

Attachment 2

Letter from the Developer

1035668 BC LTD
210 Phillips St.
New Westminster BC,
V3M 5P1

October 19, 2021

Emilie Adin
Approving Officer
Corporation of the City of New Westminster City Hall,
511 Royal Avenue New Westminster, BC, V3L 1H9

Re: City preliminary review of 1084 Tanaka Court Pre-App Submission

Dear Madam,

Please accept this letter together with the attached documents as our pre-application submission for 1084 Tanaka Court. This letter relates to our proposal to rezone the subject property for a mixed-use development comprising various components, outlined in the proforma enclosed below, with the following Assumptions

1. Land cost/value for the proposed development is based on residual value at a 15% margin.
2. Estimated residual land value under current zoning (CD-82) is \$5.8M. The 2021 assessed value of the property is around \$3.6M which suggests that the residual values are in line and should be well above the actual acquisition costs of the land.
3. We've assumed that with 100% rental tenure and the daycare that the development would not have to pay CAC for land lift.
4. We have assumed the daycare franchise the requirement for a completed elevator, demising, mechanical rough-ins, etc. and they further require a rent-free fixturing period and a tenant improvement allowance of ~\$350,000 which assumes that they are doing their own tenant improvement.
5. Based on the Inclusionary Housing Policy it is assumed that 20% of the units (20 units) are required to be inclusionary units rented at below market rates. WINGS has proposed to 'purchase/lease' and operate 10 units. An additional 10 inclusionary units would be sold/lease to and operated by another non-profit housing provider that is still to be determined.
6. As per the LOI from WINGS, for their 10 units they are targeting rents at 40% below current Housing Income Limits (HILs) rates. For a 2-bedroom unit this would represent a monthly rental rate of \$1012.50 which is well below the \$1,266 rate noted in the Inclusionary Housing Policy. As HILs rates are income geared we've assumed that rental rates will have an average that falls between the limit set in the Inclusionary Housing Policy and WINGS' targeted rates. The additional 10 inclusionary units are assumed to have monthly rental rates at the maximum rate allowed under the policy.

Annual operating costs have been assumed at \$70,000 for the 20 inclusionary units, exclusive of debt costs.

WINGS	Unit Type	#	Monthly Rate	Annual Revenue	Annual OPEX	NOI
	1 Bedroom	1	\$951	\$11,412	\$3,500	
	2 Bedroom	7	\$1,160	\$97,440	\$24,500	
	3 Bedroom	2	\$1,460	\$35,040	\$7,000	
OTHER	Studio	3	\$777	\$27,792	\$10,500	
	1 Bedroom	7	\$951	\$79,984	\$24,500	
			(less vacancy)	(\$980)		
TOTALS		20		\$250,688	\$70,000	\$180,688

7. We assume that the units will be sold (both market rental and below market rental units)., However, we have the option to retain the units as well, but Performa is based on selling value.
8. Attached Performa is a capitalized proforma intended as a general illustration of the financial viability of the proposed scheme. We have assumed that rental tenure would be secured with a covenant stipulating no separate sales, but the Developer retains the right to sell the entire market rental component and/or the commercial component.
9. Capitalization rates for the market components are based on estimated NOI. Sales value for the inclusionary units is based on estimated CMHC mortgage coverage available.

Please find enclosed following with our resubmission:

1. A letter provided by WINGS that is consistent with the assumptions of the proforma; and the proforma assumptions are based on the LOI from WINGS not vice versa.
2. The project proforma.

Yours Sincerely



Dharam Singh Sra