

File No.: 04-1000-20-2019-466

December 17, 2019

s.22(1)

Dear s.22(1)

Re: **Request for Access to Records under the Freedom of Information and Protection of Privacy Act (the "Act")**

I am responding to your request of July 20, 2019 for:

1. **Copy of the administrative report "False Creek Residential Leasehold Properties - Prepayment Program" dated November 25, 2009; and**
2. **Any related appraisal reports prepared by or for the City of Vancouver in support of the said report.**

All responsive records are attached.

Under section 52 of the Act, and within 30 business days of receipt of this letter, you may ask the Information & Privacy Commissioner to review any matter related to the City's response to your FOI request by writing to: Office of the Information & Privacy Commissioner, info@oipc.bc.ca or by phoning 250-387-5629.

If you request a review, please provide the Commissioner's office with: 1) the request number (#04-1000-20-2019-466); 2) a copy of this letter; 3) a copy of your original request; and 4) detailed reasons why you are seeking the review.

Yours truly,



Barbara J. Van Fraassen, BA
Director, Access to Information & Privacy

Barbara.vanfraassen@vancouver.ca
453 W. 12th Avenue Vancouver BC V5Y 1V4

*If you have any questions, please email us at foi@vancouver.ca and we will respond to you as soon as possible. Or you can call the FOI Case Manager at 604.871.6584.

Encl.

:pm

A Rental Appraisal

of the Land

Located At

1073 Scantlings (VR442)
Vancouver, British Columbia

For

The City of Vancouver

as at

May 1, 2006

by

Larry Dybvig, AACI, P.App. MAI

Grover, Elliott & Co. Ltd.
Real Estate Appraisers and Counsellors

Grover, Elliott & Co. Ltd.

Real Estate Appraisers and Counsellors

710 - 1030 West Georgia Street, Vancouver, B.C. V6E 2Y3
Telephone 604-687-5443 Fax 604-682-4021 Email: grover_elliott@telus.net

City of Vancouver
300-525 West 10th Avenue
Vancouver, BC V5Z 4A8

June 8, 2006
Our File: 2006-109-V

Attention: Mr. Bruce Maitland

Dear Sir,

Re: 1073 Scantlings (VR442)
Vancouver, British Columbia

In accordance with your instructions, we have appraised the fee simple interest of the land component of this real property, based on the existing use and development density. Our estimate of the annual net market rental value of the property as at May 1, 2006 is:

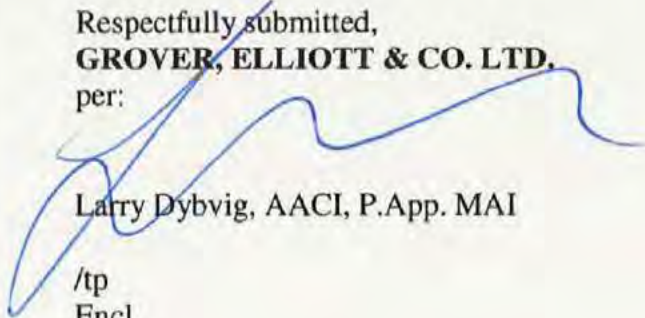
**FIVE HUNDRED SIXTY-THREE THOUSAND, THREE HUNDRED THIRTY-EIGHT
DOLLARS
(\$563,338)**

The accompanying appraisal report contains research, data and analyses that support our estimate of the market value. Our opinions are subject to the Assumptions and Limiting Conditions contained within this report and in Appendix 1.

We prepared this report exclusively for the City of Vancouver for rent setting purposes. We are unaware of any third parties that are likely to see or rely on the report, and expressly deny liability in this respect or for any other use.

Thank you for allowing us to be of assistance with this matter. If you have any questions or comments, please contact our office.

Respectfully submitted,
GROVER, ELLIOTT & CO. LTD.
per:



Larry Dybvig, AACI, P.App. MAI

/tp
Encl.

TABLE OF CONTENTS

	Page
Introduction	
Letter of Transmittal	-
Table of Contents	-
Summary	1
The Assignment	
Intended Use of the Appraisal	2
Purpose of the Appraisal	2
Scope of the Assignment	2
Technical Investigations	4
Property Information	
Civic Address, Legal Description and Title	6
Assessments and Taxes	7
History and Use	9
The Site	12
Land Use Controls	21
Market Overview	29
Highest and Best Use	38
Valuation	
• Introduction	40
• Rate times Value	42
Certification	81
Addenda	
Assumptions and Limiting Conditions	Appendix 1
Title Search Print	Appendix 2
Regional Location Map	Appendix 3
Modification of Lease made May 02, 1977	Appendix 4
Modification of Lease made August 11, 1977	Appendix 5
Ground Lease Agreement	Appendix 6
Strata Plan	Appendix 7

SUMMARY

Location

The site is located on the north side of Scantlings with a frontage along Ironwork Passage in False Creek South in the Fairview neighbourhood of Vancouver, British Columbia.

The Site

The site is irregular in shape with an area of 65,340± square feet or 1.50 acres.

The Improvements

A three-storey, multiple-family, townhouse structure with low-rise frame construction. The net building area is 58,681 square feet and comprises 50 units. Our appraisal excludes the improvements.

Land Use Controls

The site is zoned FCCDD- False Creek Comprehensive Development District.

Highest and Best Use

Multifamily development, pursuant to the applicable land use controls, and as market conditions permit

Date of Value Estimate

May 1, 2006; the date of property inspection was April 21, 2006.

Valuation

\$563,338 net per annum, based on the existing use and development density.

THE ASSIGNMENT

Intended Use of the Appraisal

We have prepared this report in accordance with instructions obtained from Bruce Maitland, exclusively for the City of Vancouver, for rent setting purposes. We are unaware of any third parties that are likely to see or rely on this report and expressly deny liability for unauthorized reliance.

Purpose of the Appraisal

The purpose of this report is to provide our estimate of the current market rent of the fee simple interest in the subject property as at the May 1, 2006 effective date of this appraisal.

This appraisal discusses market value and market rent. An accepted Canadian definition of market value is "the most probable price which a property should bring in a competitive and open market as of the specified date under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus."¹

An accepted appraisal definition² of market rent follows:

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the specified lease agreement including term, rental adjustment and revaluation, permitted uses, use restrictions, and expense obligations; the lessee and lessor each acting prudently and knowledgeably, and assuming consummation of a lease contract as of a specified date and the passing of the leasehold from lessor to lessee under conditions whereby:

1. Lessee and lessor are typically motivated.
2. Both parties are well informed or well advised, and acting in what they consider their best interests.
3. A reasonable time is allowed for exposure in the open market.
4. The rent payment is made in terms of cash in Canadian dollars, and is expressed as an amount per time period consistent with the payment schedule of the lease contract.

1. *Canadian Uniform Standards of Professional Appraisal Practice* : Appraisal Institute of Canada, 2005, Ottawa, Ont.), line 6143

2. *Dictionary of Real Estate Appraisal*, Fourth Edition, Appraisal Institute, Chicago, 2003

5. The rental amount represents the normal consideration for the property leased unaffected by special fees or concessions granted by anyone associated with the transaction.

The fee simple estate is absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the government powers of taxation, eminent domain (expropriation), police power and escheat (the right of the government that gives the state titular ownership of a property when its owner dies without a will or any determinable heirs).³ This is the most comprehensive form of ownership. It gives a "bundle of rights" that allows the owner the right to use the property, to sell it, to lease it, to enter it, or to give it away. It also includes the right to refuse to take any of these actions. A fee simple interest excludes existing financing and leases.

Scope of Assignment

The scope of this assignment included:

- An inspection of the exterior of the property on April 21, 2006. We took the photographs herein at that time.
- A review of land use control information obtained through the City of Vancouver's website and zoning bylaw.
- Investigations into market activity from sources including the local real estate board, Land Titles office transactions, real estate agents, vendors and purchasers active in the market, and our corporate real estate database.
- Appraisal and market analyses as described later herein.

³ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 4th ed. s.v. "fee simple estate." (Chicago: Appraisal Institute, 2002). CD-ROM.

Technical Investigations

We did not complete technical investigations such as:

- a technical review of the utility servicing;
- a site survey;
- investigations into the bearing, percolation or other qualities of the soils;
- an environmental review;
- an archaeological survey; or
- a hydrological study.

The analysis set out in this report relied on written and verbal information obtained from a variety of sources we considered reliable. Unless otherwise stated herein, we did not verify client-supplied information, which we assumed to be correct. Any party wishing to rely on this report should confirm the source of any important information herein as well as the assumptions that underlie any significant conclusion.

Hypothetical Condition

Our appraisal of the land only assumes that the property is vacant and available for development. In fact, the property is improved.

We have valued the property based on the existing use and density, pursuant to our instructions, which are consistent with our understanding of the lease. In fact, current development proposals in the area contemplate development densities in the order of 3.5FSR.

We have assumed that the soil and groundwater are free from contamination, adverse substances and adverse conditions. We do not know if these might be contaminated, however, the City of Vancouver has indemnified the owners of the property for any contamination effects.

Extraordinary Limiting Condition

We did not review the title or any charges registered against the property. For the purpose of this appraisal, we have assumed that the property is free and clear of any charges against it.

Type of Analysis

This narrative appraisal report complies with the Canadian Uniform Standards of Professional Practice of the Appraisal Institute of Canada. We have competence in this type of appraisal analysis and have valued this class of real property before.

PROPERTY INFORMATION

Civic Address

1073 Scantlings, Vancouver, British Columbia

Legal Description

Lot 27, False Creek, Group 1, Plan 16003.

Title Information and Encumbrances

We understand the **City of Vancouver** is the registered owner. We did not investigate any charges on the title and are assuming the property is free and clear any charges registered against it.

Subject to the limitations of this assignment and based on our interviews, client-supplied information and our review of the title search print, we believe that title encumbrances do not materially affect the value of the property except as discussed specifically herein. However, we did not obtain a legal opinion of the state of title or any of the encumbrances, we lack qualifications in this area and we have not read the documents registered against title. Our appraisal therefore assumes that title is good and marketable and that encumbrances do not affect the value of the appraised interest.

ASSESSMENTS AND TAXES

The property is the subject of strata subdivision. It is neither assessed nor taxed separately, but rather pursuant to the subdivision. Actual value assessments for this strata subdivision, as provided by British Columbia Assessment for 2006 are as follows:

Strata Lot	Improvements	Land	Total	Gross Taxes 2005
1	58,200	279,000	337,200	1,488.32
2	75,500	356,000	431,500	1,906.57
3	57,800	242,000	299,800	1,361.36
4	71,000	322,000	393,000	1,737.27
5	56,000	242,000	298,000	1,317.42
6	73,500	334,000	407,500	1,804.75
7	53,400	246,000	299,400	1,341.82
8	71,000	342,000	413,000	1,819.12
9	58,000	253,000	311,000	1,369.34
10	73,500	339,000	412,500	1,820.73
11	58,500	292,000	350,500	1,548.61
12	75,900	408,000	483,900	2,173.86
13	53,900	286,000	339,900	1,501.10
14	70,400	388,000	458,400	2,019.16
15	41,400	228,000	269,400	1,208.06
16	52,200	300,000	352,200	1,552.20
17	51,700	294,000	345,700	1,523.26
18	64,100	381,000	445,100	1,955.48
19	47,900	298,000	345,900	1,522.46
20	64,100	381,000	445,100	1,955.48
21	56,600	336,000	392,600	1,730.29
22	74,800	466,000	540,800	2,379.51
23	52,300	336,000	388,300	1,733.52
24	70,200	479,000	549,200	2,413.25
25	52,300	351,000	403,300	1,772.41
26	70,200	492,000	562,200	2,469.16
27	47,900	297,000	344,900	1,518.47
28	64,100	436,000	500,100	2,197.04
29	47,900	328,000	375,900	1,658.20
30	64,100	436,000	500,100	2,197.04
31	79,100	511,000	590,100	2,604.90
32	79,100	511,000	590,100	2,604.90
33	79,100	511,000	590,100	2,604.90
34	79,100	504,000	583,100	2,562.98
35	56,300	288,000	344,300	1,585.54
36	66,800	468,000	534,800	2,404.22
37	47,900	295,000	342,900	1,510.47
38	64,100	438,000	502,100	2,209.02
39	56,600	287,000	425,600	1,870.03
40	64,100	438,000	502,100	2,207.03
41	56,600	369,000	425,600	1,870.03
42	87,000	506,000	593,000	2,691.75
43	63,000	310,000	373,000	1,671.45
44	77,600	365,000	442,600	1,951.08

Strata Lot	Improvements	Land	Total	Gross Taxes 2005
45	53,400	271,000	324,400	1,433.62
46	73,100	336,000	409,100	1,856.85
47	57,700	285,000	342,700	1,515.87
48	69,100	324,000	393,100	1,785.18
49	58,400	262,000	320,400	1,414.26
50	<u>758,500</u>	<u>405,000</u>	<u>480,800</u>	<u>2,119.98</u>
Total	3,855,000	17,852,000	21,106,300	93,469.32

Actual value reflects the opinion of British Columbia Assessment of the market value of the property as at July 1, 2005 based on the physical condition of the property as of October 31, 2005. Assessors disregard encumbrances such as leases and financing, and can base their assessments on mass appraisal techniques such as multiple regression analysis and on dated inspection information. Consequently, actual values can be a less precise estimate of market value than provided by a full appraisal.

HISTORY AND USE

Leasing History

Between 1976 and 1982, the City of Vancouver issued head leases on the South False Creek subject development lands to developers, which constructed multiple family housing on the land, registered strata subdivisions and sold the individual units on the marketplace. This led to 50 strata lots, and presumably 50 residences under Strata Plan VR442 registered June 1976. Almost all of the units have since resold at least once. The land leases called for ongoing rental payments, which the owners of individual units paid on a monthly basis. The amount of the rental payments varied from unit to unit, and would reflect the unit entitlements and the total rent for the overall parcel. The City entered into similar agreements with several developers of strata projects or other False Creek sites.

The leases provided for a fixed annual rental amount for the overall property, which adjust at specified dates during the life of the lease. Section 2.01 of the representative ground lease for VR442 provided a fixed rental for the first 15 years after substantial completion, with a prescribed increase for another 15 years. For each subsequent 10-year period, basic rent is to be market rent, as if the lands were unimproved, according to a process that entails appraisers and arbitrators. Rent is to reflect the use set out in the lease, being self-contained residential accommodation, according to Section 5.01 of the ground lease reviewed. For the subject projects, the first of the 10-year rent renewal periods where rents are to be set at market levels occurs in September 2006.

The annual rent payment for VR442 for the first 15 years is approximately \$51,606.00 and for the next 15 years (1991-2006) is \$79,984.00.

In the early 1990's, the City decided to offer tenants the right to prepay the remainder of their lease payments, and commissioned real estate appraisers to calculate the prepayment amounts. The amount of the prepayment varied from unit to unit and for some units was later revised and adjusted. Tenants were under no obligation to accept the prepayment; we understand that about 11 of the tenants in this project elected to prepay their remaining rent. The option to prepay the lease was not available after 2001.

Present and Historic Use

A three-storey, low-rise frame, townhouse structure, with strata title tenure, subject to a ground lease. To our knowledge, the original developers sold all of the units, which now are widely held, with little or no multiple unit ownership.

The property is located in the Fairview Slopes neighbourhood, adjacent to False Creek. From the early 1920s to the early 1960s, Fairview Slopes⁴ was zoned for three-storey apartments and throughout the 1950s, the area south of Broadway developed as an apartment district. Broadway, as well as Granville and Cambie Streets, became important neighbourhood commercial strips. At the same time, the Slopes were rezoned to industrial use, and some houses were replaced with small industries.

The 1970s were a time of dramatic change for both False Creek and Fairview Slopes. Based on the recommendations by citizens, two advisory review panels and City staff, City Council in 1973 adopted policies that laid out guidelines for redeveloping False Creek. The new City policy required a range of housing to provide a social mix that reflected the City's income and social composition. The City also decided to keep ownership of most of South False Creek, the area containing the subject properties.

Concurrent with the planning for South False Creek, plans to redevelop Granville Island were also being considered. In 1972, the Federal Government transferred administration for the 15-hectare (37 acres) island from the National Harbours Board to Canada Mortgage and Housing Corporation and a movement to rejuvenate the site started to gain momentum. Early in 1976 the Granville Island Trust was formed to advise on the Island's future. The first phase of the Island's redevelopment, the Public Market, opened in 1979, soon followed by the Maritime Market, Emily Carr College of Art, theatres, artist's studios, craft galleries and restaurants.

As the City's plans for False Creek took shape, pressure arose to redevelop the Slopes for high-density uses. The City rezoned the area in 1972 from industrial to residential/commercial. Fairview Heights, a small fifteen-block area extending north of Vancouver Hospital and Health

4 excerpted from City records - see
http://www.city.vancouver.bc.ca/community_profiles/fairview/history.htm

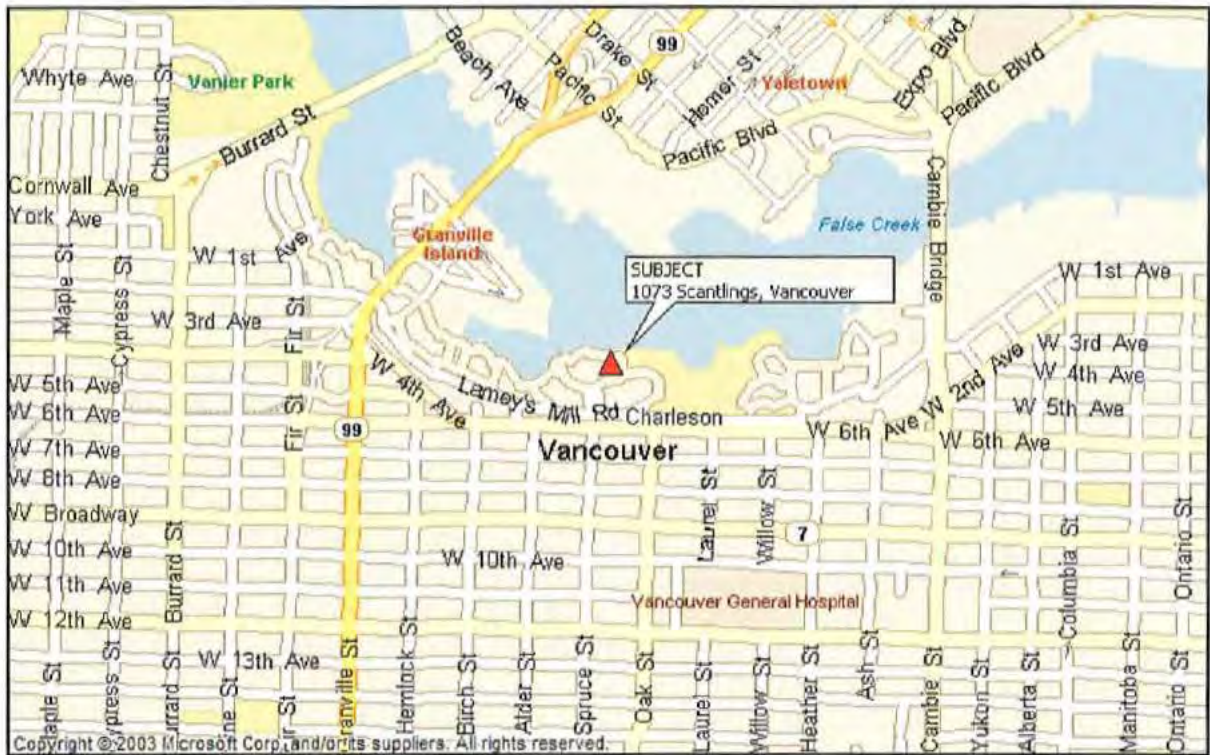
Sciences Centre (formerly Vancouver General Hospital), was rezoned in 1984 from a duplex to a low-rise apartment zone. Since then the area has been extensively redeveloped providing additional housing opportunities for those employed in the downtown core and with Vancouver Hospital.

Construction of the projects occurred in the late 1970's and early 1980's, and this is reflected in their design and materials of construction. Building codes and construction practises were changing during this time, and some projects of this vintage "leaked."

THE SITE

Location

The site is located on the north side of Scantlings with a frontage along Ironworks Passage in the Fairview neighbourhood of Vancouver, British Columbia.



Shape and Size



The is irregular with a frontage or north boundary along Ironwork passage of 238.18± feet or 72.60± metres, an east boundary or frontage along Scantlings of 157.6± feet or 48.04± metres, a southeast boundary or frontage along Scantlings of 250.41± feet or 76.32± metres and an east boundary of 319.37± feet or 97.34± metres. The gross site area is 65,340± square feet or 1.50± acres, according to registered plan 16003.



Topography

The site is level and at grade with the adjacent road and surrounding development.

Soil Conditions

We have not been provided with a soil survey for the subject site and we have not commissioned one. For the objective of this report, we have assumed that the bearing, percolation and other characteristics of the land are adequate to permit development under the present land use controls, without undue and costly site preparation or engineering.

We did not observe any contaminants or hazardous materials at the property and do not have the knowledge or qualifications to detect the existence of such materials on or in the property. Our value estimate assumes that there are no contaminants or hazardous materials on, in or near the property that would cause a loss in value. We recommend retaining an expert in these matters if doubt exists regarding the quality of the soils or groundwater.

Access

Pedestrians can access the property along Scantlings or Ironwork Passage. Primary vehicle entry to and egress from the site is available via Scantlings and Sitka Square.

The major east-west arterial route through the Fairview area is south of the subject along West 6th Avenue, connecting with West 2nd Avenue to the east and West 4th Avenue to the west.

Major north-south arterial routes include Cambie Street to the east providing direct access to Downtown Vancouver via the Cambie Street Bridge, Oak Street to the west and Granville Street farther west, also providing access downtown.

Street Improvements

Scantlings and School Green have dedicated widths of 35 feet along the subject property. Ironwork Passage is part of the seawall along False Creek South and allows pedestrian access only.



View east along Ironwork Passage



View west along Ironwork Passage



View west along Scantlings

Utilities

Utility services typical of an urban community are available in the area, including municipal water and domestic sewer, storm water drainage, electricity, natural gas, telephone and television cable.

Surrounding Developments



The subject property is on the south shore of the False Creek basin. The immediate surrounding area is predominantly multifamily, low-rise, wood-frame or mid-rise concrete developments with some commercial at grade. Commercial developments are concentrated on Granville Island to the west and 6th Avenue to the south. 6th Avenue and up in the Fairview area is primarily medium-rise residential, often with commercial use at street level.

Directly east of the property is Destination Park, separating the Heather and Spruce neighbourhoods. South and west of the property are three-storey low-rise apartment buildings. East of the property is False Creek Elementary with Spruce Marina to the north.



Multifamily development to the west



Spruce Marina to the north



Multifamily Development to the southwest



Destination Park to the east

PHOTOGRAPHS



View southwest of subject



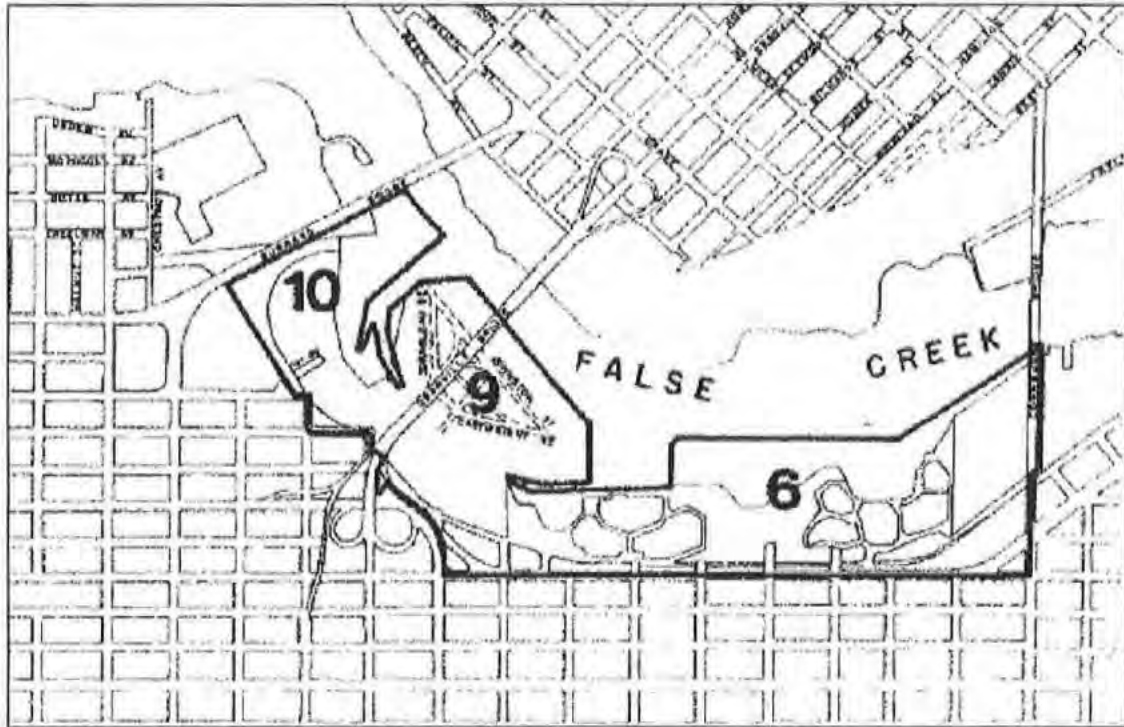
Western elevation



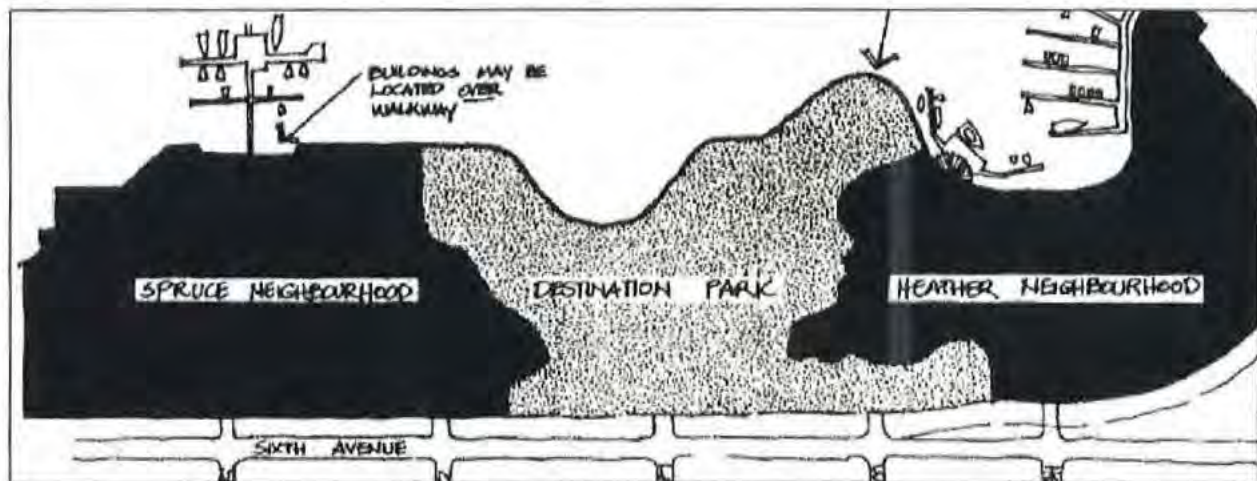
View west

LAND USE CONTROLS

The subject property is zoned FCCDD, False Creek Comprehensive Development District. The intent of the zone is to regulate development in a portion of that part of the City of Vancouver for which the zoning district is described as "False Creek Comprehensive Development District (FCCDD)" adopted in 1974.



The subject property is within Sub-Area 6, which comprises two major neighbourhoods, on the west the Heather Neighbourhood and on the east the Spruce Neighbourhood with Destination Park separating the two.



The Phase 1 policy calls for residential development at densities of 45 to 65 units per acre, which requires a blend of apartment and townhouse densities, along with related uses such as school and park facilities. The policy calls for building heights of 65 to 120 feet. Based on policy documents downloaded from the City's website, no significant changes appear to have occurred to these policies. Given the pattern of recent development in False Creek, it is likely that the City would adopt higher development densities if it revisited the land use controls.

The Spruce Neighbourhood

The Spruce Neighbourhood is planned as a mixed life-style residential area. Non-residential uses include a marina, community facilities and some commercial facilities. The neighbourhood area encompasses 17.72 acres with the development area being 9.32 acres. The number of residential units is not to exceed 330 units or an average net density of 36 units per acre. The Site coverage in development areas is not to exceed 60%.

Significant Area Future Development

The Canada Line

The transportation corridor connecting downtown Vancouver with Richmond is one of the busiest in Greater Vancouver and home to one-third of the region's jobs and 20 percent of its population. The proposed Canada Line will include 16 stations, and provision for three future stations located to serve the dense and growing neighbourhoods along the corridor. The projected completion date is last half of 2009, roughly four years away.

The proposed Canada Line will provide a north-south link needed to help enhance the regional network, creating a safe, fast and reliable rapid transit system. The line will connect with the existing Expo and Millennium rapid transit lines, WestCoast Express and SeaBus at Waterfront Station. The Canada Line provides for a future connection with a Millennium Line extension to Broadway and Cambie Street. The project also includes a park-and-ride facility and a bus exchange at the Bridgeport Station; a second bus exchange will be provided at the Richmond Terminus Station.

The Canada Line consists of a fully grade-separated alignment that will run from downtown Vancouver to Richmond Centre and the Vancouver International Airport.

Starting at Waterfront Station, the Canada Line will run beneath Granville Street, False Creek and Cambie Street and will remain underground until 63rd Avenue. Between 63rd and 64th Avenues, the Line will transition from an underground to an elevated guideway, extending south across the North Arm of the Fraser River to Bridgeport Station. From this station, two separate lines will provide service along elevated guideways, one to central Richmond and one to the Airport.

A park-and-ride facility and a bus exchange will be at the Bridgeport Station; a second bus exchange will be provided at the Richmond Terminus Station. The Line will include 17 stations: four in Richmond, 4 on Sea Island and 9 in Vancouver.

Annual boarding (one-way rides) is projected to range from 28 to 38 million in 2010 with modest annual growth over the following years of 1% to 1.5%. This translates into 2010 trips at 75,000 to 100,000 boardings per day.

Plans indicate that the False Creek Station location will be near the Cambie and 2nd Avenue interchange, a few minutes walk to the subject property. Moberly Road will become a primary access point from the station to the Seawall area.



RICHMOND • AIRPORT • VANCOUVER



Canada



Because of Skytrain, the Cambie Corridor should experience sustained long-term growth superior to areas not gaining rapid transit service. In addition, the future Olympic village will be located in the Second Avenue/Main Street area, and will provide long-term market, affordable and social housing as well as a modest commercial component. Further development in the Southeast False Creek area will surround Athlete's Village. In summary, population and access should increase and the Seawall will remain a strong attraction for leisure traffic, thereby positively influencing future values.

Olympic Village and Southeast False Creek Development Plan

The following is a descriptive excerpt from the City of Vancouver.

"Southeast False Creek is a new community planned for the last remaining undeveloped waterfront in the False Creek basin, adjacent to Downtown Vancouver. The objective of the development is to create a new community based on principles of sustainability. Planning has been underway for several years and has now reached the Official Development Plan stage of planning approval process.

The overall intent is to create a diverse community within a low- to mid-rise scale of development. Approximately 2.2 million square feet of space will be developed on the publicly owned lands. A full slate of roads, pedestrian routes and public parks will be created. The overall park space target is 26.4 acres with an allowance of up to a 10% reduction agreed to by Council resolution. A broad mixture of uses will be encouraged in the plan with flexible space at ground floor allowing for changes in use over time. Community facilities on the site will include an elementary school; a community centre and boating centre; an inter-spiritual centre; up to five childcare facilities; and, outdoor uses like playfields, an amphitheatre and community garden plots.

The character of the proposed development will build on the unique industrial history of the site. Both open spaces and built form will respond to the legacy of the working history of the place. The waterfront will remain in its diverse, almost rough character, with a diversity of edge conditions from naturalized areas to wood-piled structures. Buildings will reflect the simple bold forms found on industrial sites and will include the use of brick, large window and door openings and industrial finishes. This attitude will extend into developments on the private lands surrounding the site, south to Second Avenue and east to Main Street."

Southeast False Creek Development Area



Newspaper reports indicate the 2.2 million square feet of space will be 2 million residential and 200,000 commercial/ other. This represents a significant population increase for the general area, which historically has had an industrial, non-residential character. Soil remediation work has begun, and the City has selected a developer for the Athlete's Village project, with construction to start within the next 12 months.

The Southeast False Creek Official Development Plan By-law and two accompanying Council Reports (Financial Strategy and Sustainability Targets and Indicators) were approved by Vancouver City Council at Public Hearing on March 1, 2005 and enacted on July 19, 2005.

Planned Athlete's Village

Athletes' Village



Where: Southeast False Creek

Features:

- 600,000 square feet
- 600 units
- 2,800 athletes, coaches and officials
- To be converted into mixed-use, model sustainable community following the Games

Construction: This site is being developed by the City of Vancouver. Planning work is underway, and construction is expected to begin in late 2006 or early 2007, with completion in 2009.

Website: vancouver.ca/sefc

Based on the information available to us, the subject development appears to conform to the land use controls.

Most provincial municipalities have also adopted official community plans, area plans and other planning devices that supplement their zoning bylaws. The process for developing an Official Community Plan ("OCP") typically involves considerable social, economic and demographic research and an extensive public consultation process. OCPs serve to express municipal aspirations for future land uses within its borders, guide capital budgeting and direct the handling of rezoning applications. In British Columbia, municipalities generally do not rezone properties for a use or development scale that is contrary to the OCP; rezonings of this nature first require an amendment to the OCP.

Unlike most provincial municipalities, the City of Vancouver does not have an OCP. As a result, the F.C.C.D.D. zoning by-law is the main document governing the site. Municipal councils can change only some aspects of the land use controls that apply to certain properties. Provincial, regional and federal controls that also affect development include:

- environmental and fisheries regulations;
- heritage policies;
- public health, building and fire codes; and,
- highways and transit plans.

The mandate for this appraisal did not require research into all of the land use regulations that possibly apply. Further, existing land use controls do not always bind regulators, who can develop new policy and rescind or modify existing land use policies. Municipal planning officials and independent planning consultants can assist with specific questions on land use matters.

MARKET OVERVIEW VANCOUVER

Geography

Vancouver is the largest city in the province of British Columbia and is surrounded by water on three sides. Vancouver is bordered on the north by Burrard Inlet, on the west by English Bay, on the south by the Fraser River and to the east by the municipality of Burnaby. The city encompasses an area of 28,700 acres and is a major Pacific Ocean seaport and an international and national distribution centre, served by Vancouver International Airport, the Port of Vancouver and VIA Rail Canada.



Source: Microsoft Streets and Trips

Population

Year	Vancouver	% Change	GVRD	% Change	BC	% Change
1991	485,646	-	1,602,502	-	3,373,464	-
1996	536,511	10.47%	1,906,492	18.97%	3,874,276	14.85%
1997	545,373	1.65%	1,954,523	2.52%	3,948,544	1.92%
1998	550,433	0.93%	1,984,743	1.55%	3,983,077	0.87%
1999	556,863	1.17%	2,013,201	1.43%	4,011,342	0.71%
2000	563,114	1.12%	2,041,339	1.40%	4,039,198	0.69%
2001	569,473	1.13%	2,073,662	1.58%	4,078,447	0.97%
2002	572,113	0.46%	2,095,113	1.03%	4,115,413	0.91%
2003	576,226	0.72%	2,114,061	0.90%	4,154,591	0.95%
2004	579,716	0.61%	2,131,340	0.82%	4,201,867	1.14%
2005	583,267	0.61%	2,155,880	1.15%	4,254,522	1.25%

Source: BC Stats

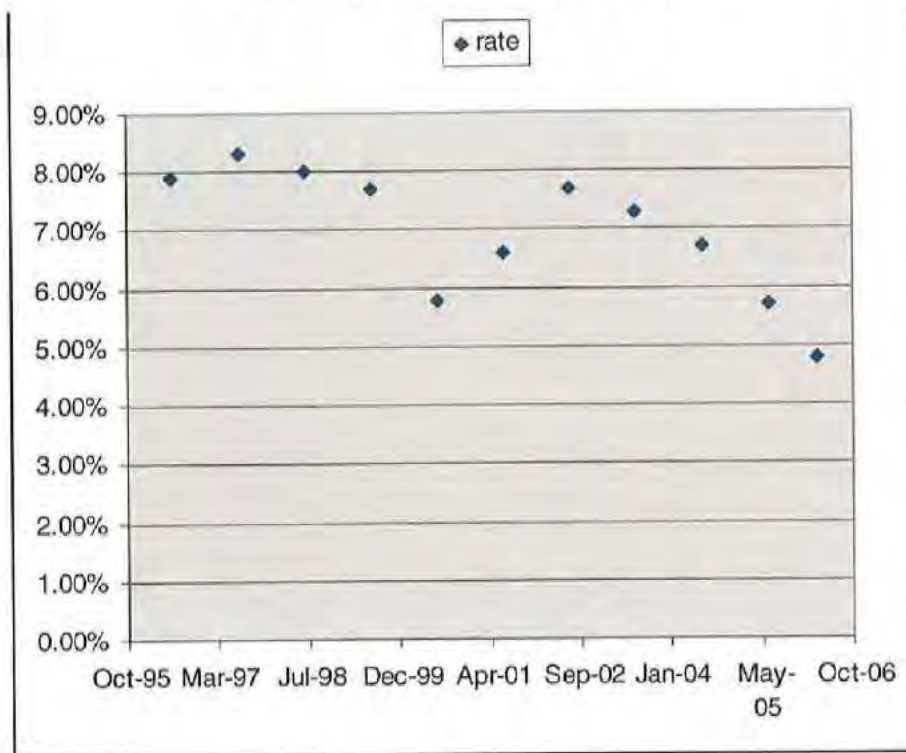
The population of Vancouver has been increasing steadily over the past ten years with a median increase of 1.03% per year. A total increase of 8.7% has occurred since 1996, compared to a 13.08% increase for the Greater Vancouver Regional District (GVRD) and 9.81% increase for British Columbia. The constraint on population growth for Vancouver is a shortage of incremental development rights, for the City is almost fully built out. Current city planners envision accommodating through higher densities on redevelopments in and near the downtown. The GVRD population is growing more rapidly than that of British Columbia; however Vancouver's growth is slower than British Columbia indicating it is the cities outside of Vancouver that are the main contributors to the GVRD's growth. This is due to the greater availability of developable land and increased density opportunities in the suburbs.

Vancouver Unemployment Rate

Year	Unemployment Rate	% Change
1996	7.90%	
1997	8.30%	5.06%
1998	8.00%	-3.61%
1999	7.70%	-3.75%
2000	5.80%	-24.68%
2001	6.60%	13.79%
2002	7.70%	16.67%
2003	7.30%	-5.19%
2004	6.70%	-8.22%
2005	5.70%	-14.93%
Mar-06	4.8%	-15.79%
Average	7.17%	

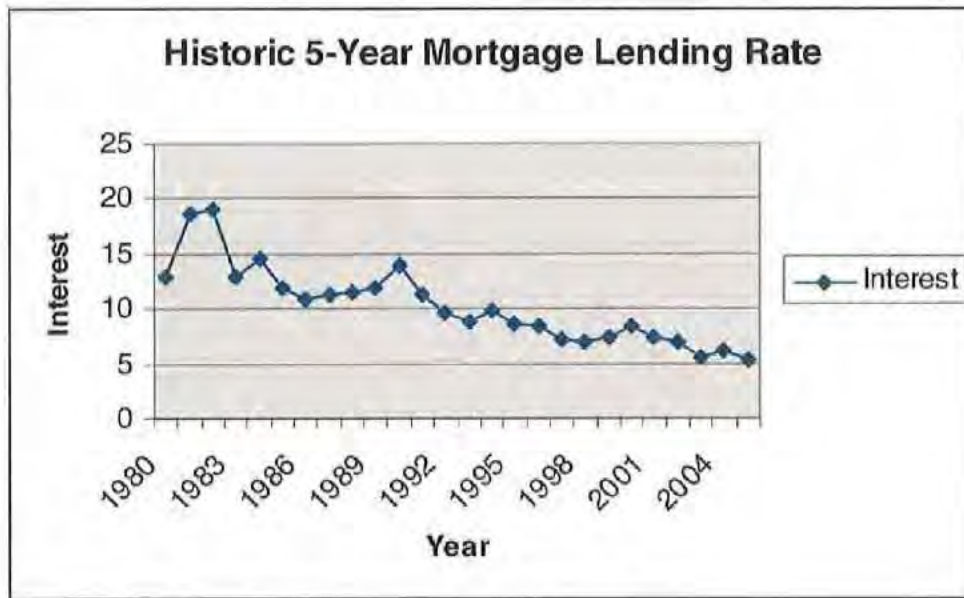
Source: Statistics Canada, Labour Force Survey (Annual Averages)

Vancouver Unemployment Rate



The unemployment rate for Vancouver as at March 2006 was at 4.8%, the lowest rate in the past 10 years. Statistics Canada reports that British Columbia has seen the fastest job-growth rate of all provinces in the past year with the largest job gains occurring in retail and wholesale trade due in part to the rising incomes and population growth in B.C. TD Bank forecasts this rate to continue to decrease for British Columbia leading up to the 2010 Olympics.

Interest rates



Source: Bank of Canada

A lower interest rate allows buyers to spend more on their home as the interest component of their mortgage payment is less; when interest rates increase, buyers will have less to spend on their homes as the payment will rise due to higher interest expense. Due to the effect on affordability, as interest rates rise, sale volumes decline relative to supply, placing downward pressure on home prices will decrease; as rates fall, prices usually increase. The 5-year mortgage interest rate as at April 2006 was 6.75% below the average over the past 25 years of 10.29%. Mortgage rates had risen, by as much as 1% since summer of 2005

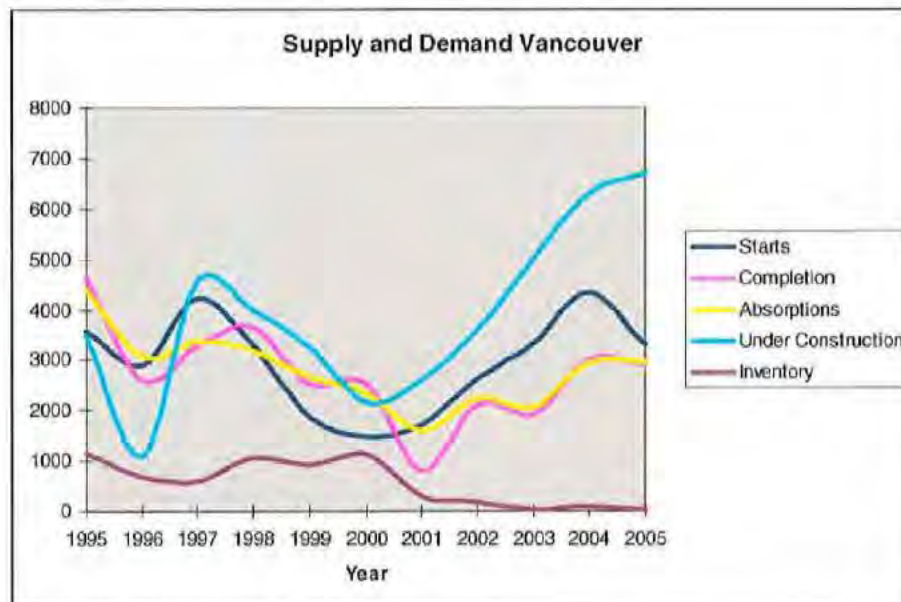
House Price Index



Source: Greater Vancouver Real Estate Board

The Greater Vancouver Real Estate Board produces a House Price Index (HPI) each month for detached homes, attached homes and apartments. The Board derives the HPI by dividing the median price of homes for the month by the median price of homes in June 1991, when the index began, and then multiplying by 100. The HPI relates to the change in price relative to June 1991. The HPI in January 2006 for Vancouver was approaching 200, signifying that prices have nearly doubled since 1991.

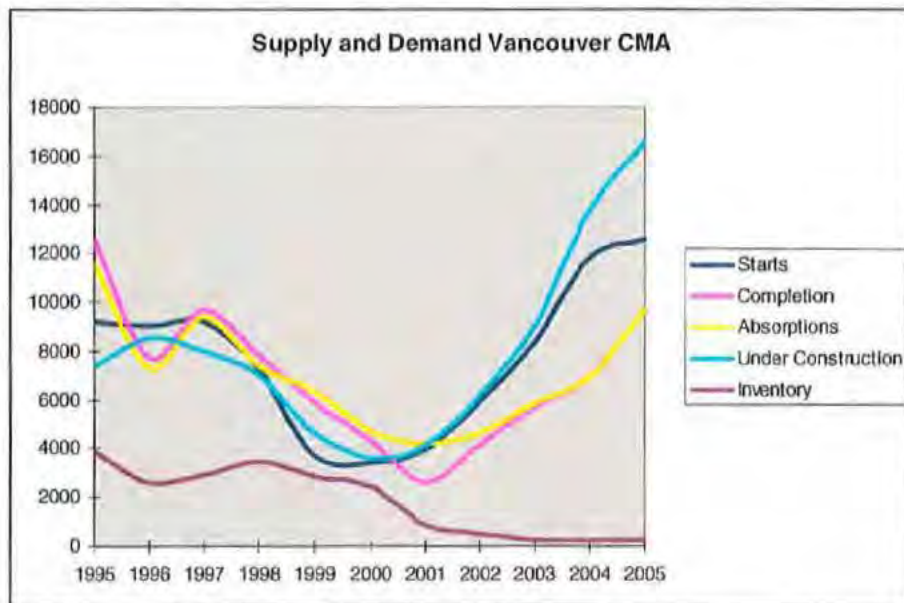
Demand and Supply



Source: CMHC Housing Reports

The chart above illustrates the supply and demand for condominiums and townhomes in Vancouver. Units-under-construction have been rising since the market nadir in 2000; the inventory of complete and unoccupied units has been falling since 2000 indicating a strong demand for condominiums. The fact that the inventory has been decreasing as the supply increases is one indicator that demand is outpacing supply. This condition creates upward pressure on price levels.

Vancouver apartment and townhouse starts have begun declining. From 2004 to 2005, starts fell from 4,329 to 3,308, or a decrease of 23.6%. Canada Mortgage and Housing senior market analyst Cameron Muir states, "Ongoing supply-side constraints will moderate homebuilding activity over the next two years. Competition for skilled labour and rapidly rising construction costs will continue to be significant impediments for homebuilding."



Source: *Canada Mortgage and Housing*

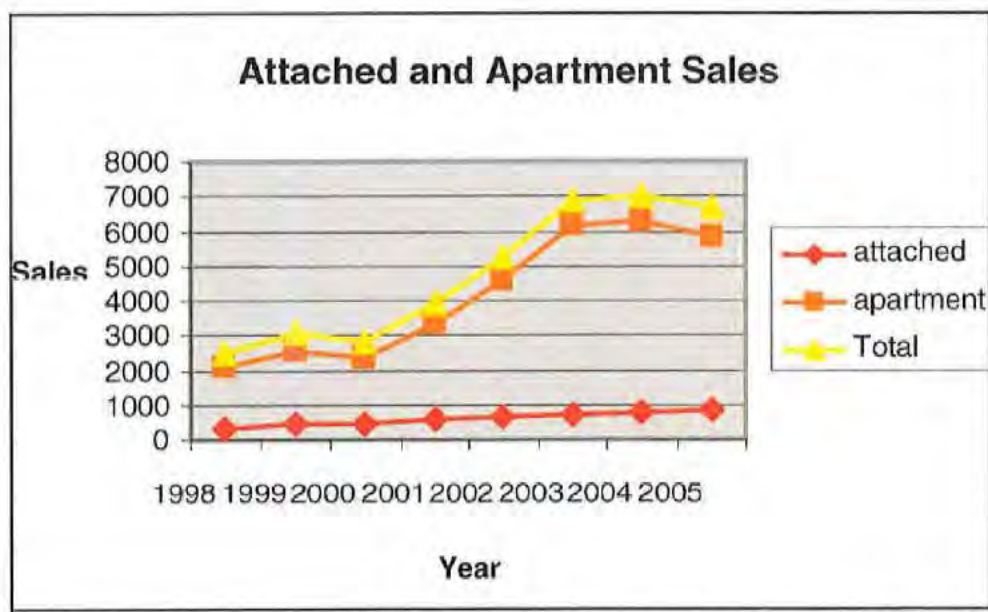
The Vancouver region has been showing a pattern similar to the City of Vancouver with the main difference being that housing starts and completions are still rising in the Vancouver CMA where in Vancouver they have begun declining. This is due in part to the decreasing supply of land and increasing land values in the City of Vancouver. Because of the higher land values, many families are moving to more affordable housing in Vancouver's suburbs, leading to an overall increase in the region's starts, completions and absorptions.

The sales-to-new listings ratio is another indicator of the relative balance between demand and supply in the existing home market. In markets where sales are high relative to new listings, potential buyers have less choice and typically have less bargaining power. Canada Mortgage and Housing has stated that a sales-to-new listings ratio above 50% is associated with rising prices, a "sellers' market." As at February 2006, the Real Estate Board of Greater Vancouver reported the percentage of sales to listings at 69% for apartments on Vancouver's westside.



Source: Real Estate Board of Greater Vancouver

Another measure of the strength of Vancouver's housing market is the number of sales transactions occurring. The greater Vancouver Real Estate Board publishes monthly statistics on the number of sales for detached, attached and apartment units. Results are as follows for the number of attached and apartment sales in Vancouver's westside between 1998 and 2005:



Source: Greater Vancouver Real Estate Board

The number of attached and apartment sales transactions began increasing steadily in 2000. By 2003, the number of sales in Vancouver's westside had more than doubled to 6,891 sales

compared to only 2,794 in 2000. As at December 2005, the Greater Vancouver Real Estate Board had recorded 6,693 sales for the year.