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COBBLE HILL COMMON

PRELIMINARY FINANCIAL FEASIBILITY ANALYSIS + BUSINESS PLAN FOR A PROPOSED SENIORS HOUSING PROJECT

Prepared for: The Cowichan Valley Regional District

July 14th, 2014

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INTRODUCTION



Above: Cobble Hill
Common site

COBBLE HILL COMMON: MEETING THE NEED FOR SENIORS HOUSING

“In Cobble Hill, we have the opportunity to create a model development in the old works yard. This property is perfect for mixed use: park, housing for the aged, and light retail that supports the community.”

- Online Housing Survey Respondent, May 2014

The Cobble Hill Village is a small Cowichan Valley community of approximately 660 residents¹, located ~15km from Duncan’s city centre. The Village has been the subject of an ongoing discussion about the evolving needs of senior residents. Specifically, a site known as the Cobble Hill Common has been identified as a potential future location for a seniors housing facility. The proposal has generated many discussions within and outside the community with respect to the appropriateness of seniors housing in that location. The discussions have led to subsequent studies to examine the viability of the site to accommodate housing for seniors, including an Age-Friendly Plan that was prepared for the Village in 2013, as well as the 2014 Regional Affordable Housing Needs Assessment for the Cowichan Valley Regional District (CVRD).

This report is the first study that examines the preliminary financial analysis of a proposed seniors housing facility for the Cobble Hill Common site, including potential capital and operational costs. A business plan has also been prepared, demonstrating how a potential non-profit housing society could develop and operate the housing project.

COBBLE HILL AGE-FRIENDLY PLAN

The conversations about meeting the needs of seniors within the region led to the preparation of an Age-Friendly Plan for the Cobble Hill Village in 2013. Age-friendly planning is “planning for the full spectrum” and arc of life from infancy through youth, young adulthood, mid-adulthood and senior years.

¹ Census 2011, Statistics Canada



An age-friendly community is one that recognizes the diversity amongst residents by promoting inclusion and responding to age-related needs and preferences.

The Cobble Hill Village Age-Friendly Plan identified seniors as a priority group, including the need for developing seniors-oriented housing. Specifically, the age-friendly plan identified that seniors aging in Cobble Hill have limited choice with respect to aging in their community, many of whom reluctantly relocate to major urban centres, such as Victoria, in order to meet their housing needs. The implications of relocating may include loss of social networks, friendships, and sense of community.

Further, the Cobble Hill Age-Friendly Plan identified a site as a potentially suitable location for seniors housing. “Cobble Hill Common” as it is referred to, owned by the CVRD, was discussed with the community and received many iterations of concept planning. This site and initial concept plan have informed the feasibility analysis and business plan undertaken in this report. In addition, an alternative concept was explored, and described further in later sections.

COWICHAN VALLEY REGIONAL AFFORDABLE HOUSING NEEDS ASSESSMENT

A separate project underway, and certainly related, is the CVRD Regional Affordable Housing Needs Assessment. The objective of this regional housing assessment is to identify current and emerging housing needs of the region, examining the housing gaps and issues, leading towards providing a roadmap to plan for housing in the future. The assessment analyzed key housing indicators for the region and its distinct communities, including Cobble Hill, Mill Bay, Duncan, Ladysmith, North Cowichan, Lake Cowichan, Chemainus, Shawnigan Lake, Thetis Island, and Youbou.

Three reports were prepared for the housing needs assessment. The first report focused on examining the indicators data in the region, including current housing mix, housing tenure, rental prices, housing sales prices, household income and housing vacancy rates. An affordability analysis of what households can afford was also produced as part of this report.

The second report summarizes insights and observations obtained through community and stakeholder consultation.

The third and final report identifies the housing issues and gaps in the region, outlining the preliminary directions for future planning initiatives.

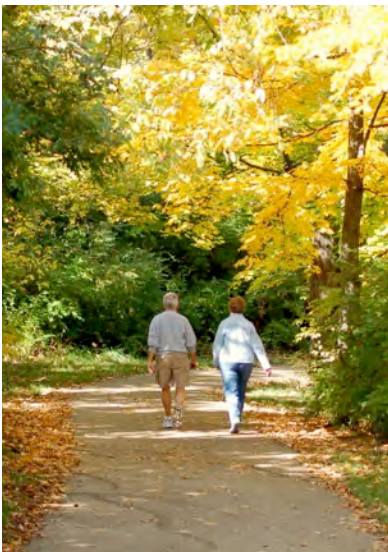
The housing data and insights/observations obtained in reports one and two have informed the Cobble Hill Common Financial Feasibility Analysis and Business Plan. Specifically, market and non-market housing information (where available) is provided and analyzed, as well as the opinions, preferences and needs of the community. This information is recapped further in this report, with implications to the opportunity of accommodating seniors housing on the Cobble Hill Common site in the Cobble Hill Village.



Above: Photos from the Regional Affordable Housing Needs Assessment Consultation



SENIORS HOUSING: NEED + DEMAND



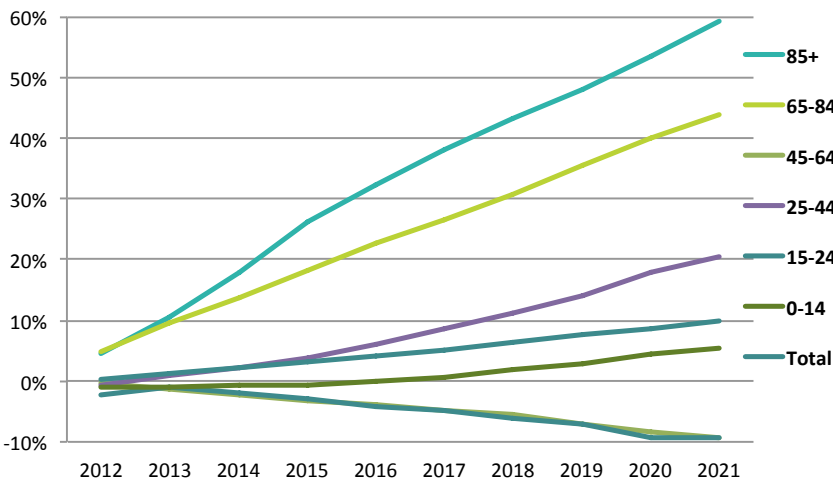
25% of the Cobble Hill Village is comprised of seniors and pre-seniors.

AN AGING POPULATION

SENIORS IN THE VALLEY

The Cowichan Valley region has experienced low population growth levels since 2006. Although that is true for the population at-large, the growth in the number of seniors residents has been on the rise. By 2021, 26% of the regional population will be over 65 years of age, compared to 20% in 2011. This reflects an addition of approximately 7,500 individuals who are 65 years and older to the Cowichan Valley.

FIGURE 1: POPULATION PROJECTIONS BY AGE, CVRD (2011-2021)



The Cobble Hill Village resides in a larger Electoral Area (C), which has 1,430 seniors - 665 of which are over the age of 75. Nearly 30% of Electoral Area C residents are seniors. The postal area for Cobble Hill and surrounding area²

² The postal areas do not necessarily represent the geographic areas of municipalities.



contains 65.5% couple senior households and 34.5% single seniors. In the CVRD as a whole, 54.7% of seniors are couple households and 45.3% are singles living on their own.

An important characteristic of seniors living in the area is tenure. In Electoral Area C, 92.4% of households are owners and 7.6% are renters.

The growing number of seniors in Cobble Hill and the region is reflective of the demographic trends occurring in British Columbia and across the country. The number of seniors aged 65 and over increased by 14.1% since 2006 to nearly 5 million people. This was much higher than the growth rate of children aged 14 and under (0.5%) and people aged 15 to 64 (5.7%). The 60 to 64 age group is the fastest growing senior population, as the first baby boomers reached the age of 65 in 2011. Canada has more centenarians than ever before, up 25.7% since 2006, and is the second most rapidly growing group among seniors.

From the 2011 Census, five out of ten Canadian census subdivisions with the highest proportion of seniors were found on Vancouver Island. The highest share in the country was found in Qualicum Beach, where nearly one in every two people are over the age of 65.

TABLE 1: THE 10 CENSUS SUBDIVISIONS WITH A POPULATION OF 5,000 OR MORE WITH THE HIGHEST PROPORTION OF THE POPULATION AGED 65 AND OVER + COMPARISON TO COBBLE HILL + ELECTORAL AREA C

RANK	MUNICIPALITY	POPULATION 65 AND OVER	DISTANCE TO COBBLE HILL
1	Qualicum Beach, BC	47.2%	112 km
2	Parksville, BC	37.1%	103 km
3	Sidney, BC	36.9%	67 km
4	Elliot Lake, ONT	35.1%	-
5	Creston, BC	33.1%	-
6	Gimli, MN	31.1%	-
7	Nanaimo (Area G), BC	30.9%	105 km
8	Nanaimo (Area E), BC	30.2%	89 km
9	White Rock, BC	29.4%	-
10	Wasaga Beach, ONT	29.1%	-
	Cobble Hill Village	12.0%	-
	Electoral Area C	29.8%	-

Source: Modified from the Canadian Population in 2011: Age and Sex, Statistics Canada



The Cowichan Valley is wedged between 2 regions with the highest proportion of senior residents in Canada



*The Geographic
Catchment Area of this
Feasibility Study is based
on Electoral Area C.*

Across the country, the number of seniors are on the rise and, proportionally, Vancouver Island has the most across the nation. The CVRD has higher average number of seniors compared to the BC average. The significantly high numbers of seniors are living in neighbouring regions of Nanaimo, Parksville, and Victoria. The Cowichan Valley is surrounded (north and south) with increasing number of seniors, and given the migration patterns of seniors relocating across the province to meet their housing, services, and lifestyle needs, there is a chance that a population “spill-over” may occur, to some degree, into the Cowichan Valley.

CHARACTERISTICS OF SENIOR HOUSEHOLDS

In addition to the data, insights and observations obtained through the 2014 Regional Affordable Housing Needs Assessment consultation also revealed local characteristics of senior households in the Cowichan Valley. Respondents suggested that there are increasing occurrences of elderly women living on their own, either by out-living their husbands, or are separated. Respondents also observed an unknown number of seniors living with their adult children.

Living arrangements are important to consider when exploring a housing project with respect to the type, number and configuration of units. Couple households may require one or two bedrooms, and single seniors may require studio or one bedroom units.

Further to the single and couple characteristics, there are interesting trends occurring in aging demographics across Canada. First, people are living longer, healthier lives. In fact, the meaning of ‘senior’ is changing, and not all 65 year olds consider themselves in need of dedicated seniors housing. Throughout Canada, communities are observing more seniors aging-in-place, and living independently on their own. Communities are observing seniors moving into dedicated housing at a much older age than previously seen, around the age of 75 or 80, rather than 65. The housing needs assessment consultation also had comments related to this trend, suggesting that moving into dedicated seniors housing is not preferred by some seniors, unless care is required.

Of course, the trends of living longer, healthier lives and changing housing preferences is primarily responding to households who are financially secure and have choice in the housing market, particularly homeowners. Low-income individuals and families who experience challenging times over the course of their lives (including living situations) tend to age faster. The same is true for persons with mental health and additions issues, or persons with disabilities: they have the least amount of choice in the housing market, and are more likely to require dedicated housing earlier in their senior years compared to others whom have not experienced these challenges, financial or otherwise.

SENIORS HOUSEHOLD INCOME

Gross household income is a key determinant to understanding how much a household can afford to rent or purchase when compared to rental listings and house prices. Median gross income levels are used for this analysis (before

taxes), which represents the midpoint of all household incomes (meaning half of all households earn an income that is less than the median household income, and the other half earn incomes that are above the median).

In the Cobble Hill postal area, the median income levels for senior couples aged 65 and over is \$68,920, which is higher than the region's average median income for senior couples of \$58,876.

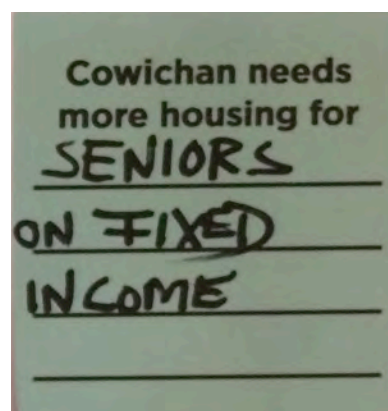
The median income of seniors living on their own is much lower than senior couples. In the Cobble Hill postal area, single seniors have a median income level of \$31,730. This figure is slightly higher than the single seniors median income levels for the region at \$27,575.

TABLE 2: MEDIAN INCOME LEVELS FOR SENIORS 65+ COBBLE HILL AND NEIGHBOURING COMMUNITIES

COMMUNITY (Postal Geography)	SENIOR COUPLES		SINGLE SENIORS	
	#	Median Income	#	Median Income
Cobble Hill	760	\$68,920	400	\$31,730
Duncan	2300	\$57,730	2240	\$24,580
Chemainus	570	\$57,470	490	\$24,890
Lake Cowichan	280	\$49,270	250	\$23,830
Cowichan Bay	240	\$56,620	190	\$30,180
Mill Bay	330	\$67,510	260	\$28,250
Crofton	180	\$53,120	120	\$23,110
Malahat	30	\$65,840	30	\$33,210
Shawnigan Lake	220	\$56,620	170	\$26,670
Thetis Island	40	\$68,540	40	\$28,120
Youbou	60	\$58,930	40	\$30,670
Ladysmith	1250	\$57,940	950	\$25,660
CVRD	6260	\$59,876	5180	\$27,575

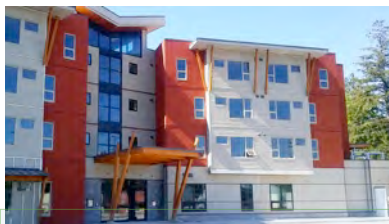
Source: Statistics Canada, Family Data Tables (Before Tax), Taxfiler, 2011

The income levels of couple and single senior households over the age of 65 will be used as a basis for the housing affordability analysis in this report.



*Post-It Note Comment
(above) from the CVRD
Regional Affordable
Housing Needs
Assessment Consultation*





Ts'i'ts'uwatul Lelum (above) is an Aboriginal elders and seniors assisted living facility in Duncan, operated by M'Akola Group of Societies. Located 14km from Cobble Hill, this building has 46 one-bedroom and 4 two-bedroom units offered at 70% of tenant's after-tax income. Many amenities and services are located within a short walking distance to the building, and transit services are expected along the main access point (Allenby Road). Ts'i'ts'uwatul Lelum recently received an Award of Excellence from the Vancouver Island Real Estate Board Building Awards (2013)

SENIORS HOUSING IN THE REGION

SENIORS HOUSING SUPPLY

According to the recent (2013) CMHC Seniors Housing Report, there are currently more than 2,700 housing units dedicated to seniors in Central Vancouver Island³, including studio, one-bedroom and two-bedroom units. The majority of these units are privately owned and managed, consisting of both independent living spaces (less than 1.5 hours of assisted care per day) and heavy care spaces (more than 1.5 hours of assisted care per day). Non-market independent living spaces (subsidized) account for 430 units (16%) of the total.

TABLE 3: CURRENT NUMBER OF SENIORS HOUSING UNITS BY TYPE, CENTRAL VANCOUVER ISLAND (2013)

	STUDIO	ONE-BEDROOM	TWO-BEDROOM	TOTAL UNITS BY TYPE
Independent Living Spaces	256	861	150	1,267
Non-Market Independent Living Spaces	166	264	-	430
Heavy Care Spaces	1,007	4	-	1,011
TOTAL NUMBER OF UNITS:				2,708

Source: Seniors Housing Report, CMHC, 2013

The inventory of seniors independent living spaces in the Duncan/Cowichan area has seen a steady decrease in vacancy rates for one-bedroom units, from 6.3% in 2010 to 3.3% vacancy in 2013. Studio units dedicated for independent seniors is also low (2.7%). Assuming these absorption trends continue, there may be an increased demand for studio and one-bedroom independent living spaces in Duncan/Cowichan by 2016.

Heavy care spaces for seniors (which require onsite support services such as medical/nurses and meals), has a relatively low vacancy rate for the Central Vancouver Island area (2.1%). The neighbouring region to the south, Greater Victoria, currently has a heavy care space vacancy rate of 1.2%.

The rental prices for seniors independent living units are lowest in Duncan/Cowichan area compared to the rest of Vancouver Island, with average rents of \$1,569 for studio units and \$2,574 for one-bedroom units. The most expensive area, on average, is the Saanich Peninsula at \$2,505 and \$3,353, respectively.

³ Central Vancouver Island is an intermediate geography category that includes the CVRD, the Nanaimo Regional District, Alberni-Clayquot Regional District, and the Census Agglomerations (CA) of Duncan, Nanaimo, Parksville, and Port Alberni.

OTHER MARKET HOUSING

Seniors in the region have been known to live in housing not necessarily dedicated to their age group. Seniors live in the private market, owning or renting homes across all housing types including single-detached, condos, and manufactured or mobile homes.

Rental prices for the general private market housing stock is much lower than dedicated, seniors-oriented housing. CMHC maintains rental statistics reports for select communities and, for the Cowichan Valley, only reports on purpose-built rental data for Duncan Census Agglomeration (CA), which includes parts of North Cowichan and South Cowichan. The CMHC 2013 report revealed the average rents in Duncan ranged from \$524 for studios to \$891 for 3 bedroom units.

To supplement the CMHC rental data and to gain a sense of the rental prices in the Cobble Hill Village, a scan of rental listings through various online sources was undertaken over a two-week period in March, 2014. Recognizably limited, the scan presents a snapshot of the cost of renting in Cobble Hill as well as the CVRD region for comparison.

TABLE 4: RENT LEVELS SNAPSHOT, COBBLE HILL + CVRD (2014)

	AVERAGE RENT 1 BDRM	AVERAGE RENT 2 BDRM
Cobble Hill	\$880	\$1,038
CVRD	\$731	\$925

Source: Listings from Craigslist, Kijiji, Used Cowichan, BC Classifieds and Cowichan Valley Citizen. Compiled by CitySpaces, May 12 to 20, 2014. Note: CVRD average includes both Cobble Hill and Duncan, as well as the communities of North Cowichan, Ladysmith, South Cowichan, Lake Cowichan, Chemainus, Crofton, Thetis Island, Cowichan Bay, Mill Bay, Malahat, Shawnigan Lake, and Youbou.

When compared to the median income levels of couple and single senior households, the average rents will help determine the amount of rent seniors can afford. This affordability factor will inform the feasibility analysis of the proposed Cobble Hill Common site with the range of rents that could be allocated to the units and that would be within reach of seniors in need of housing. It will also inform the price point required to cover the mortgage and other costs such as maintenance and property taxes.

SENIORS HOUSING AFFORDABILITY ANALYSIS

Affordability is the relationship between household gross median income (before tax), and the estimated income available for renting a place to live. Using CMHC’s standards, housing is considered unaffordable if a household spends 30% or more of its gross income on shelter costs, which includes rent and any payments for electricity, water, and other municipal services.



*Sherwood House (above)
is an independent seniors
home in Duncan*





Single seniors are considered to have the least choice in the private housing market in Cobble Hill and in the region. For those single seniors earning below the median income, private market housing may be unaffordable

Households spending greater than 50% of their gross income on shelter fall below the housing standards of affordability and considered to be in core housing need.

Median income levels for seniors in the Cobble Hill postal area and the CVRD (as described in the Seniors Household Income section of this report) are used for this analysis. The table below illustrates median income levels for senior couples, and the amount of rent they can afford at 30% of their gross income.

TABLE 5: RENTAL AFFORDABILITY FOR SENIOR COUPLES

	MEDIAN ANNUAL INCOME	MEDIAN MONTHLY INCOME	AVAILABLE FOR RENT (30% OF INCOME)	AVG RENT 1 BDRM	AVG RENT 2 BDRM
Cobble Hill	\$68,920	\$5,743	\$1,723	\$880	\$1,038
CVRD	\$59,876	\$4,990	\$1,497	\$731	\$925

Given the average rental prices for one and two-bedroom units in Cobble Hill and the region, senior couples earning the median income or more should be able to pay for rent without going above the 30% affordability threshold. Single seniors, however, are more challenged to pay market rents, as demonstrated in the table below.

TABLE 6: RENTAL AFFORDABILITY FOR SINGLE SENIORS

	MEDIAN ANNUAL INCOME	MEDIAN MONTHLY INCOME	AVAILABLE FOR RENT (30% OF INCOME)	AVG RENT 1 BDRM	AVG RENT 2 BDRM
Cobble Hill	\$31,730	\$2,644	\$793	\$880	\$1,038
CVRD	\$27,575	\$2,298	\$689	\$731	\$925

Cobble Hill seniors living on their own earn a lower median income compared to senior couples, and have less income available to use towards the cost of housing. The average rental price of \$880 for a one bedroom unit can be afforded by a single senior earning the median income if they pay upwards of 40% of their earnings towards rent.

As many as 200 single seniors in the Cobble Hill postal area earn less than the median income, and technically could not afford the average rental price of a one bedroom unit in the private market (at 30% of their income). Though, the majority of these households are likely homeowners, which could be a financial asset when looking to downsize to a condominium or rental unit.

RENT SUPPLEMENTS

Further affordability analysis determined that approximately 1 in 5 single seniors living in the Cobble Hill postal area fall below BC Housing's standard Housing Income Limits (HILs - previously known as the Core Need Income Thresholds, or CNITs). HILs outlines the income required for households to pay the average market rent by size of unit in the private market. Seniors have a special cut-off which has a higher cut-off than the HILs, known as the Seniors Rental Housing Income Limits (SRH). This cut-off is used for approving seniors into subsidized seniors housing and, for the Vancouver Island region, the cut-off is \$57,000 gross income.

Low-income seniors in Cobble Hill and the region may be eligible for rent subsidy. BC Housing provides rent supplements to seniors, known as the Shelter Aid for Elderly Renters (SAFER) program. The subsidy is available to low-income seniors aged 60 and over to make private market rents affordable. At the time of this study, there were a total of 308 SAFER recipients in the Cowichan Valley region, 6 of which were found in Cobble Hill. Seniors who own their homes are not be eligible for a subsidy.



Trillium at Acacia Ty Mawr is a seniors housing facility located in Shawnigan Lake, specializing in dementia care

TABLE 7: SAFER RECIPIENTS IN COBBLE HILL + REGION

COMMUNITY	# OF SAFER RECIPIENTS
Cobble Hill	6
Duncan	173
Chemainus	42
Lake Cowichan	13
Cowichan Bay	8
Mill Bay	5
Crofton	9
Malahat	2
Shawnigan Lake	8
Thetis Island	1
Mesachie Lake	1
Youbou	0
Ladysmith	40
CVRD TOTAL	308

Source: BC Housing, Unit Count Pivot Tables, December 31st, 2013

The SAFER subsidy has a maximum threshold. For singles, the maximum threshold is \$2,223; for couples \$2,323, and for shared accommodation \$1,776. The maximum threshold means that BC Housing will subsidize a senior



tenant to a maximum price and, if the unit rent exceeds the subsidy and the 30% income of the tenant, than the tenant needs to pay the difference. In essence, SAFER does not necessarily provide 100% subsidy nor does it guarantee subsidizing every rent so that it meets the 30% of a seniors household income. SAFER can be very helpful to seniors, but has limitations.

Given the affordability analysis of single seniors living within the Cobble Hill postal area, there are likely candidates for the SAFER program who are unaware of the program and who could be eligible.

In addition to the SAFER program, BC Housing offers other housing programs for seniors to age-in-place or secure affordable and suitable housing:

- **Home Adaptations for Independence:** This program offers financial assistance to seniors for home modifications to improve accessibility and promote safe and independent living. This program is offered for low-income persons (of any age, including seniors) with a permanent disability or diminished ability, and who are living in a home they own. Renters are also eligible, but would need the landlord to apply on their behalf.
- **Seniors Rental Housing:** This program provides long-term affordable housing for seniors, using the rent geared to income (RGI) calculation in order to offer rents at 30% of gross income. The difference between SAFER and the seniors rental housing is that SAFER is attached to the individual who can apply their subsidy to any unit in the private market, while the Seniors Rental Housing is attached to a specific unit. Often, seniors will apply to both the SAFER and Seniors Rental Housing Program at the same time in order to receive SAFER benefits while waiting for a permanent Seniors Rental Housing unit to become available. In addition, seniors over the age of 55 are eligible for the Seniors Rental Housing program, while SAFER's eligibility begins at age 60.
 - The Seniors Rental Housing program uses the SRH Housing Income Limits as a guide for eligibility. For Vancouver Island, the limit is \$57,000 (gross income).
- Similar BC Housing programs to the Seniors Rental Housing program are the **Assisted Living Program** and **Seniors Supportive Housing Program**. These programs are catered to seniors who require onsite support.

WAIT LISTS

There are currently 467 subsidized units for frail and low-income seniors in the Cowichan Valley. The majority of those seniors subsidized units are in Duncan (288), followed by Chemainus (78), Ladysmith (61), and Lake Cowichan (34). There are zero subsidized seniors housing units in the Cobble Hill Village. At the time of this study, there were 17 seniors on the wait list for non-market seniors housing in the Cowichan Valley, and zero in the Cobble Hill Village. Further wait lists for seniors housing in the Cowichan Valley was investigated through telephone inquiries, and outlined in the following table.



TABLE 8: WAIT LISTS FOR SENIORS HOUSING IN THE REGION

BUILDING	LOCATION	DESCRIPTION	RENT	WAIT LIST
Non-Profit Seniors Housing				
Abbeyfield Houses Society of Duncan	Duncan	8-unit, affordable independent living: meals and cable included	\$1,396	1 person or couple - variable wait times
Duncan Kiwanis Village Society	Duncan	7-unit, affordable independent living	30% of income	Ongoing wait list - preference given to those most in-need
Private Market Seniors Housing				
Acacia Ty Mawr	Shawnigan Lake	35-unit care home for seniors living with dementia	80% of income	Referred by IHA
Alpenrose Manor	Duncan	Independent living for seniors, with meals and light housekeeping	n/a	n/a
Deertrail Cottage	Duncan	9-unit independent and supportive living residents for seniors	\$4,300	Two 1-bedroom units available
Dovehill House	Chemainus	independent living for seniors	Single bed room - \$3,000 Double bed room - \$4,500	n/a
Heritage Manor Care Home	Duncan	5-unit supportive care for seniors	\$3,000 for semi-independent \$3,600 - for persons w/ dementia	Calls turned away until bed becomes available - timing varies. Often calls IHA for referral when bed becomes available
Lynn's Senior Care	Ladysmith	2-unit semi-independent living for seniors on a large acre estate. Third room available for room and board.	n/a	n/a
Nana's Guest House	Lake Cowichan	Licensed 24-hour care for seniors. Respite care available	n/a	Two 1-bedroom units available
Sherwood House	Duncan	62 unit semi-independent and supportive care for seniors. 3 meal and light housekeeping provided	\$2,840	One 1-bdrm unit available
Wedgwood House	Duncan	Independent living for seniors, with evening meals and light housekeeping	n/a	Two 1-bdrm units available
Villa del Sol	Mill Bay	24-hour supportive seniors care facility, including respite care. Palliative and dementia care provided	n/a	n/a



BUILDING	LOCATION	DESCRIPTION	RENT	WAIT LIST
Ts'i'ts'uwatul Lelum	Duncan	Independent seniors living, 46 one-bdrm, 4 two-bdrm units for Aboriginal elders and seniors. 2 meals per day and light housekeeping provided	70% of after-tax income	Selection by IHA
Provincial/Health Authority Seniors Housing				
IHA Assisted Living	Regional	Priority is given to seniors in urgent need	n/a	Selection by IHA
IHA Residential Care	Regional	Priority is given to seniors in urgent need	n/a	Selection by IHA

Source: CitySpaces phone call inquiries during the months of May and June, 2014

The wait lists for seniors housing units in the region varies considerably. The majority of seniors housing facilities rely on the Island Health Authority (IHA) to maintain wait lists numbers, and case workers match seniors to housing when a unit or bed that suits their needs becomes available. The few independently operated independent seniors living homes indicated that they have an opening for one person (or couple) during the time of the inquiries. However, they indicated that the availability and turn-aways vary considerably depending on the health conditions of their clients. In any case, the seniors housing facilities in the region tend to swing between completely full with a short waiting list to one or two units available.

There are a two affordable housing options for seniors in the region:

- Duncan Kiwanis Society (independent living) - rent is 30% of income
- Abbeyfield House (independent living) - rent is ~\$1,400/month

With the exception of the above two buildings, the majority of seniors housing complexes in the region are rented between \$2,800 and \$4,300 per month. Seniors who are independent and require less care typically fall within the lower end of the rent range, while seniors requiring daily support and seniors with complex health needs (such as dementia) typically have higher housing costs. There are opportunities for seniors to apply for a rent supplement (SAFER) towards housing in the private market, but each buildings' rent model is different and not all accept SAFER if they already have some other form of subsidy (e.g. Ts'i'ts'uwatul Lelum is subsidized and does not accept SAFER).

DEMONSTRATED NEED

The characteristics of the seniors population in Cobble Hill and throughout the Cowichan Valley provide an indication of housing required to meet their distinct needs. Specifically, the analysis thus far suggests:

- Although Cobble Hill and Electoral Area C demonstrates a rise in the number of seniors, the absolute number is relatively small (1,430). The



primary growth in number of seniors is coming from neighbouring communities such as Duncan, and extensively in neighbouring regions of Greater Victoria and North Nanaimo/Parksville/Qualicum Beach.

- Migration patterns of seniors looking for appropriate, suitable and affordable housing options suggests that Cobble Hill could attract seniors in need of housing should units be available, although this is not guaranteed and could be considered a risk.
- 2/3^{ds} of senior households in the Cobble Hill postal area are couples, and the other third are single. Regionally, the ratio is just over half senior couples and half single seniors.
 - Future housing for seniors should reflect the mix of the household arrangements with one and two-bedroom units. Studio units can work, too, but often fall short on accessibility standards. Given senior household arrangements, three bedroom units would not be suitable for the senior population.
- Senior couples would likely be able to afford market rents given their median incomes in the Cobble Hill postal area and the Cowican Valley region. As many as 200 single seniors in the Cobble Hill postal area earn less than the median income, and technically could not afford the average rental price of a one bedroom unit in the private market (at 30% of their income). However, given the ownership rates of 65+ in the region (92.4% in Electoral Area C), a large number of these seniors would likely be homeowners and have equity in their home. It is likely that the majority of these senior households would have their mortgages paid off, with primary housing expenses being property taxes and utilities. These seniors would have the opportunity to sell their home (asset) and use the equity towards purchasing another home, or create a 'nest egg' towards rental housing.
 - The high ownership rates and, therefore, asset potentials of seniors in the Cobble Hill and Electoral Area C suggests that affordable rental housing would not be the targeted housing form for seniors living in this area. Condominium ownership or private rental (at market rates) would be more appropriate.
- Although there are zero Cobble Hill residents on the wait list for subsidized seniors housing (and a very low wait list in the region - 17 total), considering designating some units as rent geared to income (RGI) or allocating units to SAFER recipients would be beneficial to low-income seniors in need of housing.
- Given the changing nature of senior demographics, the likely age of seniors entering into dedicated seniors buildings in this location would start at the age of 70, even though seniors housing programs are offered as early as 55 and 65 years of age. A dedicated building for independent seniors should give preference to seniors 70+; however, age requirements should be flexible in order to ensure optimal occupancy.

The demonstrated need associated with seniors living in the region have informed the financial feasibility and business plan for the Cobble Hill Common site, detailed in the following section.



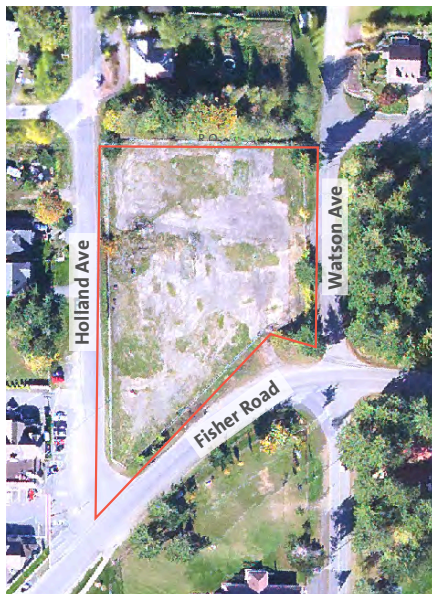
TARGETED GROUP:

There is a demonstrated need to accommodate the growing number of seniors in the region. The targeted group to house would be a mix of independent, couple and single seniors over the age of 70 (age flexible). One-bedroom units are the most appropriate unit type to accommodate this group. A small number of two bedroom units would also be included to accommodate household arrangements with that need or preference.



COBBLE HILL COMMON

FIGURE 2: AIR PHOTO OF SITE



A POTENTIAL SITE FOR SENIORS HOUSING

The growth of the seniors population in the Cobble Hill Village (and the Cowichan Valley), as well as the evolving needs of seniors, has led to conversations about opportunities to house seniors. Specifically, the Cobble Hill Common site has been identified as a potential future home to seniors in the Village, so they can age while remaining connected to their community. This section of the report documents the site description, development potential, constraints and concepts of developing seniors housing on the Cobble Hill Common site, followed by a financial analysis and viability conclusion.

SITE DESCRIPTION

Cobble Hill Common (the site) is located in the quaint Cobble Hill Village in the CVRD, located approximately 15km from Duncan's city centre. It is bounded to the north by Fairfield Road, an undeveloped road Right of Way (ROW), by Holland Avenue to the west and Watson Avenue to the east, and by Fisher Road to the south.

The site is approximately 1.6 acres (6,457 m²) in size. Owned by the CVRD and previously used as a public works yard, the site is currently cleared and undeveloped. The grade changes about 5 metres, sloping an average of 6% down from Fairfield Road to Fisher Road. The community has bonded over the land and, in recent years, have planted edible vegetation including fruit trees.

Surrounding uses include a general store, pub and liquor store, auto service and gas station, community hall and fair grounds, along with a variety of services (village commercial), as well as detached and rural residential. To the west of Cobble Hill Village is park and forested lands.

Three phases of Environmental Assessments were undertaken in 2009, and identified salt contamination on the front portion of the site. Development of the land for future institutional use is considered a low environmental risk, but would require a Certificate of Compliance from the Ministry of Environment.



PLANNING CONTEXT

The site is designated Parks and Institutional in the Official Community Plan, and is zoned P3 Village Institutional 3. Permitted uses under this zoning bylaw include: multiple family dwelling, commercial uses on the ground floor of a building, child care/group daycare, community centre, institutional use, office, personal service and recreational use.

The following table outlines the development requirements for this zone, which, on this site, would permit up to a 4 storey building (12m), a density of 29 units and a lot coverage (at 30%) of 1,937 square metres.

TABLE 10: ZONING INFORMATION

DESCRIPTION	PERMITTED
Current Zoning:	P3 Village Institutional 3
Lot Coverage:	30% parcel 35% impervious
Density (FAR):	45 units per hectare (multi-family)
Height:	12 m (4 storeys)
Setbacks:	
Front yard	4.5 m
Interior side yard	3.0 m
Exterior side yard	4.5 m
Rear yard	3.0 m
Parking:	
Commercial (office or community service)	1 space per 35 m ²
Residential (seniors)	1 space per 3 units



Cobble Hill Common is surrounded by detached and rural residential (pictured above), and some village commercial uses

SITE + DEVELOPMENT OPPORTUNITIES

The Cobble Hill Common site presents immediate development potential, given the following features:

- The site is currently owned by the CVRD, and could likely receive development incentives to reduce the overall cost of development, such as waived development permit fees.
- Although the sloping site presents minor design challenges in terms of building siting and pedestrian/vehicular access and circulation, the site is relatively flat, and would require minimal grading/earthworks.
- The site is accessible from three sides, which is useful for accessing the site during construction, as well as for access to parking when the building is complete.



One of the potential challenges to developing seniors housing on the Cobble Hill Common site is the distance to amenities and transit stops

Location is a key consideration for locating new businesses, community services, and housing. Dense centres are usually preferred for their walkability, wide population reach, and ability to generate revenue

- The site's location in Cobble Hill Village, with charming shops in a picturesque, rural setting, gives it a close-knit community feel that may be appealing to seniors looking for that type of living environment.
- Proposing a mixed-use building, with predominately residential use supported by ground-oriented flex/leasable space, would complement the existing businesses along Fisher Road as well as provide additional new services and amenities that all residents in Cobble Hill could benefit from.
- The number of seniors in the region is growing, and subsequently seniors-oriented housing demand will increase in the region. Given the seniors population growth, new seniors housing would likely be supported.

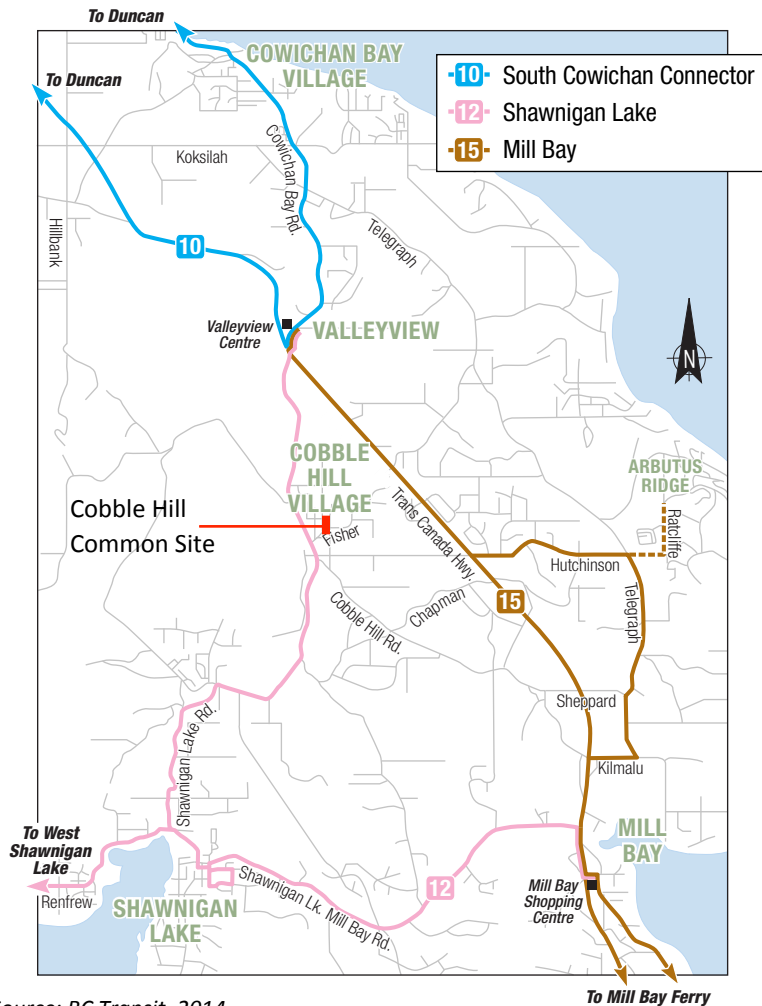
SITE + DEVELOPMENT CHALLENGES

Some of the constraints related to developing the site include:

- A non-profit housing society or other organization has not yet been identified to manage a future seniors rental housing project on the Cobble Hill Common site. This is challenging in a number of respects, given that the ability to acquire financing to fund capital and operating costs, and ability to offer dedicated affordable units to low-income tenants (should that be desired) relies on the financial stability of the organization.
- Small communities may not be able to support a surplus of flex space/businesses/services if there is not enough population in close proximity. Retail and other commercial uses are more successful in medium to high density centres. Community services, such as clinics and pharmacies, also thrive in areas with high concentrations of people and activities. For this reason, it may be challenging to attract businesses or community services to the proposed Cobble Hill Common location, as more dense centres (such as Duncan and Mill Bay) have a wider reach and may be more profitable/financially sustainable. As such, the flex/leasable space has a medium to high risk of experiencing vacancy and/or has a low revenue generating potential (subject to a regional real estate market analysis).
- Although the number of seniors is growing in the region, the absolute number of seniors in Electoral Area C is, relatively, very low (1,430). The seniors rental housing project would likely need to attract seniors from outside of the Cobble Hill area (including neighbouring regions) in order to fully optimize the number of units and, ultimately, generate enough rent revenue to cover operational costs.
- The presence of salt contamination limits the developable area of the site to the rear yard of the lot.
- Key amenities and services, such as a grocery store, medical offices or pharmacy, are not readily accessible unless by vehicle or transit. These amenities are located in other community nodes such as Duncan, Shawnigan Lake, Mill Bay (shopping and entertainment) and Valleyview (groceries and medical retail).
- The low walk score of the Cobble Hill Village provides less mobility/commuting options for seniors, making them more reliant on transit services. Transit connectivity in Cobble Hill Village has been reported as limited and infrequent by residents both from the 2013 Age-Friendly Plan as well as from the 2014 Regional Affordable Housing Needs Assessment consultation.



FIGURE 3: REGIONAL MAP FOR SOUTH COWICHAN



Source: BC Transit, 2014

- Access to transit in Cobble Hill Village is served by Route 12 - Shawnigan Lake. The bus route operates 7 days a week, providing service every 2 to 3 hours between 6am and 6:30pm on weekdays, with limited service on weekends (2 scheduled stops per day).
 - Route 12 directly connects to Valleyview Centre - a mixed-use community node that is anchored by commercial development, including a small medical retail cluster. There is potential for seniors to access amenities and services by taking transit from Cobble Hill Village to Valleyview. Earlier studies, such as the Age-Friendly Plan, reported long commute times and infrequent service for seniors using the Route 12 bus.
 - The existing Cobble Hill Village bus stop is located on Cobble Hill Road near the Fisher Road intersection. It is ~350m from the Cobble Hill Common site, or approximately 5 minute walking distance. The route between the site and the bus stop along Fisher Road is relatively flat, but does not have a continuous sidewalk. The pedestrian crosswalk is well-marked, but does not have a traffic light. Heavy traffic has been reported at peak commute times. Although the transit stop is within walking distance to the Cobble Hill Common site, crossing the street may be challenging for some seniors with mobility issues. Should



The 2013 Age-Friendly Plan consulted with seniors about transportation challenges in Cobble Hill. Participants identified Mill Bay as their shopping centre of choice due to its complete, mixed-use development pattern. Valleyview was recognized as a close alternative, but has yet to mature with a variety of services and amenities desired by seniors





some seniors ‘age-in-place’ at the proposed Cobble Hill seniors housing, their mobility may be reduced over time, resulting in access to transportation be made available directly onsite. As such, 350m might be too far for the some tenants, especially during the winter season where snow and ice occur on occasion.

- Although transit connectivity from Cobble Hill to Valleyview and Mill Bay, there are reports (i.e. Age-Friendly Plan) indicating that seniors living in Cobble Hill need to travel far for medical appointments, as far as Victoria. Since the passenger rail service was discontinued, and due to limited transit, traveling between Cobble Hill and Victoria is very challenging for seniors. There are better connection points to Victoria from Duncan (Route 66), which stops in Valleyview. The bus leaves Duncan four times between 5 and 6:40am, with four returns between 4 and 5:30pm.

COBBLE HILL COMMON HOUSING DEVELOPMENT CONCEPTS

Two concepts have been examined from a design, financial analysis, and viability perspective for the Cobble Hill Common site.

CONCEPT ONE

The first concept was prepared in 2013 as part of the Cobble Hill Age-Friendly Plan. Prepared by Island Planning Services, a series of concept options were generated for seniors housing on the Cobble Hill Common site. Following community consultation, Option U was identified as the preferred option, permitting 25 to 35 seniors rental housing units, with a mix of studio, one bedroom and two bedroom units.

Based on the proposed mix and units for concept one, the building would likely be 3 stories in height, averaging about 9 units per floor.

The table below outlines the assumptions of this seniors rental housing development concept, including unit size and net building area. As unit sizes were not identified in the Age-Friendly Plan report, the unit sizes for this concept reflect the *BC Housing Design Guidelines and Construction Standards* (2012). The total gross area for the residential building component is estimated to be 16,600 square feet (1,542m²).

TABLE 9: CONCEPT ONE DEVELOPMENT SUMMARY

UNIT MIX	# OF UNITS	NET SIZE UNIT (SF)	TOTAL NET AREA (SF)
Studio	10	350	3,500
One Bedroom	14	585	8,190
Two Bedroom	2	795	1,590
Total/Average	26	511	13,280



The Option U concept from the Age-Friendly Plan is thoughtfully designed, locating the building towards the rear of the site (toward Fairfield Road), with a large park-like area along Fisher Road. The single-loaded corridor runs along the north (Fairfield Road ROW) side of the property to provide the units with views facing south toward the park and the fairgrounds across Fisher Road. The figure below illustrates the concept as originally prepared in 2013. For a larger image of the concept, please see Appendix A.

FIGURE 4: COBBLE HILL CONCEPT ONE



Source: Cobble Hill Village Age-Friendly Plan, Island Planning Services + Gemella Design, 2013

CONCEPT TWO

Concept Two is an alternative concept to the one originally proposed as part of the Age-Friendly Plan, in order to have a point of development comparison. Given the demand for one-bedroom units, and given that one-bedroom units are suitable to both single seniors and most senior couples, this concept presents a higher ratio of one bedroom units altogether. Studio units tend to be small, and are less likely to be accessible for an aging population or adaptable for wheelchair accessibility. As such, this option allocates space towards units in greater demand by the seniors population.

TABLE 10: CONCEPT TWO DEVELOPMENT SUMMARY

UNIT MIX	# OF UNITS	NET SIZE UNIT (SF)	TOTAL NET AREA (SF)
One Bedroom	24	585	14,040
Two Bedroom	5	795	3,975

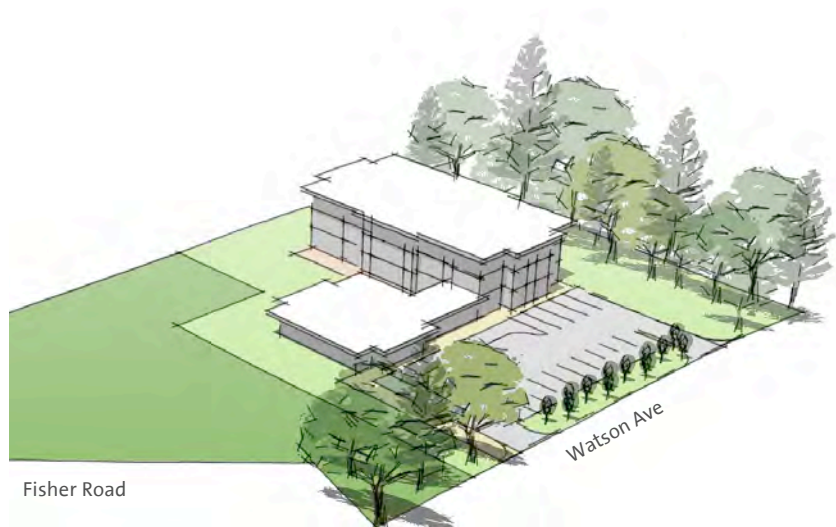


UNIT MIX	# OF UNITS	NET SIZE UNIT (SF)	TOTAL NET AREA (SF)
Total/Average	29	621	18,015

The alternative Concept Two achieves maximum density under the existing zoning at 29 units: 24 dedicated for one-bedroom units (~585 square feet each), and 5 for two-bedroom units (~795 square feet each). Net unit sizes again reflect the *BC Housing Design Guidelines and Construction Standards*.

The total gross area for the residential component for Concept Two is an estimated 21,258 square feet (1,975m²), including a common amenity room. Although the current zoning would permit up to 4 stories in height, the height is limited to 3 stories in order to fit with the character and scale of adjacent land uses. The figure below illustrates Concept Two in both 2 and 3 dimensions. For a larger image of the concept two, please see Appendix B. Please note that the renderings and drawings for Concept Two illustrate the potential development build-out given the density, height, and site coverage parameters. The illustration need not be the final configuration of the concept, as that configuration can be realized during the detailed design and schematic drawing phase of the project.

FIGURE 5: COBBLE HILL CONCEPT TWO (ALTERNATIVE)



Rendering Prepared by CitySpaces Consulting, 2014



Drawing Prepared by CitySpaces Consulting, 2014

In addition to the residential units, Concept Two allocates 3,391 square feet (315m²) of flex space for community rental or leasable area for community services or retail.

FINANCIAL ANALYSIS

A series of development assumptions have been referenced in preparation of the financial analysis of a proposed seniors housing development at the Cobble Hill Common site: construction-related assumptions and financial assumptions.

CONSTRUCTION-RELATED ASSUMPTIONS

The financial analysis of the proposed seniors housing development project at the Cobble Hill Common site is based on a number of construction-related assumptions. Specifically, base square foot construction costs are founded on BC Housing's Social Housing Cost Target Framework (2012) for the Vancouver Island Region, and are summarized as follows:

- **Residential Construction:** The estimated base hard cost is \$151 per square foot, using \$135 per square foot for wood frame construction costs (with surface parking) *plus* a geographic factor of 8% for the South Vancouver Island region (the index is Vancouver Island) *plus* a construction cost escalation factor of 4% (2% per year from 2012 to 2014).
- **Community/Commercial Flex Space Construction:** The estimated base hard cost is \$129 per square foot, using \$135 per square foot for wood frame construction costs (with surface parking), *deducting* \$20 per square foot for providing only a 'shell', and *adding* a geographic factor of 8% and a cost escalation factor of 4%.





- **Site Finishing:** An allowance of \$200,000 is made (\$10,000 x 20 parking spaces) for site finishing, including lamp standards and curb barriers.
- **Site Development:** This is a lump sum allowance of \$250,000 to allow for any site development costs (this may include soil remediation).
- **Municipal Fees, Services and Connections:** This is another lump sum allowance of \$250,000 that accounts for building permit fees, as well as service connections and any development upgrades required by the CVRD.
- **Contingencies:** An escalation factor of 4% (2% per year from 2014 to 2016) is used, assuming construction would start in 2016. The analysis also assumes a construction contingency factor of 5%.
- **Furnitures, Fixtures and Equipment (FFE):** The cost estimate includes an allowance of \$25,000 for furniture for the front lobby and common amenity room, as well as maintenance and other equipment. Appliances are typically included in the per square foot base construction costs.
- **Soft Costs:** This is an estimated 18% of the hard costs, and covers design and engineering consulting fees, municipal fees (such as Development Permit, if required), as well as administration, legal, financing and insurance costs.
- **GST Payable:** The estimated 1.75% GST payable assumes the non-profit housing provider is eligible for rebates.

All costs are order of magnitude for preliminary discussion purposes, and are subject to further estimates by a professional Cost Consultant.

FINANCIAL ASSUMPTIONS

- **Mortgage Rates:** Financing could be secured through BC Housing and the rates applied are generally based on rates under the Community Partnerships Initiative (CPI). For 2016, likely the earliest construction start time, short-term construction loan rates are forecast to be 3.8% and long-term take-out financing rates are set at 6.0%. However, given the mortgage trends over the past two years and that the rates are not anticipated to increase as quickly, a long term rate of 5.0% is applied here. A higher interest rate would reduce the potential loan amount.
- **Lending Terms/DCR:** To meet BC Housing's lending terms for below-market rents, a minimum debt coverage ratio (DCR) of 1.1 is required. The following formula is used to calculate the DCR:

$$(\text{Total Income minus Total Expenditures}) / \text{Mortgage} = \text{DCR}$$

- **Operating Expenditures:** Expenditures are based on the estimated per unit per month (PUPM) costs for a housing provider that operates other projects on the Island to apply economies of scale. An exemption is anticipated for property taxes, and the provision for replacement reserve is estimated at \$720 per unit per year.
- **Inflation Factors:** Annual inflation-related increases of the estimated operating costs include 2.5% for operating expenses and 2.0% for salary increases. Anticipated annual increases in revenue include 3.0% for residential rent and 1.0% for commercial rent.



- **Contingency for Vacancy Loss:** A contingency of 1.0% for residential rents and for commercial rents is allocated for vacancy loss each year.
- **Land Cost:** The CVRD currently owns the land. Further discussions with the Regional District would be required to confirm a price or discount, and whether the land would be leased or owned. For the purposes of this analysis, it was assumed that land would be provided at nominal cost.
- **Flex Space Lease Rates:** The lease rate, for the purposes of this analysis, is estimated to be \$10 per square feet, and is subject to further review, depending on the tenant and the use. Triple net rents and operating costs for the flex space are not factored into the financial analysis, as these are assumed to be paid by the tenant.
- **Rent Revenues:** Rents are based on the market average rents found in Cobble Hill and the region, and adjusted for new construction. As such, rents for the one-bedroom units are estimated to be an average \$880 per month, and rents for two-bedroom units are estimated to be an average \$1,038 per month.

Concept One, from the 2013 Age-Friendly Plan, would have a capital price tag of about \$4.17 million

This financial analysis assumes the proposed housing project would offer units at market rate, potentially dedicating a small portion of the units to seniors receiving a SAFER subsidy (which would still equate to market rates in terms of revenue).

COST ANALYSIS OF DEVELOPMENT CONCEPTS

Concept One

Based on the assumptions and gross floor areas noted in the previous sections, the capital cost for concept one (originally prepared in 2013 for the Cobble Hill Village Age-Friendly Plan) is estimated to be \$4.17 million. To achieve a DCR of 1.1, the maximum loan amount that would be available is \$2 million. This means that an additional \$2.17 million in equity would need to be raised to fund the development of the project.

TABLE 11: CONCEPT ONE – 26 UNIT RENTAL HOUSING PROJECT

Capital Cost Estimates		Annual Operating Estimates	
Capital Costs	\$4,173,376	Total Revenues	\$233,394
Less Loan Amount	(\$2,000,000)	Less Total Expenses*	(\$102,336)
Remaining Equity Required	\$2,173,376	Less Mortgage Payment	(\$120,341)
		Remaining Cashflow	\$10,718

* Includes replacement reserve

Concept Two

Concept Two, with primarily one bedroom and some two bedroom units and a greater total gross building area than Concept One, as well as 315m² of flex leasable community space, has an estimated total capital cost of \$5.65 million. The maximum available loan amount (to meet the DCR of 1.1) would be \$3.5 million. Additional equity in the amount of \$2.14 million would need to be raised to fund project development.



Concept Two would have a capital price tag of about \$5.6 million

TABLE 12: CONCEPT TWO – 29 UNIT RENTAL HOUSING PROJECT

Capital Cost Estimates		Annual Operating Estimates	
Capital Costs	\$5,647,769	Total Revenues	\$346,131
Less Loan Amount	(\$3,500,000)	Less Total Expenses	(\$114,144)
Remaining Equity Required	\$2,147,769	Less Mortgage Payment	(\$210,597)
		Remaining Cashflow	\$21,391

* Includes replacement reserve

FINANCIAL CONCLUSION

From a financial perspective, Concept Two would require less additional equity. Further, the higher ratio of one bedroom units in Concept Two would likely better meet the demand of, and therefore would likely be more marketable to the seniors population.



BUSINESS PLAN



“The Cowichan Valley needs rural seniors housing so they can stay connected to community”

- Post-It Poster Respondent, Regional Affordable Housing Needs Assessment Consultation, May 2014

OVERVIEW

The purpose of a Business Plan is to demonstrate how a potential non-profit housing society could develop and operate the housing project. The business plan reflects on the overall need and demand for housing for a particular population group, the appropriate housing for that group, considers the capital and operating costs of such a facility, and how to move from concept to construction and, finally, occupancy.

Typically, a business plan is prepared through the lens of the non-profit housing society that will operate the housing facility. However, in the case of the Cobble Hill Common site, a non-profit housing society has yet to be identified. The site is owned by the CVRD, and is anticipated to be sold or leased at nominal fee (to be determined). Until then, the financial situation of the proposed seniors housing development project at the Cobble Hill Common site can only be estimated based on typical scenarios.

DESIRED ORGANIZATION

The CVRD can approach the development at Cobble Hill Common in two ways: (i) engaging with a non-profit housing society; or, (ii) engaging with a private residential developer. Both approaches have their benefits and challenges.

Approach 1: Engaging with a Non-Profit Housing Society

Each non-profit housing organization has its own unique identity, maintaining their own distinctive mandate, organizational bylaws, structure, membership, and property portfolio. Non-profit housing organizations vary widely across the province, ranging from large societies (+15 projects, or ~750 to 1,500 units

or more), medium societies (6 to 14 housing projects), or small societies (1 to 5 housing projects).

Each type of non-profit housing organization has their own challenges, and their advantages. Small organizations benefit from enhanced front-end program delivery; their reputation for 'ear to the ground' services has built small non-profits' general reputation as being trustworthy and reliable. The challenges, however, of small organizations tend to mostly be related to capacity and financial constraints.

Medium to large housing societies benefit from increased economies of scale, with specialized staff and services. Large organizations are also more likely to attract funding, and acquire financing due to their real estate assets. Large organizations are typically in a better position to acquire new projects, both from a financial perspective as well as from a capacity point of view. Acquiring a new project can exhaust financial and human resources, as well as time, and require vision, commitment, and organizational reach in order to be successful.

There are some desired characteristics of an organization that would be well suited to manage a seniors housing facility at the Cobble Hill Common site. Specifically, desired characteristics of an organization would be one that:

- Identifies seniors over the age of 70 as their key client group (but also flexible on age requirements), and has experience and good reputation with managing independent living for seniors. Experience with providing housing for low-income seniors, and seniors with physical disabilities, would be considered an asset.
- Already has an established seniors housing project portfolio on Vancouver Island, and preferably already present in the Cowichan Valley, or at least in one or more of the neighbouring regions of Greater Victoria and/or Nanaimo/Parksville.
- Is in a financially stable situation, with access to an adequate amount of equity to fund the capital cost of the project.
- Is willing to partner with the community of Cobble Hill, stakeholders, and government jurisdictions on optimizing the development potential of the site.

The benefits of engaging with a non-profit housing society for this project would be several. Obtaining the site and managing the property would expand the societies' housing portfolio, building their asset inventory and improving their ability to finance, attract investment, and attract staff. This ultimately builds their in-house capacity. Engaging with a non-profit for the Cobble Hill site would bring a social purpose organization and social purpose real estate project to the region, which would have positive community impacts including improving residents' access to services and resources. Lastly, a non-profit housing society would be able to manage affordable housing units for seniors should that be required.



Medium to large non-profit housing societies are more likely to have access to financing and improved in-house capacity (although, this is not always the case)



The Cobble Hill Common site and proposed private market rents (or condominium ownership) would likely be more attractive to a private developer rather than a non-profit housing society

Unfortunately, there is not a demonstrated need for purpose-built, dedicated affordable seniors housing facility in the Cobble Hill area or Electoral Area C. Further, given the capacity challenges facing the non-profit housing sector today, campaigning for capital dollars (i.e. donations), may not be ideal for the non-profits, who would rather pursue a project intended to serve low-income/vulnerable seniors.

It is possible that a non-profit housing society would acquire a 100% market building in order to generate rent revenue and, in turn, subsidize other parts of their non-market housing portfolio. However, acquiring financing and donations for a market building would be highly unlikely, and the idea may also conflict with the non-profit's organization mandate and bylaws.

Approach 2: Engaging with a Private Developer

Non-profit housing societies typically pursue projects that offer subsidized or, at the very least, a mix of market and non-market units. The proposed private market rents (or condominium ownership) for the Cobble Hill Common site may not be attractive to non-profit organizations, but rather attractive to a private developer.

A private developer could build the project with the intention of selling the units at market value, or retain ownership and manage the building as a purpose-built rental project for seniors. Given the seniors demographic characteristic of Cobble Hill area and Electoral Area C, the condominium ownership or market rental options are more viable than building a dedicated affordable housing building for seniors. Should rental be a complete tenure of the building, or if the tenure is a mix of ownership and rental, then a small portion of the units could be dedicated to seniors receiving a rent supplement through BC Housing's SAFER program. This approach would meet the needs of affluent and moderate-income seniors looking to downsize, as well as seniors who need assistance paying market rents.

Further, private market rents are considerably more affordable at \$731 to \$880 per month for a one-bedroom units, compared to dedicated independent housing for seniors which averages \$2,574 per month for a one-bedroom unit (referencing rental rates, on Pages 8 and 9 of this report).

The desired characteristics of a private developer would be aligned with those listed for the non-profit:

- A good reputation for residential development, with experience developing accessible and seniors-friendly housing.
- Have a good reputation for high quality construction and management of properties.
- Is willing to partner with the community of Cobble Hill, stakeholders, and government jurisdictions on optimizing the development potential of the site.

Ideally, the CVRD should explore the option of engaging with a private developer on a proposed seniors housing facility at Common Hill Common. A



good place to start is reaching out to the Canadian Home Builders Association, which has a strong list of residential developers on Vancouver Island.

MARKETING PLAN

The marketing plan is primarily driven by the need and demand analysis found in the early sections of this report.

TARGETED GROUP + SELECTION CRITERIA

The targeted group for the proposed housing project are a mix of couple and single seniors over the age of 70, who can live independently. The aim would be to offer market rents for the units, allowing for the mortgage and other expenses to be paid for comfortably, as well as enough funds to direct into a facility reserve fund.

Based on Concept Two (should that option be preferred), the 29 unit facility would have 24 one-bedroom units and 5 two-bedroom units. Based on the affordability analysis summarized earlier in the report, and given market rents in the region, the units could be rented between \$700 and \$1,200 a month for a one-bedroom unit, and between \$1,100 and \$1,800 for a two-bedroom unit. The economic rate would be \$900 for one-bedroom units, and \$1,750 for two-bedroom units, which would allow revenues to cover expenses without requiring additional equity.

Ideally, at least 2 of the 29 proposed units should be dedicated to SAFER recipients, or subsidized below market value (such as rent-geared-to-income) in order to provide an affordable housing option for seniors in core housing need. Cobble Hill, and the region, have a small number of seniors on the wait list for subsidized housing (17 in the Cowichan Valley altogether, zero of which are in Cobble Hill Village), but would be ideal to have a couple of units made available for those low-income seniors in need of affordable housing.

Non-profit housing societies or private developers may apply their own affordable housing formulas to their housing portfolio, and may not be able to achieve 2 affordable units, or may be able to achieve more. The market and non-market housing mix can be negotiated with the CVRD.

MARKETING

The primary online source for potential tenants looking for information about the seniors housing facility at Cobble Hill is through a resource director of seniors affordable rental housing units on BC Housing's *The Housing Registry*. It is a comprehensive database of units listed by geographic location. Members from the Island Health Authority (IHA) may also refer applicants to the housing facility to inquire about unit availability.

MAKING IT WORK

The next steps in making the seniors housing project work at the Cobble Hill Common site would involve selecting an option, fundraising to cover

Further discussions are required to determine if this project is better suited for a private developer to offer market housing for seniors, rather than a non-profit organization.



construction costs, preparing a detailed design and, most importantly, identify a non-profit housing organization to manage the housing project.

DISCUSSIONS WITH THE NON-PROFIT SECTOR

The initial next step in this process would be for the CVRD to share the preliminary findings from the feasibility study and business plan with potential non-profit housing providers. The discussions would likely entail the viability of the project from the organization's financial point of view, as well as to determine if the scope and purpose of the project meets their mandate and strategic vision.

DISCUSSIONS WITH PRIVATE DEVELOPERS

Further to the discussions with potential non-profit housing candidates, the CVRD should also enter into discussions with potentially interested private developers. The discussions would be similar to the discussions with non-profits: share preliminary findings from the Cobble Hill Common feasibility study and business plan, as well as outline the benefits and challenges that the private developer could bring to the table.

Having engaged with both the private and non-profit sectors on this project, the CVRD should consider the benefits and challenges of moving forward on this project, including looking at whether or not this project is better suited for a developer rather than a non-profit organization. Ultimately, the project could only move forward on the next proposed steps following an agreement between the CVRD and proponent (either a non-profit or private developer) for their collaboration and commitment to undertake the project.

IDENTIFY THE PREFERRED CONCEPT

Following a successful agreement between the non-profit society or private developer and the CVRD, an evaluation of the concept options would need to be conducted by the organization. The purpose would be to determine if the unit mix and rent range matches their experiences and vision and, if necessary, modify the proposed concept mix to meet their needs.

An update to the financial analysis would need to be completed at this stage, adjusting figures where necessary, such as equity available for the project.

CAPITAL CAMPAIGN

A private developer would not have to campaign for capital dollars, but a non-profit housing society would usually do so. Securing the capital dollars required for construction is essential for non-profits, especially in the current absence of government funding programs. Non-profit organizations are required to raise a substantial amount of capital, which requires a major investment in both resources and time.

A successful fundraising campaign could take 18 months or longer. The identified non-profit housing society would need to confirm its capacity for running a lengthy and time-consuming fundraising campaign. Further, a capital campaign would require a fundraising strategy that identifies potential funding sources. These funding sources could include community fundraising,



subsidizes from senior levels of government, foundations, donated materials and labour, and confirmed fee waivers (e.g. developer permit fees). CMHC and BC Housing could offer additional project development funds as well. Fundraising is a lengthy and exhaustive process, and is becoming increasingly competitive.

ASSIGNING THE DEVELOPMENT TEAM

A development team is one that steers the project from concept to construction. Key elements of a successful development team include, but are not limited to, the following:

- Board members with experience in property development, housing management, and fundraising from various public and private sources.
- Strong organizational leadership that identifies a key contact that oversees the project (from the non-profit's interest), from project commencement to finish.
- A team of consultants with expertise and experience in non-profit housing development, including:
 - A seasoned development consultant to provide assistance with advancing the project.
 - An architect with experience designing seniors independent housing.
 - Other consultants as and when needed (e.g. legal advisory).

SECURE APPROVALS

The proposed seniors housing development on the Cobble Hill Common site will require the following approvals from governing authorities:

- Service Connection Fees;
- Development Permit;
- Building Permit; and,
- Ministry of Environment Certificate of Compliance.

There may be an opportunity for the CVRD to partially or fully waive some of the required fees associated with development project, in order to reduce overall construction costs and improve affordability of the units. Reducing or waiving fees strongly encourages development to occur.

The development team, led by the development consultant, would be engaged to assist the non-profit housing society or private developer with securing the necessary approvals. The non-profit or private developer would be involved in issuing the requests and follow-up with the appropriate Boards or Committees when required.

DEVELOPMENT TIMELINE + OCCUPANCY

The table below is a preliminary outline of the various stages and timeframe for completing the proposed seniors housing development on the Cobble Hill



Common site. There still remains many unknowns at this time, including identifying the managing non-profit or private developer, and the potential additional equity available to enable the project to move forward. The timeline has assumed the process could take between 2 and 5 years from the point of securing a non-profit to opening the doors for occupancy. The private developer would be able to achieve a faster development timeline compared to a non-profit housing society, primarily because there is no time or resource requirement for fundraising.

TABLE 13: POTENTIAL DEVELOPMENT TIMELINE

DEVELOPMENT STAGE	NON-PROFIT TIMING	PRIVATE DEVELOPER TIMING
Secure Agreement with Proponent	Jul to Nov 2014	Jul to Nov 2014
Select Concept, Re-Evaluate Feasibility + Capital Campaign Strategy	Dec 2014	Dec 2014
Engage Development Consultant + Architect	Jan 2015	Jan 2015
Fundraising Campaign	Jan 2015 to Jun 2016	-
Schematic Design*	June to Jul 2016	Jan to Feb 2015
Design Development/Approvals	Aug to Oct 2016	Mar to May 2015
Contract Documents*	Nov to Feb 2017	Jun to Sep 2015
Building Permit	Mar 2017	Oct 2015
Tender	Apr 2017	Nov 2015
Final Commitment	May 2017	Dec 2015
Construction + Tenant Selection	Apr 2017 to Apr 2018	Jan 2015 to Jan 2017
Occupancy	May 2019	Feb 2017

**Schematic designs and contract documents can be prepare concurrently to the fundraising campaign should adequate funds be made available for those tasks. This could reduce the overall development timeline by up to 6 to 10 months.*

OTHER REAL ESTATE MARKET ANALYSIS

The proposed seniors housing on the Cobble Hill site includes a 3,391 square feet of flex space for community rental or leasable area for community services or retail.

In the interim, the space could be used as a recreation or amenity space for the residents, and/or a community space for the Cobble Hill Village. In the future, it could be converted into a commercial space, such as a pharmacy or retail business, should retail demand prove viable.



This report suggest that commercial or retail space at the Cobble Hill Common site would complement the adjacent businesses located on Holland Avenue. However, commercial and retail businesses are most successful when located in high traffic areas (pedestrian, transit, or vehicle), and in areas with enough local population to support such a business (trade area). At this time, the viability of commercial or retail space would be better understood from a commercial and retail real estate market analysis for the region.

A real estate market analysis typically identifies the supply and demand for commercial and retail space (square footage) in a community, or region. It examines the absorption trends of space, and forecasts the amount of commercial and retail space needed to meet the demand for the future (typically based on population projections, economic trends/drivers, and household consumer spending data). The findings from a real estate market analysis report would identify the commercial and retail space needed over time, how much the region can absorb (typically on a 5, 10 year basis), and the distribution of that space (regional and neighbourhood centres). Market analysis inform regional land use planning and designation of uses, as well as informs property owners and businesses on the viability of a proposed commercial or retail space (“market share”).

For the preliminary business case and financial feasibility analysis of the Cobble Hill Common site, the flex/community rental space should be flexible in design, allowing for amenity/community use as desired until commercial and retail demand is adequately understood.



CONCLUDING COMMENTS



A CHALLENGING PROJECT

Small and rural communities are encountering similar situations and dilemmas on how to support residents to age-in-place. It is a legitimate aspiration and one that is important to continue to think about and plan for, moving towards finding practical and sustainable housing solutions.

The key purpose of this report is to determine if the Cobble Hill Common site is a viable option for a future home for independent seniors living. The need to accommodate seniors with housing (amongst other services) will be on the rise in the region. Thus, there is a need for seniors-friendly housing in the CVRD; however, location of such housing is a critical component to viability. While success cannot be fully predicted, there are some key indicators that suggest that the proposed seniors housing facility on the Cobble Hill Common site, at market rates, would be challenging. A high degree of caution should be vetted with organizations considering such a project at this particular location.

POTENTIAL RISKS

- The upfront risk of this project is not yet identifying the non-profit organization to manage the housing project. The equity, rent ranges, and ability to offer affordable seniors housing units heavily relies on the financial position of the organization. The viability of the project could alter, depending on the non-profit eventually identified and engaged on this project.
- Further to the needed organization, a non-profit housing provider is more likely to pursue a project that serves a vulnerable population, such as low-income seniors, rather than investing and serving seniors who are looking to move from homeownership to condominium ownership or private market rental. As such, **a private developer would likely be more suited to build residential (or mixed-use) development on the Cobble Hill site, rather than a non-profit housing society.** A private market development could include suites suitable to seniors, but not necessarily dedicated to seniors. Even to this degree, interest from the development community may not be strong for this location should similar opportunities be presented in more urban, dense centres.



- Fundraising is increasingly becoming competitive, and is a major undertaking for any organization to pursue. Acquiring funding for a housing project that is private market rents would likely be overlooked by funders, as their priorities tend to steer towards more vulnerable population groups, such as low-income seniors, families, and individuals. Raising money would be a very challenging task in this respect.
- Three phases of environmental assessments have been undertaken for the Cobble Hill Common site. However, salt contamination is likely present on the front yard of the site, and requires a Certificate of Compliance in order for the project to move forward. Unforeseen environmental constraints are also possible (although, a low risk) and could cause delays and possibly additional financial costs for remediation, if required.
- The changing nature of what it means to be a 'senior' is also changing the demand for dedicated seniors housing in Canada. Seniors that are looking for dedicated building are likely those who require some level of support. Otherwise, seniors are increasingly finding alternate ways to age-in-place.
- Residents and seniors alike have, up to this point, voiced strong concerns regarding the limited transit options in the Cobble Hill Village. A 29-unit building will not increase the ridership demand to the point of improved transit service. As such, limited transit services will likely remain an issue for residents post-construction and occupancy.
- The proposed flex/community lease space has a moderate to high chance of experiencing vacancy, and may not realize revenue generation potential that it would otherwise experience in high density centres. This assumption would need to be reviewed upon completion of a detailed regional real estate market analysis for commercial and retail space.
- The project would need to attract residents from throughout Electoral Area C, as well as neighbouring regions to the north and south, in order to achieve unit optimization. The seniors housing supply in the neighbouring regions plays a factor in this respect and, should they fall short, could result in a "spill-over" of seniors looking for housing in the Cowichan Valley, some of which could be absorbed at the proposed Cobble Hill Common site. However, attracting seniors from afar would be challenging and would not guarantee 100% occupancy, creating risk with respect to vacancy and potential revenue loss.

ALTERNATIVE OPPORTUNITIES

- There is increasing demand for seniors oriented housing in the region given the proportionally high growth in the seniors population in the Cowichan Valley and the two neighbouring regions. Seniors in the province are known to relocate to other communities in regions in search of adequate, suitable and affordable housing, as well as to meet their lifestyle preferences. The Cobble Hill Common site could attract these senior migrants, if the project is marketed well.
- The CVRD plans to have the Cobble Hill Village completely serviced with water, sewer, and utilities, and could meet the infrastructure requirements of the site. There are also plans to accommodate future growth and additional commercial space in the Cobble Hill area, which could enhance the "location" aspect of the site.



- Although the Cobble Hill Village is somewhat isolated from concentrated centres of amenities and services, there is bus service every couple of hours during weekdays that connect to grocery stores and medical offices. Seniors attracted to outdoor lifestyles and rural settings may prefer limited trips to urban centres rather than living in one.
- The site is better suited for private development not necessarily dedicated for seniors, but rather the community at-large which could accommodate seniors. A 'seniors-friendly' housing concept, rather than dedicated to age-specific requirements, may be more viable from a unit optimization point of view. It should be accessible, and adaptable.
- When proceeding forward, the CVRD should engage in conversations with both non-profit housing providers and private developers to hear their perspectives on the viability of such project, based on the financial feasibility and business plan outlined in this report. The direction of this project will be ultimately determined depending on the non-profit versus private developer factor, the latter being more achievable.



APPENDIX A:

COBBLE HILL COMMON – CONCEPT ONE



APPENDIX B:

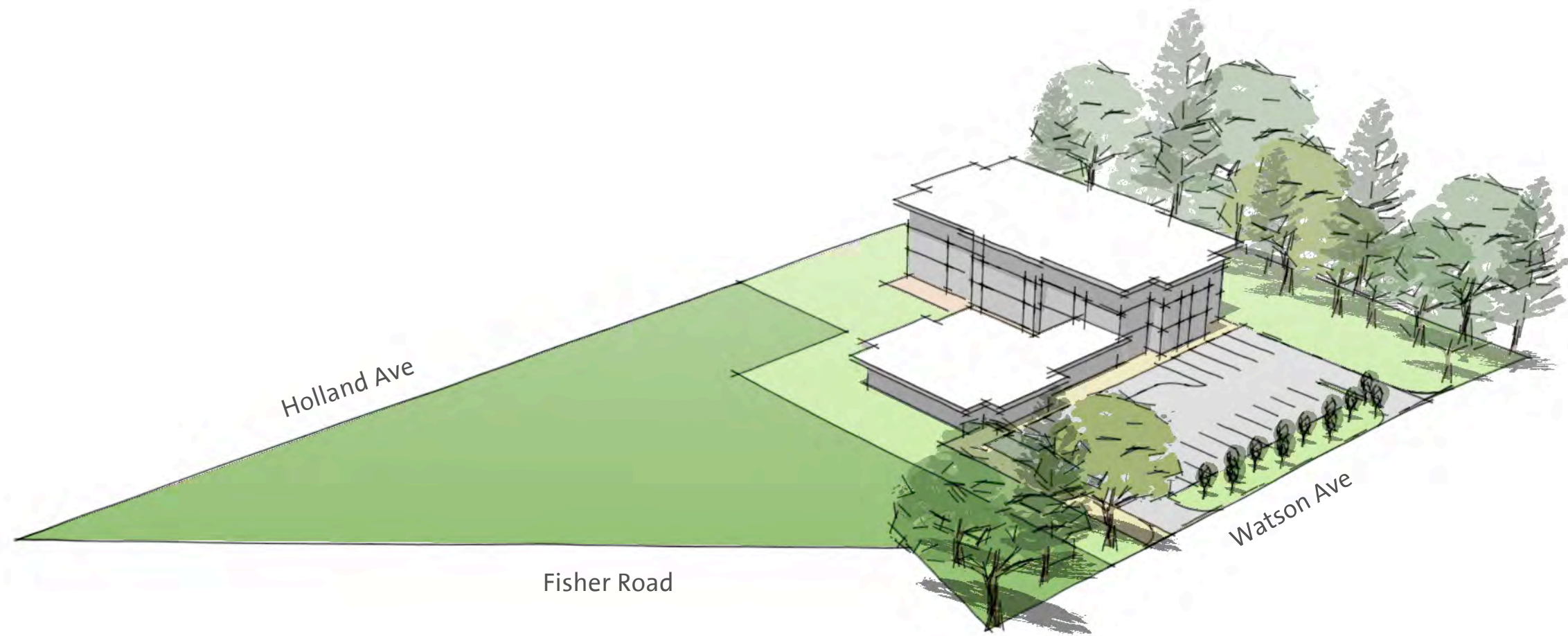
COBBLE HILL COMMON – CONCEPT TWO





LEGEND

- Property Line
- Seniors Rental Housing:
 - 24 x 1 bedroom unit (51m² avg.)
 - 5 x 2 bedroom unit (70 m² avg.)
- Common Amenity Room (70m²)
- Flex Space for Community Rental (315 m²)
- Common Outdoor Amenity Area (165 m²)
- Circulation (235 m²)
- Parking:
 - 10 spaces – Seniors Rental Housing (1 per 3 units)
 - 10 spaces – Flex Community Space (1 per 31.5 m²)
 - 20 Spaces – Total
 - Total Parking Area: 900 m²
- Public Open Space (3,000 m²)



APPENDIX B:

FINANCIAL ASSUMPTIONS, ORDER OF MAGNITUDE ESTIMATES, AND CASH FLOW ANALYSIS



COBBLE HILL COMMON | Seniors Rental Housing Project
Summary of Assumptions | OPTION 1 (Age Friendly Plan – Option 'U')

1. Financing to meet CMHC lending criteria and BC Housing Community Partnership Initiative
2. Property tax grant on entire property if non-profit residential
3. Wood frame construction per BC Housing Social Housing Cost Target Framework

OPTION ONE									
Unit Mix	No. of Units	Net Unit Size		Total Net Area		Gross Unit Size		Total Gross Area	
		(sf)	(m ²)	(sf)	(m ²)	(sf)	(m ²)	(sf)	(m ²)
Studio	10	350	33	3,500	325	437.5	41	4,375	406
One Bedroom	14	585	54	8,190	761	731.25	68	10,238	951
Two Bedroom	2	795	74	1,590	148	993.75	92	1,988	185
Total/Average	26	511		13,280	1,234	638		16,600	1,542

Building Statistics:

Number of floors 3
 Avg. # Units/floor 9

Building Footprint 5,533 sf
 514 m²

Hard Surface Parking 9,688 sf
 900 m²

Total Net Floor Area 13,280 sf
 1,234 m²

Gross-up factor 25%

Total Gross Floor Area 16,600 sf
 1,542 m²

Site Statistics:

Property Size 69,505 sf
 6,457 m²

Fairfield Road ROW 13,541 sf
 1,258 m²

Combined Parcel Size **83,046 sf**
7,715 m²

Public Open Space 32,293 sf
 3,000 m²

Property Remainder **50,753 sf**
4,715 m²

Site Coverage 11%

Parking Coverage 19%

COBBLE HILL COMMON | Seniors Rental Housing Project
Order of Magnitude Capital Cost Estimate | OPTION 1 (Age Friendly Plan – Option 'U')

Estimate based on the following assumptions and information:				
		Location:	Cobble Hill, BC	
		Gross Floor Area (sq. ft.)	16,600	
		Project brief:	26 unit, three storey wood frame apartment building with surface parking	
Description	Quantity	Unit	Rate	Total
<u>HARD COSTS</u>				
Residential – wood frame construction	16,600	sq. ft.	151.20	2,509,920
Flex Space for Community/Commercial Rental		sq. ft.	128.80	0
Surface Parking and Site Finishing (lamp standards, curb barriers, etc.)	20	spaces	10,000.00	200,000
Site Development (estimated allowance)	1	Lump Sum	250,000	250,000
Municipal Fees, Services and Connections (estimated allowance)	1	Lump Sum	250,000	250,000
Subtotal Hard Costs				\$3,209,920
<u>CONTINGENCIES</u>				
Design Contingency			0.0%	0
Escalation Contingency (2 years)			4.0%	128,397
Construction Contingency			5.0%	160,496
Subtotal Contingencies				\$288,893
<u>FFE</u>				
Furniture, fixtures and equipment (estimated allowance)	1	Lump Sum	25,000	25,000
Subtotal FFE Costs				\$25,000
<u>SOFT COSTS</u>				
Soft costs including design fees, municipal fees, planning and administration costs, legal, insurance etc.			18.00%	577,786
Subtotal Soft Costs				\$577,786
<u>LAND COST</u>				
Subtotal Soft Costs				\$0
<u>GST Payable</u>				
On specific taxable items (assumes rebate)			1.75%	71,778
Subtotal GST				\$71,778
Total Development Costs				\$4,173,376

Notes:

1. Assumes site has had full remediation.
2. Preliminary cost estimates, subject to further estimates by a professional Cost Consultant/Quantity Surveyor.
3. Assumes partial/full waiver of DCCs.

COBBLE HILL COMMON | Seniors Rental Housing Project
Cash Flow Analysis | OPTION 1 (Age Friendly Plan – Option 'U')

Assumptions	No. of Units	Capital Costs	Total (\$)	Per Unit		
Studio Units	10	Construction	3,523,813			
One Bedroom Units	14	Soft Costs	577,786			
Two Bedroom Units	2	GST Payable	71,778			
Total	26	TOTAL CAPITAL COSTS	4,173,376	160,514		
Total Building Area (sf)	16,600	MAX LOAN AMT TO MEET DCR	2,000,000	76,923		
Operating Cost Increases	Per annum	Additional Equity Required	2,173,376	83,591		
Operating Expenses Increase	2.5%					
Residential Rent Increase	3.0%					
Commercial Rent Increase	1.0%					
Property Tax Increase	4.0%					
Caretaker/Mtnce Salary Increase	2.0%					
Contingency for Vacancy Loss	1.0%					
					Mortgage Rate	5.0% 2015 CPI lending rates
					Mortgage Amount	2,000,000
					Mortgage Term	35 years
					Mortgage Payment (\$)	10,028 monthly 120,341 annual
					Cash flow check	\$10,718
					Debt coverage ratio (DCR)	1.1
					Additional Equity Required	2,173,376

Revenues	PUPM	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
		<i>Base Year</i>											
Studio Units	525.00	63,000	64,890	66,837	68,842	70,907	73,034	75,225	77,482	79,807	82,201	84,667	87,207
One Bedroom Units	880.00	147,840	152,275	156,843	161,549	166,395	171,387	176,529	181,825	187,279	192,898	198,685	204,645
Two Bedroom Units	1038.00	24,912	25,659	26,429	27,222	28,039	28,880	29,746	30,639	31,558	32,505	33,480	34,484
Less Contingency for Vacancy Loss		(2,358)	(2,428)	(2,501)	(2,576)	(2,653)	(2,733)	(2,815)	(2,899)	(2,986)	(3,076)	(3,168)	(3,263)
TOTAL REVENUES		233,394	240,396	247,608	255,036	262,688	270,568	278,685	287,046	295,657	304,527	313,663	323,073
Expenditures	PUPM	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Property Taxes	75.00	23,400	24,336	25,309	26,322	27,375	28,470	29,608	30,793	32,025	33,305	34,638	36,023
Property Tax Exemption	0.00	0	0	0	0	0	0	0	0	0	0	0	0
Maintenance/Caretaker	50.00	15,600	15,912	16,230	16,555	16,886	17,224	17,568	17,919	18,278	18,643	19,016	19,397
Building Maintenance	25.00	7,800	7,956	8,115	8,277	8,443	8,612	8,784	8,960	9,139	9,322	9,508	9,698
Grounds Maintenance	5.00	1,560	1,591	1,623	1,655	1,689	1,722	1,757	1,792	1,828	1,864	1,902	1,940
Service Contracts	12.00	3,744	3,838	3,934	4,032	4,133	4,236	4,342	4,450	4,562	4,676	4,793	4,912
Utilities	35.00	10,920	11,193	11,473	11,760	12,054	12,355	12,664	12,980	13,305	13,638	13,979	14,328
Insurance	21.00	6,552	6,716	6,884	7,056	7,232	7,413	7,598	7,788	7,983	8,183	8,387	8,597
Administration (at 2.0%)	45.00	14,040	14,391	14,751	15,120	15,498	15,885	16,282	16,689	17,106	17,534	17,972	18,422
Subtotal	268.00	83,616	85,933	88,319	90,776	93,308	95,916	98,604	101,372	104,225	107,165	110,194	113,317
Replacement Reserve	60.00	18,720	18,720	18,720	18,720	18,720	18,720	18,720	18,720	18,720	18,720	18,720	18,720
TOTAL EXPENSES	328.00	102,336	104,653	107,039	109,496	112,028	114,636	117,324	120,092	122,945	125,885	128,914	132,037
Financing - Mortgage	385.71	120,341	120,341	120,341	120,341	120,341	120,341	120,341	120,341	120,341	120,341	120,341	120,341
Cash Flow - No Replacement Reserve		29,438	34,123	38,949	43,919	49,038	54,311	59,741	65,333	71,091	77,021	83,127	89,415
Accumulated Cash Flow (no rep. res.)		29,438	63,560	102,509	146,428	195,466	249,777	309,518	374,850	445,941	522,962	606,090	695,505
Cash Flow - Including Replacement Reserve		10,718	15,403	20,229	25,199	30,318	35,591	41,021	46,613	52,371	58,301	64,407	70,695
Accumulated Cash Flow (incl. repl. res.)		10,718	26,120	46,349	71,548	101,866	137,457	178,478	225,090	277,461	335,762	400,170	470,865

COBBLE HILL COMMON | Seniors Rental Housing Project
Summary of Assumptions | OPTION 2 (CitySpaces)

1. Financing to meet CMHC lending criteria and BC Housing Community Partnership Initiative
2. Property tax grant on entire property if non-profit residential
3. Wood frame construction per BC Housing Social Housing Cost Target Framework

OPTION TWO									
Unit Mix	No. of Units	Net Unit Size		Total Net Area		Gross Unit Size		Total Gross Area	
		(sf)	(m ²)	(sf)	(m ²)	(sf)	(m ²)	(sf)	(m ²)
Studio	0	350	33	0	0	413	38	0	0
One Bedroom	24	585	54	14,040	1,304	690	64	16,567	1,539
Two Bedroom	5	795	74	3,975	369	938	87	4,691	436
Total/Average	29	621		18,015	1,674	733		21,258	1,975

Building Statistics:

Residential

Number of floors (residential)	3
Avg. # Units/floor	10
Building Footprint (residential)	7,086 sf 658 m ²
Total Net Floor Area	18,015 sf 1,674 m ²
Gross-up factor	18% (includes common amenity room)
Total Gross Floor Area	21,258 sf 1,975 m ²

Flex Space for Community Rental

Building Footprint (community)	3,391 sf 315 m ²
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Hard Surface Parking

Permeable Parking Area	9,688 sf 900 m ²
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Site Statistics:

Property Size	69,505 sf 6,457 m ²
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Fairfield Road ROW	13,541 sf 1,258 m ²
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Combined Parcel Size	83,046 sf 7,715 m²
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Public Open Space	32,293 sf 3,000 m ²
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Property Remainder	50,753 sf 4,715 m²
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Site Coverage	14%
Parking Coverage	19%

COBBLE HILL COMMON | Seniors Rental Housing Project
Order of Magnitude Capital Cost Estimate | OPTION 2 (CitySpaces)

Estimate based on the following assumptions and information:				
Location:		Cobble Hill, BC		
Gross Floor Area (sq. ft.)		24,648		
Project brief:		29 unit, three storey wood frame apartment building with surface parking plus flex leasable space for community or commercial use.		
Description	Quantity	Unit	Rate	Total
<u>HARD COSTS</u>				
Residential – wood frame construction	21,258	sq. ft.	151.20	3,214,164
Flex Space for Community/Commercial Rental	3,391	sq. ft.	128.80	436,728
Surface Parking and Site Finishing (lamp standards, curb barriers, etc.)	20	spaces	10,000.00	200,000
Site Development (estimated allowance)	1	Lump Sum	250,000	250,000
Municipal Fees, Services and Connections (estimated allowance)	1	Lump Sum	250,000	250,000
<i>Subtotal Hard Costs</i>				\$4,350,892
<u>CONTINGENCIES</u>				
Design Contingency			0.0%	0
Escalation Contingency (2 years)			4.0%	174,036
Construction Contingency			5.0%	217,545
<i>Subtotal Contingencies</i>				\$391,580
<u>FFE</u>				
Furniture, fixtures and equipment (estimated allowance)	1	Lump Sum	25,000	25,000
<i>Subtotal FFE Costs</i>				\$25,000
<u>SOFT COSTS</u>				
Soft costs including design fees, municipal fees, planning and administration costs, legal, insurance etc.			18.00%	783,161
<i>Subtotal Soft Costs</i>				\$783,161
<u>LAND COST</u>				
<i>Subtotal Soft Costs</i>				\$0
<u>GST Payable</u>				
On specific taxable items (assumes rebate)			1.75%	97,136
<i>Subtotal GST</i>				\$97,136
Total Development Costs				\$5,647,769

Notes:

1. Assumes site has had full remediation.
2. Preliminary cost estimates, subject to further estimates by a professional Cost Consultant/Quantity Surveyor.
3. Assumes partial/full waiver of DCCs.

COBBLE HILL COMMON | Seniors Rental Housing Project
Cash Flow Analysis | OPTION 2 (CitySpaces)

Assumptions	No. of Units	Capital Costs	Total (\$)	Per Unit	
Studio Units	0	Construction	4,767,472		Mortgage Rate 5.0% 2015 CPI lending rates
One Bedroom Units	24	Soft Costs	783,161		Mortgage Amount 3,500,000
Two Bedroom Units	5	GST Payable	97,136		Mortgage Term 35 years
Total	29	TOTAL CAPITAL COSTS	5,647,769	194,751	Mortgage Payment (\$) 17,550 monthly 210,597 annual
Operating Cost Increases	Per annum	MAX LOAN AMT TO MEET DCR	3,500,000	120,690	
Operating Expenses Increase	2.5%				
Residential Rent Increase	3.0%	Additional Equity Required	2,147,769	74,061	
Commercial Rent Increase	1.0%				
Property Tax Increase	4.0%				
Caretaker/Mtnce Salary Increase	2.0%				Cash flow check \$21,391
Contingency for Vacancy Loss	1.0%				Debt coverage ratio (DCR) 1.10
					Additional Equity Required 2,147,769

Revenues	PUPM	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Residential		<i>Base Year</i>											
Studio Units	525.00	0	0	0	0	0	0	0	0	0	0	0	0
One Bedroom Units	880.00	253,440	261,043	268,874	276,941	285,249	293,806	302,621	311,699	321,050	330,682	340,602	350,820
Two Bedroom Units	1038.00	62,280	64,148	66,073	68,055	70,097	72,200	74,366	76,597	78,894	81,261	83,699	86,210
Less Contingency for Vacancy Loss		(3,157)	(3,252)	(3,349)	(3,450)	(3,553)	(3,660)	(3,770)	(3,883)	(3,999)	(4,119)	(4,243)	(4,370)
Subtotal Residential		312,563	321,940	331,598	341,546	351,792	362,346	373,216	384,413	395,945	407,824	420,058	432,660
Flex Space for Community/Commercial Rental													
Lease Rate per Square Foot	10.00	33,907	34,246	34,589	34,935	35,284	35,637	35,993	36,353	36,717	37,084	37,455	37,829
Less Contingency for Vacancy Loss		(339)	(342)	(346)	(349)	(353)	(356)	(360)	(364)	(367)	(371)	(375)	(378)
Subtotal Leased Flex Space		33,568	33,904	34,243	34,586	34,931	35,281	35,633	35,990	36,350	36,713	37,080	37,451
TOTAL REVENUES		346,131	355,844	365,841	376,131	386,724	397,627	408,850	420,403	432,295	444,537	457,139	470,111

Expenditures	PUPM	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Property Taxes	75.00	26,100	27,144	28,230	29,359	30,533	31,755	33,025	34,346	35,720	37,148	38,634	40,180
Property Tax Exemption	0.00	0	0	0	0	0	0	0	0	0	0	0	0
Maintenance/Caretaker	50.00	17,400	17,748	18,103	18,465	18,834	19,211	19,595	19,987	20,387	20,795	21,211	21,635
Building Maintenance	25.00	8,700	8,874	9,051	9,233	9,417	9,606	9,798	9,994	10,193	10,397	10,605	10,817
Grounds Maintenance	5.00	1,740	1,775	1,810	1,847	1,883	1,921	1,960	1,999	2,039	2,079	2,121	2,163
Service Contracts	12.00	4,176	4,280	4,387	4,497	4,610	4,725	4,843	4,964	5,088	5,215	5,346	5,479
Utilities	35.00	12,180	12,485	12,797	13,117	13,444	13,781	14,125	14,478	14,840	15,211	15,591	15,981
Insurance	21.00	7,308	7,491	7,678	7,870	8,067	8,268	8,475	8,687	8,904	9,127	9,355	9,589
Administration (at 2.0%)	45.00	15,660	16,052	16,453	16,864	17,286	17,718	18,161	18,615	19,080	19,557	20,046	20,547
Subtotal	268.00	93,264	95,848	98,509	101,251	104,075	106,984	109,981	113,069	116,251	119,530	122,909	126,392
Replacement Reserve	60.00	20,880	20,880	20,880	20,880	20,880	20,880	20,880	20,880	20,880	20,880	20,880	20,880
TOTAL EXPENSES	328.00	114,144	116,728	119,389	122,131	124,955	127,864	130,861	133,949	137,131	140,410	143,789	147,272
Financing - Mortgage	605.16	210,597	210,597	210,597	210,597	210,597	210,597	210,597	210,597	210,597	210,597	210,597	210,597
Cash Flow - No Replacement Reserve		42,271	49,399	56,735	64,284	72,052	80,046	88,272	96,737	105,447	114,410	123,633	133,123
Accumulated Cash Flow (no rep. res.)		42,271	91,670	148,405	212,689	284,741	364,787	453,060	549,796	655,244	769,654	893,286	1,026,409
Cash Flow - Including Replacement Reserve		21,391	28,519	35,855	43,404	51,172	59,166	67,392	75,857	84,567	93,530	102,753	112,243
Accumulated Cash Flow (incl. repl. res.)		21,391	49,910	85,765	129,169	180,341	239,507	306,900	382,756	467,324	560,854	663,606	775,849

COBBLE HILL COMMON | Seniors Rental Housing Project
Cash Flow Analysis | OPTION 2 (CitySpaces)
Economic Rent

Assumptions	No. of Units	Capital Costs	Total (\$)	Per Unit (\$)									
Studio Units	0	Construction	4,767,472							Mortgage Rate	4.0%	2014 CPI lending rates	
One Bedroom Units	24	Soft Costs	783,161							Mortgage Amount	5,647,769		
Two Bedroom Units	5	GST Payable	97,136							Mortgage Term	35	years	
Total	29	TOTAL CAPITAL COSTS	5,647,769	194,751									
Operating Cost Increases	Per annum	MAX LOAN AMT TO MEET DCR	5,647,769	194,751						Mortgage Payment (\$)	24,895	monthly	
Operating Expenses Increase	2.5%										298,745	annual	
Residential Rent Increase	3.0%	Additional Equity Required -	0	(0)									
Commercial Rent Increase	1.0%									Cash flow check	\$15,729		
Property Tax Increase	4.0%									Debt coverage ratio (DCR)	1.1		
Caretaker/Mtnce Salary Increase	2.0%									Additional Equity Required -	0		
Contingency for Vacancy Loss	1.0%												

Revenues	PUPM	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Residential		Base Year											
Studio Units	525.00	0	0	0	0	0	0	0	0	0	0	0	0
One Bedroom Units - Economic Rent	900.00	259,200	266,976	274,985	283,235	291,732	300,484	309,498	318,783	328,347	338,197	348,343	358,793
Two Bedroom Units - Economic Rent	1750.00	105,000	108,150	111,395	114,736	118,178	121,724	125,375	129,137	133,011	137,001	141,111	145,345
Less Contingency for Vacancy Loss		(3,642)	(3,751)	(3,864)	(3,980)	(4,099)	(4,222)	(4,349)	(4,479)	(4,614)	(4,752)	(4,895)	(5,041)
Subtotal Residential		360,558	371,375	382,516	393,991	405,811	417,986	430,525	443,441	456,744	470,446	484,560	499,097
Flex Space for Community/Commercial Rental													
Lease Rate per Square Foot	12.50	42,384	42,808	43,236	43,669	44,105	44,546	44,992	45,442	45,896	46,355	46,819	47,287
Less Contingency for Vacancy Loss		(424)	(428)	(432)	(437)	(441)	(445)	(450)	(454)	(459)	(464)	(468)	(473)
Subtotal Leased Flex Space		41,960	42,380	42,804	43,232	43,664	44,101	44,542	44,987	45,437	45,892	46,350	46,814
TOTAL REVENUES		402,518	413,755	425,320	437,223	449,475	462,086	475,067	488,428	502,181	516,338	530,910	545,911

Expenditures	PUPM	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Property Taxes	75.00	26,100	27,144	28,230	29,359	30,533	31,755	33,025	34,346	35,720	37,148	38,634	40,180
Property Tax Exemption	(75.00)	(26,100)	(27,144)	(28,230)	(29,359)	(30,533)	(31,755)	(33,025)	(34,346)	(35,720)	(37,148)	(38,634)	(40,180)
Maintenance/Caretaker	50.00	17,400	17,748	18,103	18,465	18,834	19,211	19,595	19,987	20,387	20,795	21,211	21,635
Building Maintenance	25.00	8,700	8,874	9,051	9,233	9,417	9,606	9,798	9,994	10,193	10,397	10,605	10,817
Grounds Maintenance	5.00	1,740	1,775	1,810	1,847	1,883	1,921	1,960	1,999	2,039	2,079	2,121	2,163
Service Contracts	12.00	4,176	4,280	4,387	4,497	4,610	4,725	4,843	4,964	5,088	5,215	5,346	5,479
Utilities	35.00	12,180	12,485	12,797	13,117	13,444	13,781	14,125	14,478	14,840	15,211	15,591	15,981
Insurance	21.00	7,308	7,491	7,678	7,870	8,067	8,268	8,475	8,687	8,904	9,127	9,355	9,589
Administration (at 2.0%)	45.00	15,660	16,052	16,453	16,864	17,286	17,718	18,161	18,615	19,080	19,557	20,046	20,547
Subtotal	193.00	67,164	68,704	70,280	71,892	73,541	75,229	76,956	78,723	80,531	82,382	84,275	86,212
Replacement Reserve	60.00	20,880	20,880	20,880	20,880	20,880	20,880	20,880	20,880	20,880	20,880	20,880	20,880
TOTAL EXPENSES	253.00	88,044	89,584	91,160	92,772	94,421	96,109	97,836	99,603	101,411	103,262	105,155	107,092
Financing - Mortgage	858.46	298,745	298,745	298,745	298,745	298,745	298,745	298,745	298,745	298,745	298,745	298,745	298,745
Cash Flow - No Replacement Reserve		36,609	46,305	56,295	66,586	77,189	88,112	99,365	110,959	122,904	135,211	147,890	160,953
Accumulated Cash Flow (no rep. res.)		36,609	82,914	139,209	205,795	282,984	371,096	470,461	581,421	704,325	839,536	987,426	1,148,379
Cash Flow - Including Replacement Reserve		15,729	25,425	35,415	45,706	56,309	67,232	78,485	90,079	102,024	114,331	127,010	140,073
Accumulated Cash Flow (incl. repl. res.)		15,729	41,154	76,569	122,275	178,584	245,816	324,301	414,381	516,405	630,736	757,746	897,819



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