

ITEM	6
MANAGER'S REPORT NO.	67
COUNCIL MEETING	90/11/05

TO: MUNICIPAL MANAGER 1990 October 25

FROM: DIRECTOR PLANNING & BUILDING INSPECTION Our File: 12.400

SUBJECT: LEASE AGREEMENT WITH VANCOUVER RESOURCES SOCIETY FOR MUNICIPAL SITE AT 5861 HARDWICK STREET FOR DEVELOPMENT OF A GROUP HOME

PURPOSE: The purpose of this report is to seek Council authorization to finalize the terms of a 60 year pre-paid lease agreement with the Vancouver Resources Society for the Municipal site at 5861 Hardwick Street for development of a group home.

RECOMMENDATIONS:

1. THAT staff be authorized to negotiate a 60 year pre-paid lease agreement with the Vancouver Resources Society for the Municipal site at 5861 Hardwick, as described in Section 2.0 of this report.
2. THAT Council authorize a maximum expenditure of \$2000 from the Land Assembly and Development Fund for the servicing of the subject Municipal site, as outlined in Section 3.0 of this report.

R E P O R T

1.0 BACKGROUND

At its meeting of 1990 August 13, Municipal Council authorized the lease of the Municipal site at 5861 Hardwick Street (Appendix 1, attached) to the Vancouver Resources Society (VRS) for development of a group home for 5 physically disabled adults. Council was informed that VRS would be the project sponsor and holder of the lease; the Rotary Club and Multiple Sclerosis Society of B.C. would serve as partners, offering their skills and other resources, as required to assist with the development.

The recommendation was that the site be offered through a 60 year pre-paid lease, with the price being set at 75% of the site's appraised freehold value. In 1990 May, staff appraised the site at \$200,000, which would translate into a \$150,000 price for a 60 year leasehold interest in the site. The report to Council indicated that the British Columbia Housing Management Commission (BCHMC), which approves capital funding for group homes, was comfortable with the appraisal, subject to reappraisal at the time of project commitment.

In light of BCHMC's requirement for reappraisal and the softening of the real estate market, the Rotary Club approached staff with a request to reappraise the site in 1990 October. Staff agreed to the request. This report provides information on the reappraisal and the site servicing requirements. It concludes that the site should be offered to the VRS on a 60 year leasehold basis for the revised figure of \$127,500 and that the servicing costs should be borne by the Municipality.

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2.0 SITE APPRAISAL

Lands Department staff updated its appraisal of the site in mid-October. As indicated in the memo in Appendix 2 attached, the revised estimate of value for the site is \$170,000. This revised figure would translate into a cost of \$127,500 for a 60 year leasehold interest in the site.

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3.0 SERVICING

The Engineering Department advises that the water services are required for the site. When offering residential sites by public tender, the Municipal policy is to assume responsibility for the site servicing. It is therefore recommended that the Municipality absorb the necessary site servicing costs for the Hardwick property. Engineering staff estimate the water servicing costs to run between \$550 and \$2000. Sufficient funds are available in the Land Assembly and Development Fund to cover these costs.

4.0 CONCLUDING DISCUSSION

As indicated in the August report to Council, staff believe the proposed group home development is a sound project. Of particular merit is the collaborative approach being taken, with the Vancouver Resources Society, the Rotary Club and the Multiple Sclerosis Society pooling skills and resources to make the project a success.

In the August report, it was indicated that BCHMC would seek a reappraisal of the site prior to project commitment. Staff believe that the revised appraisal, presented herein, accurately reflects the softening that has occurred in the real estate market since the original appraisal was conducted.

Given the foregoing, it is recommended that staff be authorized to negotiate a 60 year pre-paid lease with VRS for the subject site, as described in Section 2.0 above. It is further recommended that Council authorize the maximum expenditure of \$2000 from the Land Assembly and Development Fund for the installation of the necessary site services.

BCHMC has been informed of the revised appraisal. Subject to Ministry of Health approval of project operating funds, BCHMC has agreed to commit the \$127,500 payment for the 60 year pre-paid lease. BCHMC staff expect to be able to make the payment at the time of project commitment, prior to construction.


A.L. Parr
DIRECTOR PLANNING &
BUILDING INSPECTION

JF/jp

Attachment

cc: Director Finance
Director Engineering
Municipal Solicitor
Medical Health Officer



PLAN 73092
 ITEM 6
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SUBJECT SITE

GODWIN AVE 630

WOODSWORTH ST. 1910 R5

SPROUT ST

ZONING OVERLAY - PLANNING AND BUILDING INSPECTION DEPARTMENT

Date:
 1990 MAY
 Scale:
 Drawn By:



APPENDIX 1
 SKETCH 1

PROPOSED GROUP HOME SITE
 5861 HARDWICK STREET

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Highest and Best Use

As discussed earlier, the lot is vacant. The highest and best use is considered to be that of a vacant lot capable of two-family development.

Method of Valuation

The property has been valued by the Direct Sales Comparison Method. A number of sales of two-family lots containing houses of nominal value have been found and analyzed as follows.

Sale No. 1

Address: 5737 Hardwick Street
Zoning: R5
Site Size: 66' x 124' = 8,184 sq. ft.
Sales Price/Date: \$178,000/September 1990
Description: 1360 sq. ft. rancher with split level addition, fair condition, lane access, same block as subject, duplex sized lot.
Adjustments: Downward for improvements.
Adjusted Price: \$170,000

Sale No. 2

Address: 8110 11th Avenue
Zoning: R5
Site Size: 66' x 146' = 9,636 sq. ft.
Sales Price/Date: \$184,000/July 31, 1990
Description: 1920 sq. ft. 2-storey plus basement home on duplex lot, lane access, good condition, dissimilar neighbourhood.
Adjustments: Downward for improvements, sale date and condition. Upward for location.
Adjusted Price: \$168,000

Sale No. 3

Address: 5666 Rumble Street
Zoning: R5
Site Size: 66' x 122' = 8,052 sq. ft.
Sales Price/Date: \$190,000/May 1990
Description: 900 sq. ft. home on crawl space, fair condition, superior location, lane access, duplex lot.
Adjustments: Downward for location, sale date. Upward for improvements.
Adjusted Price: \$174,000

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Reconciliation

Sales No. 2 and 3 represent lot sales which occurred earlier this year in a more active market. Sale No. 1 is considered the best comparable since it is the most recent sale and is located in the same block as the subject. Therefore, based on Sale No. 1 and supported by the other two comparables, the indicated value of the subject property is \$170,000.

Final Reconciliation

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In analyzing the value of a vacant lot in its highest and best use, it must be determined which approach produces the most predictable results. When good data is available the most accurate results are considered to be by applying the Direct Sales Comparison Method. Therefore, the value of the subject property is determined as \$170,000.



Peter Devonshire
Solicitor

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