21)

Site Plan

Key Map



Site 6

3,510 M2

Floors (25m)

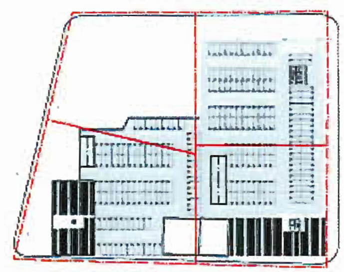
145 Units

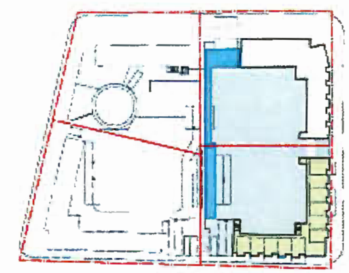
181 Bikes

157 Cars

500 Metres

Site 6, the last of the four site initial development completes the 4-Site development. It is an 8-storey market rental or market condominium housing. Like Site 5 it, too, features street front townhouses on Cedarbridge Way and, in addition, along the lane separating Site 6 from Sites 1 & 2. Residents may have access to the indoor pool facility of the Seniors Retirement Living Community complex (Site 4).

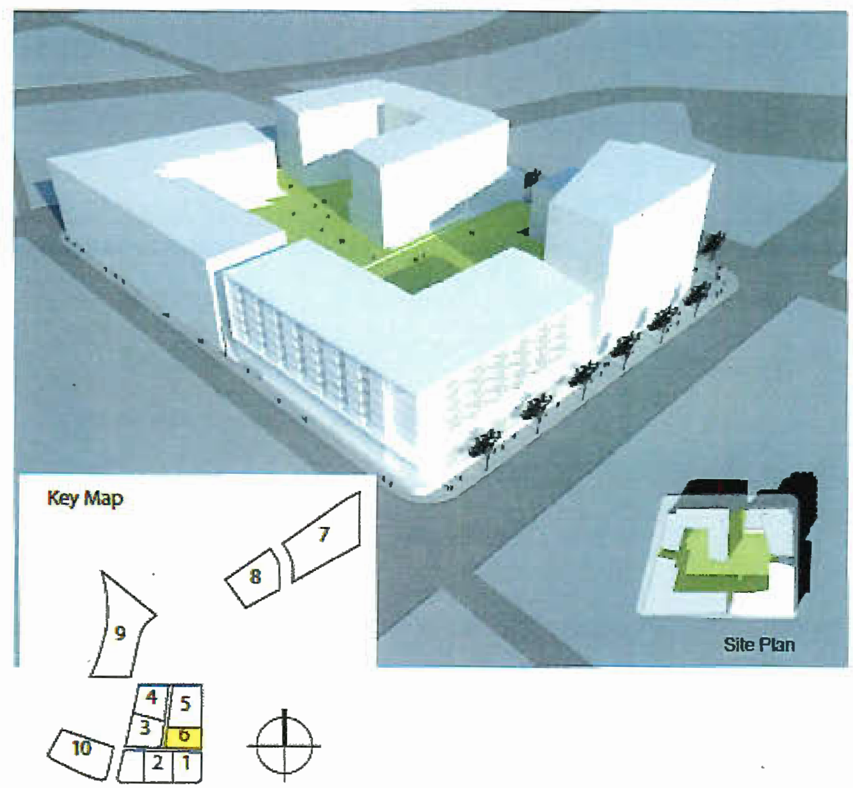

Parking 1


Level 1

Floor	Height Flr to Flr	Height	Housing	Total (SM)	Total (SF)
Appertenance	-	-	-	-	-
T.o.p	-	83.5	-	-	-
13	-	-	-	-	-
12	-	-	-	-	-
11	-	-	-	-	-
10	-	-	-	-	-
9	-	81.5	-	-	-
8	9.5	72	9,530	885	9,530
7	9.5	62.5	17,463	1,622	17,463
6	9.5	53	17,463	1,622	17,463
5	9.5	43.5	17,463	1,622	17,463
4	9.5	34	17,463	1,622	17,463
3	9.5	24.5	14,300	1,329	14,300
2	9.5	15	10,055	934	10,055
1	15	0	10,055	934	10,055
P1	-	-	-	-	-
TOTAL			113,792	10,571	113,792

	BYLAW RATE	REQUIRED (SM)	PROVIDED (SM)	PROVIDED (SF)	SURPLUS (SM)
INDOOR AMEN	2 SM / U	290	296	3,190	6
ON SITE	6 SM / U	870	1,212	13,046	342

		REQUIRED	WITH TDM	DIFF.
PARKING	1.4 / UNIT	203	157	(46)



Site 7

13,238 M2

9 Floors (30m)
8 Floors (25m)

499 Units

623 Bikes

680 Cars

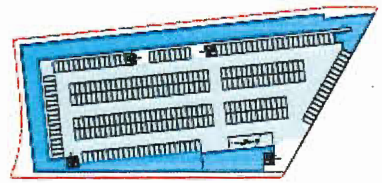
250 Metres

Site 7 represents the largest site and, likely, represents development furthest out, time wise. Because of this long term development horizon, it's form has been conceived to be the "perimeter block" typology, in this case two similar mid-height towers, with private green space within internal courtyards. This form of development is prevalent in the downtown of major European cities and popularized in Portland, OR.

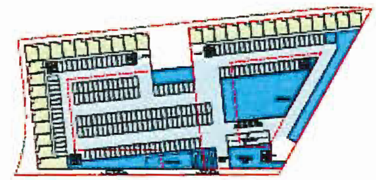
Floor	Height Flr to Flr	Height	Housing	Total (SM)	Total (SF)
Appertenance	-	-	-	-	-
T.o.p	-	93.5	-	-	-
13	-	-	-	-	-
12	-	-	-	-	-
11	-	-	-	-	-
10	-	91.5	-	-	-
9	9.5	82	22,787	2,117	22,787
8	9.5	72.5	54,412	5,055	54,412
7	9.5	63	54,412	5,055	54,412
6	9.5	53.5	54,412	5,055	54,412
5	9.5	44	67,759	6,295	67,759
4	9.5	34.5	67,759	6,295	67,759
3	9.5	25	57,641	5,355	57,641
2	10	15	23,777	2,209	23,777
1	10	5	2,455	2,455	2,455
P1	10	-5	-	-	-
TOTAL			429,383	39,891	429,383

	BYLAW RATE	REQUIRED (SM)	PROVIDED (SM)	PROVIDED (SF)	SURPLUS (SM)
INDOOR AMEN	2 SM / U	998	1,018	10,957	20
ON SITE	6 SM / U	2,994	4,603	49,546	1,609

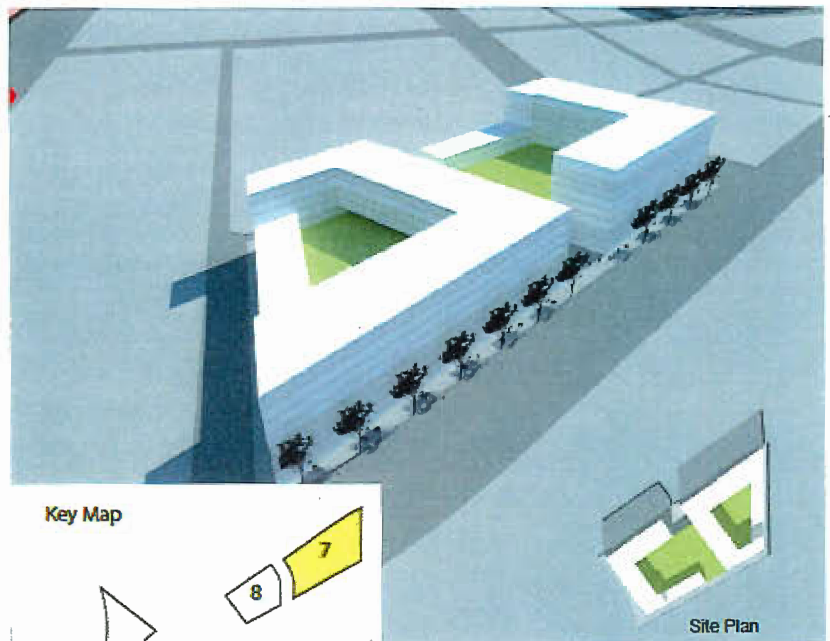
		REQUIRED	WITH TDM	DIFF.
PARKING	1.2 / UNIT	599	680	81



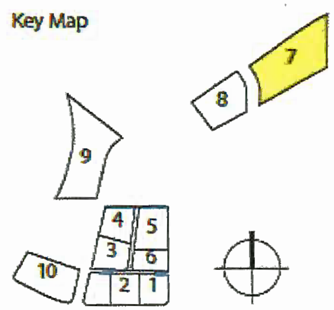
Parking 1



Level 1



Site Plan



Key Map

Site 8

6,846 M2

8 Floors (25m)

248 Units

310 Bikes

341 Cars

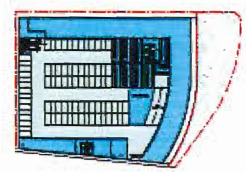
300 Metres

Site 8's form of development replicates that of Site 7 – "perimeter block" typology – due both to its proximity to that larger site and the square shape of its lot.

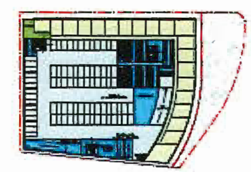
Floor	Height Flr to Flr	Height	Housing	Total (SM)	Total (SF)
Appertenance	-	-	-	-	-
T.o.p	-	85	-	-	-
13	-	-	-	-	-
12	-	-	-	-	-
11	-	-	-	-	-
10	-	-	-	-	-
9	-	83	-	-	-
8	9.5	72.5	30,974	2,878	30,974
7	9.5	63	38,366	3,564	38,366
6	9.5	53.5	38,366	3,564	38,366
5	9.5	44	38,366	3,564	38,366
4	9.5	34.5	28,280	2,627	28,280
3	9.5	25	15,350	1,426	15,350
2	10	15	15,350	1,426	15,350
1	10	5	15,350	1,426	15,350
P1	10	-5	-	-	-
TOTAL			220,402	20,476	220,402

	BYLAW RATE	REQUIRED (SM)	PROVIDED (SM)	PROVIDED (SF)	SURPLUS (SM)
INDOOR AMEN	2 SM / UNIT	496	609	6,553	113
ON SITE	6 SM / UNIT	1,488	1,331	14,327	(157)

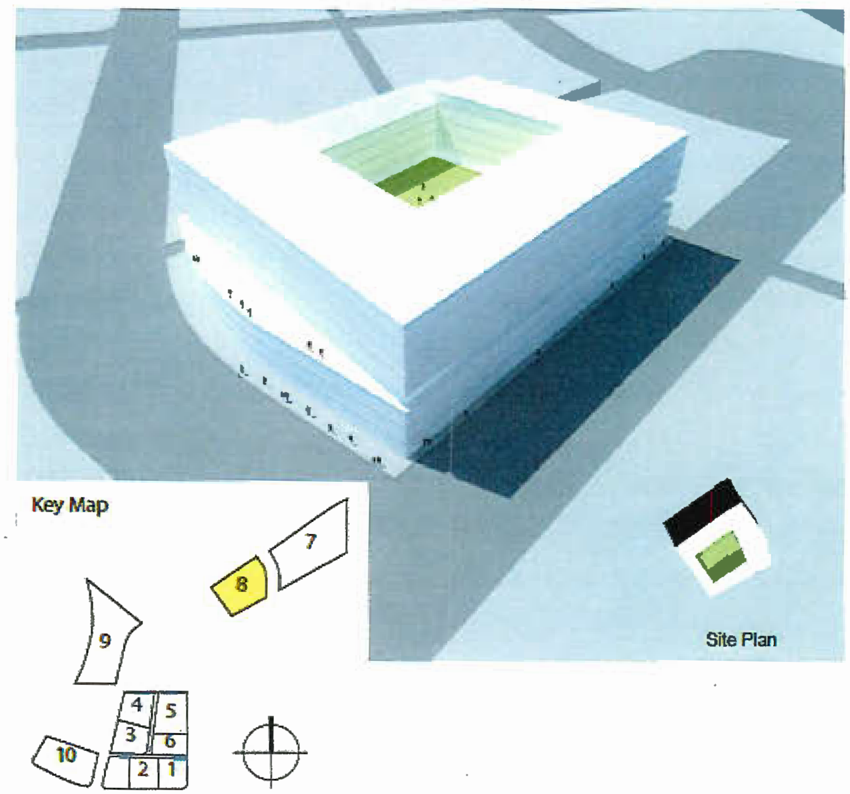
		REQUIRED	WITH TDM	DIFF.
PARKING	1.4 / UNIT	347	341	(6)



Parking 1



Level 1



Site 9

12,141 M2

14 Floors (45m)
11 Floors (35m)
6 Floors (20m)

452 Units

565 Bikes

477 Cars

550 Metres

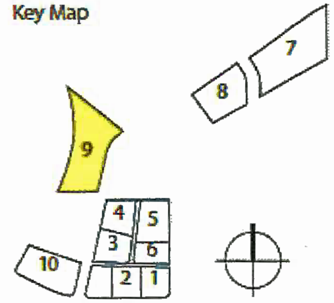
Site 9 is conceived with two goals in mind. The first is the presentation of a gateway tower on the southwest corner of the site to herald the beginning of the Lansdowne Parkway.

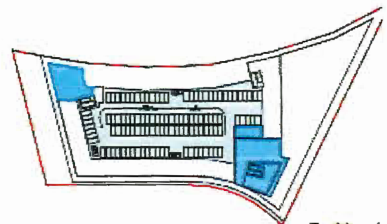
Floor	Height Flr to Flr	Height	Housing	Total (SM)	Total (SF)
Appertenance	-	-	-	-	-
T.o.p	-	141	-	-	-
15	-	139	-	-	-
14	9.5	129.5	6,997	650	6,997
13	9.5	120	6,997	650	6,997
12	9.5	110.5	6,997	650	6,997
11	9.5	101	20,699	1,923	20,699
10	9.5	91.5	20,699	1,923	20,699
9	9.5	82	20,699	1,923	20,699
8	9.5	72.5	20,699	1,923	20,699
7	9.5	63	20,699	1,923	20,699
6	9.5	53.5	51,505	4,785	51,505
5	9.5	44	51,505	4,785	51,505
4	9.5	34.5	57,415	5,334	57,415
3	9.5	25	36,145	3,358	36,145
2	10	15	33,121	3,077	33,121
1	10	5	33,121	3,077	33,121
P1	10	-5		-	-
TOTAL			387,296	35,981	387,296

	BYLAW RATE	REQUIRED (SM)	PROVIDED (SM)	PROVIDED (SF)	SURPLUS (SM)
INDOOR AMEN	2 SM / U	904	1,242	13,369	338
ON SITE	6 SM / U	2,712	4,190	45,101	1,478

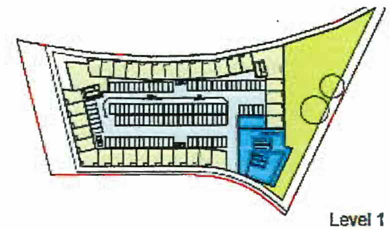
		REQUIRED	WITH TDM	DIFF.
PARKING	1.4 / UNIT	633	477	(156)

Key Map

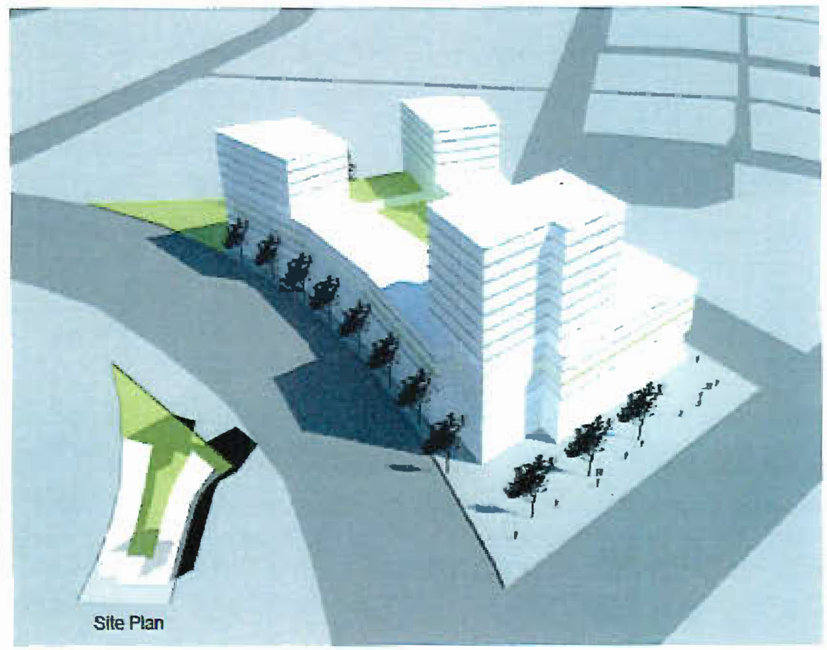




Parking 1



Level 1



Site Plan

Site 10

7,558 M2

13 Floors (40m)
12 Floors (35m)

321 Units

401 Bikes

417 Cars

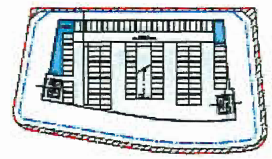
650 Metres

Site 10, like Sites 1 & 2, represents the predominant "podium and point" typology of Richmond, currently. And like Sites 1 & 2 it is 40 m high, with townhouses facing Elmbridge Way' lining the parking podium.

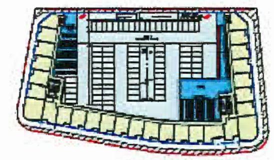
Floor	Height Flr to Flr	Height	Housing	Total (SM)	Total (SF)
Appertenance	-	-	-	-	-
T.o.p	-	121.5	-	-	-
13	-	119.5	-	-	-
13	9.5	110	7,706	716	7,706
12	9.5	104.5	17,579	1,633	17,579
11	9.5	98	17,579	1,633	17,579
10	9.5	90.5	17,579	1,633	17,579
9	9.5	82	17,579	1,633	17,579
8	9.5	72.5	17,579	1,633	17,579
7	9.5	63	17,579	1,633	17,579
6	9.5	53.5	17,579	1,633	17,579
5	9.5	44	17,579	1,633	17,579
4	9.5	34.5	23,653	2,197	23,653
3	9.5	25	23,174	2,153	23,174
2	10	15	23,174	2,153	23,174
1	10	5	25,297	2,350	25,297
P1	10	-5	-	-	-
TOTAL			243,636	22,635	243,636

	BYLAW RATE	REQUIRED (SM)	PROVIDED (SM)	PROVIDED (SF)	SURPLUS (SM)
INDOOR AMEN	2 SM / UNIT	642	655	7,053	13
ON SITE	6 SM / UNIT	1,926	3,180	34,229	1,254

		REQUIRED	WITH TDM	DIFF.
PARKING	1.4 / UNIT	449	417	(32)



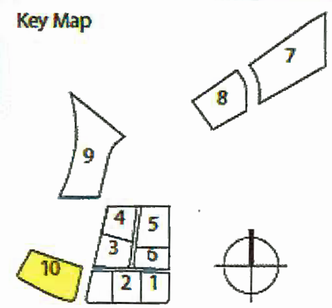
Parking 1



Level 1

Site Plan

Key Map



Richmond Affordable Housing Special Development Circumstance (AHSDC)

A key assumption of the "Strategy" is that effective affordable housing solutions are the result of long-term, stable policies and strategic innovations that enable an expanded range of options along key points of the housing continuum.

It is the City's preferred approach to disburse affordable housing units throughout a development. Clustered groups of affordable housing units on one floor or in one location will only be considered if a sound business and social programming approach has been identified and demonstrated at the time of the development application being submitted to the City for Council consideration, which:

- Supports the affordable housing needs of the intended tenant population;
- Meets the City's Affordable Housing Special Development Circumstance (AHSDC) requirements, criteria and key elements as defined; and
- Exemplifies a high level of social innovation.

1. A developer, group of developers or non-profit affordable housing developers may concentrate affordable rental units together in one building or site, rather than having them scattered in a number of different buildings or sites. In these cases, affordable housing development proposals should include a sound rationale to receive Council consideration for approval as an AHSDC to:
   - Provide affordable housing, social programming and community supports to meet the targeted or specialized needs of an intended population (e.g. Seniors, single parents, individuals experiencing disabilities, low income households); and
   - Emphasize sustainable development principles and practices with respect to: the physical development, social programming, innovation, and financial feasibility.

2. The purpose of an AHSDC is to provide affordable housing, programming, and community supports to meet the targeted or specialized needs of an intended low-income population (e.g. Seniors, single parents, individuals experiencing disabilities).

3. AHSDC proposals are to be reviewed on a "project specific" basis and are subject to Council approval to:
   - Generates a sound resident management and operations model that meets the needs of the intended tenant population (i.e. rents, income levels, appropriate level of programming and supports);
   - Considers a community partnership approach for the delivery of community services and supports;
   - Exemplifies social innovation approach to encourage project viability, tenant liveability and community connections;
   - Provides a sound capital financial and operating sustainability plan;
   - Ensures unlimited access for tenants to indoor and outdoor amenity spaces; and

- Includes a sound property management model to address maintenance, repair, upkeep and financial costs related to these requirements.

4. The City's standard Housing Agreement and Housing Covenant terms do apply to a Council approved AHSDC.

5. Additional business terms, legal agreements or operations policies may be developed with respect to:
   - Ownership and management,
   - Maintenance and upkeep of the units,
   - Maintenance and upkeep of the common indoor and outdoor areas,
   - Tenant management policies,
   - On-going capital and operating funding and budget considerations, and
   - Other project specific considerations.

6. An AHSDC proposal should incorporate best practices and consideration to the socio-economic outcomes of the proposed development, rather than just building an economic or business case for a development.

7. An AHSDC proposal should also consider the selection of a qualified non-profit affordable housing provider to own, manage and/or operate the affordable housing units or a coordinated partnership approach with the non-profit sector for service delivery. The selection process for an affordable housing and/or service provider(s) may include the joint development and Request for Proposals (RFP) with the City and/or Senior Government or developer.

Attachment 7

Synopsis of Adjacent Land Uses and Designations

Lot	Current Use	To the North	To the South	To the East	To the West
1 & 2	Assembly and Industrial retail.	Lane and proposed Phase 1A and 1B lots.	Elmbridge Way, existing high rise development. Zoned Downtown Commercial (CDT1), designated Urban Core T6 (45m)	Cedarbridge Way, existing courthouse. Zoned Industrial Retail (IR1), designated Park	Existing 12- storey multi-family development (including 4 live/work units). Zoned High Rise apartment (ZHR7) – Lansdowne Village (City Centre), designated Urban Core T6 (45m)
3-6	Industrial retail and under-developed surface parking.	Lansdowne and multi-storey residential buildings ranging from 7 to 11 stories. Zoned Residential/Limited Commercial (RCL2), designated Park and Urban Center T5 (25m)	Lane and proposed Phase 2 lots	Cedarbridge Way, two storey industrial retail uses. Zoned Industrial Retail (IR1), designated Urban Center T5 (25m)	Alderbridge Way, residential development including three (3) residential towers, which superceded the CCAP. Zoned Downtown Commercial (CDT1), designated Urban Center T5 (25m)
7 and 8 (separated by Minoru Boulevard)	Industrial retail	Alderbridge Way and industrial retail and warehouse use. Zoned Industrial Retail (IR1), designated Urban Center T5 25m and 35 m	Industrial retail. Zoned Industrial Business Park (IB1), designated Urban Center T5 (25m) and (35m)	Preloaded site. RZ 16-740262 in circulation to develop a multi tower mixed use development. Zoned Auto-Oriented Commercial (CA), designated Urban Core T6 (45) and Village Center Bonus (VCB)	Industrial retail. Zoned Industrial Retail (IR1), designated Urban Centre T5 (25m)
9	Recent exterior renovations and minor addition to an existing light	Six storey residential apartment building. Zoned High Density Low Rise Apartments	Lansdowne Road, three tower residential development. Zoned Downtown Commercial (CDT1), designated	Alderbridge Way, multi-storey residential buildings ranging from 7 to 11 stories. Zoned Residential/Limited Commercial (RCL2),	Gilbert Road, existing City of Richmond Winter Club. Zoned Industrial Business Park (IB1), designated Urban

Lot	Current Use	To the North	To the South	To the East	To the West
	industrial and office building	(RAH2), designated Urban Center T5 (25m)	urban Centre T5 (25m)	designated Urban Center T5 (25m)	Center T5 (35), (25) and VCB)
10	Industrial retail	Lansdowne Road, three tower residential development. Zoned Downtown Commercial (CDT1), designated urban Centre T5 (25m)	Redevelopment to introduce two residential towers. Zoned Downtown Commercial (CDT1), designated Urban Core T6 (45m) and Park	Existing 12- storey multi-family development (including 4 live/work units). Zoned High Rise apartment (ZHR7) – Lansdowne Village (City Centre), designated Urban Core T6 (45m)	Gilbert Road, mixed use high-rise development. Zoned Residential/Limited Commercial (RCL3), designated Urban Centre T5 (25m), (35m)

Attachment 8

Correspondence from Richmond Emmanuel Church

The Rt. Rev. Dr. Silas Tak Yin Ng
Apostolic Vicar (Chief Bishop), Anglican Mission in Canada
Rector, Richmond Emmanuel Church

7451 Elmbridge Way, Richmond, BC
Canada V6X 1B8
Office: 604-214-0321
Fax: 604-214-0320
Mobile: 604-230-1201
Email: bishopsilasng@gmail.com
Blog/Podcast:
http://discipler123.blogspot.com

March 29, 2017

Mr. Terry Crowe
Manager, Policy Planning
City of Richmond
6911 No.3 Road,
Richmond, B.C.
V6Y 2C1

Dear Terry,

We are writing to follow up on our conversation concerning the future development plans in the rezoning of 7451 Elmbridge Way and the potential role of Richmond Emmanuel Church in it. After our conversation, we spoke with RCG Group to discuss our church's vision in this rezoning project. We have attached a brief proposal for your perusal as requested regarding our vision for the use of the space.

Our vision is to shine as a diverse intergenerational hub that builds up communal, physical, and spiritual health through loving God and loving people. Since we have been at this location, we have built relationships with CCM (Chinese Christian Mission), The Richmond Food Bank, S.U.C.C.E.S.S., and others in the community.

CCM serves the Chinese immigrant community through childcare, day camps, and family enrichment courses. This spring break, CCM held their spring camp at our church for the third time. Our church has partnered through youth serving as leaders and seniors who volunteer for intergenerational activities.

We have served The Richmond Food Bank through volunteers from our church, as well as hosting fundraisers in their support.

We are connected with S.U.C.C.E.S.S. through the vice-chair of our church development committee, Jason Lam, who is also the vice-chair of S.U.C.C.E.S.S. Foundation.

Richmond Emmanuel Church is invested in enriching the vitality of our diverse city. We hope you will consider our proposal so that together we may bless the city and the lives of the people living here.

Yours truly,

Rt. Rev. Dr. Silas Ng, Rector of Richmond Emmanuel Church

Richmond Emmanuel Church

Development Proposal

Vision: To shine as a diverse intergenerational hub that builds up communal, physical, and spiritual health through loving God and loving people

---

Community Hall (6000 sq. ft)
-seats 350, for worship, theatre, and concerts

Multipurpose hall (800 sq. ft)
-seats 100, for worship and classes

Intergenerational Childcare and Eldercare Facility (1000 sq. ft.)
-Weekday shared space w/indoor playground that facilitates children and senior interactive programs (up to 100 people, in open space and classrooms)
-Weekend space for church children's ministry

Kitchen (800 sq. ft)
-commercial kitchen with commercial equipment
-for serving community meals (approx. 120 people)

Gym & Dining Hall (beside kitchen) (6000 sq. ft.)
-full size basketball & badminton court
-can be set up as dining area for 120

Library (600 sq. ft)
-spacious and family friendly
-close to entrance and childcare space

Lobby area with café tables (800 sq. ft.)
-function as a gathering space for the community, connected with library
-children can read in the library while adults can chat and/or read

Guest suites (5-10 rooms) (1500-2000 sq. ft. total)
-for international exchange students and/or missionaries
-for emergency/temporary accommodations, like short term occupant for hospital treatment or family emergencies

Laundry/Cleaning Storage (150 sq. ft.)
-for guests and church needs

Office space (2000 sq. ft)
-both private and shared co-working space
- meeting rooms available for booking
-for students, artists, designers, programmers, etc.

5 x Small Multipurpose Rooms (300 sq. ft/room, 1500 sq. ft. total)
-for small groups/classes
-nursery/playroom
-art room (painting, drawing, gallery)

Bathrooms and Storage (2000 sq. ft.)

Total: 23,650 sq. ft.

Attachment 9

Correspondence from S.U.C.C.E.S.S.

S.U.C.C.E.S.S.

Honorary Patron
The Honourable Judith Guichon, OBC
Lieutenant Governor of British Columbia
Patron: Daniel T.K. Chan, B.Sc. and Maggie Ip, M.Ed., LL.D.(hon.)

Head Office: 28 West Pender St. Vancouver, B.C. V6B 1R6 Tel: 604.684.1628 Fax: 604.408.7236

Date: February 12, 2016

Mr. Joe Erceg
General Manager, Planning & Development
City of Richmond
6911 No. 3 Road
Richmond, BC V6Y 2C1

Dear Mr. Erceg:

Subject: Letter of Support for RCG Group

S.U.C.C.E.S.S. is pleased to offer a letter of support to RCG Group in the application for the rezoning of the proposed master plan development in the Lansdowne Village precinct in the City of Richmond.

Established in 1973, S.U.C.C.E.S.S. has evolved into a multicultural, multi-service agency assisting a diverse clientele at all stages of their Canadian experience. Today, it is one of the largest non-profit social service agencies in the province of British Columbia. Currently, S.U.C.C.E.S.S. also provides services to over 500 housing units with majority of them are affordable housing for low and moderate income individuals and families.

In an effort to assist the City of Richmond in its stated goal to improve housing affordability, S.U.C.C.E.S.S. is looking forward to working with RCG Group on this exciting project. S.U.C.C.E.S.S. understands that the proposal for affordable housing outlined in RCG's proposal is innovative in a couple of ways. Instead of providing a few units in each of the ten individual properties that would be developed slowly over a long period of time, RCG would deliver the affordable housing before market housing is developed on the other properties. This is remarkable in terms of delivering the total amount of affordable housing for all ten properties in advance of the private developments. We believe this is a very exciting opportunity for the City of Richmond to address its policies to encourage affordable housing!

The other innovative idea that results from this proposal is the consolidation of RCG's affordable housing obligations under the City Centre Area Plan (CCAP) into one development project. While this varies from Richmond's Affordable Housing policies with respect to requiring affordable housing dispersed throughout private developments, consolidation does make management and maintenance of the number of affordable housing units much more cost effective for us to consider. An organization like S.U.C.C.E.S.S. which manages hundreds of affordable housing units prefers, if possible, to manage and operate affordable housing units in larger numbers than would otherwise have been provided in individual projects so as to achieve that cost effectiveness.

For other service locations, please visit: www.success.bc.ca
Email: info@success.bc.ca

Please reply to:
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S.U.C.C.E.S.S.

Honorary Patron
The Honourable Judith Guichon, OBC
Lieutenant Governor of British Columbia
Patron: Daniel T.T. Chan, B.Sc. and Maggie Ip, M.Ed., LL.D. (hon.)

Head Office: 28 West Pender St, Vancouver, B.C. V6B 1R6 Tel: 604.684.1628 Fax: 604.408.7236

S.U.C.C.E.S.S.'s goal is to provide affordable housing in this consolidated project. As such, this project needs to be financially viable (at an affordable housing level) and sustainable with the assistance from RCG Group and others. The project development and viability and participation will be subject to Board approval.

We look forward to working with RCG and the City of Richmond on this proposal to deliver more affordable housing in Richmond.

Sincerely,

Q Choo

Queenie Choo, MN, CHE
Chief Executive Officer

cc: Mr. Wayne Craig, Director of Development, City of Richmond

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Email: info@success.bc.ca

Please reply to:
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S.U.C.C.E.S.S.

Honorary Patron

June 29, 2016

Mr. Gordon Walker
Senior Vice President, Real Estate & Development
RCG Group
5831 Cedarbridge Way
Richmond, British Columbia
CANADA

Dear Gordon,

I wish to update you on the progress that we have made at our end to actively pursue the affordable housing project at 7600 Alderbridge Way, Richmond. We have retained CPA Development Consultants to provide S.U.C.C.E.S.S. development management services in this project which includes budgeting, financing, planning and design input. They have assisted in developing a proposal seeking a $6 million grant from BC Housing under the Provincial Investment in Affordable Housing Program, and have made presentations to the Community Real Estate Committee of the Board comprising the Board Chair as well as the Chair of the Finance Committee among other board members. With the approval of the Community Real Estate Committee and subsequently the Executive Committee of the Board, the funding application was submitted to BC Housing on June 15, 2016. Thus we have further demonstrated our commitment to this much needed housing project which benefits low and moderate income seniors, families and individuals in Richmond and which is closely in alignment with the City of Richmond's Affordable Housing Strategy. We will continue to use our best efforts to secure the financing and support from BC Housing that will help bring this project closer to becoming a reality.

With best wishes,

Yours truly,

Joseph Lau
Director of Administration & Building Development

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COA

S.U.C.C.E.S.S.

Honorary Patron
The Honourable Judith Guichon, OBC
Lieutenant Governor of British Columbia
Patron: Daniel T.T. Chan, B.Sc. and Maggie Ip, M.Ed., LL.D. (hon.)

Head Office: 28 West Pender St, Vancouver, B.C. V6B 1R6 Tel: 604.684.1628 Fax: 604.408.7236

March 31, 2017

City of Richmond
6911 No. 3 Road
Richmond, BC

Attn.: Diana Nikolic

Re: Additional Affordable Housing Units at 7600 Alderbridge Way

It is our understanding that the design of 7600 Alderbridge Way has been changed to include additional affordable and market units. We understand the design is accommodating additional units in two ways: by reducing the size of the amenity space from 5,305 square feet to 3,000 square feet, and by reducing the size of the two-bedroom units from 867 square feet to 760 square feet.

A 3,000 square foot amenity space is still a considerably large space for a building that is only intended as rental housing, and the configuration of the space – as an open space consolidated on one floor – will enable us to program the space effectively.

As for the unit sizes, a 760 square foot two-bedroom unit is still an adequate size and we do not envision any difficulties in renting a unit of that size, especially as an affordable housing unit.

Sincerely,

Q Choo

Queenie Choo
Chief Executive Officer

For other service locations, please visit: www.success.bc.ca
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Please reply to
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☐ Head Office

5749017

S.U.C.C.E.S.S.

Honorary Patron
The Honourable Judith Guichon, OBC
Lieutenant Governor of British Columbia
Patron: Daniel T.T. Chan, B.Sc. and Maggie Ip, M.Ed., LL.D. (hon.)

Head Office: 28 West Pender St, Vancouver, B.C. V6B 1R6 Tel: 604.684.1628 Fax: 604.408.7236

November 24, 2017

City of Richmond
6911 No. 3 Road
Richmond, BC

Re: Changes to 7600 Alderbridge Way

In previous correspondence, when the lease for 7600 Alderbridge Way was contemplated between S.U.C.C.E.S.S. and RCG Group, S.U.C.C.E.S.S. indicated a preference for a 99-year lease. Under the new proposed arrangement, whereby title to the lands would be transferred from RCG to the City of Richmond and the long-term lease would be between S.U.C.C.E.S.S. and the City of Richmond, S.U.C.C.E.S.S. will consider a 60-year lease provided it meets the terms required for BC Housing financing.

Further, we understand there is an ongoing conversation regarding the unit mix within the project, shifting from mostly studio and 1-bedroom units to the City's preferred mix of 10% studios, 30% 1-bedroom units, 30% 2-bedroom units and 30% 3-bedroom units. While S.U.C.C.E.S.S. prefers the previous unit mix with an emphasis on studio and 1-bedroom units, we would remain supportive of the project with the City's preferred unit mix of 10-30-30-30 subject to financial sustainability of the project.

Sincerely,

Q Choo

Queenie Choo
Chief Executive Officer

Honorary Patron
The Honourable Judith Guichon, OBC
Lieutenant Governor of British Columbia
Patron: Daniel T.T. Chan, B.Sc. and Maggie Ip, M.Ed., LL.D. (hon.)

S.U.C.C.E.S.S.

Head Office: 28 West Pender St, Vancouver, B.C. V6B 1R6 Tel: 604.684.1628 Fax: 604.408.7236

February 21, 2018

City of Richmond
6911 No. 3 Road
Richmond, BC

(Attn: Joyce Rautenberg)

Re: Response to City Staff Questions

Regarding Staff's question on whether any of the grant money will be used to purchase the lease from Goodwyn Enterprises, the answer is no – no grant funds will be used to purchase the lease. It has also been our understanding that lease value, if any, will only be nominal.

Further to our letter to the City dated November 24, 2017 regarding the changes to RCG's proposal, a copy of which is attached for your ease of reference, it is our understanding that as part of RCG's amended proposal, title to the lands located at 7600 Alderbridge Way will be transferred to the City of Richmond, thus the lease will be between S.U.C.C.E.S.S. and the City of Richmond.

BC Housing has approved up to $6M of grant funds for S.U.C.C.E.S.S. Our original proposal had the grant funds supporting the project delivery, but through various dialogues and discussion with City Staff, it was made clear that the grant funds could not support the delivery of the project by RCG.

Thus the intention of the grant funds are to create additional non-market units, taking market rents and reducing them to non-market rents, or to further reduce the rents of the non-market units that are a condition of the rezoning.

The grant funds are to support S.U.C.C.E.S.S. in this endeavor, which in addition to purpose stated above, may also be used to support project costs directly attributed to S.U.C.C.E.S.S., which could include lawyer fees, consultant fees, etc. The grant is not intended to support RCG.

Sincerely,

QChoo

Queenie Choo
Chief Executive Officer

Cc: Naomi Brunemeyer, Director, Regional Development, BC Housing
Joseph Lau, Director of Administration & Building Development
Casey Clerkson, Principal, CPA Development Consultants
Graham Plant, Development Manager, CPA Development Consultants

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S.U.C.C.E.S.S.

Honorary Patron
The Honourable Janet Austin, OBC
Lieutenant Governor of British Columbia
Patron: Daniel T.T. Chan, B.Sc. and Maggie Ip, M.Ed., LL.D. (hon.)

Head Office: 28 West Pender St, Vancouver, B.C. V6B 1R6 Tel: 604.684.1628 Fax: 604.408.7236

May 22, 2018

City of Richmond
6911 No. 3 Road
Richmond, BC

Attn.: Mayor Brodie and Council

Re: Affordable Housing Units at 7600 Alderbridge Way

We understand that on June 5th, the City of Richmond Planning Committee will be receiving a staff report related to the rezoning application from RCG Group that includes the up-front and immediate delivery of an affordable and market rental housing project at 7600 Alderbridge Way. S.U.C.C.E.S.S. is excited to be partnering with RCG Group on this proposed 210-unit housing project, which includes:

- 24 subsidized housing units
- 98 low-end market rental (LEMR) units
- 88 market rental units

Further to the proposal from RCG Group, S.U.C.C.E.S.S. has received provisional allocation of a $6 million capital grant from BC Housing, approved specifically for S.U.C.C.E.S.S. for the project at 7600 Alderbridge Way. Should this project not proceed, we would lose the benefit of this significant grant allocation. This BC Housing grant to S.U.C.C.E.S.S. does not modify or reduce the promised contribution from RCG Group. Rather, the grant is additional funding that is 100% available to S.U.C.C.E.S.S. to deepen the overall affordability of the project once operational. The details of how the grant funds are to be utilized are subject to approval by BC Housing, but would be used to enhance affordability – for example, by converting market rental units to LEMR units or by further lowering rents on LEMR or subsidized units.

S.U.C.C.E.S.S. operates hundreds of multi-ethnic housing units across the Lower Mainland, including Austin Harris, Remy and Storeys in Richmond. We are excited by the opportunity to complement this portfolio in Richmond and provide – at a critical time – more affordable rental housing to the many local residents who desperately need it.

Sincerely,

Q Choo

Queenie Choo
Chief Executive Officer, S.U.C.C.E.S.S.

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Attachment 10

Table: City Centre Population Cumulative Impacts

CCAP Population Increase **Applied assumptions:** - 50% increase in CCAP supported density applied to undeveloped parcels - 93 m^2 average unit size - 2.1 people/unit						
Affected CCAP Villages	**CCAP Village Population**	**Proposed 1.2 to 1.8 FAR and resulting additional people**	**Proposed 2.0 to 3.0 FAR and resulting additional people**	**Proposed 3 FAR to 4.5 FAR Additional people**	**Total Population Increase**	**% of Unanticipated CCAP Population Increase**
Capstan	12,000-14,000	1,250	4,221	n/a	5,471	43-49%
Lansdowne	26,000-31,000	2,253	6,003	6,264	14,520	47-56-%
Brighouse	26,000-30,000	2,785	3,134	8,087	14,006	50-58%
Oval	12,000-14,000	1,184	1,982	2,933	6,099	43-50%
Totals	76,000-89,000	7,472	15,340	17,284	**40,096**	47-55%
Total Unanticipated Impact on 2009 approved CCAP			Approximately 40,000 unanticipated people			Average 51% increase
	* The properties with the following conditions are excluded from the calculation: • BP issued between September 14, 2009 and February 14, 2018 • DP application that is expected to be issued soon • Generally low redevelopment potential					

Attachment 11

Summary of Economic Analysis Undertaken by Richard Wozny, Site Economics Ltd.

Evaluation purpose: Quantitative analysis to assess the value of a proposal to increase building floor area by 50% over 10 lots to a) the developer, and b) the City of Richmond.

Finding: The developer's proposal is associated with modest benefit to the City limited to the value of the surplus AH (62,261 ft^2 x $538/$m^2$ [50/ft^2]) and the discounted value of 7600 Alderbridge Way at the termination of the proposed 60 year lease.

Value of Additional Density to the Developer

An industry standard pro forma was drafted to quantify the market value to the developer of the proposed additional floor area (approximately 616,530 ft^2). Applying the following rates, the benefit to the developer of the additional floor area associated with the proposal to increase density is approximately $73.5 million*:

- Market housing: $1,453/$m^2$ ($135/$ft^2$) (As of October 2017, market values were rising up to $150/ ft^2)
- Market rental housing: $538/$m^2$ ($50/$ft^2$); and
- Congregate housing* (assumed to apply): $645/$m^2$ ($60/$ft^2$).

*Subsequent to undertaking the evaluation, the applicant confirmed that congregate housing would not be secured by zoning and the developer required the option to construct market residential development. Therefore the valuation is amended to approximately $77.8 million.

Pre-zoning

As market rates increase over time, the price increases benefit the landowner. Pre-zoning creates an opportunity for the developer to refinance the properties at higher rates that reflect the increased permitted density. As a result, the developer may retain the existing on-site uses and opt to wait to redevelop the properties for a longer period of time than would otherwise be the case. In addition, as land values increase, the City may be in a position to require more amenities and/or contributions through the rezoning process. However, by pre-zoning, this opportunity is lost to the City while the developer reduces his exposure to future as yet undetermined amenities/contributions.

Affordable Housing (AH) Proposal

The value to the City of the upfront provision of AH cannot be expressed in terms of financial value for the City, rather the upfront provision of AH is a social good.

Unencumbered properties

The developer would benefit from the increased value of the unencumbered lots, which would subsequently have no ongoing AH requirement. Unencumbered properties would be worth at least 5% more overall than if they remained encumbered sites that are required to provide on-site AH units. This valuation is based on industry standards and the preference of buyers and developers for properties without encumbrances, for which they are willing to pay a premium.

Cost of construction
Several major AH developers were consulted to confirm that the costs of constructing AH are the same as market housing and reflect the inclusion of durable materials and products in AH developments. The total hard and soft costs for a concrete building in Richmond, excluding land are approximately $\$400/ft^2$ or $\$4,300/m^2$.

Present Value of 7600 Alderbridge to the City
The present value to the City is negligible for the building and land at 7600 Alderbridge Way, which would be encumbered to provide AH and market rental housing for 60 years. A long term lease is comparable to a sale; therefore, the building and land value is provided up front to the leaseholder rather than to the land owner who is unable to use or otherwise benefit from the land/building. The present day total land value of 7600 Alderbridge Way reflects the housing encumbrances that would be registered on the property (including Low End Market Rental, non-market, and market rental housing) and the lease. Note that this value is assigned to the leaseholder (S.U.C.C.E.S.S.) rather than to the City.

The value to the City is realized only at the termination of the lease. The present day value to the City in this scenario where the City can use the land in 60 years is less than $2 million. This low value reflects a 2.5% annual decrease in value resulting from the City's inability to use the property for 60 years. The building has no notable associated value in 60 years and as the building ages, its maintenance becomes a liability that may or may not be addressed through the terms of the lease.

Table: Summary of Depreciating Value

Form of tenure	Value
Market residential strata title value of 7600 Alderbridge Way	$21.2 million
Use of 7600 Alderbridge Way is restricted to rental only	63% less than a market residential strata title property
Rental only property with a 60 year lease	Leaseholder (S.U.C.C.E.S.S.) receives economic benefit
Value to property owner (i.e. value is realized after 60 years)	2.5% discount rate applied over 60 years to a property that is: -encumbered with legal agreements that restrict use to rental only; and -leased for 60 years

Attachment 12

Developer's Proposed Lease Terms Constructed Using Storeys Lease Template

Lease	**Key Points** Storeys Development Lease Excerpts	**SUCCESS Comparison** Developer Proposed Terms for Lot 3
Basic Terms	• 60 years • Between the City and Non-Profit Consortium (5 non-profit organizations) • Nominal base rent (e.g. $1/year in rent)	• 60 years • Between the City and S.U.C.C.E.S.S. Affordable Housing Society • Nominal base rent (e.g. $1/year in rent)
Tenant's Financial Obligations	• Property Taxes • Utilities • Any other applicable taxes/fees	• Property Taxes • Utilities • Any other applicable taxes/fees
Repairs, Maintenance and Alterations	• Tenant is solely responsible for: condition, operation, maintenance, repair and replacement of the project • Tenant solely responsible for all repairs, whether interior/exterior, structural/non-structural, ordinary/ extraordinary and foreseen/ unforeseen – also includes renewals, alterations, additions, substitutions and improvements • Landlord has right to repair if tenant fails to perform obligation within 14 days' written notice at the expense of the tenant • Major repairs over $100,000 will be at the cost of the tenant and subject to landlord approval	• Tenant is solely responsible for: condition, operation, maintenance, repair and replacement of the project • Tenant solely responsible for all repairs, whether interior/exterior, structural/non-structural, ordinary/ extraordinary and foreseen/ unforeseen – also includes renewals, alterations, additions, substitutions and improvements • Landlord has right to repair if tenant fails to perform obligation within 14 days' written notice at the expense of the tenant
End of Lease	• Building/Improvements revert back to the City upon end of lease	• Building/Improvements revert back to the City upon end of lease
Reporting Obligations	• Tenant will report to the landlord every 3 years with: - Tenant's financial statements - Current rents for each unit - Household income of each occupant as of the date they moved into the project - Engineering report as to physical condition of project • Tenant will annually report: - Strata budget and financial statements - All repairs, maintenance and replacements made or planned, together with costs and results	• Tenant will report to the landlord every 3 years with: - Tenant's financial statements - Current rents for each unit - Household income of each occupant as of the date they moved into the project - Engineering report as to physical condition of project • Tenant will annually report: - Strata budget and financial statements • All repairs, maintenance and replacements made or planned, together with costs and results
Mortgaging and Rights of Lender (Part 15)	• Landlord has approved the form of the interim construction mortgage and assignment of rents in favour of the Commission (e.g. BC Housing) provided the mortgage doesn't exceed $35,000,000 • Tenant cannot mortgage, charge, encumber or pledge its leasehold interest without landlord consent • Every mortgage under the lease is a mortgage of the leasehold interest of the tenant and not the Landlord's fee simple interest	• Landlord will approve the form of the interim construction mortgage and assignment of rents in favour of the Commission (e.g. BC Housing) • Tenant cannot mortgage, charge, encumber or pledge its leasehold interest without landlord consent • Every mortgage under the lease is a mortgage of the leasehold interest of the tenant and not the Landlord's fee simple interest

Developer's Evaluation: Community Amenities and Contributions

IBI GROUP
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Memorandum

To/Attention	Wayne Craig	**Date**	November 24, 2017
From	Andrew Browne	**Project No**	30301
Subject	Attachment C - Community Benefit		

Proportion of benefit

Lift in land value	$84,887,420
Community benefit	$71,002,748
Value of community benefit as % of landowner benefit	84%

Value of additional density

Total floor area after rezoning		1,846,184
(less) Floor area permitted by current CCAP	-	(1,229,652)
Additional floor area after rezoning	=	616,532
(less) Site 3 additional floor area	-	(62,854)
Additional floor area available to RCG	=	553,678
Land value assumption psf buildable	x	$135
Value of additional density	=	$74,746,530
Rezoned floor area for Sites 1-2 and 4-10		1,689,190
Affordable housing requirement	x	0.05
AHVT rate	x	$278

Market value discount for AH-unencumbered site	x	0.75
Premium for AH-unencumbered sites	=	$17,609,806
Gross value of additional density	=	$92,356,336
(less) Cost of lane acquisition	-	(3,368,916)
(less) Cost of Minoru Blvd realignment	-	(1,600,000)
(less) Cost of SA #1	-	(2,500,000)
Net value of additional density	=	$84,887,420

Value of community benefits

1. Site 3 - Land value for freehold transfer to City		$21,194,190
2. Site 3 - Landowner equity required for debt retirement		$32,500,000
MR + additional AH floor area on Site 3 (sf)		62,261
AHVT rate psf	x	$278
3. Site 3 - Value of additional AH/MR floor area		$17,308,558
Total value of community benefits	=	$71,002,748

Attachment 14

Developer's Proposed Community Amenities and Contributions Analysis

	Developer's community amenities and contributions (as shown in Attachment 13)	Assessment of developer's community amenity package by Richard Wozny, Site Economics Ltd.
Summary Value to the Developer and to the City	**Net value to the developer: $13.8 million** Value of additional density to the developer: Lift in land value (Land Lift Value–Developer Identified Supplementary Amenities/Costs) : $84.8 million - Value of community amenity package: $71 million $ 13.8 million City would recapture approximately 84% of the value of the additional density to the developer	**Net value to the developer: Approximately $81.7 million** Value of additional density to the developer: (Residential floor area at $1,453/m^2 ($135/ft^2) + market rental at $538/m^2 ($50/ft^2) +(required AH - 'surplus') at $538/m^2 ($50/ft^2) + premium for unencumbered lots –'cost to construct 'surplus' AH – present value to City of Lot 3 transfer Approximately $81.7 million City would recapture less than $6.5 million of the value of the additional density to the developer

	Developer's assessment	**Assessment by Richard Wozny, Site Economics Ltd.**
	Land Lift Value	
Value of proposed additional floor area	Additional floor area at $1,453/m^2 ($135/ft^2) - proposed additional floor area on Lot 3 (62,854 ft^2) $74.7 million	Residential floor area at $1,453/m^2 ($135/ft^2) + market rental at $538/m^2 ($50/ft^2) +required AH -'surplus' AH at $538/m^2 ($50/ft^2) $77.8 million
Premium for unencumbered sites	$17.6 million (proposed value transfer rate).	5% premium: $11 million
TOTAL value to developer	Additional floor area at $1,453/m^2 ($135/ft^2) - proposed additional floor area on Lot 3 (62,854 ft^2) + premium for unencumbered lots $ 92.3 million	Residential floor area at $1,453/m^2 ($135/ft^2) + market rental at $538/m^2 ($50/ft^2) +required AH - 'surplus' at $538/m^2 ($50/ft^2) + premium for unencumbered lots Approximately $88.8 million
	Applicant Identified Community Amenities	
Lot 3 transfer to City	$21.1 million	Present value to the City: less than $2 million Value of Lot 3 is reduced by: • Housing Agreements = 63% less value than a market residential property • 60 year lease • Value is realized after 60 years = application of a 2.5% discount rate to encumbered property

	Developer's assessment	Assessment by Richard Wozny, Site Economics Ltd.
Unrecoverable costs associated with construction of AH	$32.5 million	AH Strategy requires developer to assume all costs associated with the construction of AH. 'surplus' AH is recognized a benefit to the City: $4.6 million (cost to construct 'surplus' AH using $4,300/m^2 [$400/ft^2])
Cost of providing 'surplus' AH and market rental housing vs. applying a value transfer rate (i.e. cash contribution toward off-site provision of AH)	$17 million	
TOTAL value of community amenities	$71 million	Less than $6.5 million
Developer Identified Supplementary Amenities/Costs (subtracted from Value of Additional Density)		
Purchase of lane	$3.3 million	$0. Land purchased for development
Upfront realignment of Minoru Boulevard	$1.6 million	$0. Off-site improvements are typically secured at rezoning adoption with the developer assuming the full cost if there are no associated DCC credits available.
Costs associated with SA 16-739101	$2.5 million	$0. Land preparation for the purpose of redevelopment.
TOTAL value of supplementary amenities	$7.4 million	$0
Previously Developer Identified Supplementary Amenities/Costs (omitted from current valuation [Attachment 13]		
Upfront introduction of Lansdowne Linear Park along Lots 4, 5, & 9	No assigned value.	$0. Off-site improvements are typically secured at rezoning adoption with the developer assuming the full cost if there are no associated DCC credits available.
930 m^2 (10,000 ft^2) of indoor amenity to the City on Lot 4	$6,019,200	$0. Space does not meet the criteria of a desirable City asset

City of Richmond

Memorandum

Planning and Development Division

To:	Mayor and Councillors	**Date:**	June 8, 2018
From:	Wayne Craig Director, Development	**File:**	RZ 16-724589

Re: **Rezoning and Official Community Plan Amendment Application (RZ 16-724589) Applicant's Revised Financial Evaluation**

Subsequent to Planning Committee's consideration on Tuesday, June 5, 2018 of IBI Group's proposal, on behalf of Goodwyn Enterprises, to rezone ten properties and to amend the Official Community Plan (OCP) to increase the maximum permitted residential density within the City Centre Area Plan (CCAP) by 50%, staff received a financial analysis, prepared by Coriolis Consulting Corp., on Wednesday, June 6, 2018 (Attachment 1).

Staff's recommendation to deny the application is based on fundamental inconsistencies with City Bylaws, policies and objectives related to:

- Maintaining the integrity of the CCAP;
- Significant cumulative impacts associated with amending the CCAP;
- The implications of pre-zoning properties; and
- The inequality between the financial incentives for the applicant resulting from the 50% increase in density and the lack of amenities of an equivalent value to the City.

The significant imbalance between the financial benefits to the developer and the lack of equivalent amenities to the City that would result if this application is supported is one of several concerns that are articulated in staff's June 1, 2018 report to Committee.

The attached financial evaluation report establishes from the applicant's perspective:

- The value of the additional density to the developer; and
- The value of the proposed community amenities and contributions.

Staff have reviewed the report and offer the following comments:

Value of the Additional Density to the Developer

The attached report estimates the value to the developer of the increase in land value resulting from the proposed additional residential floor area at approximately $87.2 million. Certain elements of the methodology used are inconsistent with advice provided by the City's third party consultant, Richard Wozny – Site Economics Ltd.

1. Lane Acquisition for the Purpose of Redevelopment: Labeled a deductible cost ($3.3 million) in the report by Coriolis Consulting Corp.

With respect to the value of the additional density to the developer, the report indicates that the cost of purchasing an existing City lane for the purpose of development is to be deducted from the value of the additional density to the developer. "The estimated lane acquisition cost of $3,365,550 is attributable to the proposed incremental floorspace, so we deduct this cost from our overall estimate of increased land value".

The applicant's original evaluation of community amenities and contributions provided in Attachment 13 of the staff report identified the lane acquisition cost as a community benefit. The cost of acquiring the lane for the purpose of redevelopment is repositioned as a deductible cost in the Coriolis Consulting Corp. financial analysis.

Notwithstanding whether acquisition of the lane is identified as a deductible cost or a community benefit, as stated in staff's June 1, 2018 report to Committee, the City has no history of recognizing the purchase of City land to facilitate development as a community amenity or a deductible cost.

2. Additional density on Lot 4: Lot 4 is assumed to redevelop as seniors oriented congregate housing in the report by Coriolis Consulting Corp.

   The attached report assigns a reduced value ($60/ft^2$) to the additional building floor area associated with development at Lot 4, which the applicant has advised may possibly include seniors oriented congregate housing but has maintained an unwillingness to commit to zoning bylaw restrictions to secure development of seniors oriented congregate housing at Lot 4.

   As a result the seniors congregate care use would be unsecured and the owner would maintain the option to redevelop Lot 4 as a market residential development, which is associated with a higher land valuation of at least $135/ft^2$.

Community Amenities and Contributions

The attached report estimates the value of the proposed community amenities and contributions between $58.9 million and $68.5 million based on three primary elements:

1. Value of the Land Proposed to be Transferred to the City (Lot 3): Valued at $13.5 million to $21.2 million in the report by Coriolis Consulting Corp.

   The land value assigned to Lot 3 in the Coriolis Consulting Corp. report does not account for:

   - The legal encumbrances that would run with the land in perpetuity and restrict on-site uses to rental use only including:
     - 98 Low End Market Rental (LEMR) units with tenancy and rental rate restrictions;
     - 24 Non-market rental units with tenancy and rental rate restrictions; and
     - 88 Market rental units.
   - The City being unable to use the building/land for the duration of the lease (60 years). A long term lease of this nature is comparable to a sale and the value of the building and land is provided up front to the leaseholder (S.U.C.C.E.S.S.) rather than to a land owner (the City).

Richard Wozny – Site Economics Ltd., determined that the present value of Lot 3 to the City is less than \$2 million based on encumbrances on the property that apply in perpetuity and the 60 year lease, which reflects the City's inability to use the land/building for 60 years. Both City staff and the applicant agree that the land has a value; however, there is significant discrepancy in the amount.

2. Construction of Affordable Housing (AH): Valued at \$40.4 million to \$42.3 million in the report by Coriolis Consulting Corp.

   The applicant estimates that the cost to construct the building on Lot 3 is approximately \$72.7 million and that only a portion of that cost will be recovered by selling a lease hold interest to S.U.C.C.E.S.S. to occupy the land and building for 60 years. These unrecoverable costs are included in the applicant's assessment of provided amenities and contributions.

   The City's inclusionary Affordable Housing (AH) Strategy secures the provision of 5% of the overall residential floor area as LEMR units. The provision of the 5% of residential floor area as AH is thus a standard rezoning consideration associated with all high density residential developments. The construction cost of providing the 5% AH is therefore not an additional community benefit.

   The Coriolis Consulting Corp. report indicates that the unrecoverable costs after the sale of the lease hold interest to S.U.C.C.E.S.S. are a community benefit. As the provision of 5% of the overall residential density as AH is a standard rezoning consideration, the only community benefit is the surplus 1% AH. Richard Wozny identified the construction value associated with the 1% surplus to be approximately \$4.6 million.

3. Community Amenity Space: Valued at \$5 million in the report by Coriolis Consulting Corp.

   The Coriolis Consulting Corp. report indicates that the applicant proposes to "construct 10,032 ft^2 of community amenity space at Site 4 and make this space available to non-profit users at a nominal cost" and considers the construction of this space as a community benefit.

   The City secures City owned amenity space through identified density bonusing provisions in areas of the CCAP that support the greatest building density, which do not apply to the subject properties. The applicant originally proposed to provide approximately 930 m^2 (10,000 ft^2) of amenity space to the City at Lot 4. Staff carefully evaluated this proposal and determined that acquisition of 930 m^2 (10,000 ft^2) of City owned amenity space in this location does not meet criteria of a desirable City asset.

   A space that is privately owned and that would be leased to a private user is not considered a community amenity space from the City's perspective. Therefore, no value is assigned to the 930 m^2 (10,000 ft^2) as it is private space that the applicant would choose to lease to a private user.

The updated financial analysis (Attachment 1) that was provided to staff on June 6, 2018 includes minor adjustments to the Developer's Evaluation: Community Amenities and Contributions that is attached to staff's June 1, 2018 report to Committee. However, two major inconsistencies remain. These include:

- Assigning a land value for Lot 3 that is between $10 and $20 million more than the advice provided by Richard Wozny – Site Economics Ltd.; and
- Including unrecoverable costs associated with constructing AH at Lot 3 as a community benefit.

Should Council support the staff recommendation to deny this OCP amendment and rezoning application it would not preclude the applicant from making a future rezoning application that is in keeping with the OCP and other established City policies.

If you have any questions or would like to discuss the information in this memo, please contact the undersigned.

Wayne Craig
Director, Development

DN:rg

Att.1: Financial Evaluation of Proposed Amenity Contribution for Rezoning Application by RCG Group, Richmond BC

Financial Evaluation of Proposed Amenity Contribution for Rezoning Application by RCG Group, Richmond BC

25 May 2018

CONFIDENTIAL

Prepared for:
RCG Group and IBI Group

RECEIVED
JUN 0 6 2018

By:
coriolis
CONSULTING CORP.

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Summary

RCG Group has submitted a rezoning application for ten properties in Richmond's City Centre to allow the development of a mix of strata residential, market rental, low end of market rental (LEMR), subsidized housing, and senior's housing. RCG intends to develop the properties on a phased basis over the long term. The first phase would include all of the proposed market rental, LEMR and subsidized units.

If approved, the rezoning will increase the value of the applicant's properties.

For rezonings that are not contemplated in the City Centre Area Plan (CCAP), it is the City's practice to negotiate a portion of the increased land value created by the rezoning as an amenity contribution. However, Richmond does not have a written policy that identifies the approach to a negotiated amenity contribution or the share of the increase in value that should be allocated toward an amenity contribution.

Therefore, RCG Group commissioned Coriolis Consulting Corp. to estimate the potential increase in property value associated with the proposed rezoning, compare this with the value of the public benefits package being proposed by RCG, and comment on whether the proposed contribution is reasonable in financial terms.

Estimated Increase in Land Value Due to Proposed Rezoning

RCG proposes to rezone ten properties, of which nine will be retained by RCG. On the tenth site (Site 3), RCG will build a new affordable housing project, turn it over to a non-profit operator, and transfer ownership of the land to the City at no cost to the City.

The first step in our evaluation is to estimate the incremental land value created by the additional proposed floorspace (beyond the 2.0 FAR permitted under the CCAP) for the nine properties being retained by RCG. This includes:

- An increase of 480,343 square feet of strata residential space.
- An increase of 120,082 square feet of seniors' rental residential space.
- A reduction of 56,775 square feet of required LEMR space on the nine sites.

Our estimate of the overall increase in land value for the nine properties that will be retained by RCG due to the proposed rezoning is about $87.2 million.

Estimated Value of Proposed Public Benefits

RCG proposes to construct a new 210 unit affordable housing project at Site 3 and turn the building over to a non-profit operator (S.U.C.C.E.S.S.) for 60 years at a nominal rent of $1.00 per year. At completion of construction, the ownership of the site would be transferred to the City of Richmond at no cost to the City. RCG would be responsible for all costs associated with creating the new affordable housing project. Upon completion a mortgage would be obtained by the non-profit operator, the proceeds of which would be paid to RCG to purchase the building. RCG would be responsible for the additional costs not covered by the mortgage.

In addition, RCG proposes to construct 10,032 square feet of amenity space at Site 4 which would be made available for use by non-profit groups at a nominal rent.

The overall estimated value of the proposed public benefits package is between $58.9 million and $68.5 million depending on the land value allocated to Site 3, the final cost of the affordable housing project and the mortgage terms available to the non-profit housing provider upon completion of the building.

Conclusions

The proposed public benefits contribution is equal to between 68% and 79% of the estimated increase in land value due to the rezoning, as shown in the following exhibit.

Comparison of Increase in Land Value with Proposed Public Benefits Value

Estimated Increase in Land Value due to Rezoning (before amenity contribution)	$87.2 million
Total Value of Affordable Housing and Amenity Contribution	$58.9 to $68.5 million
Share of Increased Value Allocated to Public Benefits	68% to 79%

Richmond has no written policy or practice about the share of increased value that should be considered for a negotiated amenity contribution. Therefore, RCG asked us to comment on whether the share of increased value being proposed by RCG for the overall amenity contribution is reasonable. We considered the following:

1. Although Richmond does not have a written policy, Richmond staff indicate that the City has aimed for a high share of increased value in the few instances that amenity contributions have been negotiated.
2. Other Metro Vancouver municipalities also aim for a high share of any increased land value to be allocated toward amenity contributions. The approaches used by each municipality vary, but municipalities that negotiate the value of contributions at rezoning typically seek between about 50% and 75% of increased land value created by increased residential density.

It is notable that municipalities typically seek significantly less than 100% of the increased value from a rezoning. Otherwise, there would be no financial reason for an applicant to proceed with rezoning. Applicants would be better off buying another property for full market value given the time, costs and risks associated with rezoning.

The RCG proposal allocates about 68% to 79% of the estimated increase in land value to the public benefits package. This brackets the upper limit typically targeted by other major Metro Vancouver municipalities that negotiate the value of amenity contributions from residential rezonings (75%), so we think that the value of the public benefits package proposed by RCG is reasonable.

It is worth noting that the proposed public benefits package provides some benefits to the City and allocates risks to RCG that are not captured by our financial evaluation and should be taken into account by the City as part of the determination of an appropriate overall amenity contribution. Each suggests a lower amenity contribution could be considered:

1. RCG proposes to take on all of the risk associated with creating the affordable housing on Site 3, so the actual total cost to RCG may be higher than currently estimated as the total cost will be impacted by changes in construction costs and borrowing costs over the next two to three years. There is currently upward pressure on construction costs and borrowing rates. Therefore, it is possible that RCG may need to inject additional equity beyond the $40.4 to $42.3 million estimate. Relatively small changes in construction and borrowing costs could materially increase the overall cost of the public benefits package to RCG.
2. RCG proposes to provide all of the affordable housing upfront (rather than phasing it over time) which is a benefit to the community.
3. Building the affordable housing upfront creates the risk to RCG that recovery of the affordable housing costs from development of the nine retained sites will be delayed if the nine sites are not redeveloped in the short term.
4. If land values decline over the next decade or so, the benefit to RCG of the additional development rights could be less than estimated in this analysis.
5. If RCG's development program at the nine sites that it retains changes over time to include less strata residential floorspace (and more commercial or rental space), then RCG will have provided more LEMR space than currently required by City policy.

1.0 Introduction

1.1 Background

RCG Group has submitted a rezoning application for ten properties in Richmond's City Centre to allow the development of a mix of strata residential, market rental, low end of market rental (LEMR), subsidized housing, and senior's housing. If approved, RCG intends to develop the properties on a phased basis over the long term. The first phase would include all of the proposed market rental, LEMR and subsidized units (on Site 3).

Exhibit 1: Location of Subject Properties

Each of the properties is currently designated in Richmond's City Centre Area Plan (CCAP) for high density development to a maximum density of 2.0 FAR. To achieve the full 2.0 FAR, City policy currently requires 5% of the strata residential floorspace[1] at each site to be LEMR units.

The current rezoning application would result in an overall density at the ten properties in excess of the 2.0 FAR designation (the application is about 3.0 FAR). If additional density beyond 2.0 FAR is approved, this will increase the value of the applicant's properties.

For rezonings that are not contemplated in the CCAP, it is the City's practice to negotiate a portion of the increased land value created by the rezoning as an amenity contribution. However, Richmond does not have

[1] The City recently increased the required share of LEMR floorspace increased from 5% to 10%. However, because the RCG application was submitted in 2016, our understanding is that the City and RCG have agreed that it is subject to the 5% requirement.

a written policy that identifies the approach to a negotiated amenity contribution or the share of the increase in value that should be allocated toward an amenity contribution.

The City of Richmond and RCG have been in discussions about the scale of the voluntary contribution that is appropriate for the proposed rezoning given the additional property value that could be created. These discussions have been ongoing for several months. RCG has proposed a specific amenity and public benefits package, but the City and RCG have not agreed on whether it is reasonable in financial terms.

Therefore, as input to this process, RCG Group commissioned Coriolis Consulting Corp. to estimate the potential increase in property value associated with the proposed rezoning, compare this with the value of the public benefits package being proposed by RCG, and comment on whether the proposed contribution is reasonable. Our understanding is that the City and RCG Group will use the findings as input to the negotiations about the appropriate public benefits package.

This report provides a summary of our evaluation.

1.2 Professional Disclaimer

This document may contain estimates and forecasts of future growth and urban development prospects, estimates of the financial performance of possible future urban development projects, opinions regarding the likelihood of approval of development projects, and recommendations regarding development strategy or municipal policy. All such estimates, forecasts, opinions, and recommendations are based in part on forecasts and assumptions regarding population change, economic growth, policy, market conditions, development costs and other variables. The assumptions, estimates, forecasts, opinions, and recommendations are based on interpreting past trends, gauging current conditions, and making judgments about the future. As with all judgments concerning future trends and events, however, there is uncertainty and risk that conditions change or unanticipated circumstances occur such that actual events turn out differently than as anticipated in this document, which is intended to be used as a reasonable indicator of potential outcomes rather than as a precise prediction of future events.

Nothing contained in this report, express or implied, shall confer rights or remedies upon, or create any contractual relationship with, or cause of action in favor of, any third party relying upon this document.

In no event shall Coriolis Consulting Corp. be liable to RCG Group, IBI Group, or any third party for any indirect, incidental, special, or consequential damages whatsoever, including lost revenues or profits.

2.0 Rezoning Proposal

The rezoning proposal covers ten properties in the Lansdowne Village area of Richmond's City Centre. If approved, the application would allow a mix of strata residential, market rental, LEMR, subsidized housing, and senior's housing at the ten sites. The total proposed floorspace is about 1.85 million square feet, which is equivalent to about 3.0 FAR across all ten properties, although the proposed density varies by property.

The applicant proposes to transfer ownership of one of the sites (Site 3) to the City of Richmond (at no cost to the City) and contribute to the cost of creating a 156,994 square foot affordable housing building at the site that would include a combination of subsidized housing, LEMR and market rental units. In total, this building would include 210 units. RCG proposes to construct the affordable housing building and turn the building over to a non-profit operator (S.U.C.C.E.S.S.) for 60 years at a nominal rent of $1.00 per year. At completion of construction, the ownership of the site would be transferred to the City of Richmond at no cost to the City. RCG would be responsible for all costs associated with creating the new affordable housing project. Upon completion a mortgage would be obtained by the non-profit operator, the proceeds of which would be paid to RCG to purchase the building. RCG would be responsible for the additional costs not covered by the mortgage.

The remaining nine sites would be retained by the applicant for development of about 1.7 million square feet of floorspace. For these nine properties being retained by RCG, Exhibit 2 shows the amount of floorspace (by type) that is proposed, the amount that would be permitted under the existing CCAP designation (2.0 FAR), and the incremental additional floorspace (by type) that would be permitted if the rezoning application is approved.

Exhibit 2: Incremental Floorspace by Type on Nine Sites Retained by RCG

	Proposed Rezoning	Existing Achievable Under CCAP 2.0 FAR	Incremental Change
Strata Residential	1,559,074	1,078,731	480,343
Commercial	0	0	0
Low End of Market Rental (LEMR)	0	56,775	-56,775
Seniors' Rental	120,082	0	120,082
Community Amenity Space	10,032	0	10,032
Total – Nine Retained Sites	1,689,188	1,135,506	553,682

As shown in the exhibit, the proposed rezoning would allow development of an additional 553,682 square feet of floorspace at the nine sites that RCG proposes to retain[2], including:

- An increase of 480,343 square feet of strata residential space.
- An increase of 120,082 square feet of seniors' rental residential space.
- An increase of 10,032 square feet of space of community amenity space. This space would be constructed by RCG and made available to non-profit users at a nominal rent.

[2] The tenth site (Site 3) would accommodate the planned affordable housing project. After construction of the affordable housing project, ownership of the site would be transferred to the City at no cost to the City.

- A reduction of 56,775 square feet of required LEMR space on the nine sites (this LEMR space would all be constructed by RCG on Site 3).

Site 3 is proposed to include 156,994 square feet of subsidized, LEMR and market rental floorspace. Of this, 61,482 square feet is LEMR space that would have been required under City policy at 2.0 FAR (56,775 square feet that would have been required at the nine sites being retained by RCG and 4,707 sf that would have been required at Site 3). The remainder is additional subsidized, affordable or market rental housing.

3.0 Approach to Analysis

RCG is proposing to construct affordable housing at Site 3, turn the building over to S.U.C.C.E.S.S. and transfer ownership of the lot to the City at no cost to the City. In return, RCG is proposing an increase in the amount of strata and seniors' housing on the other nine sites and a reduction in the amount of LEMR space required at the other nine sites. Therefore, our approach to this evaluation is to estimate the additional land value that would be created by the increased permitted floorspace at the nine sites being retained by RCG (including the impact of the reduction in LEMR space at the nine sites being retained) and compare this to the cost of creating the affordable housing at Site 3 plus the cost of other contributions proposed by RCG.

To complete this evaluation:

1. We estimated the additional land value created by the incremental proposed strata and seniors' rental floorspace on the nine sites to be retained by RCG, less costs associated with obtaining approval for this incremental floorspace.
2. We estimated the land value benefit to RCG due to the reduction in LEMR floorspace at the nine sites being retained by RCG.
3. We estimated the cost of the amenities and public benefits proposed to be provided by RCG. This includes:
    - The estimated land value of Site 3. This needs to be included in the cost of the public benefits package because our estimates of the increased floorspace (and increased land value) in step 1 do not account for the strata floorspace currently permitted at Site 3 that will not be built. If the strata floorspace currently permitted at Site 3 was deducted from our estimate in step 1, the estimated increased land value associated with the proposed rezoning would be significantly lower (but the land value for Site 3 would be excluded from the public benefits package so the public benefits value would also be lower)[3].
    - The costs to RCG associated with creating the affordable housing at Site 3.
    - The cost of any other contributions proposed by RCG as part of the rezoning.
4. We compared the increased land value associated with the incremental strata and seniors' and the reduced LEMR on the nine sites being retained by RCG with the overall cost of the public benefits proposed by RCG.

[3] An alternate approach to this evaluation would be to estimate the additional land value created by the incremental proposed strata and seniors' rental floorspace at all ten sites (including Site 3) and compare this to the net cost of the public benefits package. This would result in a lower estimate of the increased land value, but also a lower cost to RCG for the proposed public benefits package because the public benefits package cost would exclude the land value associated with Site 3. In this alternate approach, the existing Site 3 development rights would reduce the overall incremental proposed strata floorspace, so the land value for Site 3 would be accounted for by the lower increase in land value associated with the proposed incremental floorspace. This approach would result in the same estimate of the net contribution (increased land value less estimated contributions) by RCG.

4.0 Estimated Increase in Value Due to Rezoning

The first step in our evaluation is to estimate the incremental land value created by the additional proposed floorspace beyond the 2.0 FAR permitted under the CCAP, taking into account the amount of increased floorspace and the type of increased floorspace. This estimate only includes the additional space at the nine properties being retained by RCG as Site 3 will not create any value for RCG. Therefore, we estimated the market land value of the proposed incremental:

- 480,343 square feet of strata residential floorspace.
- 120,082 square feet of senior's rental floorspace.

We also estimated the benefit to RCG from the 56,775 square foot reduction in the LEMR floorspace on the nine properties being retained by RCG. The value of the completed LEMR units is lower than the cost to create these units. Therefore, the requirement to include LEMR space has a negative impact on development site value. In other words, the 5% LEMR requirement at 2.0 FAR (the CCAP designation) reduces the value of these nine RCG properties so allocating this required LEMR space to Site 3 is a benefit to the nine properties being retained by RCG. There are different methods to account for this benefit to RCG. Our evaluation treats it as an increase in land value to RCG. An alternative approach would be to deduct this value from the estimated cost of the amenity package. However, each approach produces the same net increase in land value to RCG.

As part of this step, we excluded the incremental 10,032 square feet of community amenity space. This space will not generate revenue to RCG (it will be rented at a nominal rate to non-profit users), so it does not create land value for RCG. We treat this space a part of the amenity package being proposed by RCG (outlined in Section 5.0).

4.1 Key Assumptions

4.1.1 Site 3

The ownership of Site 3 is assumed to be transferred to the City of Richmond at no cost to the City, so there is no benefit to RCG from any incremental floorspace approved for Site 3. The estimated increase in value associated with the rezoning proposal only applies to the nine sites being retained by RCG.

4.1.2 Incremental Floorspace

The incremental permitted floorspace (beyond the 2.0 FAR permitted under the current designation) on the nine sites to be retained by RCG is assumed to match the figures outlined in Section 2.0.

4.1.3 Development Timing

Development of the 1.7 million square feet of floorspace at the nine properties being retained by RCG will likely span a decade or more. However, our estimate of the increased land value due to the proposed rezoning does not include holding costs that could be incurred by RCG and potential future changes in market values, construction costs, government levies or property taxes that will occur over the time period that RCG develops the sites.

These items are excluded because RCG could elect to sell the rezoned properties to other parties for market value in the short term. However, if RCG retains the properties and develops the sites over time, our evaluation may overstate the value of the incremental development rights if there are significant holding costs or if land values decrease over time.

4.1.4 Strata Residential Land Value and Impact of LEMR Floorspace

Based on discussions with RCG, the City of Richmond and RCG have already agreed that the value of additional market strata development rights is about $135 per square foot buildable.

We researched development site values in the City Centre and completed a land residual analysis (based on Q1 2018 strata unit prices and construction costs in Richmond) to determine the market value for residential development sites in the City Centre.

Our research indicates that the $135 per square foot buildable estimate being used by the City and RCG is reflective of current land value in the City Centre. However, for our evaluation, we needed to divide this figure into two components:

- The land value associated with the strata residential component of a project.
- The reduction in land value due to the requirement to include 5% LEMR floorspace in new strata projects in the City Centre.

We have attached three land residual proformas (based on our estimates of Q1 2018 market values and construction costs) in Section 7.0 that illustrate the land value supported by:

- A hypothetical apartment project in the City Centre that is 95% strata residential and 5% LEMR. This shows a supportable land value of about $130 to $140 per square foot buildable. This is almost identical to the $135 per square foot figure agreed between the City and RCG.
- The 5% of floorspace at the hypothetical project required to be LEMR units. This shows that each square foot of LEMR space reduces supportable land value by about $200 per square foot.
- The strata residential component of the hypothetical project. This shows that that strata residential portion supports a land value of about $150 per square foot buildable.

Based on our market research and analysis, our evaluation assumes that:

- Additional strata development rights increase land value by about $150 per square foot buildable.
- LEMR units reduce supportable land value by about $200 per square foot of LEMR floorspace (gross floorspace). The LEMR space reduces market land values because the cost of creating the LEMR space exceeds the value of the space upon completion. Therefore, a reduction in LEMR floorspace increases land value by about $200 per square foot buildable.
- A combination of 95% strata and 5% LEMR supports a land value of about $135 per square foot buildable (as already agreed between the City RCG).

4.1.5 Senior's Rental Land Value

Our understanding is that the City of Richmond and RCG have agreed that the value of additional seniors' rental housing development rights is about $60 per square foot buildable. We are not aware of any recent sales of development sites in Richmond that provide an indication of the market land value for seniors' housing. However, based on analysis we have completed for senior's housing projects in Metro Vancouver, senior's rental housing supports a significantly lower land value than strata residential development. Therefore, we think that the $60 per square foot buildable estimate is a reasonable figure to use for this evaluation[4].

4.1.6 Costs Associated with Rezoning Approval

There will be a variety of costs associated with rezoning the property, including:

1. Costs associated with design, planning, management and rezoning approvals.
2. Costs to realign Minoru Boulevard at Alderbridge. This is estimated by RCG at $1.6 million.
3. Costs to reconstruct existing services that run under Sites and 1 and 2. This is estimated by RCG at $2.5 million.
4. Costs to create a portion of the Lansdowne Greenway park.
5. Costs to acquire an existing lane from the City of Richmond that is adjacent Sites 3, 4, 5 and 6. According to RCG, the lane acquisition cost is estimated at $3,365,550 ($135 per square foot buildable at 3.0 FAR).

Our understanding is that all (or most) of the costs associate with items 1, 2, 3, and 4 would likely be incurred if the site was rezoned under the existing CCAP designation, so these costs are not associated with the incremental floorspace being proposed beyond 2.0 FAR and do not need to be included in our evaluation.

However, our understanding is that the lane acquisition (item 5) would not be required if the property was redeveloped under the existing CCAP designation. In addition, the lane acquisition creates the opportunity for a portion of the incremental floorspace that is the focus of the estimated increase in land value. Therefore, the lane acquisition is an incremental cost associated with obtaining the increased floorspace beyond 2.0 FAR.

The estimated lane acquisition cost of $3,365,550 cost is attributable to the proposed incremental floorspace, so we deduct this cost from our overall estimate of increased land value.

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[4] As a comparison, our research and analysis indicate that market rental apartment development in the City Centre supports a land value of about $50 per square foot buildable, which is similar to this senior's housing land value estimate.

4.2 Overall Estimated Increase in Land Value Before Amenity Contribution

Exhibit 3 summarizes our estimate of the overall increase in land value for the nine properties that will be retained by RCG due to the proposed rezoning plus the benefit of the reduced LEMR space at these nine properties. As shown in the exhibit, the total benefit to RCG is estimated at about $87.2 million.

Exhibit 3: Estimated Increase in Value to RCG

	Incremental Change	Estimated Land Value PSFB	Total Additional Land Value for RCG
Strata Residential	480,343	$150	+$72,051,450
Seniors' Rental	120,082	$60	+$7,204,920
Reduced LEMR at Nine Sites	-56,775	-$200	+$11,355,000
Subtotal	543,650	n/a	=$90,611,370
Less Lane Acquisition	n/a	n/a	-$3,365,550
Total Increase in Land Value	n/a	n/a	=$87,245,820

5.0 Estimated Value of Proposed Public Benefits Package

This section summarizes the overall estimate of the value of the public benefits package being offered by RCG. Items that we have included in the estimate of the overall amenity contribution include:

1. The cost of creating the affordable housing project on Site 3.
2. The cost of the community amenity space RCG plans to build at Site 4.

5.1 Affordable Housing at Site 3

5.1.1 Land Value

RCG is proposing to transfer the ownership of Site 3 to the City (at no cost to the City) and construct affordable housing at the site. There are two different scenarios that could be considered to establish the land value for Site 3:

- A lower land value scenario that is based on the site's land value under the current CCAP designation of 2.0 FAR. Under this scenario, we estimate the land value at about $13.5 million (49,998 square foot existing site x 2.0 FAR x $135 per square foot buildable). This is the site's current value to RCG prior to rezoning.
- A higher land value scenario based on the cost that the City or a non-profit developer would incur to purchase a site zoned for a 156,994 square foot residential project (the proposed size of the affordable housing project at Site 3). In this scenario, the land value for Site 3 would be about $21.2 million (156,994 buildable square feet x $135 per square foot buildable). This is the cost that the City or a non-profit would incur to purchase a suitable residential site.

Therefore, the value of Site 3 is in the range of $13.5 million to $21.2 million.

5.1.2 Equity Contribution

RCG proposes to fund the full cost of creating the 156,994 square foot project at Site 3. Based on information provided by RCG and Ventana Construction, the estimated all-in cost of the project is $72.7 million[5].

Upon completion of the project, S.U.C.C.E.S.S will obtain the maximum mortgage that is supportable from the net operating income generated by the rental units at the site and use the proceeds to purchase the building from RCG.

[5] The estimated all-in cost for the project from Ventana Construction and RCG Group as of early 2018 is $65.9 million. Ventana recommended including an inflation allowance between 2018 and the projected project start in 2020. We included a construction inflation allowance of 5% per year to 2020, bringing the total anticipated cost to $72.7 million. Given the current level of construction cost inflation in the Metro Vancouver market, it is possible that the inflation allowance that we included is conservative (low)

Based on the projected rents for the project, the net operating income will likely support a mortgage of about $32.3 million[6]. This is about $40.4 million less than the estimated construction costs. Therefore, RCG anticipates that it will need to inject about $40.4 million of equity to create the project.

The amount of equity required is sensitive to the cost of constructing the project and to the interest rate on the mortgage upon project completion.

There is currently upward pressure on borrowing rates. Therefore, it is possible that RCG may need to inject additional equity beyond the $40.4 million estimate. For example, if interest rates are 0.5 percentage points higher than assumed, the required equity would increase to $42.3 million. Therefore, our analysis assumes that the required equity is in the range of $40.4 to $42.3 million.

5.1.3 Total Affordable Housing Contribution

The overall value of the proposed affordable housing contribution is about $53.9 million to $63.5 million depending on the land value allocated to Site 3, total construction costs, and the terms of the mortgage that is obtainable upon completion of the building (in about 2022), as shown in Exhibit 4.

Exhibit 4: Estimated Value of Proposed Affordable Housing Contribution at Site 3

	Lower Value Scenario	Higher Value Scenario
Site 3 Land Value	$13.5	$21.2
Equity Contribution Toward Construction	$40.4	$42.3
Total	$53.9	$63.5

5.2 Amenity Space

As part of the rezoning, RCG proposed to construct 10,032 square feet of community amenity space at Site 4 and make this space available to non-profit users at a nominal cost. Our understanding is that this space would be made available for rent or lease at a rate that covers operating costs but does not help RCG recover the cost of creating the space. Therefore, the overall cost to RCG for this amenity is the estimated construction cost[7].

The estimated all-in cost of creating this space is $500 per square foot (not including any land cost) so the cost of this amenity space is estimated at about $5.0 million (10,032 square feet x $500 per square foot).

[6] Based on a 35-year amortization period, 5.0% interest rate and 1.1 Debt Coverage Ratio.

[7] If the rent is set at a rate that is higher than the costs associated with operating the space, then there would be net income generated by the space that could off-set part of the construction costs. If this is the case, the net cost to RCG would be lower than assumed.

5.3 Total Public Benefits

The overall estimated value of the proposed public benefits package is about $58.9 million to $68.5 million depending on the land value allocated to Site 3, total construction costs for the affordable housing, and the terms of the mortgage that is obtainable upon completion of the building, as shown in Exhibit 5.

Exhibit 5: Estimated Value of Proposed Public Benefits Package

	Lower Value Scenario	Higher Value Scenario
Site 3 Land Value	$13.5	$21.2
Equity Contribution Toward Construction	$40.4	$42.3
Community Amenity Space	$5.0	$5.0
Total	$58.9	$68.5

6.0 Conclusions

The estimated overall increase in land value for the nine properties that will be retained by RCG due to the proposed rezoning plus the benefit of the reduced LEMR space at these nine properties is about $87.2 million.

The overall estimated value of the proposed public benefits package is about $58.9 million to $68.5 million depending on the land value allocated to Site 3, the total affordable housing construction costs, and the terms of the mortgage that is obtainable upon completion of the affordable housing project. Therefore, the proposed contribution is equal to between 68% and 79% of the estimated increase in land value due to the rezoning as shown in Exhibit 6.

Exhibit 6: Comparison of Increase in Land Value with Proposed Public Benefits Value

Estimated Increase in Land Value due to Rezoning (before amenity contribution)	$87.2 million
Total Value of Affordable Housing and Amenity Contribution	$58.9 to $68.5 million
Share of Increased Value Allocated to Public Benefits	68% to 79%

The City of Richmond rarely negotiates the value of amenity contributions as it relies on specific formulaic contributions from rezonings involving increased density, so the City has no written policy or practice about the share of increased value that should be considered for a negotiated amenity contribution. Therefore, RCG asked us to comment on whether the share of increased value being proposed by RCG for the overall amenity contribution is reasonable. We considered the following:

- Although Richmond does not have a written policy, Richmond staff indicate that the City has aimed for a high share of increased value in the few instances that amenity contributions have been negotiated.
- Other Metro Vancouver municipalities also aim for a high share of any increased land value to be allocated toward amenity contributions. The approaches used by each municipality vary, but municipalities that negotiate the value of contributions at rezoning (such as Vancouver, Burnaby, Coquitlam, District of North Vancouver, District of West Vancouver) seek between about 50% and 75% of increased land value created by increased residential density.

It is notable that municipalities typically seek significantly less than 100% of the increased value from a rezoning. Otherwise, there would be no financial reason for an applicant to proceed with rezoning. Applicants would be better off buying another property for full market value given the time, costs and risks associated with rezoning.

The RCG proposal allocates about 68% to 79% of the estimated increase in land value to the public benefits package. This brackets the upper limit typically targeted by other major Metro Vancouver municipalities that negotiate the value of amenity contributions from residential rezonings (75%), so we think that the value of the public benefits package proposed by RCG is reasonable.

It is worth noting that the proposed public benefits package provides some benefits to the City and allocates risks to RCG that are not captured by our financial evaluation and should be taken into account by the City as part of the determination of an appropriate overall amenity contribution. Each suggests a lower amenity contribution could be considered:

1. RCG proposes to take on all of the risk associated with creating the affordable housing on Site 3, so the actual total cost to RCG may be higher than currently estimated as the total cost will be impacted by changes in construction costs and borrowing costs over the next two to three years. There is currently upward pressure on construction costs and borrowing rates. Therefore, it is possible that RCG may need to inject additional equity beyond the $40.4 to $42.3 million estimate. Relatively small changes in construction and borrowing costs could materially increase the overall cost of the public benefits package to RCG.
2. RCG proposes to provide all of the affordable housing upfront (rather than phasing it over time) which is a benefit to the community.
3. Building the affordable housing upfront creates the risk to RCG that recovery of the affordable housing costs from development of the nine retained sites will be delayed if the nine sites are not redeveloped in the short term.
4. If land values decline over the next decade or so, the benefit to RCG of the additional development rights could be less than estimated in this analysis.
5. If RCG's development program at the nine sites that it retains changes over time to include less strata residential floorspace (and more commercial or rental space), then RCG will have provided more LEMR space than currently required by City policy.

7.0 Attachments

The following attachments include three land residual proformas (based on our estimates of Q1 2018 values and construction costs) that illustrate the land value supported by:

1. A hypothetical apartment project in the City Centre that is 95% strata residential and 5% LEMR. This shows a supportable land value of about $130 to $140 per square foot buildable.
2. The 5% of floorspace at the project required to be LEMR units. This shows that each square foot of LEMR space reduces supportable land value by about $200 per square foot.
3. The strata residential component of the project. This shows that that strata residential portion supports a land value of about $150 per square foot buildable.

Attachment 1 – 3.0 FAR with 5% LEMR and 95% Strata

Assumptions

Major Assumptions (shading indicates figures that are inputs; unshaded cells are formulas)				
Revenue and Value				
Average Sales Price Per Sq. Ft.	$940	per sq.ft. of net saleable residential space		
Site and Building Size				
Site Size	1.00	acres or	43,560	sq. ft.
	218	frontage feet x	200	feet depth
Base Density	2.00	FAR		
Affordable Housing Bonus Density	0.85	FAR (with separate 0.15 FAR as LEM Rental - 5% of entire building)		
LEMR	0.15	FAR		
Total Assumed Density	3.00	FAR		
Gross Residential Floorspace	130,680	sq.ft.		
Assumed Affordable Rental Floorspace	6,534	sq.ft. or	5.0%	of total residential space
Gross Strata Residential Floorspace	124,146	sq.ft.		
Net Saleable Strata Residential Floorspace	104,283	sq.ft.		
Average Gross Unit Size	1,035	sq.ft.		
Average Net Unit Size	869	sq.ft.	84%	of gross area
Number of Units	120	units or	120	units per acre
Required Parking Stalls (Includes 0.2 per unit of guest parking)	1.20	per unit		
Residential Stalls	144	stalls		
Commercial/Amenity Stalls	0	stalls		
Total Stalls	144	stalls		
Construction Costs				
Allowance for Demolition of Existing Buildings	$435,600			
Site Servicing	$132,805	or about	$2,000	per lineal metre of frontage
Water, Storm, Sanitary Connections	$50,000	per site		
Piling, Preload or Site Preparation Allowance	$20	per square foot of site area on	100%	coverage
Hard Construction Costs				
Strata Residential Floorspace	$280.00	per gross sq.ft.		
Cost Per Parking Stall	$40,000	per parking stall (above grade parking structure)		
Overall Costs Per Square Foot (excl LEMR)	$328	per gross sq.ft. assuming parking structure		
Landscaping	$20	per sq.ft. of site area on	50.0%	of site (not covered by building)
Soft Costs, Professional Fees	9.0%	of hard costs, servicing, landscaping		
Development Management	4.0%	of hard costs, servicing, landscaping, piling, demolition, soft costs		
Contingency on Hard and Soft Costs	5.0%	of hard and soft costs		
Metro Vancouver DCC Charge	$673.00	per unit		
Metro Vancouver Commercial DCC	$0.505	per sq.ft.		
School Site Acquisition Charge (High Density: 82+ units per acre)	$463.00	per unit		
Municipal DCCs - residential	$22.61	per sq.ft. of gross strata residential building area or	$23,391	per average unit
Municipal DCCs - commercial	$14.52	per sq.ft. of commercial area		
Interim Financing on Construction Costs	5.0%	on 50% of hard and soft costs, assuming	2.5	year construction period
Share of Construction Costs Financed	75%			
Financing Fees	1.50%	of construction loan		
Financing on Land	5.0%	on land costs during approvals and construction		
Share of Land Financed	75%			
Other Costs and Allowances				
Sales Costs and Commissions	3.0%	of gross residential revenue		
Residential Marketing	3.0%	of gross residential revenue		
Developer's Profit	13.0%	of gross revenue, or	15.0%	of total costs
Residential Property Taxes	0.3008%	of assessed value		
Assumed Current Assessment (Year 1 of analysis)	$13,068,000			
Assumed Assessment After 1 year of Construction (Year 2 of analysis)	$49,012,841	(50% of completed project value)		

Attachment 1 continued – 3.0 FAR with 5% LEMR and 95% Strata Analysis

Analysis	
Revenue	
Gross Strata Apartment Sales Revenue	$98,025,682
Capitalized Value of LEMR Space (see separate sheet)	$1,481,454
Less Marketing and Commissions	$2,940,770
Net Sales Revenue	$96,566,365
Construction Costs	
Allowance for Demolition of Existing Buildings	$435,600
Site Servicing	$132,805
Piling, Preload or Site Preparation Allowance	$871,200
Water, Storm, Sanitary Connections	$50,000
Hard Construction Costs	$40,520,880
Landscaping	$435,600
Soft Costs, Professional Fees	$3,702,536
Development Management	$1,845,945
Contingency on Hard and Soft Costs	$2,399,728
Residential Marketing	$2,940,770
Metro Vancouver DCC Charge residential	$80,760
School Site Acquisition Charge	$55,560
Municipal DCCs residential	$2,806,941
Less Residential Property Tax	$280,100
Interim Financing	$2,651,176
Financing Fees/Costs	$666,108
Total Construction Costs	$59,875,710
LEMR Costs (see separate sheet)	$2,865,001
Developer's Profit	$12,975,730
Residual to Land and Land Carry	**$20,849,924**
Less Interim Financing on Land (approvals/presales/construction)	$2,111,055
Less financing fee on land	$210,812
Less Property Purchase Tax	$989,943
Residual Land Value Strata Component	**$17,538,114**
Total Residual Land Value	**$17,538,114**
Residual Value per Square Foot Buildable	**$134**

Attachment 2 – LEMR Portion of Overall Project
Assumptions

Assumptions				
Site and Building Size				
Site Size	43,560	sq.ft.	[illegible] frontage feet x	200
Assumed LEMR Density	0.15	FAR		
Total Gross LEMR Housing Floorspace	6,534	sq.ft.		
Net Residential Floorspace	5,489	sq.ft. rentable	84%	of gross area
Average Net Unit Size	674	sq.ft.		
Number of Units	8	units		
Number of Parking Stalls (Includes 0.2 of guest parking)	1.2	per multifamily uni	10	
			10	In total
Construction Costs				
Demolition Costs***	$0			
Site Servicing ***	$0	assuming	$0	per lineal metre of frontage
On-Site Landscaping ***	$0	per sq.ft. of site area on	50.0%	of site
Piling, Preload, Site Preparation ***	$0	per square foot of site area on	100.0%	coverage
Building Construction Costs - Residential	$260	per square foot (accounts for smaller unit sizes and less expensive finishings)		
Parking Construction Costs	$40,000	per stall		
Total Hard Construction Costs	$321	per gross sq.ft. assuming parking structure		
Soft Costs/Professional Fees	9%	of hard costs, landscaping and servicing		
Development Management	4%	of hard costs, landscaping, soft costs, servicing, demoliton		
Contingency on Costs	5%	on hard costs, landscaping, soft costs, demolition, servicing, management		
Metro Vancouver DCC Charge	$673.00	per apartment unit		
Municipal DCCs	$22.61	per sq.ft. of building area		
SSAC	$463.00	per unit		
Interim Financing on construction costs	5.00%	on 50% of construction costs for	2.5	years
Share of Construction Costs Financed	75.0%			
Share of Land Value Financed	50.0%			
Financing fees	1.50%			
Other Creation Costs and Allowances				
Rezoning	$0			
Initial Costs to Rent Units	$500	per unit		
Fees, legal and survey for rental portion	$0	assuming mixed use building requiring volumetric subdivision		
Assessed Value Year 1	$0	assumed land value		
Taxes during Year 1	$0			
Assessed Value Year 2	$740,727	(roughly 50% of completed value)		
Property Tax Rate	0.3008%			
Taxes during Year 2	$2,228			
Developer's Profit Margin Allowance	15%	of costs or	13.0%	of value
Commission on Sale Upon Completion	0%	of value (retained by developer)		
Operating Revenue, Cost and Value Assumptions				
Market Rental Rates				
Residential Units (average) *	$1,121	per unit per month or	$1.66	per sq.ft. per month
Laundry Revenue	$0.00	per unit per month (in-suite)		
Parking Revenue	$75	per stall per month		
Residential Vacancy Allowance	2.0%			
Property Tax Allowance				
Residential Assessment (upon completion of new building)	$1,500,000	(see capitalized value below)		
Residential Tax Rate	0.38820%			
Residential Property Taxes	$5,823	or	$715	per unit per year
Residential Operating Costs - excluding taxes	$4,000	per unit per year or	28.0%	of effective gross revenue
Net GST (assuming self supply)	3.2%	of capitalized value of rental units (assumes partial rebate)		

Attachment 2 continued – LEMR Portion of Overall Project Analysis

Analysis	
Net Operating Income and Value	
Revenues	
Apartment Gross Potential Rent	$109,543
Parking Revenue	$9,000
Total Gross Potential Revenue	$118,543
Apartment Vacancy	$2,371
Effective Gross Apartment Revenue	$116,172
Residential Property Taxes	$5,823
Residential Operating Expenses	$32,573
Net Operating Income	$77,776
Capitalization Rate on Rental Apartment Space **	5.25%
Capitalized Value of Rental Space	$1,481,454
Total Capitalized Value of Rental Units	$1,481,454
Less Sales Commissions	$0
Net Value	$1,481,454
Construction Costs	
Rezoning	$0
Fees, legal and survey for rental portion	$0
Demolition Costs***	$0
Site Servicing ***	$0
Piling, preloading, site prep	$0
On-Site Landscaping ***	$0
Hard Construction Costs	$2,098,840
Soft Costs/Professional Fees	$188,896
Development Management	$91,509
Contingency	$118,962
Initial Lease Up Costs	$4,072
Metro Vancouver DCC Charge	$5,480
Municipal DCCs	$147,734
SSAC	$3,770
Property Taxes during approvals and construction	$2,228
Interim Financing	$124,757
Financing fees	$31,345
Net GST (assuming builder holds units)	$47,407
Total Costs	$2,865,001
Total Construction Costs per sq.ft.	$438.48
Developer's Profit Margin Allowance	$193,182
Residual to Land, Land Carry, Taxes	**-$1,576,728**
Less interim financing on land value	-$112,342
Less financing fee on land	-$10,983
Less property purchase tax	-$154,670
Residual Land Value	**-$1,298,733**
Residual Value per sq.ft. buildable	**-$199**

Notes

* rents based on permitted LEMR rental rates and unit sizes

** cap rate is higher than market rental cap rate to account for limited ability of owner to increase rents over time (CPI not RTA)

*** these costs are allocated to base strata residential density and are not incurred because of the LEMR units

Attachment 3 – Strata Apartment Portion of Overall Project Assumptions

Major Assumptions (shading indicates figures that are inputs; unshaded cells are formulas)				
Revenue and Value				
Average Sales Price Per Sq. Ft.	$940	per sq.ft. of net saleable residential space		
Site and Building Size				
Site Size	1.00	acres or	43,560	sq. ft.
	218	frontage feet x	[illegible]	feet depth
Base Density	2.00	FAR		
Affordable Housing Bonus Density	0.85	FAR (with separate 0.15 FAR as LEM Rental - 5% of entire building)		
Total Assumed Density	2.85	FAR		
Total Floorspace	124,146	sq.ft.		
Assumed Affordable Rental Floorspace	0	sq.ft. or	0.0%	of total residential space
Gross Strata Residential Floorspace	124,146	sq.ft.		
Net Strata Residential Floorspace	104,283	sq.ft.		
Average Gross Unit Size	1,035	sq.ft.		
Average Net Unit Size	869	sq.ft.	84%	of gross area
Number of Units	120	units or	120	units per acre
Required Parking Stalls (Includes 0.2 per unit of guest parking)	1.20	per unit		
Residential Stalls	144	stalls		
Commercial/Amenity Stalls	0	stalls		
Total Stalls	144	stalls		
Construction Costs				
Allowance for Demolition of Existing Buildings	$435,600			
On-Site Servicing	$132,805	or about	$2,000	per lineal metre of frontage
Water, Storm, Sanitary Connections	$50,000	per site		
Piling, Preload or Site Preparation Allowance	$20	per square foot of site area on	[illegible]	coverage
Hard Construction Costs				
Strata Residential Floorspace	$280	per gross sq.ft.		
Cost Per Parking Stall	$40,000	per parking stall (above grade parking structure)		
Overall Costs Per Square Foot	$326	per gross sq.ft. assuming parking structure		
Landscaping	$20.00	per sq.ft. of site area on	50.0%	of site (not covered by building)
Soft Costs, Professional Fees	9.0%	of hard costs, servicing, landscaping		
Development Management	4.0%	of hard costs, servicing, landscaping, piling, demolition, soft costs		
Contingency on Hard and Soft Costs	5.0%	of hard and soft costs		
Metro Vancouver DCC Charge	$673.00	per unit		
Metro Vancouver Commercial DCC	$0.505	per sq.ft.		
School Site Acquisition Charge (High Density: 82+ units per acre)	$463.00	per unit		
Municipal DCCs - residential	$22.61	per sq.ft. of gross strata residential building area	or $23,391	per average unit
Municipal DCCs - commercial	$14.52	per sq.ft. of commercial area		
Interim Financing on Construction Costs	5.0%	on 50% of hard and soft costs, assuming	2.5	year construction period
Share of Construction Costs Financed	75%			
Financing Fees	1.50%	of construction loan		
Financing on Land	5.0%	on land costs during approvals and construction		
Share of Land Financed	75%			
Other Costs and Allowances				
Sales Costs and Commissions	3.0%	of gross residential revenue		
Residential Marketing	3.0%	of gross residential revenue		
Developer's Profit	13.0%	of gross revenue, or	15.0%	of total costs
Residential Property Taxes	0.3008%	of assessed value		
Assumed Current Assessment (Year 1 of analysis)	$13,068,000			
Assumed Assessment After 1 year of Construction (Year 2 of analysis)	$49,012,841	(50% of completed project value)		

Attachment 3 (continued) – Strata Apartment Portion of Overall Project Analysis

Analysis	
Revenue	
Gross Strata Apartment Sales Revenue	$98,025,682
Less Marketing and Commissions	$2,940,770
Net Sales Revenue	$95,084,911
Construction Costs	
Allowance for Demolition of Existing Buildings	$435,600
Site Servicing (Upgrade of Adjacent Roads/Sidewalks/etc)	$132,805
Piling, Preload or Site Preparation Allowance	$871,200
Water, Storm, Sanitary Connections	$50,000
Hard Construction Costs	$40,520,880
Landscaping	$435,600
Soft Costs, Professional Fees	$3,702,536
Development Management	$1,845,945
Contingency on Hard and Soft Costs	$2,399,728
Residential Marketing	$2,940,770
Metro Vancouver DCC Charge residential	$80,760
School Site Acquisition Charge	$55,560
Municipal DCCs residential	$2,806,941
Less Residential Property Tax	$280,100
Interim Financing	$2,651,176
Financing Fees/Costs	$666,108
Total Construction Costs	$59,875,710
Developer's Profit	$12,782,549
Residual to Land and Land Carry	**$22,426,653**
Less Interim Financing on Land (approvals/presales/construction)	$2,270,699
Less financing fee on land	$226,754
Less Property Purchase Tax	$1,060,798
Residual Land Value Strata Component	**$18,868,402**
Total Residual Land Value	**$18,868,402**
Residual Value per sq.ft. of Site	**$433.16**
Residual Value per Square Foot Buildable	**$152**