

# Feasibility Study - Final Report

Spruce Street Development, Prince George, BC

Submitted: December, 2013

By: Mis'Kow' aao Development Society  
- Kevin Albers, CEO  
- Kaela Schramm, MUP

To: The Prince George Metis Housing Society



**Mis'Kow' aao Development Society (MDS)** is a member of the M'akola Group of Societies. Incorporated in 1988, Mis'Kow' aao has provided development and project management services for over 30 affordable housing projects for aboriginal and non-aboriginal clients.

Contact Information:

Kevin Albers, Chief Executive Officer  
kalbers@makola.bc.ca  
(250) 880-1666

Kaela Schramm, Development Services Planner  
kschramm@makola.bc.ca  
(778) 677-8843

# Table of Contents

Introduction ...	... 1
Background ...	... 2
Development ...	... 3
<i>Option #1 ...</i>	... 7
<i>Option #2 ...</i>	... 13
Conclusion: Next Steps ...	... 22
Appendix ...	... 23
<i>Relevant Prince George Zoning Bylaw (RM4 + RM6) ...</i>	... 23

## Figures

Figure 1: Existing Conditions - Neighborhood Context Map ...	... 4
Figure 2: Existing Conditions - Site Map ...	... 5
Figure 3: Option #1 - Two separate lots with a new 4-story building ...	... 7
Figure 4: Option #2 - Combined lots with a 3-story building ...	... 13

# Introduction

In May of 2013, The Prince George Metis Housing Society (PGMHS) successfully secured CMHC Seed Funding and obtained the services of the M'is Kow A Ao Development Society to understand the feasibility of a proposed new development on Spruce Street in Prince George, BC aimed at aboriginal singles with a focus on elders. The original Seed Funding Request included an affordable housing project on 5 lots purchased by PGMHS. PGMHS has since then purchased an additional two adjacent lots, under one civic address, with an existing single-family house on site. The goal of this report is to present an analysis of feasible option(s) for development on the sites, including considering combining all 7 lots and demolishing the existing building.



# Background

## Prince George Metis Housing Society

Established in 1985, the Prince George Metis Housing Society has a long history of developing and running housing units in Prince George. PGMHS has had as many as 167 housing units in their portfolio, although recently 8 homes were sold on the open market to ensure solvency of the society. As PGMHS has not developed any new housing since 1994, the Society is eager to expand and add to their portfolio as well as increase Society capacity.

PGMHS manages both subsidized and nonsubsidized, or non market and market, housing. As of 2009/10, 35 PGMHS-run homes no longer received government subsidy, and in March 2012 PGMHS was able to reduce the subsidies needed for 14 more houses as they became mortgage free. Presently the Society owns 67 units free and clear of title, which they are open to using as equity towards new developments such as a new building on the Spruce Street properties.

## Development of Spruce Street Property

PGMHS is interested in developing housing on two lots that the Society owns at 1789 and 1817 Spruce Street. PGMHS currently owns and manages three other developments with a half block radius of the proposed site on Spruce Street, Redwood Street and Tamarack. These include three one-level triplexes and a three-story 12-unit apartment building. This establishes PGMHS presence and concentration of services in the neighborhood prior to undergoing any new developments.

The vision for this site would be to consolidate all 7 lots and create a 3-4 story, wood frame multi-family development. The majority of the units would be one-bedroom, although there is some interest in including some two-bedroom units in this development. Although PGMHS' own experience providing housing and internal waiting lists indicate a need for Elders housing, the Housing Need and Demand Study, which will accompany this feasibility analysis as part of the requirements of the CMHC Seed Funding, will provide further insight into target tenant populations.

To further this vision, PGMHS has invested \$315,000 in land and have designated an additional \$500,000 of Society equity to be applied towards this project, for a total investment of \$815,000. The Society will be looking for assistance from the City of Prince George for a reduction of municipal development fees and tax exemption. Additional capital investment will be requested from two levels of government as well as other sources of funding. In terms of financing, the BC Housing Community Partnership Initiatives program provides favorable construction financing and takeout mortgages for non-profits in British Columbia.

# Development

## Prince George Official Community Plan

A quick review of the local OCP and/or neighborhood plans is an important background piece in understanding the development potential of a particular site. This information helps to establish the community's vision and intent for the area in which a site is located, and any new development should work to align with this vision, especially when requesting lot consolidation with uniform zoning across all lots.

The Prince George OCP identifies principles for planning and decision-making, which will help achieve the community vision. One of these principles includes - providing housing to meet the needs of the whole community - especially with an aging population; aim to provide housing for many different households and abilities. Housing then becomes one of the development goals under the Social Sustainability dimension of the overall OCP vision for Prince George. Their objectives include supporting a full range of housing types and tenures and supporting the development of new affordable housing along the continuum. They include several other policy suggestions to support and encourage affordable housing development. Adding affordable units to the City of Prince George will also help to support the City's target for 80% new multi-family units over 30 years.

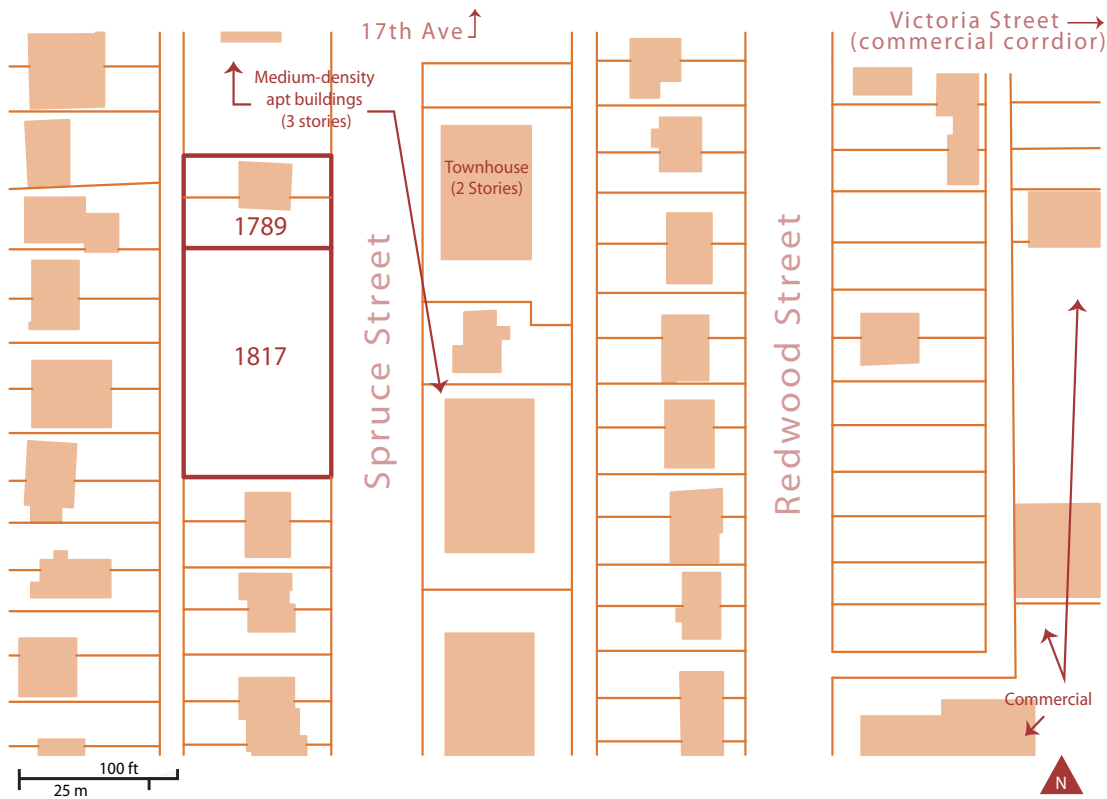
Under the new OCP land use designations, 1789 and 1817 Spruce Street are part of the Neighborhood Center designation. Located in a residentially designated area, these lots are only a couple of blocks away from the "corridor" designated Victoria street to the east. Neighborhood Centers are defined in the OCP as:

*Unique focal points throughout the city, neighbourhood centres provide local shops, services and similar amenities with new housing in a mixed-use context. They have a town- or village-scale, with buildings up to 4 storeys high, and buildings up to 6 storeys high along Queensway. Within centres, corridors running along major arterials and collectors function as key structural elements and mixed-use shopping streets. Areas behind these shopping streets are primarily residential, although they may contain parks, schools, and similar uses. Within neighbourhood centres, residential areas are anticipated to infill and densify in comparison to the surrounding neighbourhoods.*

Section 8.3 C. Neighbourhood Centres,  
City of Prince George Official Community Plan Bylaw No. 8383, 2011  
p. 110

A 3 or 4 story multi-family development as proposed by PGMHS would fit into the OCP vision for the area where the Spruce Street lots are located.

## Existing Conditions



**Figure 1:**

Existing  
Conditions -  
Neighborhood  
Context

### *Neighborhood*

The site is located in the “Gateway Neighborhood,” in an area dominated by single-family houses, however, within a 2-block radius there is a diversity of housing stock. This includes townhouses, as well as low-density 2 to 4 story apartment buildings. Two blocks to the east is Victoria street and one block south is 20th street, which are both commercial and transportation corridors. This means that the site is accessible to many different services and amenities. Please refer to Figure 1 above, the existing neighborhood conditions map.

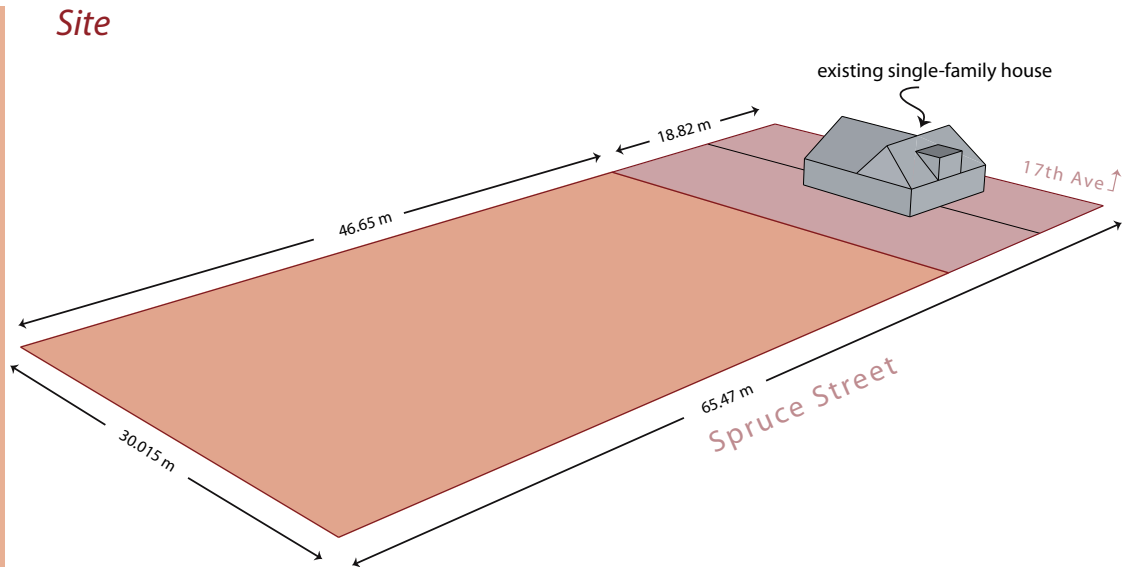
For example, the site has high accessibility as there is a bus stop within 90 meters of the site. In addition, the following services are located 300m to 1,200m from the site:

Pharmacy – 350m	Commercial services – 500m
Health services – 350m	School – 550m
Community center – 400m	Seniors center – 1000m
Daycare – 450m	Library – 1,200m
Shopping – 500m	

In units of time, it takes an average person 6 - 7 minutes to walk 500m, making a majority of these services within a 15 minute walk of the site.

**Figure 2:**

Existing  
Conditions - Site



The site(s) in question are 3 lots located at 2 civic addresses in Prince George, BC. The first lot is located at 1817 Spruce Street. The other two lots are located under the same civic address of 1789 Spruce Street. Currently a single family home is located on the property at 1789 Spruce Street. Please refer Figure 2 above, the existing site conditions map.

**Lot Information:**

**1817 Spruce Street:**

PID – 026999587

Zoning: RM6 – Mid-Rise Residential

Lot Dimensions: 31.015 x 46.65

Lot Size: 1,400.35 sq. m (15073 sq. ft.),  
or 0.14 hectares

**1789 Spruce Street:**

PID – 011853786 & 011853808

Zoning: RM4 – Multiple Residential

Lot Sizes: 250.18 m + 314.83 m =  
565.01 sq. m (6081.72 sq. ft.), or 0.0565  
hectares

**Access:**

The site can be accessed from Spruce Street, but access to the site is also possible through a back alley road to the west. The site is flat, level land and rectangular in shape. Surrounding land uses include multi-family residential to the north and east, and single family residential to the south and west. It is also important to note that while 1817 Spruce Street is zoned RM6, there is a covenant on the property that limits potential development to 4 stories. Assuming that the RM6 zoning is permitted when consolidating these lots, it can be assumed that this restriction will likely be maintained across the newly consolidated lot.



## Development Options

### *Assumptions:*

The two scenarios that are presented in this report were generated using data and best practices/knowledge generated from other non-profit developments in BC. The initial budgets included with each scenario were generated from BC Housing, with some adjustments provided by M'akola. They provide a starting point for a discussion around the financial feasibility of each option. Once an option is chosen, the budget for that option will be honed and updated in the business plan.

While each scenario has its own set of assumptions, which is included in this report, the cost per square foot is assumed to be \$203 per square foot as based on the Social Housing Cost Target Framework prepared by BCH in each option. Property tax exemption is assumed for each option as well.

In addition, the following approximate sizes were used to estimate the number of rooms that could be fit into this development. These are sizes based on what is typically financially feasible for non-profit affordable housing developments:

- One-bedroom: 520 sq ft (48.3 sq m)
- Two-bedroom: 856 sq ft (80 sq m)

The efficiency used for calculating floor areas is 85%, which takes into account items such as hallways, elevators, mechanical, and electrical space required in buildings.

### *Summary:*

Option #1 proposes a new, 4-story building be constructed on the vacant lot of 1817 Spruce Street, while the existing single family house at 1789 Spruce Street could be renovated into additional units. While this would be a more affordable option, this option does not maximize the number of units PGMHS could develop on the total combined sites (only 20 in total), and does not fully incorporate the newly acquired lot at 1789 Spruce Street into the development concept.

Option #2 proposes all three lots be joined under one civic address, and that a new 3-story building be constructed. This options allows for a total of 27 units to be sited on this lot. While this options allows for a greater number of units, the captial grant required to complete this option increases with the number of units.

Considering these options, a number of elements must be taken into consideration as PGMHS moves forward. These are discussed in the concluding Recommendation section.

## Option #1 -

Two Separate Lots with a 4-story Building and Surface Parking

Figure 3:

Option #1 - Two separate lots with a new 4-story building

### Zoning:

1817 Spruce  
RM6 – Mid-Rise  
Residential

Suitable for high density housing of 140 dwellings per hectare

Max site coverage is 45%

4.5 m front and backyard setbacks

3 m side yard setbacks

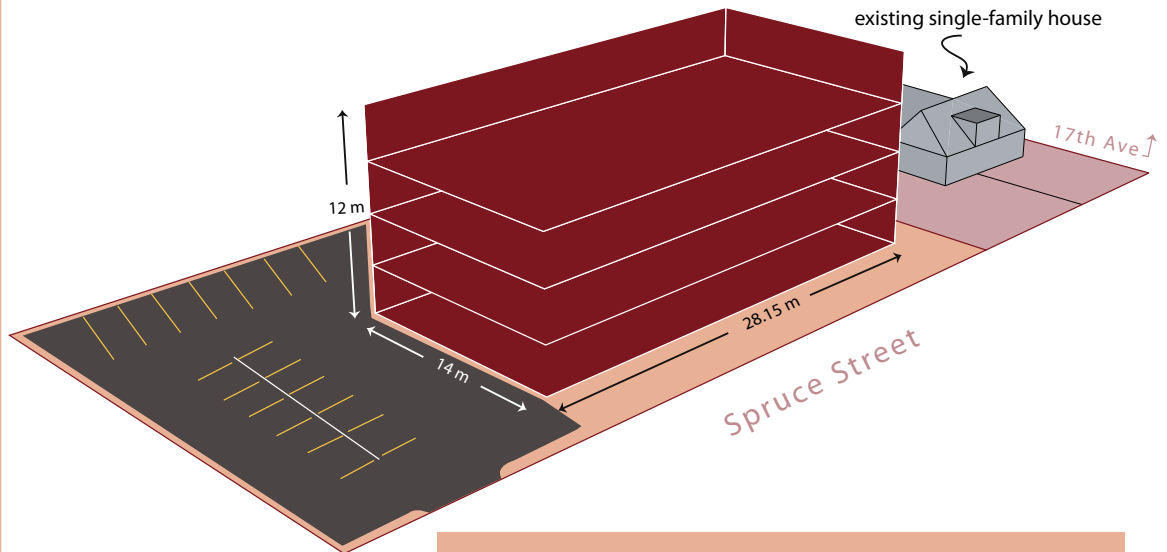
1789 Spruce  
RM4 – Multiple  
Residential

90 units per hectare

Max site coverage is 55%

6 m front and backyard setbacks

3 m side yard setbacks



### Quick Facts:

- 394.05 sq m (4241.52 sq ft) Floor Plate
- 1,576.7 sq m (16971.46 sq ft) Gross Floor Area
- 1,339.8 sq m (14425.74 sq ft) @ 85% efficiency
- 26% of lot coverage (45% is allowed by zoning bylaw)

### Siting:

In option #1, a new building is constructed on the vacant lot of 1817 Spruce Street, and the existing single family house at 1789 Spruce Street could be renovated into additional units (this could be undertaken concurrent to new construction, or at another point in time). The newly proposed building is a total of 4 stories in height, which allows for surface parking. The same number of units could be achieved in 3 stories with a larger floor plate (lot coverage), however, a larger floor plate would require parking to be located underground, which increases construction costs significantly.

### Units:

Under the current zoning bylaw, a maximum of 20 units would be permitted on 1817 Spruce Street (zoned RM6 - please see side bar for more information). Using the potential tenant population, the following unit breakdown is proposed:

**17 one bedroom units @ 48.3 sq m = 821.1 sq. m (8,838.5 sq. f)**

**3 two bedroom units @ 80 sq m = 240 sq. m (2,583 sq. f)**

Total residential space will equal 1061.1 sq m (11421.60 sq ft), which leaves 278.7 sq m (3,000 sq ft) left for common space, offices for support workers and storage.

### Parking:

A total of 22 parking stalls are required by bylaw for the proposed new development (one per one bedroom, 1.5 per two bedroom). While a majority of the parking

spaces would fit on site, not all 22 would fit due to the size of the site. As many residents in social housing, especially elderly tenants do not own cars, therefore the Society would likely not even utilize the full 22 spots of parking required. If the City of Prince George relaxes parking requirements for this development, it may be possible to include all parking at surface grade, which significantly decreases development costs. The City may consider this request as there is support for on-site parking requirement reduction within the OCP as policy to help support affordable housing in Prince George.

In addition, under the RM4 zone, 5 one bedrooms would be allowed in the existing single family house at 1789 Spruce Street. Five on-site parking stalls would be required to accompany these units.

### *Capital Budget:*

For Option #1 (not including the possibility to renovate the existing single-family house), the capital budget is estimated to be about \$4.7 million. As mentioned in the assumptions, this number is largely based on a calculation of \$203/sq ft provided to PGMHS by BC Housing. Additional assumptions for this option are listed on page 11. Prince George Metis Housing Society is providing the land valued at \$315,000, as well as \$600,000 in equity, which brings down the total cost to \$3,778,645, see budget below.

**Prince George Metis Housing Society**  
Spruce Street  
Simplified Capital Budget

**Capital Budget and Grant Calculation**

	Budget	Per Unit	Per Square Foot
Soft Costs	839,268	41,963	49
Hard Costs	3,118,998	155,950	184
Other -	-	-	-
<b>Total before Land Contribution</b>	<b>3,958,266</b>	<b>197,913</b>	<b>233</b>
Land Contribution	315,000	15,750	19
Total before Contingency	4,273,266	213,663	252
Contingency	305,900	15,295	18
<b>Total before GST</b>	<b>4,579,166</b>	<b>228,958</b>	<b>270</b>
GST Self Supply	114,479	5,724	7
<b>Total before Contribution</b>	<b>4,693,645</b>	<b>234,682</b>	<b>277</b>
PGMHS - land	(315,000)	(15,750)	(19)
PGMHS - Equity	(600,000)	(30,000)	(35)
Total Contributions	(915,000)	(45,750)	(54)
<b>Total before Mortgage</b>	<b>3,778,645</b>	<b>188,932</b>	<b>223</b>
Mortgage Serviced by Operations	(1,159,252)	(57,963)	(68)
<b>Net Grant Required</b>	<b>2,619,393</b>	<b>130,970</b>	<b>154</b>



## Financial Position: Debt Services Cost Ratio Analysis and Cashflows

Using the BC Housing required debt coverage service ratio of 1.10, the maximum mortgage for this project would be \$1,159,252. As is noted in the capital budget, this leaves a financing shortfall of \$2,619,393, which needs to be made up through some form of equity. While it is possible for the Society to apply for new funded program that may be become available through BC Housing, it would still be wise for PGMHS to find other sources of equity to bring this total down.

### Debt Service Cost Ratio Analysis & Cash Flows

	2014 Year 1	2015 Year 2	2016 Year 3	2017 Year 4	2018 Year 5
Inflation (applied equally across revenues/expenses):	2.50%	2.50%	2.50%	2.50%	2.50%
Net Operating Income, "NOI":	67,452	69,033	70,654	72,327	74,838
Debt Servicing (P&I) Total Debt Service, "TDS":	<u>61,390</u>	<u>61,390</u>	<u>61,390</u>	<u>61,390</u>	<u>61,390</u>
Net Cash Flow	<u>6,062</u>	<u>7,643</u>	<u>9,264</u>	<u>10,937</u>	<u>13,448</u>
<b>Debt Service Coverage Ratio, "DSCR" - NOI/TDS</b>	<b>1.10</b>	<b>1.12</b>	<b>1.15</b>	<b>1.18</b>	<b>1.22</b>

### Equity Analysis

Maximum Mortgage C/Flow Supports:	1,159,252
Net Mortgage Required:	<u>3,778,645</u>
Equity Required(Financing Shortfall) to meet 1.10 DCR	<u>(2,619,393)</u>

## Assumptions:

### Affordability Index

#### Residential Units/Unit makeup & Mix

% of Units as Affordable/Supported	100%
% of Units as Market	0%
Affordability Rate as % of Market	90%
Total Contributions	

### Unit Mix

# of Units	20	100%
	20	100%

### Operating Assumptions

Number of Unit Months:	240
Residential Rental Loss Contingency	0.00%
Commerical Loss Contingency	0.00%

### Mortgage Financing

Interest Rate:	4.00%
Effective Interest Rate:	3.97%
Amortization Period:	35
Payments/Year	12
Mortgage Term	5
Take Out Date:	2014

### Construction Financing

Interest Rate:	2.70%
Construction duration:	12 mths

### Inflation

Annual inflation 2013	2.50%
Annual inflation 2014	2.50%
Annual inflation 2015	2.50%
Annual inflation 2016	2.50%
Annual inflation 2017	2.50%

### Square Footage

Residential	11422	67.30%
Residential - other (commom rooms, support staff office, hallways, etc..)	5550	32.70%
Commercial	0	0.00%
<b>Total Gross Floor Area - Square Footage</b>	<u>16971</u>	

### Cost Contingencies

Construction	4.00%
--------------	-------

### GST

GST Self Supply	2.50%
-----------------	-------

### Debt Service Cost Ratio

Required Debt Service Cost Ratio	1.10 Year 1
----------------------------------	-------------

## Discussion

This development option has both inherent strengths and weaknesses. Development Option #1 respects all of the zoning regulations and guidelines as they appear in the City of Prince George Zoning Bylaw No. 7850, as well as the covenant on the property, which limits a new building height to 4 stories. That being said, a variance would be required for parking on the site. This option also speaks to the local context and fits with the nature and height of the surrounding buildings, however, this options is limited to a total of 20 units.

A complete list of strengths and weakness for option one is presented below:

### *Strengths*

- The zoning is suitable for high density development
- The capital grant required is lower than option #2, therefore the amount of equity needed to advance developing this option is smaller
- The maximum development potential given existing zoning (and without combining lots) is presented under this option
- The process for this development option is shorter and less complicated as there would not be a need to combine the three lots under one civic address
- Different client groups could be served in separate facilities

### *Weaknesses*

- A variance for parking would be required to reduce the number of required spots, however, the City is likely to be open to this request
- A limited number of units (20) can be developed in this option
- PGMHS must still find additional resources to renovate the existing single family home to use for units
- The single family home would not have the same lifespan as a new building would

### *Recommendations*

In order to continue with option #1, we recommend quantifying the cost of renovating and adapting the existing single-family home to suit the needs of multiple residents. We also recommend considering the intended clientele and whether there is value to both the clients as well as the organization (for example staff) in having two separate buildings.

## Option #2 -

Combined lots with a 3-story building and surface parking

Figure 4:

Option #2 -  
Combined lots  
with a 3-story  
building

### Zoning:

1817 Spruce  
RM6 – Mid-Rise  
Residential

Suitable for high  
density housing of  
140 dwellings per  
hectare

Max site coverage is  
45%

4.5 m front and  
backyard setbacks

3 m side yard  
setbacks

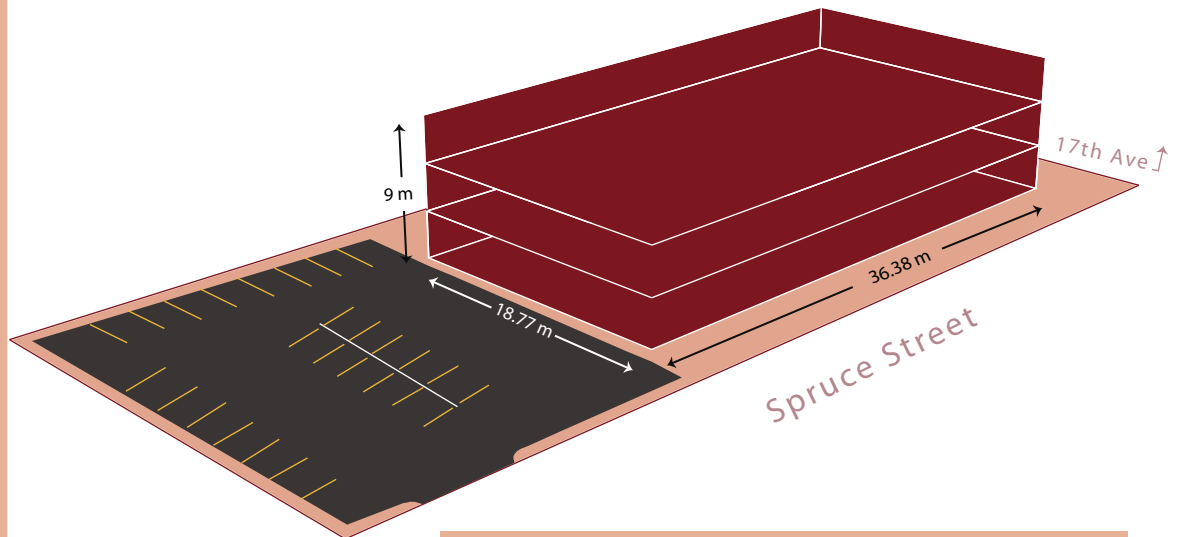
1789 Spruce  
RM4 – Multiple  
Residential

90 units per hectare

Max site coverage is  
55%

6 m front and  
backyard setbacks

3 m side yard  
setbacks



### Quick Facts:

- 682.9 sq. m (7,350.67 sq ft) Floor Plate
- 2,048.6 sq. m (22,050.95 sq ft) Gross Floor Area
- 1,741.3 sq. m (18,743.2 sq ft) @ 85% efficiency
- 34.7% of lot coverage (45% is allowed by zoning bylaw);

### Siting:

In option #2, the existing single family house at 1789 Spruce Street is demolished and a new building is constructed on the combined 3 lots. Combining the lots would add time to development, but would allow for an additional 7 units in the new building as compared to option #1. The Society would request that the RM6 zone to be carried over to all three lots (1789 Spruce Street is currently zoned RM4) therefore there is an assumption in this option that the City of Prince George would permit this. The newly proposed building is a total of 3 stories in height, which allows for some surface parking.

### Units:

Under the current zoning bylaw, a maximum of 27 units would be permitted on 1817 Spruce Street (zoned RM6 - please see side bar for more information). Using the potential tenant population, the following unit breakdown is proposed:

**22 one bedroom units @ 48.3 sq. m = 1,062.6 sq m (11,438.1 sq ft)**

**5 two bedroom units @ 80 sq. m = 400 sq m (4305.7 sq ft)**

Total residential space will equal 1,462.6 sq m (15,743.3 sq ft), which leaves 278.7 sq m (3,000 sq ft) left for common space, offices for support workers and storage.

### Parking:

A total of 29.5 (round up to 30) parking stalls are required by bylaw for the



proposed new development (one per one bedroom, 1.5 per two bedroom). While a majority of the parking spaces would fit on site, not all 30 would fit due to the size of the site.

As was discussed in Option #1, many residents in social housing, especially elderly tenants do not own cars, therefore the Society would likely not even utilize the full 30 spots of parking required, so if the City of Prince George relaxes parking requirements for this development, it would be possible to include all parking at surface grade. The City may consider this request as there is support for on-site parking requirement reduction within the OCP as policy to help support affordable housing in Prince George.

### **Capital Budget:**

For Option #2, the capital budget is estimated to be about \$6.37 million. As mentioned in the assumptions, this number is largely based on a calculation of \$203/sq ft provided to PGMHS by BC Housing. Additional assumptions for this option are listed on page 17. Prince George Metis Housing Society is providing the land valued at \$315,000, as well as \$600,000 in equity, which brings down the total cost to \$5,451,166, see budget below.

**Prince George Metis Housing Society**  
Spruce Street  
Simplified Capital Budget

**Capital Budget and Grant Calculation**

	Budget	Per Unit	Per Square Foot
Soft Costs	1,211,660	44,876	55
Hard Costs	4,258,484	157,722	193
Other -	-	-	-
<b>Total before Land Contribution</b>	<u>5,470,144</u>	<u>202,598</u>	<u>248</u>
Land Contribution	<u>315,000</u>	<u>11,667</u>	<u>14</u>
Total before Contingency	5,785,144	214,265	262
Contingency	<u>425,750</u>	<u>15,769</u>	<u>19</u>
<b>Total before GST</b>	<u>6,210,894</u>	<u>230,033</u>	<u>282</u>
GST Self Supply	<u>155,272</u>	<u>5,751</u>	<u>7</u>
<b>Total before Contribution</b>	<u>6,366,166</u>	<u>235,784</u>	<u>289</u>
PGMHS - land	(315,000)	(11,667)	(14)
PGMHS - Equity	<u>(600,000)</u>	<u>(22,222)</u>	<u>(27)</u>
Total Contributions	<u>(915,000)</u>	<u>(33,889)</u>	<u>(41)</u>
<b>Total before Mortgage</b>	<u>5,451,166</u>	<u>201,895</u>	<u>247</u>
Mortgage Serviced by Operations	<u>(2,019,255)</u>	<u>(74,787)</u>	<u>(92)</u>
<b>Net Grant Required</b>	<u><u>3,431,911</u></u>	<u><u>127,108</u></u>	<u><u>156</u></u>



### Financial Position: Debt Services Cost Ratio Analysis and Cashflows

Using the BC Housing required debt coverage service ratio of 1.10, the maximum mortgage for this project would be \$2,019,255. As is noted in the capital budget, this leaves a financing shortfall of \$3,431,911, which needs to be made up through some form of equity. While it is possible for the Society to apply for new funded program that may be become available through BC Housing, it would still be wise for PGMHS to find other sources of equity to bring this total down.

upracc 03/06/11  
**Debt Service Cost Ratio Analysis & Cash Flows**

	2014 Year 1	2015 Year 2	2016 Year 3	2017 Year 4	2018 Year 5
Inflation (applied equally across revenues/expenses):	2.50%	2.50%	2.50%	2.50%	2.50%
Net Operating Income, "NOI":	117,492	120,324	123,227	126,215	130,073
Debt Servicing (P&I) Total Debt Service, "TDS":	<u>106,933</u>	<u>106,933</u>	<u>106,933</u>	<u>106,933</u>	<u>106,933</u>
Net Cash Flow	<u>10,559</u>	<u>13,391</u>	<u>16,294</u>	<u>19,282</u>	<u>23,140</u>
<b>Debt Service Coverage Ratio, "DSCR" - NOI/TDS</b>	<b>1.10</b>	<b>1.13</b>	<b>1.15</b>	<b>1.18</b>	<b>1.22</b>

**Equity Analysis**

Maximum Mortgage C/Flow Supports:	2,019,255
Net Mortgage Required:	<u>5,451,166</u>
Equity Required(Financing Shortfall) to meet 1.10 DCR	<u>(3,431,911)</u>

## Assumptions:

### Affordability Index

#### Residential Units/Unit makeup & Mix

% of Units as Affordable/Supported	100%
% of Units as Market	0%
Affordability Rate as % of Market	90%
Total Contributions	

### Unit Mix

# of Units	20	100%
	20	100%

### Operating Assumptions

Number of Unit Months:	240
Residential Rental Loss Contingency	0.00%
Commerical Loss Contingency	0.00%

### Mortgage Financing

Interest Rate:	4.00%
Effective Interest Rate:	3.97%
Amortization Period:	35
Payments/Year	12
Mortgage Term	5
Take Out Date:	2014

### Construction Financing

Interest Rate:	2.70%
Construction duration:	12 mths

### Inflation

Annual inflation 2013	2.50%
Annual inflation 2014	2.50%
Annual inflation 2015	2.50%
Annual inflation 2016	2.50%
Annual inflation 2017	2.50%

### Square Footage

Residential	15744	71.40%
Residential - other (commom rooms, support staff office, hallways, etc..)	6308	28.60%
Commercial	0	0.00%
<b>Total Gross Floor Area - Square Footage</b>	<b>22052</b>	

### Cost Contingencies

Construction	4.00%
--------------	-------

### GST

GST Self Supply	2.50%
-----------------	-------

### Debt Service Cost Ratio

Required Debt Service Cost Ratio	1.10 Year 1
----------------------------------	-------------

## Discussion

This development option has both inherent strengths and weaknesses. Development Option #2 respects all of the zoning regulations and guidelines as they appear in the City of Prince George Zoning Bylaw No. 7850, as well as the covenant on the property, which limits a new building height to 4 stories. That being said, a variance would be required for parking on the site. However, under building parking is also an option. In addition, the RM6 zone allows for an additional 30% of lot coverage for covered or enclosed street parking, which would allow for a covered loading zone at the building. This option also speaks to the local context and fits with the nature and height of the surrounding buildings, this options also allows for a total of 27 units.

A complete list of strengths and weakness for option one is presented below:

### *Strengths*

- The zoning is suitable for high density development
- The operating budget supports a mortgage of \$2.02 million dollars with 100% building operating at shelter rate rents
- The maximum development potential is presented under this option

### *Weaknesses*

- A variance for parking would be required to reduce the number of required spots, however, the City is likely to be open to this request
- A large financial shortfall \$3.43 million requires some additional equity sources be identified
- The process for this development option complicated as there is a need to combine the three lots under one civic address, PGMHS does have experience with this, which will benefit the project

### *Recommendations*

While this option provides a maximum number of units, there is additional associated cost to this option. At this point, we would recommend proceeding with this option only if additional sources of equity can be identified. A preliminary list of potential sources of equity includes:

- A grant through a new funded program from BC Housing (this hard to rely on as there are no currently new funded programs)
- Other levels of government, such as the Federal Government, or Municipality
- Additional equity from the Society
- Increase rents
- Consider included a retail or commercial component, which is allowed as a secondary use under RM6 zoning
- A fund raising campaign

## Conclusion: Next Steps

While there are clear strengths and weaknesses for both options, the PGMHS must also consider their desire to build capacity, maximize the number of individuals they serve, along the financial implications of a new development when making a choice on which development path to choose.

New developments can take years to come to fruition, therefore we recommend the following next steps:

- Develop a business plan (including more detailed operating and capital budgets) for the chosen option to forward to funders and potential partners
- Identify different funding and financing opportunities (external and internal)
- Conduct preliminary site studies (e.g. geotechnical, survey, environmental)
- Apply for Project Development Funding from either CMHC or BC Housing
- Contact the City of Prince George about combining lots and timeline for approval
- Commence preliminary design work, this could include planning for and pricing out unique design features such as a rooftop garden

---

## 10.12 RM4 Multiple Residential

# RM4

### 10.12.1 Purpose

The purpose of this zone is to provide for multiple housing with a maximum density of 90 dwellings/ha.

---

### 10.12.2 Principal Uses

- community care facility, major
- community care facility, minor
- housing, apartment
- housing, congregate
- housing, four-plex
- housing, row
- housing, stacked row

### 10.12.3

### Secondary Uses

- home business 1

---

### 10.12.4 Subdivision Regulations

1. The minimum lot width is 22.0 m.
2. The minimum lot area is 1,000 m<sup>2</sup>.

### 10.12.5 Regulations for Principal Development

1. The maximum residential density is 90 dwellings/ha.
2. The maximum site coverage is 55%.
3. The maximum height is 12.0 m.
4. The maximum number of storeys is 3.
5. The minimum front yard is 6.0 m.
6. The minimum side yard is 3.0 m.
7. The minimum rear yard is 6.0 m.
8. The minimum setback between principal buildings on the site is 4.5 m.

### 10.12.6 Regulations for Accessory Development

1. The maximum height is 5.0 m.
2. The minimum front yard is 15.0 m.
3. The minimum interior side yard is 1.2 m and the minimum exterior side yard is 3.0 m, and is not required for a common wall for attached housing.
4. The minimum rear yard is 1.2 m.

### 10.12.7 Other Regulations

1. **Note:** In addition to the regulations listed above, other regulations may apply. These include the general development regulations of Section 4, the specific use regulations of Section 5, the landscaping and screening provisions of Section 6, the parking and loading regulations of Section 7, and the development permit guidelines of Section 8.

---

## 10.14 RM6: Mid-rise Residential

# RM6

### 10.14.1 Purpose

The purpose of this zone is to provide for mid-rise multiple housing with a maximum density of 140 dwellings/ha for areas defined by the OCP as suitable for higher density housing.

---

### 10.14.2 Principal Uses

- apartment hotel
- community care facility, major
- community care facility, minor
- housing, apartment
- housing, congregate
- housing, four-plex
- housing, row
- housing, stacked row
- religious assembly only on sites less than 1.0 ha

### 10.14.3

### Secondary Uses

- club
- health service, minor
- home business 1
- retail, convenience
- service, massage therapy
- service, personal

---

### 10.14.4 Subdivision Regulations

1. The minimum lot width is 27.0 m.
2. The minimum lot area is 1,500 m<sup>2</sup>.

### 10.14.5 Regulations for Principal Development

1. The maximum density is 140 dwellings/ha.
2. The maximum site coverage is 45%. An additional 30% may be used for covered or enclosed off-street parking.
3. The maximum height is 30.0 m.
4. The minimum front yard is 4.5 m.
5. The minimum side yard is 3.0 m.
6. The minimum rear yard is 4.5 m.
7. The minimum setback between principal buildings on the site is 6.0 m.

### 10.14.6 Regulations for Accessory Development

1. The maximum height is 5.0 m.
2. The minimum front yard is 15.0 m.
3. The minimum interior side yard is 1.2 m and the minimum exterior side yard is 3.0 m, and is not required for a common wall for attached housing.
4. The minimum rear yard is 1.2 m.

### 10.14.7 Other Regulations

1. Personal service, massage therapy service, convenience retail, and minor health service shall not be in any freestanding building separate from a building containing a residential use. The maximum size for any one tenancy for these uses is 150 m<sup>2</sup>. The total combined gross floor area of all personal service, convenience retail, and minor health service shall not exceed the lesser of 260 m<sup>2</sup> or 10% of the gross floor area of all principal buildings on the site.



2. **Note:** In addition to the regulations listed above, other regulations may apply. These include the general development regulations of Section 4, the specific use regulations of Section 5, the landscaping and screening provisions of Section 6, the parking and loading regulations of Section 7, and the development permit guidelines of Section 8.