

Financing Plan for Southeast False Creek (including the Olympic Village)

A comprehensive financial plan was approved by Vancouver City Council in 2005 (and updated in 2006) to define the roles of the City and the private property owner for funding the development of the community over the length of the development timeline (15 to 20 years).

The financing plan for the project includes a range of improvements to the site that include foreshore stabilization, remediation of problem soils on the site, and the construction of public infrastructure like roads and utilities, and community amenities like a public open space and a community centre.

Elements of the financing plan approved in 2005 (and amended in 2006) include:

- a contribution from the Property Endowment Fund (PEF) that included 25 acres of industrial land for parks and open public space, 335,000 square feet of development density at no cost for non-market and market rental housing, a site suitable for an elementary school at no cost, free land and outfitting costs for the community centre and non-motorized centre, a contribution towards the retention of the heritage Wilkinson Steel Building and Sawtooth Building and the rehabilitation and commercial re-use of the Salt Building
- A private lands contribution to the cost of the public infrastructure and amenity package, through the payment of Development Cost Levies (DCLs) and Community Amenity Contributions (CACs)
- Re-investment of contributions from the PEF, DCLs and CACs to fund the public infrastructure and amenities planned for the neighbourhood
- Active pursuit by the City of funding from senior governments, community partners, and the private sector to achieve the financial, accessibility, environmental and sustainability objectives of the project.

The public lands at Southeast False Creek will be re-developed by the City of Vancouver based on a "self-financing" model, through which the City will provide serviced development sites for market and non-market residential and commercial uses, with all costs covered plus an expected return of \$50 million. Redevelopment of the private lands will be completed on a timetable to be set by individual private property owners.

The following table summarizes the anticipated revenues and expenditures related to the re-development of the City lands that was approved by City Council in 2006, including the contributions of the PEF to public infrastructure and amenity improvements off the City lands.

	Net Present Value (2006)
Development Revenues	\$ 217.9 million
Site Serving and Amenity Costs	(153.4) million
Net Income	\$64.5 million
Compared to Target Return of	\$ 50.0 million

Olympic Village

In 2006, the City sold the development rights of the market and commercial/retail space in Parcel 2A (at Southeast False Creek) to Millennium Southeast False Creek Properties for \$193 million. Millennium made a 15 per cent down payment of about \$29 million.

Millennium does not currently own the land and is leasing the land from the City. As such, the City has provided security to the project lender (Fortress Investment Group) in the form of:

- a completion guarantee, which obliges the City to complete the project should Millennium be unable to do so;
- a payment guarantee of \$190 million should Millennium be unable to fulfill its obligations to the lender.

After the 2010 Winter Games, the Olympic Village portion of the Southeast False Creek development will be returned to the City. If Millennium defaults on the final payments, the City will take over as owner.

The total value of the Olympic Village project is estimated by Millennium to be \$1 billion.

Private lands

The private lands will be the next to be developed after 2010. The private land owners will incur all of the costs of their developments. In addition, the private sites will be required to contribute to the public infrastructure and amenity package through a combination of direct charges, city-wide and area specific development cost levies (DCLs), and community amenity contributions (CACs). These financial contributions will offset the costs that the City will incur in developing the site.