DRAFT – FOR DISCUSSION PURPOSES ONLY

Ambleside Land Development Review - 2006

For

The District of West Vancouver

G. P. Rollo & Associates Ltd.
Land Economists
November 6, 2006

EXECUTIVE SUMMARY

G. P. Rollo & Associates, Land Economists, have been retained by the District of West Vancouver to undertake a review of land development issues and opportunities in the Ambleside Town Centre and to update the findings of the Altus Group's 2005 Ambleside Land Development Review.

The following are the highlights of the Study:

1) The District of West Vancouver Planning Department has formulated the Ambleside Town Centre Strategy as the basis for encouraging the redevelopment of Town Centre properties.
2) The vision for the Town Centre as contained in the Town Centre Strategy is to create a community that:
   a) Focuses redevelopment initially in the 1300 and 1800 Blocks of Bellevue Avenue, Marine Drive and Clyde Avenue (plus north/south connecting streets).
   b) Adopts arts and culture as a theme.
   c) Creates a more compact commercial area.
   d) Strengthens the area's tie to the waterfront.
   e) Considers a higher density of development with an FAR of 1.6 and building heights up to 3 floors and in some cases up to 4 floors.
3) Redevelopment of Ambleside properties has been slow to occur. This has been attributable to:
   a) Building height and parking restrictions.
   b) The large number of small properties that must be assembled to create economically viable development parcels.
   c) The increasing cost of construction.
   d) The value of Ambleside properties:
      i) At March, 2005, the Altus Group estimated that property values for the 1300 and 1400 Blocks generally ranged between $200 and $275 per sq.ft. of land.
      ii) G. P. Rollo & Associates estimates property values have increased to October, 2006 to range between $250 and $340 per sq.ft. (with some higher and some lower property values depending upon

property size, location, amount and quality of improvements).

e) The uncertain potential for the Town Centre to absorb additional office and retail development at economic rental rates.

4) On the other hand, there are factors that are encouraging to redevelopment of Town Centre properties:

a) There are larger properties under single ownership that are the best candidates for initial development.

b) Developers recognize the opportunity to redevelop the 1300 south Marine Drive block. This is an exceptional development opportunity that could encourage the redevelopment of surrounding areas and, under the right circumstances of FAR and building height allow the District to have developers provide community amenities in the development.

c) There is likely to be a strong demand for residential use in mixed residential, retail and office projects. By limiting retail and office development to the small scale likely to be supported in the Ambleside market so that development features a high proportion of residential development, the opportunities for redevelopment will be enhanced.

5) By encouraging redevelopment with an FAR of 1.6 and building heights of up to 3-4 floors, the District aims to balance competing interests between the community, business and Council.

6) However, based on the analyses undertaken in this Study, we have determined that an FAR of 1.6 is not high enough to stimulate redevelopment of existing properties.

a) This is due in no small measure to many existing property owners who are motivated by a desire for long term appreciation rather than sale of their property for immediate financial gain.

b) As a consequence, property values are driven higher than values developers can afford to pay to redevelop a property at an FAR of 1.6.

7) Accordingly, it is recommended that the District of West Vancouver give consideration to examining the merits of a higher FAR and strive to find the balance between community expectations for low density and the development community's need for a density that will allow them to acquire and redevelop Ambleside Town Centre properties.

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1.0 INTRODUCTION

G. P. Rollo & Associates, Land Economists, have been retained by the District of West Vancouver to undertake a review of land development issues and opportunities in the Ambleside Town Centre and to update the findings of the Altus Group's 2005 Ambleside Land Development Review.

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

1) Meet with the District's Planning Department to discuss proposed planning guidelines for the Ambleside Town Centre.
2) Review the Altus Group's "Ambleside Land Development Review" (March, 2005).
3) Identify the key factors that are shaping the redevelopment potential of the Ambleside Town Centre.
4) Update redevelopment financial analyses undertaken by the Altus Group in their 2005 Ambleside Land Development Review.
5) Determine the extent to which the findings and conclusions of the 2005 Altus Group Ambleside Land Development Review remain valid or have changed.

2.0 ASSUMPTIONS AND LIMITING CONDITIONS

This 2006 Ambleside Land Development Review is governed by the following assumptions and limiting conditions:

1) The maximum FAR being considered in the Ambleside Town Centre is 1.6.
2) The financial analyses illustrating the redevelopment potential of Ambleside properties are based only on an update of the Altus Group's 2005 case studies.
3) There are no off-site costs associated with the redevelopment case studies examined in this Study.
4) No responsibility is assumed for legal matters, questions of survey and opinions of title.
5) Statements contained within this study which involve matters of opinion, whether or not identified as such, are intended as opinion only and not as representations of fact.

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

3.0 AMBLESIDE TOWN CENTRE PLANNING

The purpose of this Study is to assist the West Vancouver Planning Department to better understand the potential for planning guidelines contained in the "Ambleside Town Centre Strategy Vision" to stimulate new development in the Ambleside Town Centre.

The District has prepared a vision for the Ambleside area, the "Ambleside Town Centre Strategy – Vision" that is contained in the accompanying Appendix A. Highlights of the Strategy include:

1) The District wishes to strengthen the Town Centre through consideration of:
   a) Land use, by:
      i) Creating a more compact commercial area.
      ii) Increasing residential use to support the commercial area and to provide more activity and vitality on the street.
      iii) Celebrating the waterfront by strengthening its role in the Town Centre and expanding its activities.
      iv) Providing and encouraging the development of civic, commercial and service land uses.
   b) Form and character, by:
      i) Creating a sense of arrival and defined district edges.
      ii) Allowing up to 3 floors along Marine Drive from 14^{th} to 18^{th} and up to four floors where criteria like context, scale, design and impact are positively met.
      iii) Maintaining a dynamic street with small scale commercial frontage.
2) Highlights of planning aspirations within the Town Centre include:
   a) Focus retail ground floor development on Marine Drive in the 1400 to 1700 Blocks.
   b) Consider Clyde Avenue for residential only or mixed uses.
   c) Encourage commercial activities on north/south streets south of Marine Drive.

d) Maintain Bellevue Avenue as a mixed use street with ground floor commercial. Allow up to 3 floors outright and consider 4 floors where criteria like context, scale, design and impact are positively met. This also applies to all areas in Ambleside except the waterfront.

3) The subject of building height is of particular interest in the Town Centre Plan. The Ambleside Town Centre Strategy proposes that building height be allowed to vary as follows:

a) Smaller lots: between 60′ and 120′ in width on the frontage, allow three floors in height

b) Mid-sized lots: between 120′ and 200′ in length on Marine Drive or Bellevue Avenue would be allowed an additional storey. In most cases this would require assembly of smaller lots.

c) Larger lots: allow 4 storey development. For certain lots of 220′ width or greater, the 4th storey area could be reconfigured to alternative building forms if it improved views to and from the neighboring buildings.

Consideration could also be given on larger sites such as the Safeway block or south side 1300 Marine Drive block, or the north side 1400 Marine Drive block of going higher than 4 storeys if the additional height was tied to the provision of community benefit.

4) Economic principles on which redevelopment is being considered, as derived from the 2005 Altus Ambleside Land Development Review, include:

a) Increasing density and height increases the potential for redevelopment or assembly.

b) Providing certainty for the community and developers enhances the potential for redevelopment.

c) Redevelopment can integrate cultural facilities.

d) Given the current construction climate, larger buildings help spread out the cost of construction.

4.0 REDEVELOPMENT POTENTIAL IN 2006

G. P. Rollo & Associates has examined the current redevelopment potential for the Ambleside Town Centre by reviewing the Altus Group's 2005 Ambleside Land Development Review; assessing the state of the residential, retail and office markets; identifying current construction cost levels; updating the Altus Group's estimate of Ambleside property values range identified by the Altus Group in their 2005 study and updating the Altus Group's development proformas.

4.1 Factors Shaping Current Redevelopment Potential

There are many factors shaping the redevelopment potential for Ambleside Town Centre properties. These include:

1) The proposed FAR of 1.6 may not be high enough to create the financial incentives for redevelopment to occur. Specifically, it may not be high enough to support acquisition costs that are of interest to Ambleside property owners.

   a) Many Ambleside property owners are motivated more by seeking long term appreciation in property values than by realizing short term financial gain from selling their properties for redevelopment. As a result, property prices are higher than what developers can afford to pay to redevelop Ambleside properties at an FAR of 1.6.

   b) While the Altus 2005 Review indicated that redevelopment at an FAR of 1.6 could be viable for some properties, increasing property prices have largely precluded this from being able to occur today. G. P. Rolo & Associates are re-testing the Altus 2005 financial analyses to clarify this point (see financial analyses in Appendices D and E).

2) Construction costs have been increasing at unprecedented rates over the past 1-2 years, decreasing development profit, and rendering many projects uneconomic or causing them to be deferred. Higher construction costs will have an adverse impact on Ambleside redevelopment potential.

3) Off-street parking regulations continue to impair the redevelopment potential of smaller Ambleside properties, i.e. the number of parking stalls required cannot be accommodated on smaller sites because of the physical limitations of the limiting effects of lot size, width and depth, to accommodate required parking.

4) Ambleside property values have increased in the order of 25% since the Altus Group's March, 2005 report.

   a) Updating their 2005 estimate of property value range of \$200 to \$275 per sq.ft. of land results in current property values generally in the \$250 to \$340 per sq.ft. of land.

   b) There will be some exceptions, with some lower and higher property values, depending upon location, size of parcel and the age of improvements.

   Again, it is important to note that property prices increases are heavily influenced by the interests of investors and property owners seeking long term appreciation rather than just by developers seeking short-term redevelopment opportunities.

5) The Ambleside retail market is characterized by:

   a) A smaller trade area than many town centres as a result of its location on the water.

   b) A socio-economic profile featuring a high proportion of older and/or retired households with reduced propensities to shop. This can decrease the economic viability of many retail and service businesses with the result that they are not able to pay the economic rents associated with new development.

   c) Competitive shopping areas in Dundarave, Park Royal, and in the City and District of North Vancouver.

   d) A high proportion of smaller and local based businesses which often offer a different range and quality of products and services than larger national businesses.

   e) Retail rental rates range between \$25 and \$40 (net) per sq.ft. with variation depending upon location, size and quality of space. It is felt that new retail space in the 1300 and 1400 Block could command rents of \$35 per sq.ft.

   f) Taken together, these factors have created a retail market that sometimes struggles, and where it can be difficult to lease space. It is for this reason that the District wishes to consider concentrating retail development into fewer blocks, i.e. to enhance the viability of businesses located in a more compact and accessible area.

6) The Ambleside office market

   a) The office market in Ambleside is a small and stable market. While office vacancy is low, there is not a significant opportunity to develop new office space in Ambleside and hence developers would attach some degree of risk to developing free standing office projects.

   b) Office rental rates are in the $18 to $30 per sq.ft. range.

   c) It is felt that new office space in the 1300 and 1400 Block could command rents in the order of $25 per sq.ft.

7) The Ambleside residential market

   a) The demand for new multiple family development in West Vancouver, including areas such as Park Royal, Ambleside, Dundarave and the waterfront is excellent.

   b) These areas, including Ambleside, are very desirable locations and projects developed in these areas achieve high sales prices and are sold quickly.

   c) By way of illustration,

      i) Dundarave Landing Prices are in the $700+ per sq.ft. range.

      ii) The Waters Edge on the Park Royal Hotel site is selling in the $750 per sq.ft. range.

      iii) Waterfront prices for high rise residential is now in the $1,500 to $2,000 per sq.ft. range.

   d) It is felt that multiple family residential units located on second to fourth floors in non-waterfront locations in the Altus study area (1300 and 1400 Blocks of Marine Drive) could command prices in the order of $700 per sq.ft. for an average 1,000 sq.ft. unit. Multiple family units in a mixed use building would be highly sought after and be quickly absorbed.

4.2 Financial Analyses of Redevelopment Potential

The Altus Groups financial analyses have been updated by using a standard development industry proforma analysis to determine what a developer could afford to pay to assemble Ambleside properties to develop the mixed use scenarios considered by the Altus Group in their Scenarios A and B.

1) The proformas are based on an assembled 30,000 sq.ft. site with an FSR of 1.6.
    a) Scenario A: features a high proportion of residential space.
        - Retail/commercial gross building area = 20,000 sq.ft.
        - Residential gross building area = 28,000 sq.ft.
    b) Scenario B: a mixed-use project which incorporates retail/commercial, office and residential, but has less residential development than in Scenario A.
        - Retail/commercial gross building area = 20,000 sq.ft.
        - Office gross building area = 14,000 sq.ft.
        - Residential gross building area = 14,000 sq.ft.
2) Multiple family residential units are assumed to sell for $700 per sq.ft.
3) Office and retail rents are assumed to be $25 and $35 per sq.ft. respectively.
4) Construction costs are $220, $110 and $110 per sq.ft. respectively for residential, office and retail space (includes associated parking).
5) Development or soft costs are market derived and identified in Appendices D and E.
6) Developer's profit is assumed to be 12% on project cost. Project cost is the sum of land acquisition cost costs, construction and development costs plus interest costs associated with equity investment, land and construction loans. Assuming a 50% land loan and 75% construction financing, profit on equity investment can be in excess of 30%.

7) The financial analyses indicate that the maximum a developer can afford to pay to acquire redevelopment properties is:

   a) Scenario A: $255 per sq.ft. of land area.

   b) Scenario B: $206 per sq.ft. of land area

   These values are much lower than the current Ambleside properties value range which we believe for most properties between $250 and $340 per sq.ft. of land area as described above (we acknowledge some properties will have values below and above this range).

4.3 Implications for Ambleside Town Centre Planning

1) Based on the analyses we have completed in this 2006 Ambleside Land Development Review, we have concluded that it is highly unlikely that redevelopment of Ambleside Town Centre properties will occur with an FAR of 1.6.

   a) Land prices are too high for developers to attempt to assemble and redevelop properties at an FAR of 1.6.

   b) Existing property owners wishing to pursue redevelopment of their properties would have to realize a below market land value or accept a lower than market development profit for redevelopment to occur at an FAR of 1.6.

2) Complicating the issue are development industry concerns that construction costs will continue to increase while residential price increases may slow. This interaction will increase development risk and may cause developers to continue to bypass Ambleside development opportunities or to seek lower prices from property owners.

3) However, property owners are unlikely to be willing to consider accepting lower values for their properties as they have long term perspectives and will wait for the market environment to improve so that they can realize current or higher property values that they believe would be associated with the area's redevelopment.

4) The potential for redevelopment of the District's lands in the 1300 Block south Marine Drive at an FAR of 1.6 is much greater than indicated by the above analyses.

   a) Water-facing residential units could command much higher prices than the general $700 per sq.ft. we have assumed in our up-dated proforma analyses.

Waterfront or near waterfront residential development can command prices of $1,500 to $2,000 + per sq.ft.

b) This property has already attracted a great deal of interest for a mixed use development featuring varying building heights from 3-4 floors to high rise buildings.

c) By offering this property to developers for redevelopment, it could create a catalyst project, one that could incorporate community amenities, provide stronger links to the waterfront, and ultimately stimulate the redevelopment of the surrounding area.

5) A higher density of development is the key to initiating the redevelopment of the Ambleside Town Centre. It is recommended that the District consider the merits of a higher FAR for the Ambleside Town Centre Strategy.

5.0 CONCLUSIONS

G. P. Rollo & Associates, Land Economists, have been retained by the District of West Vancouver to undertake a review of land development issues and opportunities in the Ambleside Town Centre and to update the findings of the Altus Group's 2005 Ambleside Land Development Review.

Based on the analyses completed in this Study, we have concluded:

1) Redevelopment of Ambleside properties has been limited by:
    a) Building height and parking guidelines
    b) The difficulties (cost and time) of assembling larger and economically viable properties.
    c) The increasing cost of construction.
    d) The value of Ambleside properties:
        i) The Altus Group identified for the 1300 and 1400 Blocks at March, 2005 as generally ranging between $200 and $275 per sq.ft. of land.
        ii) G. P. Rollo & Associates estimates property values have increased to October, 2006 to range between $250 and $340 per sq.ft. (with some higher and some lower property values depending upon property size, location, amount and quality of improvements).
    e) The uncertain potential for the Town Centre to absorb additional office and retail development at economic rental rates.
2) By encouraging redevelopment with an FAR of 1.6 and building heights of up to 3-4 floors, the District hopes that redevelopment will become economically viable and that developers will be attracted to the area to implement the Ambleside Town Centre Strategy.
3) However, based on the analyses undertaken in this Study, we believe that the FAR of 1.6 is generally not high enough to stimulate redevelopment and that the vision and goals of the Ambleside Town Centre Strategy as it is now envisaged are not achievable.

4) Accordingly, it is recommended that the District of West Vancouver give consideration to examining the merits of a higher FAR and strive to find the balance between community expectations for low density and the development community's need for a density that will allow them to acquire and redevelop Ambleside Town Centre properties.

Appendix A
Ambleside Town Centre Strategy - Vision

Appendix B
Highlights of Altus 2005 Ambleside Study

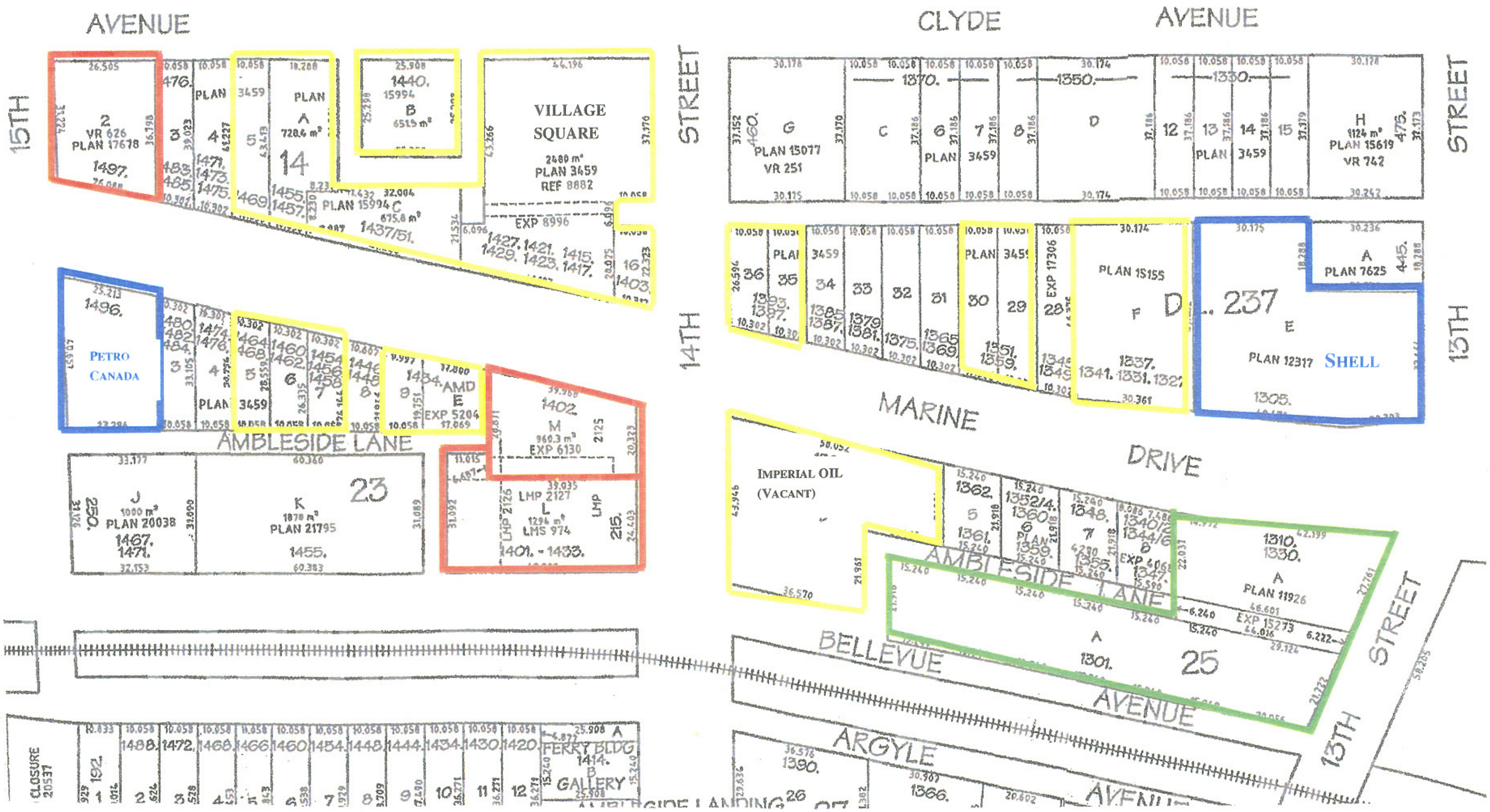
HIGHLIGHTS OF ALTUS GROUP'S 2005 AMBLESIDE LAND DEVELOPMENT REVIEW

In March, 2005, the Altus Group completed a review of economic factors that would shape the future land use patterns and redevelopment potential of existing properties in the Ambleside Town Centre.

More specifically, their Study considered the merits of allowing greater density through rezoning with a floor space ratio of 1.6 and determining the extent to which it could encourage property redevelopment in the Town Centre. Their Study focused on a prototypical area that comprised the 1300 and 1400 blocks of Marine Drive between Clyde Avenue and Bellevue Avenue, excluding the area between Clyde Avenue and the lane of the 1300 Block.

1) The following is a summary of the findings of the Altus Ambleside Land Development Review.
2) An analysis of the redevelopment potential of properties was undertaken. Properties were identified as having low, moderate or redevelopment potential (refer to Appendix C, Altus Group Redevelopment Potential Ratings).
   a) The objective of the assessment was to identify the ability of developers to assemble economically viable sites. Redevelopment potential was noted assuming no assembly of individual parcels versus assuming assembly occurs. The potential for redevelopment is considerably greater for assembled properties.
   b) The Altus Group redevelopment potential rating scheme was based on the following
      i) <u>High potential:</u> consolidated sites over 9,000 sq.ft. either vacant or with limited improvements.
      ii) <u>High potential, gas stations:</u> corner sites over 9,000 sq.ft. occupied by Shell, Petro Canada and the vacant Imperial Oil site.
      iii) <u>Moderate Potential:</u> consolidated sites over 9,000 sq.ft. where the improvements may continue to add significant value to the site.
      iv) <u>Low Potential:</u> small sites (under 9,000 sq.ft.), typically mid-block and with legal lots in individual ownership or where limited assembly has occurred.

Land Ownership Patterns



Key

- Consolidated Parcels (yellow)
- Municipal Land (green)
- Strata Title (red)
- Gas Station (blue)

Also properties with significant, modern improvements.

c) Redevelopment potential was identified as being greatest in the 1300 block south side and in the 1400 block where 71% and 76% respectively of the lands were in single ownership. Refer to Appendix B, Land Development Characteristics, which summarizes the redevelopment potential of the study blocks.

d) There are a limited number of assembled properties that can be classified as having high or moderate redevelopment potential without further assembly. These include:

   i) The Imperial Oil property and Municipal lands on the south side of the 1300 Block.

   ii) The Shell property on the north side of the 1400 Block.

   iii) The Village Square and adjoining properties on the north side of the 1400 block.

   iv) The blocks with the highest redevelopment rating without further assembly are 1300 block, south side and the 1400 block, north side.

   v) With further assembly, the rating of the 1300 block, north side changes significantly as much of the land is currently held under separate ownership. Consolidation of the separate ownerships would enhance the redevelopment potential of these lands.

3) The Altus Group reviewed the value of properties in the study area.

   a) Property values were determined by examining property transactions and assessed values.

   b) The general range of property values was identified as $200 to $275 per sq.ft. of land depending on the size and location of the assembly, and assuming an availability of willing vendors.

4) Proforma analyses of hypothetical development sites were prepared to test the potential for redevelopment to occur at the above property prices.

   a) The proformas are based on an assembled 30,000 sq.ft. site with an FSR of 1.6. Two scenarios were examined:

      i) Scenario A: primarily a residential project with a significant retail/commercial component.

         - Retail/commercial gross building area = 20,000 sq.ft.
         - Residential gross building area = 28,000 sq.ft.

      ii) Scenario B: a mixed-use project which incorporates retail/commercial, office and residential, but has less residential development than in Scenario A.

         - Retail/commercial gross building area = 20,000 sq.ft.
         - Office gross building area = 14,000 sq.ft.
         - Residential gross building area = 14,000 sq.ft.

   b) Unless the proforma analyses indicate that developers are able to pay more than current property values, owners will have little incentive to sell and hence redevelopment will not be viable and will not occur.

   c) The results of the Altus proforma analyses indicated:

      i) Scenario A: indicates that developers could support paying $278 per sq.ft. of land to assemble and redevelop Ambleside properties. While it is above the indicated property value range of $200 to $275 per sq.ft., it may not be sufficient to encourage owners to sell their properties. This would indicate a likely slow assembly process where existing improvements provided property owners with an adequate holding income. However, where existing improvements are not contributing significantly to property value, such an assembly and redevelopment is considered economic or viable.

ii) Scenario B: indicates developers could support paying only $216 per sq.ft. of land. This scenario supports a much lower land acquisition price than Scenario A and would likely be considered as being uneconomic given the indicated property value range of $200 to $275 per sq.ft. of land.

5) The principal conclusions of the Altus Ambleside Development Review were:

a) Development is most likely to occur in circumstances where larger assembled development properties can be created. The pattern of land ownership in the study provides such properties.

b) Within the Study Area, i.e. the 1300 and 1400 Blocks, the properties with the best redevelopment potential are the 1300 block south side and 1400 block north side including the Village Square.

c) Development at an FSR of 1.6 is likely to encourage redevelopment of larger and/or assembled properties where the existing improvements do not contribute significantly to the value of the assembled properties. However, where lands have yet to be assembled to create a larger more viable development parcel, an FSR of 1.6 may not support acquisition prices of interest to some property owners.

Appendix C
Altus Group Redevelopment Potential Ratings

Land Development Characteristics

Lot Size Characteristics

	1300 Block				1400 Block			
	North		South		North		South	
	Area (sf)	%	Area (sf)	%	Area (sf)	%	Area (sf)	%
Under 7,000 sf	32,614	39%	14,455	18%	8,551	11%	15,336	17%
7,000 to 10,000 sf	9,090	11%	-	0%	9,704	13%	18,743	21%
10,000 to 20,000 sf	15,647	18%	13,872	17%	-	0%	35,206	39%
20,000 sf +	27,312	32%	51,140	64%	56,500	76%	20,215	23%
Total	84,663	100%	79,467	100%	74,755	100%	89,500	100%

Redevelopment Rating

	1300 Block				1400 Block			
	North		South		North		South	
	Area (sf)	%	Area (sf)	%	Area (sf)	%	Area (sf)	%
Without Assembly								
High	15,647	18%	51,140	64%	0	0%	-	0%
High (Gas Station)	27,312	32%	-	0%	-	0%	9,761	11%
Moderate	15,325	18%	13,872	17%	56,500	76%	-	0%
Low	26,379	31%	14,455	18%	18,255	24%	79,739	89%
Total	84,663	100%	79,467	100%	74,755	100%	89,500	100%
With Assembly								
High	57,351	68%	79,467	100%	-	0%	24,318	27%
High (Gas Station)	27,312	32%	-	0%	-	0%	9,761	11%
Moderate	-	0%	-	0%	65,051	87%	-	0%
Low	-	0%	-	0%	9,704	13%	55,421	62%
Total	84,663	100%	79,467	100%	74,755	100%	89,500	100%

Appendix D
Financial Analysis, Altus Redevelopment Case #1

DEVELOPER PROFORMA FOR MIXED RESIDENTIAL (strata) + COMMERCIAL (rental) BUILDING
Altus 2005 Case #1

1.0 Underlying Assumptions

1.1 Development Characteristics

Site Area:	0.689	acres or	30,000	sq.ft.		
Floor Space Ratio:	1.600					
Maximum Gross Building Area	48,000	sq.ft.				
Building Efficiency	90	%				
Useable Area	43,200	sq.ft.	**GBA**		**NBA**	
% Residential	58.33	%	28,000		25,200	sq.ft.
% Office Space	0.00	%	0		0	sq.ft.
% Retail Space	41.67	%	20,000		18,000	sq.ft.
			48,000		43,200	sq.ft.
Residential Parking Rqmt	31.00	stalls				
Office + Other Parking Rqmt	9.00	stalls				
Retail Parking Rqmt	50.00	stalls				
	90.00	stalls				

1.2 Value Assumptions--Residential

Unit Type	Number	Size	Total Sq.Ft.	Price/ Sq.Ft.	Price/ Unit	Gross $'s	GST Rebate 0.00	Sales Comm. 3.00	Net Sales Income
Other	0	0	0	0	0	0	0	0	0
Average Unit	25	1,008	25,200	700	705,600	17,640,000	0	529,200	17,110,800
Other	0	0	0	0	0	0	0	0	0
Total	25		25,200			17,640,000	0	529,200	17,110,800

Selling Period, Months	8.00	months

1.3 Value Assumptions--Office + Retail

Rentable Area, Office	0	sq.ft.
Rentable Area, Retail	18,000	sq.ft.
Office Rental Rate	0.00	
Retail Rental Rate	35.00	
Vacancy, Office	0.00	%
Vacancy, Retail	4.00	%
Parking per month	50.00	
Operating Expenses, % NOI	0.00	%
Marketing Cost, %	2.50	%
Capitalization Rate	7.00	%

1.4 Construction Cost Assumptions

Off Site Costs	0	
On Site Costs	75,000	
Residential Cost/sq.ft.	220.00	
Office Cost/sq.ft.	0.00	
Retail Cost/sq.ft.	110.00	
Parking Cost/Stall (included in building construction cost)	0	
Retail TI/sq.ft.	30.00	
Office TI/sq.ft.	0.00	
Planning Time	12	months
Construction Time	12	months

1.5 Financing Assumptions

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

Developer Proforma for Mixed Residential (strata) and Commercial (rental) Development, continued……………

2.0 Developer Investment Analysis

2.1 Value on Completion

2.1.1 Residential Value				
Gross Sales Income			17,640,000	
Less Commissions+GST			529,200	
Net Sales Income				17,110,800
2.1.2 Commercial Value				
Gross Income			660,000	
Less Vacancy			25,200	
Equals Effective Gross Income			634,800	
Operating Costs			0	
Equals NOI			634,800	
Capitalization Rate			7.00 %	
Indicated Value on Completion			9,068,571	
Less Marketing Costs			226,714	
Equals Net Sales Proceeds				8,841,857
2.1.3 Total Value on Completion				25,952,657

3.0 Project Costs

3.1 Land	**Area sf**	**Cost/sf**		
Purchase Price	30,000	254.62	7,638,600	
Property Transfer Tax			150,772	
Other Closing Costs			50,000	
Total Land Cost				7,839,372
3.2 Construction Costs				
Offsite Costs			0	
On Site Costs			75,000	
Building			9,288,889	
Tenant Improvement			540,000	
Parking			0	
Contingency (% Construction Costs)	5.00	%	495,194	
Total Construction Cost				10,399,083
3.3 Development Costs				
A/E (architects+engineers)	4.50	%	467,959	
Other consultants	0.50	%	51,995	
Construction Project Management	0.50	%	115,857	
Development Project Management	0.50	%	115,857	
Legal			25,000	
Survey			5,000	
Accounting			3,000	
Lease Commission (% 1st year NOI)	20.00	%	126,960	
Financing Fees (% Project Costs)	0.80	%	185,372	
Insurance			40,000	
New Home Warranty	1,750	per res. Unit	43,750	
Research and Appraisal			25,000	
Building and Development permit fees			103,991	
Advertising/Promotion/Show Suite			352,800	
Rezoning			75,000	
DCC's, commercial			107,420	
DCC's (/unit for residential)			268,550	
Sewer DCC's, residential	590	per unit	14,750	
Sewer DCC's, commercial	0.443	/sq.ft. comm. gba	9,844	
Utilities and Operating Costs During Construction			7,500	
Property Taxes	10.24	tax rate	245,723	
Post Construction Strata Fee			50,000	
Corporate Overhead	1.00	%	231,715	
Miscellaneous Development Costs	0.00	%	0	
Contingency (% Development Costs)	10.00	%	267,304	
Total				2,940,347
3.4 Interest				
Interest Cost, Equity Investment	**Included? Y/N**	**y**	760,544	
Interest Cost, Land Financing			831,927	
Interest Cost, Construction Financing			400,183	
Total Interest Cost				1,992,654
3.2.4 Total Project Costs				23,171,456

Developer Proforma for Mixed Residential (strata) and Commercial (rental) Development, continued……………

3.0 Short Term Yield Indicators

3.1 Profit on Sale of Project at Completion of Construction

Profit on Total Project Costs	
Value at completion	25,952,657
Project Costs	23,171,456
Profit - $'s	2,781,201
Profit - %	12.00 %

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Profit on Development Equity	Project Cost	Equity %	Equity $'s
Land	7,839,372	50	3,919,686
Construction	15,332,084	25	3,833,021
Total	23,171,456		7,752,707

Profit on Development Equity $'s	2,781,201
Profit on Development Equity %	35.87 %

Appendix E
Financial Analysis, Altus Redevelopment Case #2

DEVELOPER PROFORMA FOR MIXED RESIDENTIAL (strata) + COMMERCIAL (rental) BUILDING
Altus 2005 Case #2

1.0 Underlying Assumptions

1.1 Development Characteristics

Site Area:	0.689	acres or	30,000	sq.ft.	
Floor Space Ratio:	1.600				
Maximum Gross Building Area	48,000	sq.ft.			
Building Efficiency	90	%			
Useable Area	43,200	sq.ft.	**GBA**	**NBA**	
% Residential	29.17	%	14,000	12,600	sq.ft.
% Office Space	0.00	%	14,000	12,600	sq.ft.
% Retail Space	41.67	%	20,000	18,000	sq.ft.
			48,000	43,200	sq.ft.
Residential Parking Rqmt	16.00	stalls			
Office + Other Parking Rqmt	35.00	stalls			
Retail Parking Rqmt	50.00	stalls			
	101.00	stalls			

1.2 Value Assumptions--Residential

Unit Type	Number	Size	Total Sq.Ft.	Price/ Sq.Ft.	Price/ Unit	Gross $'s	GST Rebate 0.00	Sales Comm. 3.00	Net Sales Income
Other	0	0	0	0	0	0	0	0	0
Average Unit	12	1,050	12,600	700	735,000	8,820,000	0	264,600	8,555,400
Other	0	0	0	0	0	0	0	0	0
Total	12		12,600			8,820,000	0	264,600	8,555,400

Selling Period, Months	8.00	months

1.3 Value Assumptions--Office + Retail

Rentable Area, Office	12,600	sq.ft.
Rentable Area, Retail	18,000	sq.ft.
Office Rental Rate	25.00	
Retail Rental Rate	35.00	
Vacancy, Office	0.00	%
Vacancy, Retail	4.00	%
Parking per month	50.00	
Operating Expenses, % NOI	0.00	%
Marketing Cost, %	2.50	%
Capitalization Rate	7.00	%

1.4 Construction Cost Assumptions

Off Site Costs	0	
On Site Costs	75,000	
Residential Cost/sq.ft.	220.00	
Office Cost/sq.ft.	110.00	
Retail Cost/sq.ft.	110.00	
Parking Cost/Stall (included in building construction cost)	0	
Retail TI/sq.ft.	30.00	
Office TI/sq.ft.	30.00	
Planning Time	12	months
Construction Time	12	months

1.5 Financing Assumptions

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

Interest on Development Equity 8.00 %

Developer Proforma for Mixed Residential (strata) and Commercial (rental) Development, continued……………

2.0 Developer Investment Analysis

2.1 Value on Completion

2.1.1 Residential Value				
Gross Sales Income			8,820,000	
Less Commissions+GST			264,600	
Net Sales Income				8,555,400
2.1.2 Commercial Value				
Gross Income			975,000	
Less Vacancy			25,200	
Equals Effective Gross Income			949,800	
Operating Costs			0	
Equals NOI			949,800	
Capitalization Rate			7.00 %	
Indicated Value on Completion			13,568,571	
Less Marketing Costs			339,214	
Equals Net Sales Proceeds				13,229,357
2.1.3 Total Value on Completion				21,784,757

3.0 Project Costs

3.1 Land	**Area sf**	**Cost/sf**		
Purchase Price	30,000	205.85	6,175,500	
Property Transfer Tax			121,510	
Other Closing Costs			50,000	
Total Land Cost				6,347,010
3.2 Construction Costs				
Offsite Costs			0	
On Site Costs			75,000	
Building			7,577,778	
Tenant Improvement			918,000	
Parking			0	
Contingency (% Construction Costs)	5.00 %		428,539	
Total Construction Cost				8,999,317
3.3 Development Costs				
A/E (architects+engineers)	5.00 %		449,966	
Other consultants	0.50 %		44,997	
Construction Project Management	0.50 %		97,255	
Development Project Management	0.50 %		97,255	
Legal			25,000	
Survey			5,000	
Accounting			3,000	
Lease Commission (% 1st year NOI)	20.00 %		189,960	
Financing Fees (% Project Costs)	0.80 %		155,608	
Insurance			40,000	
New Home Warranty	1,750 per res. Unit		21,000	
Research and Appraisal			25,000	
Building and Development permit fees			89,993	
Advertising/Promotion/Show Suite			176,400	
Rezoning			75,000	
DCC's, commercial			107,420	
DCC's (/unit for residential)			128,904	
Sewer DCC's, residential	590 per unit		7,080	
Sewer DCC's, commercial	0.443 /sq.ft. comm. gba		16,736	
Utilities and Operating Costs During Construction			7,500	
Property Taxes	10.24 tax rate		192,629	
Post Construction Strata Fee			50,000	
Corporate Overhead	1.00 %		194,511	
Miscellaneous Development Costs	0.00 %		0	
Contingency (% Development Costs)	10.00 %		220,021	
Total				2,420,235
3.4 Interest				
Interest Cost, Equity Investment	**Included? Y/N**	**y**	621,956	
Interest Cost, Land Financing			719,945	
Interest Cost, Construction Financing			342,587	
Total Interest Cost				1,684,488
3.2.4 Total Project Costs				19,451,050

Developer Proforma for Mixed Residential (strata) and Commercial (rental) Development, continued……………

3.0 Short Term Yield Indicators

3.1 Profit on Sale of Project at Completion of Construction

Profit on Total Project Costs	
Value at completion	21,784,757
Project Costs	19,451,050
Profit - $'s	2,333,707
Profit - %	12.00 %

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Profit on Development Equity	**Project Cost**	**Equity %**	**Equity $'s**
Land	6,347,010	50	3,173,505
Construction	13,104,040	25	3,276,010
Total	19,451,050		6,449,515
		Profit on Development Equity $'s	2,333,707
		Profit on Development Equity %	36.18 %