CITY OF WHITE ROCK

COMMUNITY HUB DEVELOPMENT OPTIONS

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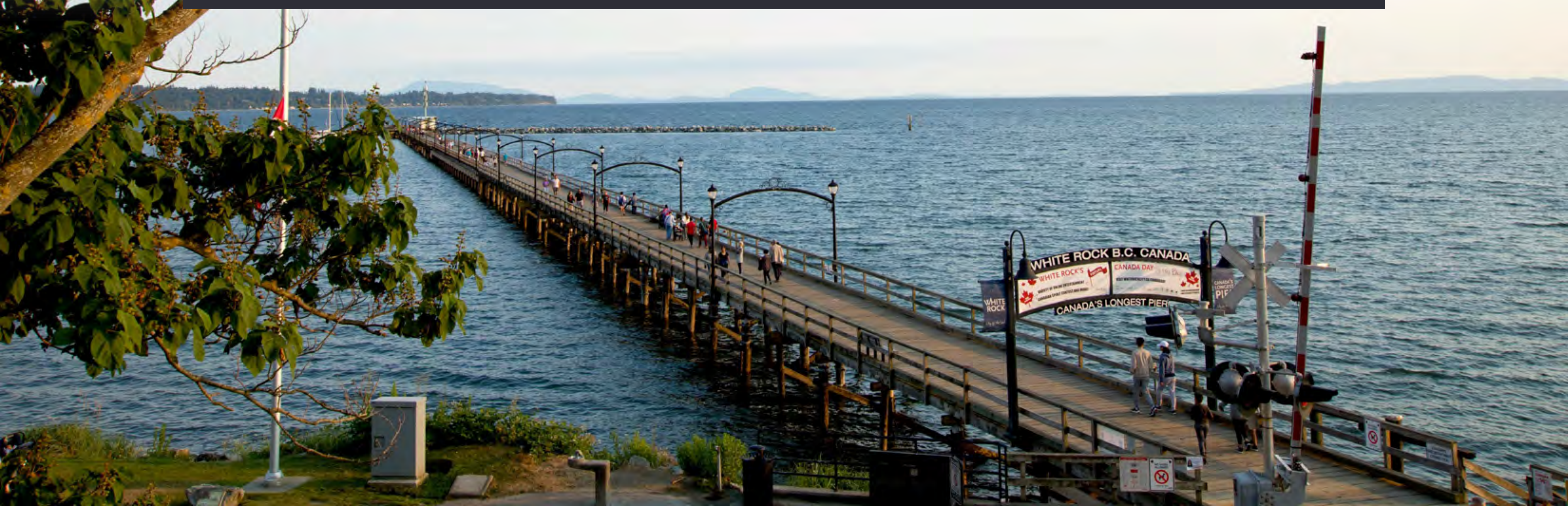

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1.0 INTRODUCTION

1.1 PURPOSE

The City of White Rock ("City") is looking to develop a new Community Hub, comprising a new city hall, library, daycare and other elements. The City formed an internal Community Hub Steering Committee in November 2023, which consists of two appointed members of Council and senior City staff.

As part of this work, Urban Systems Ltd. was retained by the City in early 2024 to conduct third-party financial analysis to inform the redevelopment options. Urban Systems was directed to conduct the analysis using identify community hub redevelopment options which would not require significant municipal borrowing or use of municipal capital reserves, through a highest and best use analysis. The intent is to pay for this development by leveraging the value of some of the City's existing real estate assets. Through sale of these assets, the City would accrue revenue to cover the capital costs of the Community Hub.

The purpose of this study is to identify the scenarios that will generate the most revenue, to minimize any capital costs that need to be funded by City. Since developing the Community Hub on 1510 Johnston Road site versus the current City Hall site (at 15322 Buena Vistas Ave) involves different costs, the differential between construction costs and revenue generated is highlighted. A range of development scenarios, comparing the revenues generated, and the costs associated with different development approaches are tested in this report.

1.2 LIMITATIONS

This study does not involve a strategic assessment of what the City of White Rock's best course of action should be. The scope of this study was limited to analyzing the estimated financial ramifications of specific scenarios of selling or developing the community hub on selected City-owned lands. The planning and space considerations of the community hub and affordable housing units will need to be refined, so any financial findings should be seen as preliminary. This study should be viewed as a means to compare the different scenarios from a financial perspective.

The vision for the Community Hub development includes incorporating affordable housing units. There are many different types of affordable housing, and various programs that support affordable housing, which made including the affordable housing units in this analysis overly complex. As the intention of this study was to provide a high-level review of development options, and the analysis to compare the different development scenarios so they can be prioritized, the affordable housing component has not been included in the overall project costs, revenues, and lands required.

Due to uncertainty around the type of housing, who will build it and how it will be operated, the analysis presented in this report incorporates neither costs nor revenues (values) associated with any affordable housing component. While we acknowledge that affordable housing is likely to be a land use component incorporated into a future Community Hub in some capacity, the economics of how that housing is developed and operated must be considered as part of future, more detailed planning work. A discussion on affordable housing funding options, partnership and development strategies has been included in this report as a resource for the City as they continue to refine the redevelopment options. The City of White Rock reportedly has $9 million of reserves to invest in affordable housing.

The three City-owned sites are highlighted on this map

SUBJECT SITES

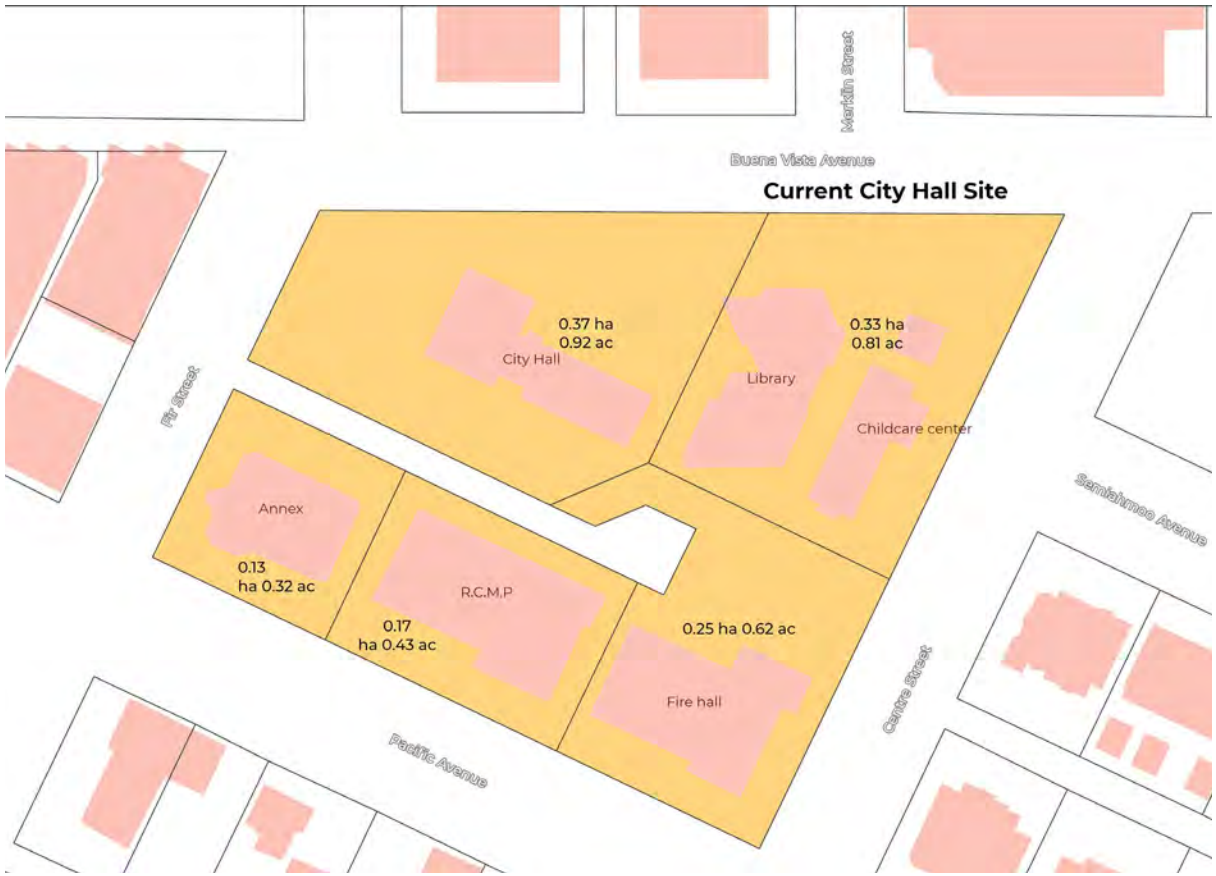
The development of a Community Hub is looking to leverage three City-owned sites in White Rock:

1 CURRENT CITY HALL & LIBRARY BLOCK

This site is divided into 5 different components:

a.	Current City Hall site	0.92 acres
b.	Library & Childcare Space	0.81 acres
c.	Annex	0.32 acres
d.	RCMP	0.43 acres
e.	Fire Hall	0.62 acres

The RCMP site is only considered in two of the development scenarios reviewed. The Fire Hall site was not considered in any of the development scenarios.



2 JOHNSTON ROAD SITE

a. This site is vacant

b. Development on this site includes a $2.97 million parks DCC that is owned to the City of White Rock from when the site was acquired, if the site is not used for a park.

3 WATER WORKS YARD

a. The sale of this site would include $3.76 million in costs to move the Water Works facilities to a new site

1.3 COMMUNITY HUB CONCEPT

The proposed Community Hub is envisioned to include a range of community-oriented uses including:

COMMUNITY HUB

**As mentioned above, revenues and costs associated with affordable seniors housing are not accounted for in the scenarios modelled.*

Affordable housing is needed in White Rock. The most recent Housing Needs Study for White Rock highlighted a shortage of affordable housing for seniors but was not specific regarding the number of units required. Recent housing targets produced by the Province of BC suggest White Rock requires 1,067 new housing units over the next 5 years.

The current RCMP site was considered as an asset that could be used to generate funds in two scenarios discussed later in this study. The cost to develop a new RCMP building was estimated in 2023 to be approximately $14.54 million.

The cost to build a new library was estimated to be over $3.5 million including some soft costs. No funding for building a new library was assumed, but it is possible that some funding could be sourced through various government agencies.

2.0
METHODOLOGY

The goal of this study is to review different combinations of selling City-owned lands and developing the Community Hub on other City-owned lands to see if the project might be feasible with minimal / **no costs to the local taxpayers**. The different development scenarios were created in collaboration with City of White Rock staff.

Each development scenario was evaluated using pro forma financial analysis, comparing costs of Community Hub development against potential revenues accrued through the sale of municipal land assets. The working assumption in this approach is that the City will look to achieve **maximum market value** from any land sales, and direct those revenues to construction of the Community Hub.

The market value of any lands are a function of what development type and scale is physically achievable and legally permissible, and both the cost and revenue sides of bringing that concept to fruition. Market developers will determine what they can afford to pay for a parcel (i.e., its fair market value) based on these parameters, using a **residual land value** calculation. The calculation undertaken is, effectively:

Projected Revenues – Costs to Construct – Profit = Residual Land Value (RLV)

RLV = Amount a developer can pay the City to purchase a land parcel

Which parcels the City elects to sell, and the corresponding extent of potential revenues accrued, will vary depending on which site is used for Community Hub development. That decision will be influenced, in part, by the projected revenues that could be achieved through sale of different parcels or parcel combinations.

Note that any changes to baseline pro forma input assumptions such as urban design, site planning, development costs, sales revenues or affordable housing requirements, will result in changes to residual land values, and associated revenues accrued to the City.

3.0
KEY ASSUMPTIONS

This section outlines the key assumptions and inputs used in the financial analysis to evaluate the four (4) scenarios for the Community Hub development.

USL presented baseline assumptions for pro forma inputs to the Community Hub Committee on June 27th, 2024. Since that presentation, the following key assumptions have changed:

- **Cost for building City Hall was increased from $520 to $590 per square foot**
- **Cost for relocating Water Works Yard has been included. The City estimated these costs to be $3.76 million.**
- **Other minor refinements to the input assumptions.**

3.1 CITY OF WHITE ROCK RESERVE FUNDS

The City has indicated there are reserve funds available that could potentially be used towards the Community Hub development:

- $5.0 million for a new City Hall
- $4.0 million in unassigned Community Amenity Contributions (CACs)
- $9.0 million in the affordable housing reserve fund

Additional funding may be available for a new library or building a new RCMP facility, but no funding was assumed for these Community Hub components.

The $9 million in reserve funds (for a new City Hall and from CAC's) are utilized in the financial analysis results in Section 4.0.

3.2 AFFORDABLE HOUSING ASSUMPTIONS

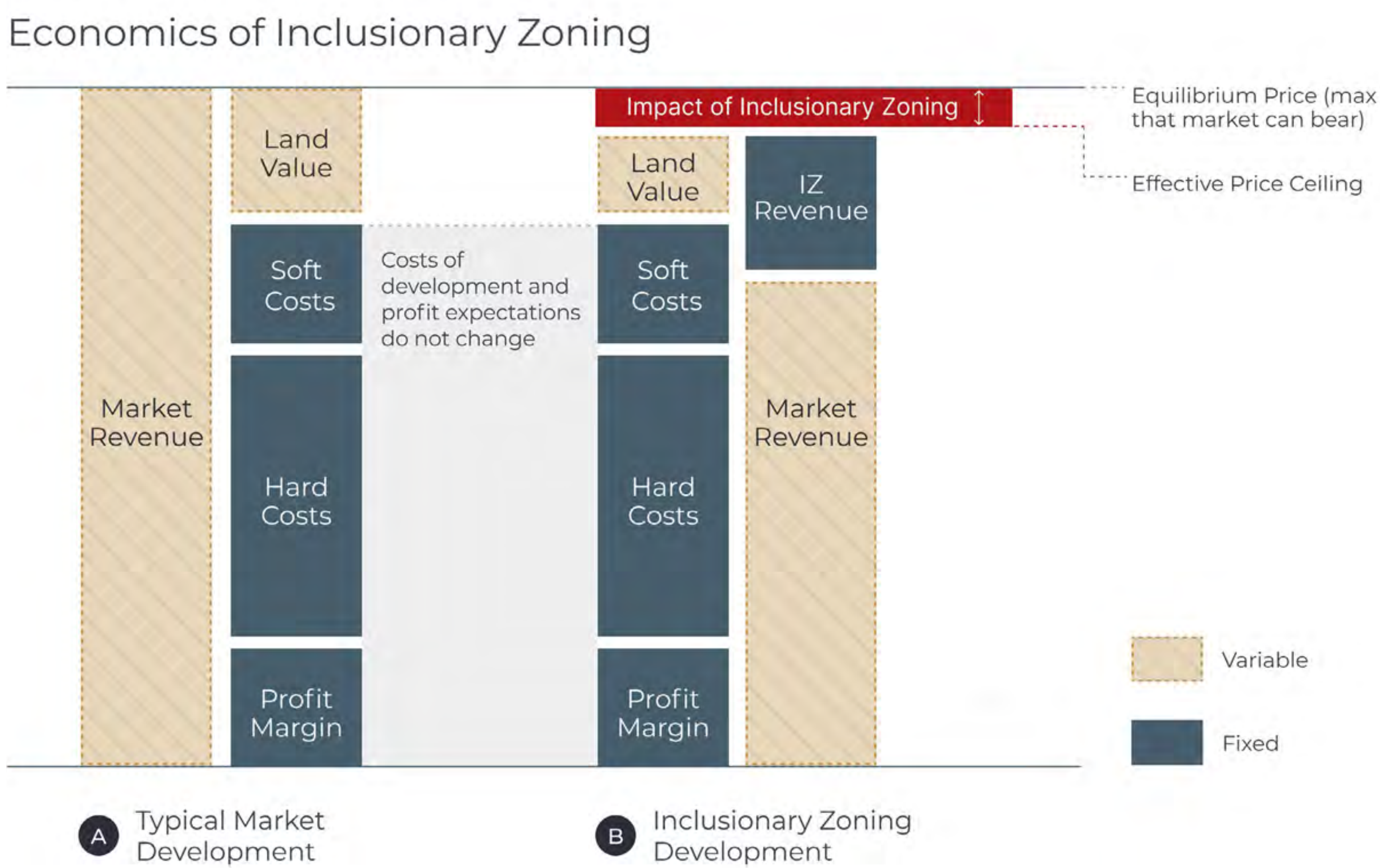
AFFORDABLE HOUSING PARTNERSHIPS

This analysis assumes that the realization of the Community Hub requires partnerships with the development community and senior levels of government to develop the affordable housing units. Securing affordable housing units requires a partner to construct the units and a partner to operate the units. Funding programs are also available from various government entities (e.g., CMHC, BC Housing, BC Builds) to provide partial grants or preferred financing rates for affordable housing development (see **Appendix A**).

IMPACTS ON POTENTIAL REVENUE FROM LAND SALE

Any policy that requires a development to provide affordable housing units in lieu of space that could have been sold (or rented) at market rates will result in decreased value of the subject lands and thus lower revenue to the City from a land sale. This is a function of lower achievable revenues, resulting in a lower residual land value. This concept is illustrated in Figure 1 below.

Figure 1: Economics of Affordable Housing Policies / Inclusionary Zoning



In a scenario where there is an affordable housing requirement, and if it is assumed that this requirement is achieved through 'swapping out' of what would have otherwise been market housing, the result is a decrease in overall project revenue. At the same time, the costs of development are not markedly reduced. To make the economics of this project work, the price of land must change. As shown in the figure above, the 'equilibrium price' of land (i.e., the maximum amount that a for-profit developer could pay and achieve their required returns) is reduced.

At this early stage of Community Hub project conceptualization, the specific impact of affordable housing requirements on residual land value for each parcel **has not been modelled**. We simply note that any affordable housing requirement that is not offset by a corollary incentive or bonus that is equal to the opportunity cost of the affordable units will result in a lower residual land value.

There are many affordable housing programs available (see **Appendix A**), each of which has different requirements and offers different subsidies, which in turn will impact the cost to build, the operational cash flows., and ultimately the price a developer can pay for land. The decision to apply to a specific affordable housing funding / program stream has not yet been confirmed at this stage of the analysis. As such, we have not modelled the financial impact of constructing and operating the affordable housing units. Rather, modelling is set up to determine the maximum potential revenue to the City through sale of lands to a developer, assuming a developer could build a 100% market project.

In summary, the potential revenues generated from the land sales do not consider either costs or revenues associated with affordable housing units.

In some scenarios (Scenario 1 and 2 as presented in sections to follow), we model how many affordable housing units could theoretically fit on the conceptual Community Hub sites based on assumed densities. However, the impact of these units is not considered financially. In Scenarios 3 and 4, we assume 100% of the units will be market strata and some of these units would need to be turned into affordable housing to meet the City's vision for a Community Hub.

TRANSFER & OPERATIONS OF AFFORDABLE HOUSING UNITS

The BC Non-Profit Housing Association (BCNPHA) developed a guide[1] that outlines how non-profits can be involved in the operation of affordable housing units created by a developer and/or local government. Key findings from this Guide, include:

FORMING PARTNERSHIPS

In City-led processes, an RFP can be issued for developing a City-owed site. The City can then either go through a tendering process to secure a non-profit partner or allow the developer to establish its own partnership with a non-profit.

FORMS OF TENURE & OWNERSHIP

The operational terms for the affordable housing units will depend on whether the project is a strata or market rental building. To secure the non-profit units, one of the following tools can be used:

Long Term Lease

The non-profit leases a portion of the units or leases an air space parcel from the developer, while retaining the title ownership. The developer can be required to create an air space parcel and transfer ownership to the local government, which would then lease the units to a non-profit.

Ownership of Strata Lots or Air Space Parcel

The non-profit gains ownership of a portion of the units that may be as individual strata lots, in one strata lot block, or in an air space parcel. If the building is a strata, the non-profit is a voting member of the strata corporation.

Short-Term Lease

The non-profit enters into a short-term lease agreement that is similar to a rental agreement that any other market rental tenancy agreement.

UNIT PRICING

Non-profits are often required to pay the local government or developer for the affordable units they will take over. Two common costing methodologies can be used as boundaries for negotiations between all partners:

“At Cost Value”

The cost to cover the construction and soft costs, including borrowing costs.

Value Determined By Revenue

For non-profits the maximum cost of an affordable housing component is equivalent to the largest mortgage that can be serviced by the rents of the non-market units. For most non-profits funding for these purchases comes from BC Housing and/or CMHC.

1 BC Non-Profit Association. (2021). *A Guide to Navigating Non-Profit Partnerships with Developers*. Retrieved from: bcnpha.ca/wp-content/uploads/2021/07/210729-Partnership-Report_final.pdf

CASE STUDY

ENNA BUXTON APARTMENTS

(Burnaby, BC)

This project was led by the City of Burnaby in response to a funding opportunity that came available with CMHC's Rapid Housing Initiative (RHI). NRB Modular Solutions and the Elizabeth Fry Society of Greater Vancouver were the successful winners by a City-led RFP process to find a development and operating partner for a 2,651 square metre site City-owned site.

The project received funding from three sources:

- CMHC provided $11.1M for 28 units through their Rapid Housing Initiative.
- The City of Burnaby provided $8.0M grant to support additional 21 units from the Affordable Housing Reserve Fund, $10 pre-paid 60-year land lase, and almost $800k from their Community Benefit Grant and Site Servicing Grant.
- BC Housing provided operating funding.

The partnership led to the development of Enna Buxton Apartments, a four-storey modular housing construction that created 49 units for women and children (34 units rented at deep subsidy rates and the rest will be rented at rent-geared-to-income rates). The development includes 14 vehicle parking spaces, 18 bicycle parking space, an amenity room, patio area, gazebo, community gardens, and a play area.

CASE STUDY

DALMATIAN AFFORDABLE HOUSING DEVELOPMENT

(Victoria, BC)

The Dalmation development is a partnership between the City of Victoria, Jawl Properties (a local developer), and Pacifica Housing (a non-profit housing operator). The City and Jawl Properties entered into a partnership in 2018 to develop a mixed-use building with a new fire department headquarters and emergency operations centre for the City on the main floor. Pacifica Housing was brought into the partnership to own and operate the affordable housing portion of the development. BC Housing also contributed $19 million towards the project.

Phase One of this project is complete delivery 130 units of housing over eight floors, with rent ranging from $375 to $2,900 a month, depending on unit size and the tenant's income level. In future phases, Jawl will add 800 units of market-level rental housing, as well as commercial space and a public plaza.

3.3 DEVELOPMENT COSTS & SALES

As with any development project, there are a variety of costs associated with development. This includes the hard costs (construction costs, landscaping), soft costs (engineering, development management, municipal development fees, property taxes, marketing costs, etc.), financing costs, and land acquisition costs. These costs and revenues as of July 2024 used in this analysis are outlined in Table 1 below.

- From the **municipality's perspective**, only the development costs and revenues associated with the Community Hub (excluding affordable housing) are carried by or accrued by the City.
- From the **development partner perspective**, the development costs and revenues associated with the residential components (including affordable housing) are carried by the developer.

However, any changes to the costs or revenues on the residential components will impact the potential net revenue generated by the sale of the City's lands. The costs of constructing any affordable housing units (not included in this analysis) would also decrease the potential revenues if those affordable units are replacing market units, as mentioned in the previous section of this report.

Table 1: Assumed Development and Revenues

	COMMUNITY HUB	CONCRETE - RESIDENTIAL	WOOD FRAME - RESIDENTIAL
UNIT SIZES / SPACE ALLOCATED	• **City Hall:** 35,000 sf • **Library:** 5,000 sf • **Daycare:** 3,500 sf • **Retail:** 3,500 sf • **RCMP** (only applicable in Scenario 1): 18,000 sf	Avg. of 900 sf per unit	Avg. of 900 sf per unit
POTENTIAL REVENUES	Revenue neutral*	**Strata sales:** avg. $1,200/sf	**Strata sales:** avg. $900/sf
"ALL IN COSTS" per buildable area (hard, soft, and financing costs excl. land costs)	$896 to $914/sf	$720/sf	$550/sf

** City may generate revenue from retained retail and parking spaces, however, the extent of those revenues is unknown at this point.*

All development costs are high level cost estimates. The hard costs for concrete and wood frame residential construction are based on interviews with developers in the Metro Vancouver region. The City provided capital cost estimates for the development of new City facilities, including the replacement of existing facilities (Water Works Yard and RCMP Facility), explained in Section 3.4. The hard costs for the City Hall are based on figures produced by a quantity surveyor commissioned by the City and the other institutional costs are based on the Altus Cost Guide (2024).

The revenues are modelled based on best available information from nearby comparable development projects. The concrete strata sales price is skewed higher due to nearby luxury products, location, and the access to the waterfront view from upper floors. The wood frame sales price is modelled after the most recent comparable projects in White Rock and South Surrey, however, there may be room to push these revenue assumptions higher depending on the market conditions. Ultimately, the potential revenues will be driven by what the market can pay for at the time of sales, and it may be higher or lower than what is modelled here.

Costs associated with temporary office space for City hall staff have not been accounted for, but is discussed as a consideration in the financial analysis results.

3.4 OTHER CAPITAL COSTS

In addition to the development costs to build the Community Hub, the City has other capital costs that need to be accounted for in this analysis:

- **New RCMP Facility:** $14.54 million
- **Relocate Water Works Yard Operations + Renovate Main Operations Building:** $3.76 million in 2024 Q3[2]
- **Parkland Development Cost Charge (DCC):** $2.97 million in DCCs[3]

In total, these capital costs are $21.27 million which are addition to the costs to develop the Community Hub.

2 *A figure of $3.41 million was provided as an estimate to the City of White Rock if construction were to begin in 2023 Q3. We have applied an inflationary measure of 2.5% per annual quarter to estimate the construction costs for 2024 Q3.*

3 *$2.97M in parkland DCCs need to be returned to the DCC reserve upon sale of 1510 Johnston Road, as it was initially used by the City to acquire the site for park uses.*

4.0

FINANCIAL ANALYSIS

This section presents a summary of the results for the eight scenarios (as shown in Table 2 below). The description of each scenario as well as the detailed findings can be found in the next section.

Each scenario is described as "viable" or not viable – 'viable' meaning that the revenues achieved from the land sales, plus the City's $9.0 million in reserve funds, equal or exceed the cost of the community hub.

Overall, there are four (4) scenarios which show viability:

- **Scenario 3 with 12-storeys** at 1510 Johnston Road at $2.88 million
- **Scenario 3 with 25-storeys** at 1510 Johnston Road at $23.52 million
- **Scenario 2 with 25-storeys** at 1510 Johnston Road at $16.41 million
- **Scenario 4 with 25-storeys** at 1510 Johnston Road at $13.95 million

Table 2: Summary of Financial Results by Scenario and Building Heights

	12-STOREYS AT 1510 JOHNSTON ROAD					25-STOREYS AT 1510 JOHNSTON ROAD				
	NET DEVELOPMENT REVENUE *(Net Revenue + Reserve Funds - Development Costs)*	**COMMUNITY HUB DEVELOPMENT COSTS**	**TOTAL UNITS**	**STRATA UNITS**	**AFFORDABLE HOUSING UNITS** *that Could Fit on the Designated Site***	**NET DEVELOPMENT REVENUE** *(Net Revenue + Reserve Funds - Development Costs)*	**COMMUNITY HUB DEVELOPMENT COSTS**	**TOTAL UNITS**	**STRATA UNITS**	**AFFORDABLE HOUSING UNITS** *that Could Fit on the Designated Site***
SCENARIO 1*	-$30.32M	$60.32M	370	224	146	-$9.68M	$60.32M	499	353	146
SCENARIO 2	-$3.03M	$41.66M	338	284	54	$16.41M	$41.64M	468	414	54
SCENARIO 3	$2.89M	$42.88M	384	384	0	$23.52M	$42.88M	514	514	0
SCENARIO 4*	-$6.69M	$57.42M	437	437	0	$13.95M	$57.42M	567	567	0

**Includes capital costs for the RCMP facility*

***Potential Revenue is less $2.97M in DCC parkland repayment, and $3.76M in Water Works Yard relocation.*

Viable scenario

Near break-even scenario

Non-viable scenario

SCENARIO 1

SCENARIO 1

Scenario 1 involves the testing of the following sites to be developed and sold.

DEVELOP

- A **Community Hub** and **RCMP facility** on the northern portion of the City Hall block

KEEP

- **Fire Hall** site on the City Hall block

SELL

- The **southern portion** of the **City Hall block** with permissions for a 6-storey strata apartment
- The **Water Works Yard** site with land use permissions for a 6-storey strata apartment
- **1510 Johnston Road** site with land use permission for 12- or 25-storey strata apartment

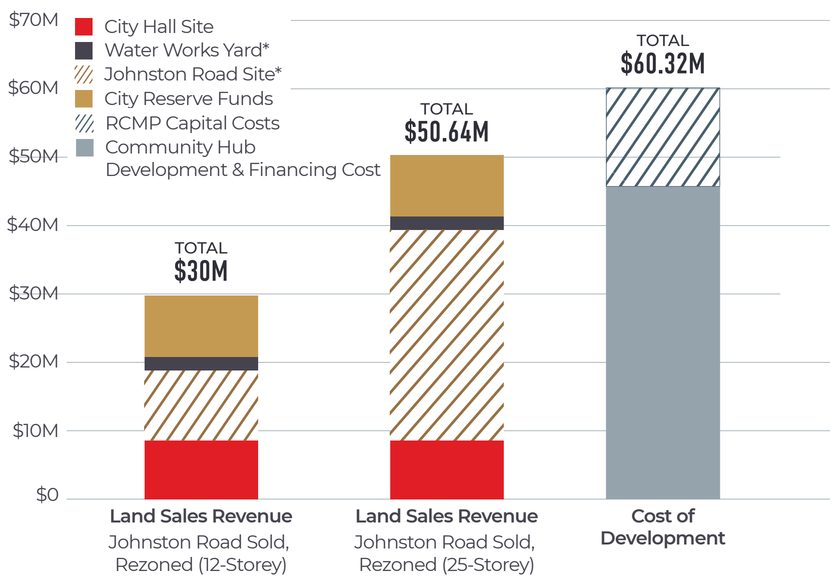
CURRENT SITE USES

1. RCMP
2. Annex
3. City Hall
4. Library
5. Childcare Facility

	12-STOREYS (1510 JOHNSTON ROAD)	25-STOREYS (1510 JOHNSTON ROAD)
	NET DEVELOPMENT REVENUE	NET DEVELOPMENT REVENUE
SCENARIO 1	-$30.32M	-$9.68M
SCENARIO 2	-$3.03M	$16.41M
SCENARIO 3	$2.89M	$23.52M
SCENARIO 4	-$6.69M	$13.95M

Viable Break-even Non-viable

Figure 2: Scenario 1 – Potential Revenues and Development Costs



** Land Sale Revenue from 1510 Johnston Road Site is net of the $2.97M in parkland DCCs that the City needs to return to the DCC reserve upon sale of the land; Land Sale Revenue for Water Words Yard Site is net of the $3.76 million needed by the City for the relocation and renovation of the operations facility.*

DEVELOPMENT COSTS

It is estimated to cost $60.3 million to build a Community Hub and new RCMP facility in Scenario 1, broken down as follows:

- **Community Hub** (excluding affordable housing): $45.8 million
- **RCMP Capital Costs:** $14.54 million
- **Total:** $60.32 million

The Community Hub costs do not include the costs to construct affordable housing units.

NET REVENUE

The revenues generated from selling the three (3) municipally-owned land parcels in Scenario 1 are as follows below. As mentioned in a previous section, the projected revenues from the sale of lands are presented as the net revenues that will accrue to the city after accounting for payback to the DCC reserve fund, plus allocation of some revenues to cover costs of Water Works Yard relocation and renovation. It also assumes that the sites will be sold with the indicated land use permissions (Official Community Plan designation and zone).

12-STOREYS AT 1510 JOHNSTON ROAD

This scenario is estimated to generate the potential revenue of $21.0 million, broken down as follows:

- **Southern portion of City Hall block (6-storey apartment):** $8.69 million
- **1510 Johnston Road (12-storey apartment):** $10.37 million
- **Water Works Yard (6-storey apartment):** $1.94 million
- **City Reserve Fund:** $9 million
- **Total:** $30.0 million

25-STOREYS AT 1510 JOHNSTON ROAD

This scenario is estimated to generate the potential revenue of $41.64 million, broken down as follows:

- **Southern portion of City Hall block (6-storey apartment):** $8.69 million
- **1510 Johnston Road (25-storey apartment):** $31.0 million
- **Water Works Yard (6-storey apartment):** $1.94 million
- **City Reserve Fund:** $9 million
- **Total:** $50.64 million

AFFORDABLE HOUSING

The northern portion of the City Hall block could physically fit **146 affordable housing units**[4] alongside the Community Hub. The costs to construct the affordable housing units have not been analyzed, and the costs would change depending on whether these units are constructed atop the Community Hub in a single building, or constructed as a stand-alone building next to the Community Hub.

The actual number of affordable housing units would be determined by the affordability levels required, construction costs, and the development partnership with the City.

4 *At a site size 75,359 sq. ft. and a density of 3.0 floor space ratio (FSR), the total gross floor area (GFA) is 226,076 sq. ft. It is assumed that the Community Hub will take up 65,992 sq. ft. of the GFA, whereas 160,085 sq. ft. will be dedicated to affordable housing units at approximately 900 sq. ft. per unit (excluding circulation space).*

SCENARIO 1

DISCUSSION

Based on the potential revenues generated and the development costs in Scenario 1 (Figure 2), this scenario would not be viable. This is likely due to the Community Hub being built on a bigger land area of the City Hall block and the costs associated with developing the RCMP facility. In addition, a smaller portion of the City Hall block is sold for strata housing development compared to the other scenarios.

NET DEVELOPMENT REVENUE (WITH RESERVE FUNDS)

If $9.0 million capital reserves were applied to this project, there would still be a remaining capital gap of -$30.32 million and -$9.68 million under the 12- and 25-storeys at 1510 Johnston Road, respectively.

SCENARIO 2

SCENARIO 2

Scenario 2 involves the testing of the following sites to be developed and sold.

DEVELOP

- A Community Hub on the eastern portion of the City Hall block

KEEP

- RCMP and Fire Hall sites on the City Hall block

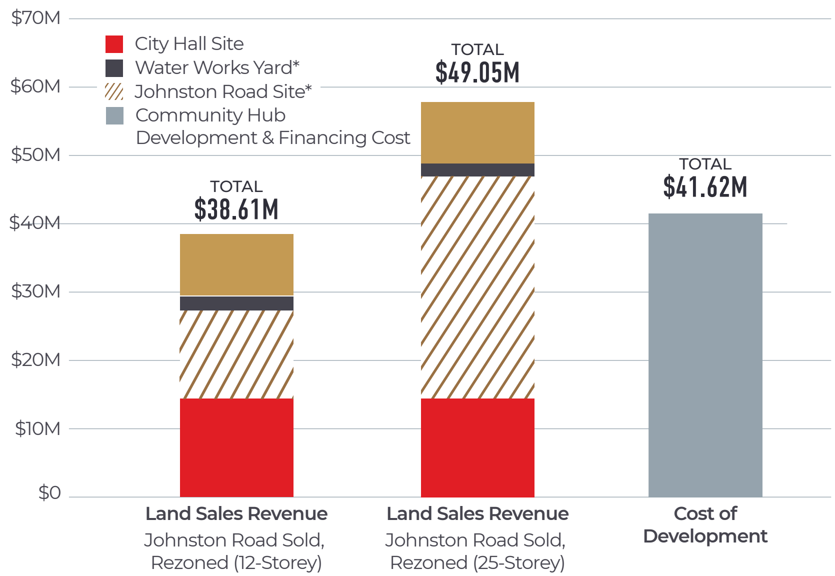
SELL

- The western portion of the City Hall block with permissions for a 6-storey strata apartment
- The Water Works Yard site with land use permissions for a 6-storey strata apartment
- 1510 Johnston Road site with land use permission for 12- or 25-storey strata apartment

	12-STOREYS (1510 JOHNSTON ROAD)	25-STOREYS (1510 JOHNSTON ROAD)
	NET DEVELOPMENT REVENUE	NET DEVELOPMENT REVENUE
SCENARIO 1	-$30.32M	-$9.68M
SCENARIO 2	-$3.03M	$16.41M
SCENARIO 3	$2.89M	$23.52M
SCENARIO 4	-$6.69M	$13.95M

Viable *Break-even* *Non-viable*

Figure 3: Scenario 2 – Potential Revenues and Development Costs



**Land Sale Revenue from 1510 Johnston Road Site is net of the $2.97M in parkland DCCs that the City needs to return to the DCC reserve upon sale of the land; Land Sale Revenue for Water Words Yard Site is net of the $3.76 million needed by the City for the relocation and renovation of the operations facility.*

DEVELOPMENT COSTS

It is estimated to cost $41.64 million to build a Community Hub in Scenario 2. This scenario does not model constructing a new RCMP facility as the existing facility will remain on the City Hall block.

The Community Hub costs do not include the costs to construct affordable housing units.

NET REVENUE

The revenues generated from selling the three (3) municipally-owned land parcels in Scenario 2 are as follows below. As mentioned in a previous section, the projected revenues from the sale of lands are presented as the net revenues that will accrue to the city after accounting for payback to the DCC reserve fund, plus allocation of some revenues to cover costs of Water Works Yard relocation and renovation. It also assumes that the sites will be sold with the indicated land use permissions (Official Community Plan designation and zone).

12-STOREYS AT 1510 JOHNSTON ROAD

This scenario is estimated to generate the potential revenue of $29.60 million, broken down as follows:

- **Southern portion of City Hall block (6-storey apartment):** $14.61 million
- **1510 Johnston Road (12-storey apartment):** $13.06 million
- **Water Works Yard (6-storey apartment):** $1.94 million
- **City Reserve Fund:** $9 million
- **Total:** $38.61 million

25-STOREYS AT 1510 JOHNSTON ROAD

This scenario is estimated to generate the potential revenue of $49.05 million, broken down as follows:

- **Southern portion of City Hall block (6-storey apartment):** $14.61 million
- **1510 Johnston Road (25-storey apartment):** $32.50 million
- **Water Works Yard (6-storey apartment):** $1.94 million
- **City Reserve Fund:** $9 million
- **Total:** $49.05 million

AFFORDABLE HOUSING

The eastern portion of the City Hall block could physically fit **54 affordable housing**[5] units alongside the Community Hub. The costs to construct the affordable housing units have not been analyzed, and the costs would change depending on if it is constructed on top of the Community Hub in one building, or constructed as a stand-alone building next to the Community Hub.

The actual number of affordable housing units would be determined by the affordability levels required, construction costs, and the development partnership with the City.

5 *At a site size 35,284 sq. ft. and a density of 3.0 floor space ratio (FSR), the total gross floor area (GFA) is 105,851 sq. ft. It is assumed that the Community Hub will take up 46,500 sq. ft. of the GFA, whereas 59,351 sq. ft. will be dedicated to affordable housing units at approximately 900 sq. ft. per unit (excluding circulation space).*

SCENARIO 2

DISCUSSION

Based on the potential revenues generated and the development costs in Scenario 2 (Figure 3), this scenario would be viable if 25-storeys were developed at 1510 Johnston Road. The scenario is not viable under the 12-storey permissions at 1510 Johnston Road as the potential revenues are not high enough.

The higher potential revenues generated are due to a larger portion of the City Hall block being sold in comparison to Scenario 1. However, the resulting land area for Community Hub and affordable housing development is smaller, which means that the number of affordable housing units that could fit on the site would be 54 (down from 146 units in Scenario 1).

NET DEVELOPMENT REVENUE (WITH RESERVE FUNDS)

- If $9.0 million of capital reserves was applied, there would still be a capital gap in Scenario 2 – 12-storey permissions at -$3.03 million.
- If 25 storeys were developed at Johnston Road, Scenario 2 would generate a Net Development Revenue of $16.41 million.

SCENARIO 3

SCENARIO 3

Scenario 3 involves the testing of the following sites to be developed and sold.

DEVELOP

- A Community Hub on the first 5-6 storeys at 1510 Johnston Road

KEEP

- RCMP and Fire Hall sites on the City Hall block

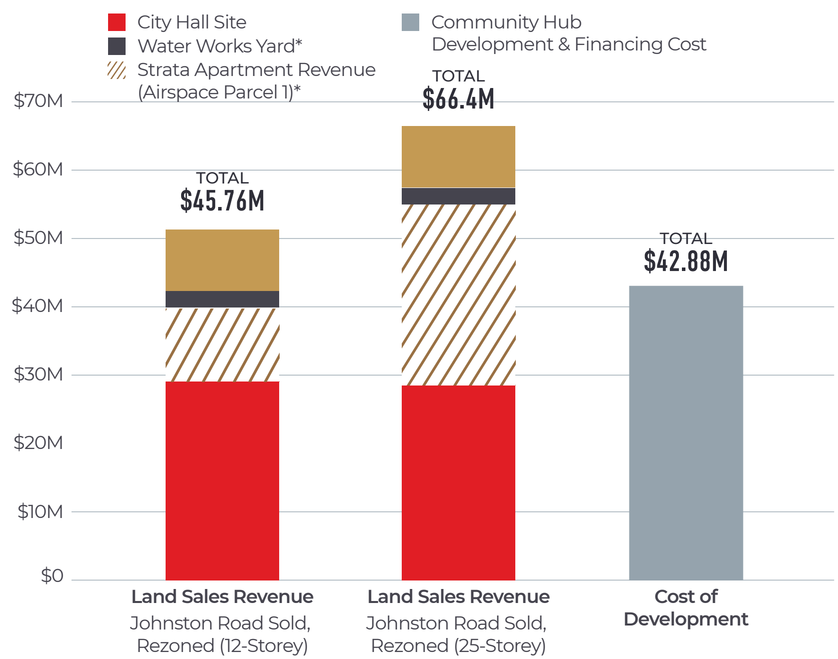
SELL

- Remaining floors of the 1510 Johnston Road site at either 12- or 25-storeys for strata apartment (Air Space Parcel 1)
- The Water Works Yard site with land use permissions for a 6-storey strata apartment
- Majority of the City Hall block with permissions for 6-storey strata apartments

	12-STOREYS (1510 JOHNSTON ROAD)	25-STOREYS (1510 JOHNSTON ROAD)
	NET DEVELOPMENT REVENUE	NET DEVELOPMENT REVENUE
SCENARIO 1	-$30.32M	-$9.68M
SCENARIO 2	-$3.03M	$16.41M
SCENARIO 3	$2.89M	$23.52M
SCENARIO 4	-$6.69M	$13.95M

Viable *Break-even* *Non-viable*

Figure 4: Scenario 3 – Potential Revenues & Development Costs



**Land Sale Revenue from 1510 Johnston Road Site is net of the $2.97M in parkland DCCs that the City needs to return to the DCC reserve upon sale of the land; Land Sale Revenue for Water Words Yard Site is net of the $3.76 million needed by the City for the relocation and renovation of the operations facility.*

DEVELOPMENT COSTS

It is estimated to cost $42.88 million to build a Community Hub in Scenario 3. This scenario does not model constructing a new RCMP facility as the existing facility will remain on the City Hall block.

The Community Hub costs do not include the costs to construct affordable housing units.

NET REVENUE

The revenues generated from selling the three (3) municipally-owned land / air space parcels in Scenario 3 are as follows below. As mentioned in a previous section, the revenues are net capital costs for the parkland DCCs associated with 1510 Johnston Road and for the Water Works Yard relocation and renovation. It also assumes that the sites will be sold with the indicated land use permissions (Official Community Plan designation and zone).

12-STOREYS AT 1510 JOHNSTON ROAD

This scenario is estimated to generate the potential revenue of $36.76 million, broken down as follows:

- **City Hall block excl. RCMP and Fire Hall (6-storey apartment):** $24.45 million
- **1510 Johnston Road (Air Space Parcel 1 in the 12-storey apartment):** $10.37 million
- **Water Works Yard (6-storey apartment):** $1.94 million
- **City Reserve Fund:** $9 million
- **Total:** $45.76 million

25-STOREYS AT 1510 JOHNSTON ROAD

This scenario is estimated to generate the potential revenue of $57.40 million, broken down as follows:

- **City Hall block excl. RCMP and Fire Hall (6-storey apartment):** $24.45 million
- **1510 Johnston Road (Air Space Parcel 1 in the 25-storey apartment):** $31.01 million
- **Water Works Yard (6-storey apartment):** $1.94 million
- **City Reserve Fund:** $9 million
- **Total:** $66.4 million

AFFORDABLE HOUSING

As modelled currently, the 1510 Johnston Road site would **not fit any affordable housing units** without converting some of the strata units into affordable housing. Any affordable housing units added onto the development would decrease the potential revenue generated (i.e., what a developer would be willing to pay for the land).

As an example, a test was conducted whereby 50% of the floor area at the 12-storey scenario that would otherwise have been valued based on market condominium sales values is instead valued as if developed for affordable rental[6], the potential revenue from the sale of this air space parcel would decrease from $10.37 million to well below $0. In other words, a developer would not be likely to pay for this land and provide affordable housing without capital grants or operating subsidies. There are many other possible scenarios that could be tested, at different levels of affordability, and In the 25-storey scenario, if 10% of the floor area for market condominium sales values were valued as affordable housing (24 units) would decrease the potential revenue of the sale from $31.01 million to $17.48 million. This example represents an opportunity to 'swap out' market units for affordable housing units, if affordable housing grants and financing were to be provided.

It also should be noted that the City has $9.0 million in the affordable housing reserve fund which could contribute towards this project.

The actual number of affordable housing units would be determined by the affordability levels required, construction costs, and the development partnership with the City. These examples are used to illustrate the potential impact of affordable housing on the revenues generated from land sale.

6 *Rents at 30% of the median total income of all families for the area (Vancouver) or $2,544/month. Note that the construction costs for the affordable housing are modelled the same as market units as an illustrative – in reality, the construction costs may be lower, which would result in a smaller impact on the potential revenue generated from the sale of the 1510 Johnston Road air space parcel.*

SCENARIO 3

DISCUSSION

Based on the potential revenues generated and the development costs in Scenario 3 (Figure 4), this scenario would be viable if 25-storeys were developed at 1510 Johnston Road. The scenario is not viable under the 12-storey permissions at 1510 Johnston Road without the addition of the $9 million of capital reserves. Once the capital reserves are added, Scenario 3 with 12-storey maximum height at Johnston Road generates a positive Net Development Revenue of $2.88 million.

NET DEVELOPMENT REVENUE (WITH RESERVE FUNDS)

If $9.0 million of capital reserves was applied from the City's reserve funds, Scenario 3 is the only scenario where a 12 storey building on Johnston Road produces a positive Net Development Revenue of $2.88 million, with the Reserve Funds flipping the project from a negative to a positive return. However, with only 12 storeys on Johnston Road there is very little room to convert market housing to affordable housing. If 25 storeys were developed on Johnston Road, this scenario would generate a Net Development Revenue of $23.52 million.

SCENARIO 4

SCENARIO 4

Scenario 4 involves the testing of the following sites to be developed and sold.

DEVELOP

- A Community Hub on the first 5-6 storeys at 1510 Johnston Road
- RCMP facility (off-site, undetermined location, land costs not accounted for)

KEEP

- Fire Hall sites on the City Hall block

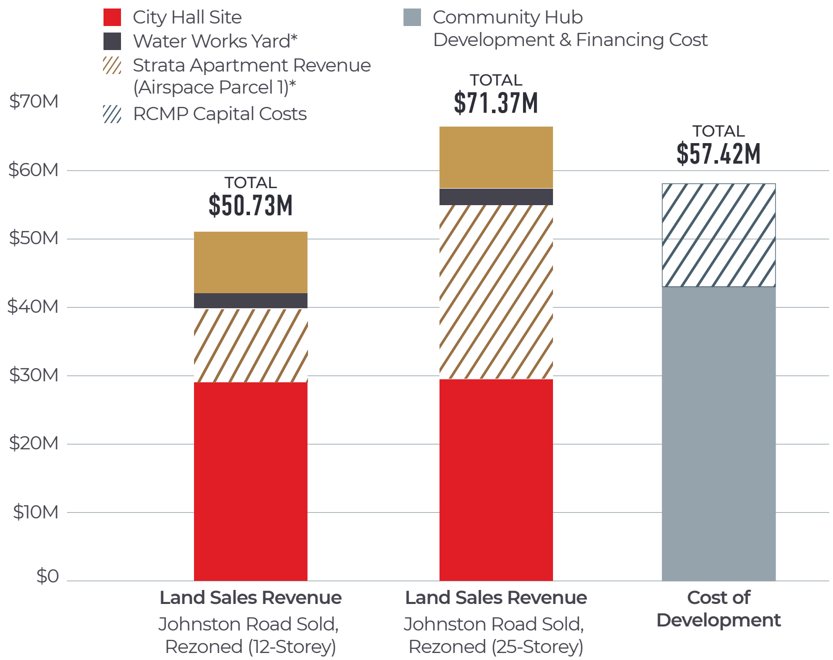
SELL

- Remaining floors of the 1510 Johnston Road site at either 12- or 25-storeys for strata apartment (Air Space Parcel 1)
- The Water Works Yard site with land use permissions for a 6-storey strata apartment
- Majority of the City Hall block, including RCMP with permissions for 6-storey strata apartments

	12-STOREYS (1510 JOHNSTON ROAD)	25-STOREYS (1510 JOHNSTON ROAD)
	NET DEVELOPMENT REVENUE	NET DEVELOPMENT REVENUE
SCENARIO 1	-$30.32M	-$9.68M
SCENARIO 2	-$3.03M	$16.41M
SCENARIO 3	$2.89M	$23.52M
SCENARIO 4	-$6.69M	$13.95M

Viable *Break-even* *Non-viable*

Figure 5: Scenario 4 – Potential Revenues and Development Costs



**Land Sale Revenue from 1510 Johnston Road Site is net of the $2.97M in parkland DCCs that the City needs to return to the DCC reserve upon sale of the land; Land Sale Revenue for Water Words Yard Site is net of the $3.76 million needed by the City for the relocation and renovation of the operations facility.*

DEVELOPMENT COSTS

It is estimated to cost $57.42 million to build a Community Hub and new RCMP facility (located off-site) in Scenario 4, broken down as follows:

- **Community Hub (excluding affordable housing):** $42.88 million
- **RCMP Capital Costs (excluding land acquisition costs):** $14.54 million
- **Total:** $57.42 million

The Community Hub costs do not include the costs to construct affordable housing units.

NET REVENUE

The revenues generated from selling the three (3) municipally-owned land / air space parcels in Scenario 4 are as follows below. As mentioned in a previous section, the revenues are net capital costs for the parkland DCCs associated with 1510 Johnston Road and for the Water Works Yard relocation and renovation. It also assumes that the sites will be sold with the indicated land use permissions (Official Community Plan designation and zone).

12-STOREYS AT 1510 JOHNSTON ROAD

This scenario is estimated to generate the potential revenue of $41.73 million, broken down as follows:

- **City Hall block excl. Fire Hall (6-storey apartment):** $29.42 million
- **1510 Johnston Road (Air Space Parcel 1 in the 12-storey apartment):** $10.37 million
- **Water Works Yard (6-storey apartment):** $1.94 million
- **City Reserve Fund:** $9 million
- **Total:** $50.73 million

25-STOREYS AT 1510 JOHNSTON ROAD

This scenario is estimated to generate the potential revenue of $62.37 million, broken down as follows:

- **City Hall block excl. RCMP and Fire Hall (6-storey apartment):** $29.42 million
- **1510 Johnston Road (Air Space Parcel 1 in the 25-storey apartment):** $31.01 million
- **Water Works Yard (6-storey apartment):** $1.94 million
- **City Reserve Fund:** $9 million
- **Total:** $71.37 million

AFFORDABLE HOUSING

Similar to Scenario 3, as modelled currently, the 1510 Johnston Road site would not fit any **affordable housing units**[7] without converting some of the strata units into affordable housing. Any affordable housing units added onto the development would decrease the potential revenue generated (i.e., what a developer would be willing to pay for the land).

The actual number of affordable housing units would be determined by the affordability levels required, construction costs, and the development partnership with the City. These examples are used to illustrate the potential impact of affordable housing on the revenues generated from land sale.

7 *Note that the construction costs for the affordable housing are modelled the same as market units as an illustrative – in reality, the construction costs may be lower, which would result in a smaller impact on the potential revenue generated from the sale of the 1510 Johnston Road air space parcel.*

SCENARIO 4

DISCUSSION

Based on the potential revenues generated and the development costs in Scenario 4 (Figure 5), this scenario would be viable if 25-storeys were developed at 1510 Johnston Road. The scenario is not viable under the 12-storey permissions at 1510 Johnston Road as the potential revenues are not high enough, even before including the costs of constructing affordable housing units.

Scenario 4 when compared to Scenario 3, has approximately $10 million less in revenues for the developer to offset any costs associated with affordable housing requirements. The costs of a new RCMP facility reduce the City's net revenue significantly.

NET DEVELOPMENT REVENUE (WITH RESERVE FUNDS)

When including the $9 million of capital reserves, Scenario 4 with 12 storeys on the Johnston Road site have a negative return of -$6.69 million.

If Johnston Road were developed to a height of 25 storeys the total return for Scenario 4 is positive at $13.95 million.

6.0

KEY POINTS FOR DISCUSSION

The analysis shows that there are some options that are financially feasible for the City to develop the Community Hub. There are some key points pertaining to the development of the project that should be considered by the City as the project moves from option analysis, to project conceptualization, to development and construction.

REDESIGNATION & REZONING

The value of all City-owned lands being considered will be significantly higher if the sites are already pre-zoned for residential development. The financial analysis has assumed that the sites will be granted the land use permissions to build to the densities outlined in this report (e.g., 6-storey residential on the City Hall block, 6-storey residential on the Water Works Yard site, and either 12- or 25-storeys on Johnston Road).

Removing the uncertainty regarding the time and costs involved with a rezoning process will generate considerable value for the City.

USE OF RESERVE FUNDS

The City of White Rock has saved $5 million to support the construction of a new City Hall. The City also has $4 million in previously collected CAC revenues that could also be used for this project. The $9 million of reserve funds was added to the revenue generated by each scenario to arrive at 'Net Development Revenue'.

In the analysis these capital reserves are added at the end of the calculation to improve the results. The $9 million makes the difference for Scenario 3 with 12 storeys on Johnston Road, making the project just viable and generating a positive Net Development Revenue of just under $3 million.

The City of White Rock has $9 million saved to invest in affordable housing, but this money has not been used in this analysis since the cost of building affordable housing is not being added to the overall cost.

TIMING OF SALES / DEVELOPMENT

The financial analysis assumes that all the sites would be sold at the same time, however, this means that the existing City Hall site will also be sold in Scenarios 2, 3 and 4. In order to avoid having a temporary City Hall office space and to move City Hall operations twice, **ideally the new City Hall would be developed before the current City Hall site was demolished.**

To achieve this, the sale of the existing City Hall site would have to wait for the new space to be completed, or the buyer of the site would have to wait. The sale agreement would need to be negotiated between the City and the buyer, and whether the existing City Hall site could be sold last or if a lease agreement would be needed to permit the City Hall to remain operating until the new City Hall is built.

COMPLEXITY OF A MIXED-USE DEVELOPMENT ON JOHNSON ROAD

As this financial analysis models the development options before a programming assessment or site design has been established, there may be additional non-saleable/leasable space allocation required to construct the Community Hub with residential uses at 1510 Johnston Road. For example, separate lobbies, entrances, waste disposal / loading areas, and elevators for each use may be desired. This will impact the amount of potential revenue that may be generated from the sale of the site.

In addition, 1510 Johnston Road is a small site, and as such, it could be challenging to integrate the RCMP facility within the building footprint amongst the other institutional and residential uses. Consideration should be given to the RCMP's operations and whether surface parking is required for ease of access to emergency response vehicles. For these reasons, the analysis did not consider developing a new RCMP facility on Johnston Road.

LOCATION OF COMMUNITY HUB

Consideration may be given to locational preferences of the Community Hub. While the existing City Hall block is located in a quieter, primarily residential area, the 1510 Johnston Road site is located in a busier part of the downtown with access to more shops and services, and possibly improved transit access.

The availability of parking at either location might also be a consideration.

MUNICIPAL FEES FOR CITY-OWNED DEVELOPMENT

It is assumed that the Community Hub development will pay the required municipal fees including property taxes, development cost charges, and development fees. These fees could be considered for waiver or exemption by the City of White Rock if there is desire to do so.

7.0
FINDINGS

This financial analysis reviewed four (4) scenarios and a total of eight (8) possible development options. Of the eight (8) possible options, there are four (4) that demonstrate a positive Net Development Revenue (are "viable") after subtracting the Community Hub development costs from the land sales and accounting for the potential $9.0 million in City reserve funds:

- **Scenario 3 with 12-storeys** at 1510 Johnston Road at $2.88 million
- **Scenario 3 with 25-storeys** at 1510 Johnston Road at $23.52 million
- **Scenario 2 with 25-storeys** at 1510 Johnston Road at $16.41 million
- **Scenario 4 with 25-storeys** at 1510 Johnston Road at $13.95 million

Three out of four options require 25-storeys building height to be developed at 1510 Johnston Road to achieve a positive Net Development Revenue.

7.1 EVALUATION

While there are several ways to evaluate the four (4) possible redevelopment options, Urban Systems was directed by the Community Hub Steering Committee to:

1. Identify the development option with the highest generating revenue potential;
2. Identify development options that do not require taxpayer funding; and
3. Identify options for delivery of affordable housing units as part of future Hub development.

As the redevelopment options are evaluated from a high level, each individual option could have several permutations on how the Hub development could proceed. The permutations or sub-options will need to be explored further by the City once an option has been selected.

Beyond the criteria used in this evaluation, the City could consider the key points in Section 6.0, specifically with regards to the value of having community stewardship of assets over the long-term, the proximity to nearby services (i.e., location) and access to transit, and benefits and advantages of co-locating multiple uses within 1510 Johnston Road.

The scenarios are listed starting with the only positive scenario where 12 storeys on Johnston Road was assumed.

SCENARIO 3 WITH 12-STOREYS AT 1510 JOHNSTON ROAD

If the $9.0 million from the City's reserve funds are provided, Scenario 3 with only 12 storeys at Johnston Road yields a positive Net Development Revenue of $2.88 million. This is the lone scenario that creates a positive Net Development Revenue with only 12 storeys at Johnston Road.

At 12-storeys, the remaining non-institutional floor area that is dedicated to market strata units (80,200 sq ft.) generates $10.37 million which does not provide a lot of 'contribution room' for affordable housing asks. However, the City could consider using its $9.0 million affordable housing reserve fund, alongside affordable housing financing and partnerships to offset the development costs – a sub-option that has not been analyzed as part of this project scope.

SCENARIO 3 WITH 25-STOREYS AT 1510 JOHNSTON ROAD

When accounting for the $9.0 million in City reserve funds, Scenario 3 with 25 storeys on Johnston Road generates a Net Development Revenue of $23.52 million. This Net Development Revenue does not yet account for the inclusion of any affordable housing units in this project.

For illustrative purposes, if 10% of the floor area at the 25-storey scenario at 1510 Johnston Road were converted to affordable housing (24 units), the Net Development Revenue from this site would decrease to $7 million. This is still positive, indicating there is opportunity to accommodate some affordable housing units.

SCENARIO 2 WITH 25-STOREYS AT 1510 JOHNSTON ROAD

When accounting for the $9.0 million in City reserve funds, Scenario 2 with 25 storeys at Johnston Road generates a Net Development Revenue of $16.41.

This scenario generates half as much revenue as Scenario 3 with 25 storeys on Johnston Road, but the existing City Hall site could possibly fit up to 54 affordable housing units next to or above the Community Hub.

When the previously discussed Scenario 3 included 24 units of affordable housing the Net Development Revenue of that Scenario was reduced to $7 million. Scenario 2 has capacity for 54 affordable units and still generates a Net Development Revenue of over $16 million.

The planning for the affordable housing in Scenario 2 would still need to be determined. The housing units could be planned within a standalone building, or above the Community Hub. If the City chooses to contribute the land towards the affordable housing units, then the development partner only has to pay for the construction costs of the units. This could either help increase the number of units or increase the affordability of units on the site, which is an advantage over building the Community Hub on Johnston Road.

SCENARIO 4 WITH 25-STOREYS AT 1510 JOHNSTON ROAD

When accounting for the $9.0 million in City reserve funds, Scenario 4 with 25 storeys on Johnston Road generates $13.95 million in Net Development Revenue. It should be recognized that this scenario includes paying for the costs to develop a new RCMP facility ($14.5 million). However, the new RCMP facility would need to be placed off-site and will likely incur further land acquisition costs which is not included in the Net Development Revenue quoted.

Similar to Scenario 3 with 25 storeys, the Net Development Revenue of $13.95 million does not account for the inclusion of any affordable housing. If the same illustrative example were applied as above, whereby, 24 units of affordable housing replaced market housing in the Johnston Road development, then the Net Development Revenue would drop to -$2.56 million. This means that additional funds would be required to support affordable housing. This Scenario would neither generate the highest revenues nor provide the greatest opportunity for the delivery of affordable housing.

Attributing the total costs of building a new RCMP facility ($14.5 million) to the Community Hub development makes this Scenario less attractive.

7.2 CONCLUDING THOUGHTS

Scenario 2 with 25 storeys on Johnston Road generates the second highest revenue while also providing the space for a possible 54 affordable housing units on the Community Hub site. This Scenario provides more flexibility than building a Community Hub on Johnston Road because the affordable housing could be built above the Community Hub, or in a separate building depending on site planning.

Scenario 2 also allows affordable housing to be developed in a wood-frame building, which has lower construction costs than concrete buildings. As a result, more affordable housing units could be built at a lower cost in Scenario 2 than any of the scenarios where the Community Hub was developed on Johnston Road.

Developing the Community Hub on Johnston Road will be complicated, as the number of different uses (including commercial space, library, City Hall, market housing and affordable housing) will create questions of cost sharing during development as well as operating / maintenance cost sharing. These issues can be overcome, but will require more time to work through.

This study’s preference for Scenario 2 does not consider additional variables that might make a Community Hub development on Johnston Road preferable, including the central location which would likely improve accessibility.

APPENDIX A

AFFORDABLE HOUSING FUNDING PROGRAMS

FUNDING OPPORTUNITIES

There are several organizations that offer funding for affordable housing projects from a project's inception to construction and operations. To advance projects, organizations may need to secure funding from several organizations, which can create added complexity and increase the cost of a project due to differing energy efficiency, affordability, and accessibility requirements. Adding multiple funders to a project can also create issues coordinating approvals and reporting.

BC Hydro and Fortis BC also offer smaller rebates for housing projects based on the installation of certain appliances and the project achieving minimum energy efficiency standards. Both BC Hydro and Fortis BC have recently closed their programs for multi-unit home construction but may be offering funding in the future.

BC HOUSING

PROJECT DEVELOPMENT FUNDING[8]

Program Overview

The Project Development Fund (PDF) provides financing for eligible groups who have an affordable housing proposal but need additional financial support to advance their project to prepare a more fully formed and competitive proposal. This financing is intended to support eligible groups in responding to future BC Housing programs funded under Building BC.

A PDF loan is intended to help partners develop comprehensive proposals (including the necessary due diligence, feasibility analyses and design specifications) for new affordable housing projects.

There are no specific energy efficiency, affordability, and accessibility requirements at this stage of funding. Proponents must fill out an evaluation matrix[9] and are considered for funding if they meet a minimum score of 60.

Financing Support

Those eligible for a PDF loan can access up to a maximum of $250,000 in support.

COMMUNITY HOUSING FUND[10]

Program Overview

The Province of British Columbia created the Community Housing Fund in 2018. This fund develops affordable rental housing for families, independent seniors, and individuals.

BC Housing intends to issue another CHF RFP in late 2024/ early 2025.

8 *BC Housing. (n.d.-a). Project Development Fund (PDF) | BC Housing. Retrieved from: www.bchousing.org/projects-partners/funding-opportunities/project-development-fund*

9 *BC Housing.(n.d.-b). Project Development Funding – Evaluation Matrix. Retrieved from: www.bchousing.org/sites/default/files/media/documents/Project-Development-Fund-Evaluation-Matrix.pdf*

10 *BC Housing. (2018). Community Housing Fund – Request for Proposals (RFP) and Submission. bchousing.org/projects-partners/funding-opportunities/CHF*

Minimum Accessibility Requirements

The previous CHF program required a minimum of 10% of units to be accessible. This may vary based on new CHF RFP requirements.

Minimum Affordability Requirements

- 30% of the units are Market Rental Units: Initial market rent approved by BC Housing and must be maintained at or above the CMHC Average Market Rent. Eligible applicants must meet current low-and moderate-income limits. For 2024, this means applicants must make between $84,780 to $134,140 to apply.
- 50% of the units must be Rent Geared to Income: The rent amount varies based on the rent calculation guide Rent Scale. Tenants must have an income below the applicable Housing Income Limits (HILs).
- 20% of the units must be RGI Deep Subsidy: The rent amount varies based on rent calculation guide Rent Scale. Tenants must have an income below the Deep Subsidy Income Limits, as established by BC Housing.

Minimum Energy Efficiency Targets

The previous CHF program required a minimum Step 3 of the BC Energy Step Code. This may vary based on new CHF RFP requirements.

Financing Support

The level of subsidy, mortgage rates, and operating subsidy depend on specific development context.

BC BUILDS[11]

In April 2023, the Province of BC announced the BC Builds program. This program is aimed at using public land to deliver homes for middle-income earners. The program will work by:

1. Identifying underutilized and low-cost land for development,
2. Bringing together municipal landowners, non-profits, First Nations, community groups, and private developers,
3. Speeding up development timelines, and
4. Providing low-interest financing and grants.

The program is supported by $2 billion in low-cost financing and a commitment of $950 million for the overall program. The program is aiming to have projects from concept to construction in 12-18 months.

Minimum Accessibility Requirements

BC Builds buildings will be built to the BC Building Code, including accessibility. Projects will not have to follow BC Housing Design Guidelines.

Minimum Affordability Requirements

The Province is aiming for 80% of the units to be “near market” and 20% to be below market. Once a project is built, the cost of rent will be established following an appraisal of rents in the community with the target of middle-income households[12] spending no more than 30% of their income on rent. At least 20% of the homes will be rented at 20% below market rents. Units must target eligible households for a minimum of 35 years.

11 BC Housing. (2024). BC Builds Homes for People. Retrieved from: www.bcbuildshomes.ca

12 Provincial contributions to BC Builds are aiming to produce rents that will be attainable for households with incomes:

- *$84,780 to $131,950 for a studio or one-bedroom home*
- *$134,410 to $191,910 for a two-bedroom home or larger*

Minimum Energy Efficiency Targets

BC Builds buildings will be built to the BC Building Code, including energy efficiency and climate resiliency requirements. Projects will not have to follow BC Housing Design Guidelines.

Financing Support

The program is supported by $2 billion in low-cost financing and a commitment of $950 million for the overall program. This program is stackable with other funding programs, except other BC Housing CHF funding.

There is up to $225,000 grant per unit for non-profits, co-ops, and First Nations development corporations. Projects will likely not receive the maximum amount. BC Housing will calculate the grant amount based on how much it will cost on a per unit basis to buy down 20% of units to below market. The grant amount applies to the entire building, not just the 20% of units.

BC Builds will also provide low-interest construction financing and arrange takeout financing at a below market rate on a 35-year basis. The program is working on a partnership with the Federal government to fast-track BC Builds projects into the Apartment Construction Loan Program (see 2.2.2).

CANADIAN MORTGAGE & HOUSING CORPORATION

APARTMENT CONSTRUCTION LOAN PROGRAM[13]

Program Overview

The program provides low-cost loans encouraging the construction of sustainable rental apartment projects across Canada.

Minimum Affordability Requirements

Projects must meet and achieve **one** of the following affordability requirements for at least 10 years:

1. At least 20% of units must have rents below 30% of the median total income of all families for the area and the total residential rental income must be at least 10% below its gross achievable residential income.
2. The proposal has been approved under another affordable housing program or initiative from any level of government, such as capital grants, municipal concessions or expedited planning processing.

Minimum Accessibility Requirements

At least 10% of the project's units must meet or exceed accessibility standards as regulated by local codes.

Minimum Energy Efficient Targets

Projects must be a minimum of 15% more efficient in energy consumption and greenhouse gas (GHG) emissions than the applicable reference model building code:

- Low-rise multi-unit buildings under Part 9 of the National Building Code of Canada (NBC) must demonstrate a minimum 15% improvement over the 2015 NBC.
- All buildings under Part 3 of the National Building Code must demonstrate a minimum 15% improvement over the 2017 National Energy Code of Canada for Buildings (NECB).

13 *CMHC. (2024a). Apartment Construction Loan Program. cmhc-schl.gc.ca/professionals/project-funding-and-mortgage-financing/funding-programs/all-funding-programs/apartment-construction-loan-program*

Financial Support

- A 10-year term (closed to pre-payment) and a fixed interest rate locked in at first advance for certainty during the riskiest periods of development.
- Up to a 50-year amortization period.
- Up to 100% loan to cost for residential space and up to 75% loan to cost for non-residential space (depending on the strength of the application).
- Applications will be qualified with an interest that is the higher of 2.00% or the CMHC indicative 10-year fixed rate plus a 100 bps (1.00%) spread

AFFORDABLE HOUSING FUND: NEW CONSTRUCTION REPAYABLE[14]

Program Overview[15]

The Affordable Housing Fund (AHF) can provide low-cost repayable loans paired with forgivable loans to build new affordable housing and repair/renew existing affordable and community housing. The Fund is designed to attract partnerships and investment to incentivize new constructions, repair and renew properties that meet or exceed mandatory minimum standards such as affordability, energy efficiency and accessibility. To make federal investments go further, applicants to AHF must have additional sources of funding: partners are required to financially contribute to the project.

Minimum Accessibility Requirements

Twenty percent of units within the project must meet or exceed accessibility standards and its common areas must be barrier-free OR have full universal design applied.

Minimum Affordability Requirements

Rents for at least 30% of the units must be less than 80% of the Median Market Rent and maintained for a minimum of 20 years.

Minimum Energy Efficiency Targets

Projects must demonstrate that they will either achieve a 25% decrease in energy consumption and Greenhouse Gas (GHG) emissions relative to the 2015 National Energy Code for Buildings or the 2015 National Building Code; OR a 15% decrease relative to the 2017 National Energy Code for Buildings.

Financing Support

CMHC provides a combination of repayable and forgivable loans:

1. CMHC repayable loans terms include:
    - A 10-year term (closed to pre-payment) with a fixed interest rate locked in at first advance. The term will be renewable for another 10 years and the interest rate will reset when renewed.
    - Up to a 50-year amortization for smaller monthly payments and long-term viability.
    - Up to 95% loan-to-cost for residential space and up to 75% loan to cost for non-residential space. There is up to 75% loan to cost (residential) for municipalities, provinces, territories and private sector.
    - Interest-only payments once loan is fully advanced.

14 CMHC. (2024b). Affordable Housing Fund: New Construction. cmhc-schl.gc.ca/professionals/project-funding-and-mortgage-financing/funding-programs/all-funding-programs/affordable-housing-fund/affordable-housing-fund-new-construction-stream

15 CMHC also runs the Seed Funding for predevelopment costs of building a new affordable housing project. This includes up to $350,000 in a three-year term interest free loan and up to a maximum of $150,000 in a non-repayable contribution. Funds for Seed Funding are offered until the program runs out.

2. CMHC also provides a forgivable loan which is determined based on the lesser of:
   - $25,000/per unit[16] + $25,000 for premium social outcomes + 25,000/unit for premium energy outcomes[17]
   - Up to a 30% for municipalities.

MLI SELECT[18]

Program Overview

MLI Select uses a point system to offer scaling insurance incentives based on affordability, energy efficiency, and accessibility for new construction projects. existing properties. Flexibilities include higher loan-to-value ratios, increased amortizations, lower debt coverage ratios, and reduced premiums.

The MLI Select program is used by lenders, but conversations to use the program can be driven by the developer during initial discussions with lenders.

Minimum Accessibility Requirements

- Minimum 15% of the units are considered accessible in accordance with the CSA standard B651-18;
- Minimum 15% of units are universal design; or,
- The building receives Rick Hansen Foundation Accessibility Certification (60%-79% score).

Minimum Affordability Requirements

Minimum 10% of units at 30% of median renter income.

Minimum Energy Efficiency Targets

Minimum 20% above Energy Efficiency and GHGs Reductions over 2017 NECB / 2015 NBC.

Financing Support

MLI select insurance incentives can result in higher loan-to-value ratios, increased amortizations, lower debt coverage ratios, and reduced premiums.

FEDERATION OF CANADIAN MUNICIPALITIES

SUSTAINABLE AFFORDABLE HOUSING PROGRAM[19]

Program Overview

FCM offers funding to construct energy efficient new builds that emit lower GHG emissions. The funding is split into several streams:

- **Planning:** Early support to assist eligible housing providers to get started on achieving more sustainable affordable housing initiatives.
- **Studies:** Assess the approaches needed to implement an eligible energy efficient pilot or capital project in detail.
- **Pilot Projects:** Test out a new or innovative approach on a small scale.
- **New Builds:** Test out a new or innovative approach on a small scale.

Projects are eligible to use multiple streams of this funding as the process moves forward. For example, a project could secure Planning funding to explore initial feasibility, Study funding to complete various energy modelling scenarios, and New Builds to support the construction.

16 *Minimum of 40% of units are rented at less than 70% Median Market Rent (MMR).*
17 *Premium for Energy consumption and Greenhouse gas emission reduction over 35% related to NEBC/NBC 2015.*
18 *CMHC. (2024c). MLI Select. Retrieved from: www.cmhc-schl.gc.ca/professionals/project-funding-and-mortgage-financing/mortgage-loan-insurance/multi-unit-insurance/mliselect*
19 *FCM. (2024a). Sustainable Affordable Housing. greenmunicipalfund.ca/sustainable-affordable-housing*

Minimum Accessibility Requirements

There are no specific accessibility requirements, but projects are required to have social benefits that will result from your project, including their accessibility outcomes.

Minimum Affordability Requirements

At least 30% of the units in the proposed building have rents at or below 80% of the local median market rent (MMR)7. This must be maintained for the duration of the loan repayment period with FCM.

Minimum Energy Efficiency Targets

Total Energy Use Intensity (net-TEUI10) of equal to or less than 80kWh/m2. A BC Housing study[20] of mid to high-rise multi-unit residential buildings in Metro Vancouver and Victoria found that the average energy use intensity was 213 kWh/m²/yr, with a fairly even distribution of 144 to 299 kWh/m²/yr.

Financial Support

- **Planning:** Grant for up to 80% of eligible costs, up to a maximum of $25,000
- **Studies:** Grant for up to 50% of eligible costs, up to a maximum of $175,000.
- **Pilot Projects:** Grant for up to 80% of eligible costs, to a maximum of $500,000.
- **New Builds:** Financing, including grant and loan, for up to 20% of eligible costs, to a maximum combined financing of $10 million (60% grant and 40% loan). FCM offers loans with interest rates for 10, 20, or 30-year terms. Rate is dependent on term length, Bank of Canada rates, and the priority of their funding.

SUSTAINABLE MUNICIPAL BUILDINGS PROGRAM[21]

FCM provides funding for high-efficiency new construction of municipal and community buildings.

Program Overview

- **Study Stream:** Outline the design of a proposed new high-efficiency municipal or community building.
- **Capital Project Stream:** Commission and construct a new high-efficiency municipal or community building.

Projects are eligible to use multiple streams of this funding as the process moves forward.

Minimum Accessibility Requirements

There are no specific accessibility requirements, but projects are required to have social benefits that will result from your project, including their accessibility outcomes.

Minimum Energy Efficiency Targets

Projects must achieve a TEDI target of 32 kWh/m2/yr and an energy use intensity target of 100.

Financing Support

- **Study:** Grant for up to 50% of eligible costs, up to a maximum of $200,000.
- **Capital Project:** Combined grant and loan for up to 80% of eligible costs, up to a maximum of $10 million. Grant up to 15% of total loan amount but may increase if the project goes beyond minimum requirements.

20 BC Housing. (2020). Energy Use in Mid to High-Rise Multi-Unit Residential Buildings. bchousing.org/publications/Builder-Insight-12-Reducing-Energy-Use-MURBs.pdf
21 FCM. (2024b).