THE CORPORATION OF THE DISTRICT OF BURNABY

February 13, 1970

MUNICIPAL MANAGER'S SPECIAL REPORT NO. 2, 1970

His Worship, the Mayor,
and Members of the Council

Gentlemen:

Re: Disposition of Surplus Municipal Lands.

The question of Council policy respecting the disposition of municipally-owned land - i.e. outright sale or leasing, is one which requires early resolution.

This subject was last dealt with by Council in 1967 when your Municipal Manager prepared and submitted a Special Report. The Report, however, dealt only with the matter of Industrial and Commercial lands and Residential lands were not covered. Council determined at that time that it would not proclaim a firm policy of either leasing or outright sale - thus leaving itself the right and opportunity to consider either method in any particular case as the circumstances may dictate at the time of consideration.

To this date there have been no leases granted by Burnaby except in the cases of non-profit organizations developing residential use of a community nature. These leases have all been for nominal consideration. The normal method of disposing of land has been by sale in accordance with the provisions of the Municipal Act. Terms of sale are 25% down with the balance payable over three years with interest at the current bank rate. It is interesting to note that as of 28th January, 1970 there were only 20 Agreements-for-Sale in force.

For many years municipalities in B.C. were not permitted to enter into leases for any useful period of time. This prohibition still exists elsewhere - the Province of Saskatchewan is an example where it was not until 1969 that leasing was legalized. The Municipal Act, however, in B.C. has been amended so that long-term leases may now be offered.

One important fact which is considered very pertinent to a discussion of the question of leasing by Burnaby is that Council established a revolving fund for the servicing of municipal land with the proviso that servicing costs be a first charge against the selling price of the land. At this particular date there are three subdivisions being treated in this way. This policy is contingent upon recovery of the servicing investment.

It is also the fairly imminent completion of two of these subdivisions which makes a firm policy decision as to method of their disposal so essential.

There are also scattered lots throughout the Municipality which from time-to-time can be declared surplus to the Corporation's known needs and which can be disposed of.

The pertinent sections of the Municipal Act which grant the power to Council to lease and which set out controls with respect to leases are given below:

477(1) The Council may by by-law absolutely lease any real property held or owned by the Municipality, other than land acquired or held under Section 621 for any term or terms, including any option for renewal not exceeding in the aggregate ninety-nine years.

(2) Every lease made under this section shall contain

(a) a proviso for re-entry by the lessor on non-payment of rent or non-observance or non-performance of covenants therein contained;

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(b) a prohibition against sub-letting without the approval of the Council,

and may be made subject to the Short Form of Leases Act.

(3) Every lease under this section, the term of which exceeds ten years, shall contain provisions requiring that

(a) the rental fee or fees be renegotiated at the expiration of ten years and every five years thereafter during the term of the lease; and

(b) if the parties to the lease at any time fail to agree under clause (a), the matter shall be referred to arbitration under the Arbitration Act.

477A - Section 473 and subsections (2) and (3) of section 477 do not apply in the case of sale or lease of real property to Her Majesty the Queen in right of the Province or of Canada, a regional district, a municipality, or a Board of School Trustees.

473(1) Unless a parcel of land is intended to be sold by public auction or tender, it shall not be sold or leased by a municipality unless a description thereof, and the lowest price or rental which will be accepted therefor in the event that the parcel is offered for sale or lease, has been posted in the locations specified in Subsection (4) of Section 55.

(2) No parcel of land upon which there is a building or structure of any kind shall be offered for sale by a municipality unless a notice of intention to sell the parcel has been published in a newspaper published or circulating in the municipality at least one week before and not more than three months before the sale of the parcel.

336(1) Lands the fee of which is in the municipality but which are held or occupied otherwise than by or on behalf of the municipality are, with the improvements thereon, liable to assessment and taxation in accordance with this section, but this section does not apply to make liable to taxation lands or improvements which would otherwise be exempt from taxation under clauses (d) to (l) incl., of subsection (1) of Section 327, or under a By-law adopted under section 328 or a highway occupied by a company mentioned in Part XIV.

Attention is specifically drawn to Section 473(1) and since this will be discussed later on in this Report, the provisions of Section 219 of the Municipal Act are quoted:

"219. Except where in this Act it is specifically provided to the contrary, a Council shall not have the power to grant to any person any particular privilege or immunity or exemption from the ordinary jurisdiction of the corporation; or to grant any charter bestowing a right, franchise or privilege, or to give any bonus or exemption from any tax, rate, or rent; or to remit any tax or rate levied or rent chargeable."

Because the practice of leasing municipal land is so new it is very difficult to obtain any knowledge based upon experience, from any source. Enquiries have been made but these have been of no help. The discussion which follows is based upon talks with people who are knowledgeable about certain effects and requirements which apply to leases, and thereafter by analysis of the local situation by staff.

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Since what could be called the "normal" method of disposing of land is by sale, it becomes important to try and determine a rationale for a concept of leasing, so the two methods can be related or compared. A rationale means a purpose or intent to achieve a certain objective by leasing.

In attempting to be completely objective in this discussion on this subject your Municipal Manager has been able to come up with only three basic premises for leasing:

(a) It provides an opportunity for the Municipality to recover use of the land at a date in the future so that a future major development or redevelopment might be achieved.

(b) It provides an opportunity for the Municipality to encourage home-building by removing the necessity of the home-builder having capital for the purchase of a lot on which to build.

(c) The financial return to the Municipality can be greater over the period of lease than by outright sale.

If the rationale is (a) it is submitted that it may well be found that it may be extremely difficult to radically alter existing development and its associated activity patterns. It would seem that the same control could be achieved through a strict adherence to present and future zoning by-laws designed for planned growth of the Municipality. Since leases could conceivably be for terms of up to 100 years, however, it would appear to be an impossibility to make any forecast that far in the future.

The value of this rationale would depend upon the timing of recovery of the land, and the area of land so recovered. It would to all practical intents require a common termination date of leases representing a useable area of land. This would seem to indicate, firstly, the use of leasing for large areas of land. Secondly, it would seem to indicate use of leasing for a single individual or developer as opposed to many leases as this would permit a single expiry date for the lease. Additionally, a single lease would eliminate a great deal of administrative work by the Corporation and would negate the many renegotiations of leases due to resale which would inevitably result from long-term leases.

If the rationale is (b), there are additional circumstances to consider but it should be pointed out that any rationale should be considered in conjunction with (a).

It is uncontestable that leasing would eliminate to some extent the requirement of capital for the purchase of land. The extent to which it would relieve the capital requirement would depend upon the terms of lease set down by the Corporation - i.e. no down payment, 25%, 50% or 75% down payments.

The ownership of the land, however, can have an effect which would partially offset any advantage gained through leasing. C.M.H.C. for example, will loan money for home construction on leased land. The catch is that they will not consider any land value for leased land. This reduces the amount which can be borrowed for construction on leased land. This could result in a need for a second mortgage or for additional capital by the applicant.

It should also be noted in this regard that a very complicated mortgage agreement is required to protect the Mortgage Company. This is only natural as the Mortgage Company does not have the same degree of protection on leasehold property as it has on freehold property. The question of whether there is any difference in rates on the two types of mortgages has not been explored.

Rationale (c) should be considered from both the Corporation and the prospective leaseholder's point of view. It stands to reason that financially the Corporation would receive more for a lease than by outright sale. Under the Municipal Act the leases have to be opened periodically for re-negotiation.

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This protects the municipality and the leaseholder to a considerable degree. It could not accommodate sudden violent changes in the value of money but it certainly could take care of trends. In addition, the Municipality, would not only retain its own asset, the land, but it could also gain additional assets, the buildings or improvements, from the leaseholder. What one gains is offset to some degree by the contribution of the other.

The effect of leasing on the capital requirements of the municipality is also a very important factor. This is particularly so in times of tight money such as is now being experienced. The Municipal Act requires that proceeds of sales of Tax Sale Property be placed in a special reserve and these funds can only be utilized by Council with the permission of the Minister of Municipal Affairs. Burnaby has consistently utilized these funds for improvements of a public nature which are of benefit to the entire community. The Capital Improvement Budget contains an anticipated contribution annually toward those projects which fall within the above yardsticks. If the source of such funds dries up, this contribution would have to be replaced in the C.I.P. Budget by either contributions from revenue, or by borrowing. The only other alternative would be to postpone the proposed improvement. There would be revenue from the leases but likely not adequate for the purpose so the lease earnings could well be offset to some degree by the loss of a cash sale now, and its worth to the community. If, for example, it is found necessary to postpone any planned improvement for any length of time due to lack of funds for any reason, it is extremely difficult to place a dollar and cents value on it either for possible higher future cost or for loss of community amenity due to the postponement.

It is also necessary to take into account the possible intent of Council. To this point, in dealing with rationale (c), your Municipal Manager has assumed an economical leasing of land. The picture would be completely changed if the policy were to be to use leasing as a device for subsidization. If such were to be the case, and it is patently contrary to section 219, the whole picture would alter in favour of the leaseholder. There are avenues open to the Municipality for providing subsidies with the Federal and Provincial Governments contributing 87 1/2% of such subsidies. If assistance of this kind is warranted, this is the better solution. It must be borne in mind that Council would not be considering leasing for the aid of very many present residents of the Municipality but rather for others who might come in to take advantage of it. The Federal and Provincial Governments have a greater responsibility to these citizens than does Burnaby.

A strong argument could well be made that this asset of the Corporation (Tax Sale Property) belongs to all the citizens of the community, past, present and future, and should be preserved. This is an argument in favour of leasing. It can also be argued with some force that the citizens of the past cannot be helped, but that the citizens of the present and future can be helped by converting the land asset into other assets for the community which can be put to lasting use at this time.

To direct the examination now to matters of a more general nature pertinent to this discussion --. Your Municipal Manager previously reported to Council "The Corporation has all of its restrictive by-laws and, in addition, has restrictive provisions on its leases to ensure that the lessee does nothing detrimental to the general good. There seems no doubt that better control of the use of land can be gained through leasing than can be gained through restrictive covenants on land." This statement is still valid but it must be recognized that a lease is a two-party arrangement. If the public interest needed to be served by earlier recovery of the land than expiry of the lease, the Corporation would not have any power of expropriation. Possibly the leases could contain a satisfactory provision for re-entry but who would be interested in such a lease? In other words, while retaining one form of control, the Municipality would sacrifice a right which also provides a control. This could possibly be changed by Legislation.

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C.M.H.C. requires a lease at least 10 years longer than the term of any mortgage it accepts. Mortgages are for 25 years, generally, but may be for up to 40 years. Minimum lease periods then could be from 35 to 50 years. This could create a very staggered recovery period, thus frustrating redevelopment.

It is not usual now for homes to remain in the same ownership for such extended periods of time. People are much more mobile than they used to be. The impact of this is that they wish to dispose of their homes for one or more of many reasons. Depending upon the remaining term of the land lease, this could well affect the resale value of a home. This, in turn, will result in appeals for re-negotiation of the leases, thus defeating any possibility of a common expiry date.

In the same vein, there is a fear that toward the end of a lease there would be no incentive to maintain the improvements on leased property. This could result in a run-down neighbourhood and affect both the values to the property holder and the assessed value within the general district.

If leasing became general, there is a fear that difficult administration problems would arise which could necessitate the setting up of a division or a department to handle the business.

With the possibility of requiring one or more mortgages in addition to the rental value of the land, a prospective builder on leased land could find himself faced with very large monthly payments. The particular concern of the municipality would be the difficulty in collecting its land rent if the lessee found himself in difficulty. The Corporation has no method of forcing payment of land rents except by distress. The possibilities of a municipality going this far with a home-owner seem quite remote. Section (2) of 477 of the Municipal Act makes it a requirement that all leases contain a proviso for re-entry by the lessor on non-payment of rent or non-performance of convenants contained in the lease but, again, enforcement could prove embarrassing, to say the least.

Leased property is subject to taxation in the normal manner so leasing does not affect tax revenue. In the case of the agreement respecting the Musqueam Development Company and the Queen re lands owned by the Musqueam Indian Band, Vancouver requires that every lease shall provide, in the event that taxes shall remain unpaid for a period in excess of 92 days from the date of mailing of the tax notices from the City in the year in which such taxes are due, then the leasehold interest shall be forfeited to the Minister. It also contains a Tax Trust made up of a surcharge on the lease rentals. This further safeguards city taxes.

This municipality has very little property which is serviced. One problem would be the cost of servicing the land. With the standard of servicing now in effect, this could result in the need for substantial capital funds. This problem could be overcome by leasing raw land to a developer and requiring him to service it. The costs, of course, would be passed on through the cost of the home which would partially negate any advantage of leasing the land.

Leasing of land for residential or, for that matter, any purpose, removes the possibility of the lessee gaining from land value appreciation. This has been an important feature and it could become increasingly so as property becomes more scarce, as is bound to happen in Burnaby over the next few years.

Finally, the reaction of Canadians to leasing is an unknown quantity. Leasehold was common in Newfoundland but not in the Central or Western parts of Canada. According to C.M.H.C. sources, 100 Mile House tried it and then abandoned it as it became evident it was hampering development. As soon as it was abandoned, development picked up markedly.

All the foregoing relates only to leasing of land for Residential purposes. Industrial and Commercial lands are in a somewhat different category.

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Retention of capital is often of major importance to a business or industry and leasing of premises is quite common. There is a difference, however, between the availability of a lease on land only, and one on buildings and land.

In the case of buildings and land, advantages appear to be:

(a) no outlay of capital funds is required;

(b) leasing costs are deductible from income for tax purposes;

(c) lease rentals are often of long term and not subject to review for the first 40 years or so.

Note: The Municipal Act requires review.

In the case of lease of land only, there appears to be little or no advantage unless:

(a) a desired site can be obtained by no other means;

(b) modest buildings requiring modest outlay will suffice;

(c) financing other than by mortgage is available.

Note: A mortgage company usually requires a lease term twice that of the mortgage and not subject to review for at least 20 to 25 years. Again, it must be appreciated that the position of a mortgagor on leasehold is not as strong as that of a mortgagor on freehold.

There is apparently some difficulty in obtaining mortgages for commercial purposes on leased properties. Mortgage companies, it appears, prefer to purchase land outright, build on it and then rent the complete package.

There is a growing trend for mortgage money to want a "piece of the action".

There is merit in the concept of using the lease method for industrial lands on a short-term basis, presumably while final development plans for an area are being considered. A lease in this instance should be for, say, the 5-15 year duration which:

(a) is most unsatisfactory for mortgage purposes; and

(b) would tend to promote out-door storage or some unsightly use of the area thus impeding greater development.

If associated with an Industrial Park Development, however, the lease concept for municipal lands appears to have good potential. Economics of scale derived from such a project may enable, for example, the reclamation of treatable peat areas through use of the rent revenues. If, in turn, the Industrial Park was successful, there is the further alternative of lease-to-own, with the revenues so derived being used to promote and develop another industrial park site. Such a policy would necessitate the formation of an Industrial Development Department to promote, organize, and administer the lands and development involved.

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Conclusion:

What at first view seems a simple and desirable policy becomes complex and less attractive when carefully examined.

Contrary to appearances, Burnaby does not have large tracts of land immediately available for sale or for leasing. Large portions of the municipal holdings are in need of thorough examination as to future use and approximate timing of development. The Planning Department has just concluded an intensive conceptual study which will be in Council's hands shortly. This would be one step toward removing this drawback. Other areas, not subject to the above weakness, are not serviced.

A policy of leasing of land for residential development would appear particularly unattractive and could impede development of the community.

The apparent advantages of a leasing policy could only be attained either by leasing to a single individual an area of sufficient size to be important in the future, or by arbitrarily controlling the expiry date of leases so the whole area would become available at a predetermined time. Again, the area should be of useful size.

Use of the leasing concept for Commercial and Industrial purposes has good possibilities which are well worth further investigation.

In one discussion on this subject of leasing, a strong proponent of leasing referred to municipal land as its "birth-right". This is not true. Municipalities were given no grant of land on their formation by the government - only the responsibility for local government over the lands and peoples within their boundaries. Such lands as the Municipality does own are either by purchase or through someone else's misfortune of not being able, or unwilling to pay taxes on the land. Obtaining land by Tax Sale is an enforcement device - not a means in itself of acquiring land.

Attainment of as yet unknown objectives far in the future are not of too great significance if proper planning is done and maintained. The areas where the greatest need is likely to be in this context are already beyond recall.

Recommendation:

Your Municipal Manager approached this subject with an open mind though the content of this brief might seem to indicate the contrary. The main purpose was to explore and set out advantages and disadvantages in all cases. For residential property, these are listed:

Advantages

1. Opportunity for the Corporation to recover the land at a predetermined time to make possible any redevelopment of an area without the necessity of purchase of the land.

2. A financial advantage to the municipality by receiving rents while still retaining ownership.

3. A possible financial advantage to the lessee initially, at least, by removing the necessity of having capital for purchase of a lot on which to build.

4. Retention by the Corporation of an asset (land) rather than selling it.

5. Leased land is taxable so there is no loss of taxes involved to the Corporation.

6. Lessee is protected from land depreciation.

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DISADVANTAGES

1. The advantage listed as No. 1 is of little value unless the land area is of a useful size and it all becomes available to the Corporation at about the same time.

2. If any municipal purpose requires any leased land before expiry of the lease, the municipality has no power of expropriation.

3. In the long run, the lessee pays out a tremendous sum and in the end owns nothing.

4. Leased land is not as convenient as freehold land for purposes of obtaining mortgages at the most favourable terms and amounts.

5. A difficult task of enforcement in cases of default in payment of rent.

6. Strong possibility of administrative problems requiring increased administrative costs.

7. Possibility of neglect of premises toward end of leases.

8. Loss to the Corporation of a source of Capital funds in sufficient quantity to program needed improvements of a capital nature.

9. Possible problems for the lessor if he desires to sell his property.

10. A financial problem of servicing land for leasing. Through outright sale, servicing costs can be quickly recovered and the monies re-used, thus reducing the sum in total required.

11. Lessee forfeits any possibility of gaining from land appreciation.

12. Possibility of retardation of development if leasing does not prove attractive.

13. Cost of clearing site at end of lease period.

It is recommended:

(a) that the best interests of the Municipality would be served by a continuance of the sale policy for all residential lands the Council might decide to put in a sale position;

(b) that if, and when, any large tract of land scheduled for residential development became available to Council, the Council of the day re-examine the situation for the possibility of leasing the entire site;

(c) that Council continue its presently-stated policy with respect to Commercial or Industrial lands it owns, thus leaving Council free to consider either lease or sale of such lands;

(d) that under no consideration should Council consider the lease concept for individual or small groups of residential lots.

Appendices

A. Maps
B. Financial Calculations

Respectfully submitted,

H. W. Balfour
MUNICIPAL MANAGER

HB:mc

Current mortgage rules and rates:

	C.M. & H.C.	Conventional Bank	Combined Bank
Current rates	10 1/4%	10 1/2%	10 3/4%
Maximum term (dependent on age of applicant)	30 Years	30 Years	30 Years
Renegotiable interest rate	No	Every 5 yrs.	Every 5 yrs.
Maximum percentage of appraised value	90%	75%	90%
Maximum mortgage	$25,000	$45,000	$48,000

Example:

Land value - minimal lot	$ 8,000
1,200 sq. ft. home construction cost	18,000
	$26,000

	General	School & Hospital
Taxable assessment 1969 - land	$ 6,400	$ 3,000
	14,400	6,770
	20,800	9,770
Taxable assessment 100% land 75% improvements	17,200	8,078

1969 Taxes:	General purposes @ 15.75 mills	$270.90
	School & Hospital @ 30.725 "	248.20
	Water	30.00
	Sewer	21.00
	Ornamental lighting	16.00
		586.10
	Less Home-Owner Grant	150.00
	Net Taxes	$436.10
	Taxes per month	$ 36.34

Lease - 50% down payment No allowance for land value	C.M. & H.C.	Conventional Bank	Combined Bank
Building Cost	$18,000	$18,000	$18,000
Mortgage value	16,200	13,500	16,200
Down payment required - building	1,800	4,500	1,800
- lease	4,000	4,000	4,000
Total	5,800	8,500	5,800
25 year mortgage - per month	$ 150.00	$ 127.47	$ 173.16
Lease rental 10% on $4,000 per month	33.33	33.33	33.33
Taxes	36.34	36.34	36.34
	$ 219.67	$ 197.14	$ 242.83
Minimum income required - per month	813.59	788.56	971.32
- per annum	9,763.08	94,62.72	11,655.84

Lease - 75% down payment No allowance for land value	C.M. & H.C.	Conventional Bank	Combined Bank
Building Cost	$18,000	$18,000	$18,000
Mortgage value	16,200	13,500	16,200
Down payment required - building	1,800	4,500	1,800
- lease	6,000	6,000	6,000
Total	7,800	10,500	7,800
25 year mortgage per month	$ 150.00	$ 127.47	$ 173.16
Lease rental 10% on $2,000 per month	16.67	16.67	16.67
Taxes	36.34	36.34	36.34
	$ 203.01	$ 180.48	$ 226.17
Minimum income required - per month	751.88	721.92	904.68
- per annum	9,022.56	8,663.04	10,856.16

Outright Purchase

	C.M. & H.C.	Conventional Bank	Combined Bank
Total cost	$26,000	$26,000	$26,000
Mortgage value	23,400	19,500	23,400
Down payment	2,600	6,500	2,600
25 year mortgage, per month	$ 216.78	$ 184.12	$ 225.10
Taxes per month	36.34	36.34	36.34
	$ 253.12	$ 220.46	$ 261.44
Minimum income required: C.M.& H.C. 27%, Bank 25% - per month	937.48	881.80	1,045.76
- per annum	11,249.76	10,581.60	10,549.12

Lease - no down payment
No allowance for land value

	C.M. & H.C.	Conventional Bank	Combined Bank
Building cost	$18,000	$18,000	$18,000
Mortgage value	16,200	13,500	16,200
Down payment required	1,800	4,500	1,800
25 year mortgage - per month	$ 150.00	$ 127.47	$ 173.16
Lease rental 10% on $8,000 - per month	66.67	66.67	66.67
Taxes per month	36.34	36.34	36.34
	$ 253.01	$ 230.48	$ 276.17
Minimum income required - per month	937.48	921.92	1,045.76
- per annum	11,249.76	11,063.04	12,549.12

Lease - 25% down payment
No allowance for land value

	C.M. & H.C.	Conventional Bank	Combined Bank
Building cost	$18,000	$18,000	$18,000
Mortgage value	16,200	13,500	16,200
Down payment required - building	1,800	4,500	1,800
- lease	2,000	2,000	2,000
Total	3,800	6,500	3,800
25 year mortgage per month	$ 150.00	$ 127.47	$ 173.16
Lease rental 10% on $6,000, per month	50.00	50.00	50.00
Taxes	36.34	36.34	36.34
	$ 236.34	$ 213.81	$ 259.50
Minimum income required - per month	875.33	855.24	1,038.00
- per annum	10,503.96	10,262.88	12,456.00

Current mortgage rules and rates:

	C.M. & H.C.	Conventional Bank	Combined Bank
Current rates	10 1/4%	10 1/2%	10 3/4%
Maximum term (dependent on age of applicant)	30 Years	30 Years	30 Years
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	Ornamental lighting	16.00
		586.10
	Less Home-Owner Grant	150.00
	Net Taxes	$436.10
	Taxes per month	$ 36.34

	C.M. & H.C.	Conventional Bank	Combined Bank
<u>Lease - 50% down payment</u>			
No allowance for land value			
Building Cost	$18,000	$18,000	$18,000
Mortgage value	16,200	13,500	16,200
Down payment required - building	1,800	4,500	1,800
- lease	4,000	4,000	4,000
Total	5,800	8,500	5,800
25 year mortgage - per month	$ 150.00	$ 127.47	$ 173.16
Lease rental 10% on $4,000 per month	33.33	33.33	33.33
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- per annum	9,763.08	94,62.72	11,655.84

	C.M. & H.C.	Conventional Bank	Combined Bank
<u>Lease - 75% down payment</u>			
No allowance for land value			
Building Cost	$18,000	$18,000	$18,000
Mortgage value	16,200	13,500	16,200
Down payment required - building	1,800	4,500	1,800
- lease	6,000	6,000	6,000
Total	7,800	10,500	7,806
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Lease rental 10% on $2,000 per month	16.67	16.67	16.67
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- per annum	11,249.76	10,581.60	10,549.12

Lease - no down payment
No allowance for land value

	C.M. & H.C.	Conventional Bank	Combined Bank
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	$ 253.01	$ 230.48	$ 276.17
Minimum income required - per month	937.48	921.92	1,045.76
- per annum	11,249.76	11,063.04	12,549.12

Lease - 25% down payment
No allowance for land value

	C.M. & H.C.	Conventional Bank	Combined Bank
Building cost	$18,000	$18,000	$18,000
Mortgage value	16,200	13,500	16,200
Down payment required - building	1,800	4,500	1,800
- lease	2,000	2,000	2,000
Total	3,800	6,500	3,800
25 year mortgage per month	$ 150.00	$ 127.47	$ 173.16
Lease rental 10% on $6,000, per month	50.00	50.00	50.00
Taxes	36.34	36.34	36.34
	$ 236.34	$ 213.81	$ 259.50
Minimum income required - per month	875.33	855.24	1,038.00
- per annum	10,503.96	10,262.88	12,456.00