



**BURGESS  
CAWLEY  
SULLIVAN  
& ASSOCIATES LTD.**

**ACCREDITED REAL ESTATE APPRAISERS, MARKET ANALYSTS, INVESTMENT AND PROPERTY TAX CONSULTANTS**

October 9, 2013

Our Ref: A13074545LB

District of West Vancouver  
750 - 17th Street  
West Vancouver, B.C.  
V7V 3T3

Attention: Mr. Bob Sokol

Dear Sirs:

Re: **COMMUNITY AMENITY CONTRIBUTION  
1300 (SOUTH) BLOCK OF MARINE DRIVE, WEST VANCOUVER, B.C.**

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The District of West Vancouver (DWV) has retained the services of Burgess, Cawley, Sullivan & Associates Ltd. (BCS) to work on behalf of the DWV to assist them in negotiating a Community Amenity Contribution (CAC) with respect to the Grosvenor Canada Limited (Grosvenor) proposed rezoning of the entire 1300 block (south side) of Marine Drive in West Vancouver. The proposed project is to be developed in two phases: the first phase (west side) comprising both private lands that were assembled by Grosvenor and DWV land that includes a parking lot and laneway; and the second phase (east side) predominantly relating to lands owned by the DWV. We note that there is a conditional sale for the DWV lands at \$270 per sq.ft. buildable for *residential density* as zoned. Reference is made to this further.

The CAC calculation is based upon the DWV's practice to receive 75% of the land lift. In determining an appropriate land lift, we considered various methodologies based upon the Direct Comparison Approach, the Land Residual Approach and a simple uplift calculation based upon Value for Additional Density.

The Direct Comparison Approach is based upon comparable land sales with adjustments made to the comparables for differences in time (date of sale relative to date of valuation), quality (size, topographical and or soil conditions, view potential etc.), perceived density and location amongst other considerations. The Land Residual Approach estimates the potential revenue from a proposed development on this site and subtracts all development costs including financing and profit. The difference between revenues and costs is referred to as the Residual Land Value and theoretically represents how much can be paid for a parcel of land. The Value for Additional Density considers the additional density that ultimately is contemplated to be developed and applies a value per sq.ft. buildable to that density. This is best used when the type of density can be isolated. In this instance, 100% of the uplift in density is attributable to residential.

The Direct Comparison Approach is challenging in this instance, given the lack of comparable evidence of similar sites to determine both the prior to rezoning status value and rezoned land value. The Land Residual Approach is equally challenging, given the moving parts in terms of design, potential revenue and unique site attributes that have to be dealt with (such as possible sea level rise issues), tanking of underground areas and construction costs that have yet to be quantified in a detailed manner. This approach can be sensitive to a myriad of variables that have yet to be quantified.

The advantages and disadvantages of the approaches are summarized below:

APPROACHES THAT CAN BE CONSIDERED IN DETERMINING LAND LIFTS		
	Advantages	Disadvantages
<b>Market Comparison</b> <i>(existing zoning versus rezoned value)</i>	Good indicator when existing zoning comparables do not have assembly/development potential and there are good comparables sites as if rezoned	Market comparables represent substantially smaller parcels and given the uniqueness of the subject site, too many subjective adjustments would be required to quantify value by the Market Comparison Approach
<b>Land Residual</b>	Good indicator when development plans are finalized and costs of development are known	Sensitive to a myriad of assumptions pertaining to the development, particularly when certain variables are unknown or difficult to quantify in the earlier stages of development
<b>Value for Additional Density</b> <i>(direct comparison)</i>	Good indicator when additional density relates to one type of use (in this case residential) Limited variables	Comparables for the one type of use for the additional density may be difficult to isolate given locational considerations and mixed use nature

The methodology in this case that is most applicable is the Value for Additional Density Approach. It is based upon the assumption that 100% of the lift between the assumed base density “existing zoning” at 1.35 F.S.R. and the likely approved density in the magnitude of 2.94 F.S.R., is for residential use.

As discussed above, the conditional sale for the DWV lands at \$270 per buildable sq.ft. for residential density as zoned perhaps offers the best example, with this price reflecting the unique attributes of this location. This pending transaction was approved and executed in March, 2012. Land values have remained relatively stable over this time period. Larger higher end condominium projects, such as Three Harbour Green fronting Coal Harbour and the Private Residences at Hotel Georgia, both in downtown Vancouver, had significant price reductions to motivate sales over the past 10 months. The anticipated revenue for a proposed development directly impacts the land price. Pricing for high end condominiums is obviously impacted by location, quality, size and layout. These projects target the local and international luxury market, similar to that anticipated for the subject. These projects had transactions in the \$1,500 to \$1,800 per sq.ft range several years earlier with recent transactions in the \$1,100 to \$1,300 per sq.ft. range on average. This suggests at best, the land market for sites proposed to be developed with higher end product is similar to (and likely lower than) values a year or two ago. In this regard, \$270 per sq.ft. buildable for the residential density represents an attractive price relative to current market activity for the end product.

Applying \$270 per sq.ft. buildable to 100% of the increase in density over and above a base F.S.R. of 1.35 produces a *total* land lift of close to \$15,448,000, with 75% of this attributable to DWV. This would realize a CAC to the DWV of **\$11,586,000**.

These calculations are shown on the chart overleaf.

**Lift as it Relates to Increase in Density**

FAR Base	1.35	
FAR Rezoned	<u>2.94</u>	
Net Increase in FAR	1.59	
Assume 100% Residential		
Site Area	35,984	sq.ft.
Increase in FAR	<u>1.59</u>	
Total Buildable Lift	57,215	sq.ft.
Value of Rezoned Land	<u>\$270</u>	(purely residential)
Land Lift	\$15,448,050	
75% to DWV	\$11,586,038	
Recommended CAC Rounded	\$11,586,000	

In order to consider the reasonableness of residential land at \$270 per sq.ft. buildable, we note that land transactions on the West Side of Vancouver, at U.B.C., and in West Vancouver for residential sites to be developed with predominantly high end residential use have sold generally between \$216 and \$240 per sq.ft. buildable. The Mercedes Benz site at 1395 West Broadway sold for a higher land price; this sale has been cited by many local developers as aggressive – there is some short term holding potential and the ability to achieve higher density which would average the land cost down. An off-shore buyer was involved. Sites at U.B.C. have sold at a lower price but often involve participation of revenue with the developer. A recent trade that closed in February, 2013 in West Vancouver, at 1495 Clyde Avenue, was at \$217 per sq.ft. buildable for a much smaller site of 6,832 sq.ft. based upon a maximum F.S.R. of 1.75. It is noted that there are additional costs to achieve density over 1.0 F.S.R. and the developer might not maximize density given that a density above 1.4 to 1.5 F.S.R. might trigger more onerous parking. The potential lower density and cost associated with buying density over 1.0 F.S.R. would reflect a higher price per sq.ft. buildable. Notwithstanding the locational consideration, a smaller site with lower density would reflect a higher price per sq.ft. buildable than a larger site at a higher density, all other factors being equal.

It is thus our opinion that the best example of land value for the uplift in density is that which was paid for the DWV lands at \$270 per sq.ft. buildable.

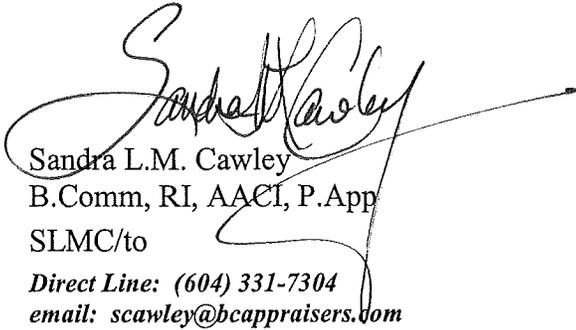
The recommended CAC of **\$11,586,000** indicates just over **\$200 per sq.ft. buildable** for the *marginal or increase in density*. This figure is well in excess of any figures negotiated in the City of Vancouver. Typically, this ranges from \$45.00 to \$75.00 per sq.ft. buildable for mixed use sites and upwards of \$150 per sq.ft. buildable for a view site to be developed with 100% residential. Several large proposed redevelopments indicate CAC on the increased density at figures well below this. For instance, Shannon Mews at 7101-7201 Granville Street in Vancouver, comprises a new development on a site area of 434,230 sq.ft. The total CAC contribution did include an allocation towards heritage restoration and the CAC per sq.ft. of increased density reflected \$69.00. At Arbutus Centre, the CAC negotiated in 2011 was at \$64.00 per sq.ft. buildable, with an increase in density of over 700,000 sq.ft. In downtown Vancouver, Telus Garden indicated approximately \$58.00 per sq.ft. buildable on an increased residential density, and in the 1200 block of Howe Street, the CAC negotiated, including an affordable housing fund and heritage density transfer in excess of 10%, was in the magnitude of \$73.00 per sq.ft. buildable for close to 100,000

sq.ft. of additional residential density. A site at 1300-1320 Richards Street indicated \$147 per sq.ft. buildable for a CAC contribution for 100% residential lift – no commercial is contemplated at this site.

It is our opinion that the above proposed recommended CAC attributable directly to DWV at **\$11,586,000** is a very fair CAC and takes into account the site attributes.

Yours very truly

**BURGESS, CAWLEY, SULLIVAN & ASSOCIATES LTD.**



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