Housing Choices Program:

Financial Analysis for Laneway Units and Suites in Semis

26 September 2022

Prepared for:
City of Burnaby

By:
coriolis
CONSULTING CORP.

Table of Contents

1.0 Introduction

1.1 Background

The City of Burnaby's Housing Choices Program is a multi-phased program to introduce missing middle housing types to Burnaby's single and two family neighbourhoods. Missing middle housing can include ground-oriented forms of housing such as laneway homes, duplexes, houseplexes, townhouses and lowrise apartment buildings. These infill housing forms can often be introduced into existing single family neighbourhoods without impacts on neighbourhood character and can provide a variety of significant benefits, including housing options that are more affordable than new single detached houses, the potential for rental units, options for existing neighbourhood residents to downsize (freeing up existing housing stock), more efficient use of land and infrastructure, reduction in energy use, improved public realm, and more walkable urban areas.

The first phase of Burnaby's program focuses on laneway homes and secondary suites in semi-detached homes ("suites in semis"):

- Laneway homes are smaller homes built in the backyard of a main house, facing the lane. Laneway homes can provide additional space for families or serve as a new source of rental housing while also providing income for the homeowner.
- "Suites in semis" are secondary suites in semi-detached (duplex) homes. A semi-detached home could potentially have two secondary suites, one in each unit. Secondary suites will not be allowed in stacked duplexes.

A key driver for this program is to increase rental housing and to help address housing affordability by creating new more affordable housing options. Therefore, where possible, the program is intended to include measures to support rental housing and minimize any upward pressure on existing property values.

As input to this planning program, the City of Burnaby retained Coriolis Consulting Corp. to

1. Analyze the likely financial performance of constructing new laneway units in existing single family zoning districts in Burnaby.
2. Analyze the likely financial performance of constructing "suites in semis" in existing duplex zoning districts in Burnaby.
3. Determine whether laneway homes on single family lots and "suites in semis" are likely financially viable for construction by builders and/or home owners.
4. Evaluate whether these new forms of missing middle housing will likely have impacts on existing property values in single family and duplex locations in Burnaby.
5. Evaluate the financial ability of each type of housing to provide amenity contributions or incorporate below market housing.

This report provides a summary of our analysis and identifies the key findings and implications.

1.2 Professional Disclaimer

This document may contain estimates and forecasts of future growth and urban development prospects, estimates of the financial performance of possible future urban development projects, opinions regarding the

likelihood of approval of development projects, and recommendations regarding development strategy or municipal policy. All such estimates, forecasts, opinions, and recommendations are based in part on forecasts and assumptions regarding population change, economic growth, policy, market conditions, development costs and other variables. The assumptions, estimates, forecasts, opinions, and recommendations are based on interpreting past trends, gauging current conditions, and making judgments about the future. As with all judgments concerning future trends and events, however, there is uncertainty and risk that conditions change or unanticipated circumstances occur such that actual events turn out differently than as anticipated in this document, which is intended to be used as a reasonable indicator of potential outcomes rather than as a precise prediction of future events.

Nothing contained in this report, express or implied, shall confer rights or remedies upon, or create any contractual relationship with, or cause of action in favor of, any third party relying upon this document.

In no event shall Coriolis Consulting Corp. be liable to the City of Burnaby or any third party for any indirect, incidental, special, or consequential damages whatsoever, including lost revenues or profits.

2.0 Concepts and Scenarios Analyzed

2.1 Laneway Homes

The City completed architectural testing for different laneway home concepts on a variety of different lot sizes. The concepts considered different design approaches, including single level homes, multi-level homes and homes with basements. For this analysis, the City asked us to analyze four different assumed laneway home sizes on different lot sizes ranging from about 4,000 square feet up to about 10,700 square feet. The assumed laneway home size increase as the lot size increases.

Because market values (rents and sales prices) vary by location, we examined these concepts in different neighbourhoods to model the potential financial impact of differing market values by location. So, in total we analyzed seven different case studies that varied by lot size, laneway home size and location, including:

- Case study 1 is a 650 square foot laneway home on a 4,359 square foot lot in the 5000 block of Norfolk Street. This represents a lower value location for Burnaby.
- Case study 2 is a 650 square foot laneway home on a 4,026 square foot lot in the 4100 block of Pandora Street. This represents a higher value location for Burnaby.
- Case study 3 is a 1,000 square foot laneway home on a 5,550 square foot lot in the 6700 block of Fulton Avenue. This represents a lower value location for Burnaby.
- Case study 4 is a 1,000 square foot laneway home on a 6,100 square foot lot in the 4000 Block of Trinity Street. This represents a higher value location for Burnaby.
- Case study 5 is a 1,200 square foot laneway home on an 8,052 square foot lot in the 9200 block of 10th Avenue. This represents a lower value location for Burnaby.
- Case study 6 is a 1,200 square foot laneway home on a 7,500 square foot lot in the 7200 block of Braeside Drive. This represents a higher value location for Burnaby.
- Case study 7 is a 1,400 square foot laneway home on a 10,737 square foot lot in the 7500 block of Colleen Street. This represents a higher value location for Burnaby.

For each of the seven case studies, we analyzed four different scenarios:

- Scenario 1 assumes that the new laneway unit is a market rental unit and is built as an infill unit without any changes to the existing single family home on the lot (infill scenario).
- Scenario 2 assumes that the new laneway unit is a market rental unit and it is built as part of the redevelopment of the entire lot (i.e. a new single family home and laneway unit are built simultaneously).
- Scenario 3 assumes that the new laneway unit is a market strata (ownership) unit and is built as an infill unit without any changes to the existing single family home on the lot (infill scenario).
- Scenario 4 assumes that the new laneway unit is a market strata (ownership) unit and it is built as part of the redevelopment of the entire lot (i.e. a new single family home and laneway unit are built simultaneously).

Therefore, we analyzed 28 different laneway unit scenarios in total.

2.2 Secondary Suites in Semi-Detached Units

For our analysis of secondary suites in semi-detached or duplex projects, we analyzed two different scenarios[1] that varied based on the assumed size of the secondary suite:

- A scenario that assumes a smaller 600 square foot 1 bedroom secondary suite in a new duplex unit.
- A scenario that assumes a larger 900 square foot 2 bedroom secondary suite in a new duplex unit.

[1] Our analysis focuses on building a suite as part of a new semi-detached project. The financial performance of building a new suite inside an existing semi-detached unit would vary from property to property depending on a variety of factors such as the age of the existing building, the extent to which code upgrades are required, and the existing design/layout of the unit.

3.0 Laneway Housing Analysis

3.1 Approach

Our analysis is designed to test the incremental costs and revenues associated with building a new laneway unit. So our financial analysis excludes the revenues and costs associated with the new single detached home (and secondary suite) which is already permitted under current zoning.

The cost of creating the laneway unit, achievable sales prices, and achievable rents are based on market conditions as of mid-2022.

3.1.1 Approach to Rental Laneway Housing Analysis

For the rental laneway housing scenarios, we completed the following steps:

1. Estimated the likely total costs of creating the new laneway unit (municipal fees, demolition, site prep, servicing, hard costs, landscaping, professional fees, soft costs, financing, GST, and other project costs).
2. Estimated the achievable monthly market rent for the new unit.
3. Estimated the net annual income that would be generated by the new unit (rent less operating costs and property taxes).
4. Compared the annual net income with the total estimated cost to determine the annual yield (return on costs). We would expect an annual yield of about 4.5% to 5.0% to be the minimum required from an investment perspective for this type and scale of project.
5. Estimated the potential additional lot value created by the new laneway housing opportunity, assuming a builder would accept a profit in the range of 10% to 15% of total costs.
6. Compared the monthly mortgage payment that would be required to finance the entire laneway cost (under current mortgage rates) with the likely net monthly income.

3.1.2 Approach to Strata Laneway Housing Analysis

For the strata laneway housing scenarios, we completed the following steps:

1. Estimated the likely total cost of creating the new laneway unit.
2. Estimated the market value for the new unit.
3. Evaluated the impact of the reduced lot size on the market value of the remainder of the single family lot (even though permitted floorspace for the new single family home does not decline, the smaller lot size will negatively impact the single family house and lot value).
4. Estimated the profit margin on total costs (including the reduced lot value of the remaining lot).
5. Estimated the potential additional lot value created by the new strata laneway housing opportunity, assuming a builder would accept a profit in the range of 10% to 15% of total costs.

3.2 Key Assumptions

Attachment 6.0 summarizes the detailed financial assumptions used in our analysis. Other key assumptions used for both the rental and strata laneway housing analysis are as follows:

1. The analysis assumes that the City changes the zoning of properties in advance (pre-zone) so that builders are not required to rezone.
2. The floorspace for new laneway unit does not reduce the permitted floorspace for the main single family home. The laneway unit floorspace is additional permitted density on the site.
3. A secondary suite would also still be permitted in the main single family home.
4. Municipal connection fees would apply to the new laneway unit if built as an infill unit. However, these are allocated to the new single family home in scenarios that involve full redevelopment of the lot.
5. Municipal DCCs are not required as there are fewer than four units on the lot[2].
6. Burnaby would not require any significant off-site servicing or infrastructure upgrades to create the new laneway unit.
7. The laneway unit is treated as a market priced unit. No affordable units are included in the analysis.
8. No amenity contributions are required from the builder.

[2] If the City elects to implement a DCC for laneway homes, it would likely have a minor negative impact on the findings of our analysis as it would account for a small share of overall project costs.

3.3 Summary of Laneway Home Findings

Our detailed financial analysis for the rental laneway scenarios is included in Attachment 6.0. This section summarizes the findings.

We divided the results of our financial analysis into two parts:

- Rental laneway unit scenarios.
- Strata (ownership) laneway unit scenarios.

3.3.1 Rental Laneway Unit Analysis

This section includes exhibits that summarize the findings of our rental laneway housing analysis. The exhibits include:

- A brief description of the scenario.
- The location of the lot.
- The existing zoning district.
- The lot size (in square feet).
- The assumed laneway unit size (in square feet).
- The estimated achievable monthly market rent for the new unit.
- The total estimated cost to create the new laneway unit. This varies between the infill scenarios and the redevelopment scenarios. It is less expensive to construct a new laneway unit as part of the full redevelopment of the lot where a new single family home is already being constructed than to construct a new laneway unit while retaining the existing single family home.
- The estimated net annual income that could be generated to the owner by the new laneway unit. The net income is the gross rent less the operating costs and property taxes associated with the new unit (we also included a modest allowance for vacancy in this calculation).
- The estimated annual yield to the owner from the laneway unit. This is the net income divided by the total costs associated with creating the new unit. A yield of at least 4.5% to 5.0% is likely required to make it attractive to create a new unit from an investment perspective. It is possible this will not be sufficient for many homeowners as the owner of the single family home will lose the use of their back yard to the laneway unit so some homeowners may require a higher profit to be interested.
- The potential land value created by the new laneway unit (this is in addition to the existing value of the property under current use and zoning). This is the market value of the future income stream from the unit less the costs to create the unit less an allowance for a profit to cover the time and risks associated with the project. We considered two different profit scenarios for this estimate. A lower profit scenario of 10% on total project costs and a higher profit scenario of 15% on total project costs.
- A comparison of the mortgage payment associated with financing 100% of the laneway unit creation cost with the net monthly income from the new unit. This shows whether or not the cost of the new unit could be fully financed through the potential rent, helping facilitate new construction.
- Whether or not the scenario is likely financially attractive for builders or homeowners.

Exhibit 1 summarizes our financial analysis for rental laneway housing scenarios that assume the existing house is retained and a new laneway unit is added (infill scenarios).

Exhibit 1: Summary of Infill Rental Laneway Housing Analysis

Scenario		1	2	3	4	5	6	7
Description		Small Lot in a Lower Value Area	Small Lot in a Higher Value Area	Mid Sized Lot in a Lower Value Area	Mid Sized Lot in a Higher Value Area	Large Lot in a Lower Value Area	Large Lot in a Higher Value Area	Larger Lot in a Higher Value Area
Block/Address		5000 Block of Norfolk Street	4100 Block of Pandora Street	6700 Block of Fulton Avenue	4000 Block of Trinity Street	9200 Block of 10th Avenue	7200 Block of Braeside Drive	7500 Block of Colleen Street
Location		Douglas Road/ Central Burnaby	Burnaby Heights	Highgate/ Edmonds	Burnaby Heights	Cariboo/ East Burnaby	Westridge	Government Road
Zoning District		R12	R12	R3	R3	R2	R2	R1
Lot Size (sf)		4,359	4,026	5,550	6,100	8,052	7,500	10,737
Laneway Unit Size (sf)		650	650	1,000	1,000	1,200	1,200	1,400
Assumed Monthly Rent		$2,125	$2,225	$2,850	$3,000	$3,000	$3,150	$3,500
Total Laneway Unit Costs		$603,973	$604,016	$699,984	$700,053	$737,712	$737,781	$838,354
Net Operating Income		$20,873	$22,049	$28,860	$30,466	$30,513	$32,087	$36,045
Annual Yield on Costs		3.5%	3.7%	4.1%	4.4%	4.1%	4.3%	4.3%
Supportable Land Value	10% Profit	zero	zero	zero	zero	zero	zero	zero
	15% Profit	zero	zero	zero	zero	zero	zero	zero
Estimated Monthly Mortgage		$3,014	$3,014	$3,493	$3,493	$3,681	$3,682	$4,183
Estimated Monthly Net Income		$1,739	$1,837	$2,405	$2,539	$2,543	$2,674	$3,004
Net Position after Debt Service		-$1,274	-$1,177	-$1,088	-$955	-$1,138	-$1,008	-$1,180
Financially Attractive		possibly	possibly	possibly	possibly	possibly	possibly	possibly

Exhibit 2 summarizes our financial analysis for rental laneway housing scenarios that assume a new single family home is built at the same time as the new laneway unit (redevelopment scenarios).

Exhibit 2: Summary of Rental Laneway Housing Analysis as Part of Lot Redevelopment

		1	2	3	4	5	6	7
Description		Small Lot in a Lower Value Area	Small Lot in a Higher Value Area	Mid Sized Lot in a Lower Value Area	Mid Sized Lot in a Higher Value Area	Large Lot in a Lower Value Area	Large Lot in a Higher Value Area	Larger Lot in a Higher Value Area
Block/Address		5000 Block of Norfolk Street	4100 Block of Pandora Street	6700 Block of Fulton Avenue	4000 Block of Trinity Street	9200 Block of 10th Avenue	7200 Block of Braeside Drive	7500 Block of Colleen Street
Location		Douglas Road/ Central Burnaby	Burnaby Heights	Highgate/ Edmonds	Burnaby Heights	Cariboo/ East Burnaby	Westridge	Government Road
Zoning District		R12	R12	R3	R3	R2	R2	R1
Lot Size (sf)		4,359	4,026	5,550	6,100	8,052	7,500	10,737
Laneway Unit Size (sf)		650	650	1,000	1,000	1,200	1,200	1,400
Assumed Monthly Rent		$2,125	$2,225	$2,850	$3,000	$3,000	$3,150	$3,500
Total Laneway Unit Costs		$500,135	$500,178	$572,773	$572,841	$634,412	$634,481	$726,983
Net Operating Income		$20,873	$22,049	$28,860	$30,466	$30,513	$32,087	$36,045
Annual Yield on Costs		4.2%	4.4%	5.0%	5.3%	4.8%	5.1%	5.0%
Supportable Land Value	10% Profit	zero	zero	$4,504	$36,702	zero	$12,727	$287
	15% Profit	zero	zero	zero	$11,411	zero	zero	zero
Estimated Monthly Mortgage		$2,496	$2,496	$2,858	$2,859	$3,166	$3,166	$3,628
Estimated Monthly Net Income		$1,739	$1,837	$2,405	$2,539	$2,543	$2,674	$3,004
Net Position after Debt Service		-$756	-$659	-$453	-$320	-$623	-$492	-$624
Financially Attractive		possibly	possibly	yes	yes	yes	yes	yes

The key findings of the rental laneway housing analysis are:

1. Depending on the size of the laneway unit, the total costs of creating a new laneway unit (construction, soft costs, municipal fees, GST, other costs) will be about:
   - $600,000 to $840,000 if the existing home is retained (about 65% of this is hard construction costs).
   - $500,000 to $725,000 if a new home is built at the same time as the laneway unit (about 70% of this is hard construction costs).
2. Current achievable monthly rents are likely in the range of $2,125 to $3,500 per month depending on unit size and the number of bedrooms.
3. Building a new infill laneway unit is likely to generate a relatively low profit. Therefore, this type of laneway housing opportunity will likely be primarily of interest to homeowners who are interested in creating housing to accommodate family rather than homeowners interested in an income producing investment opportunity.

4. Building a new laneway unit along with a new single family home performs significantly better than an infill laneway unit due to reduced costs for the laneway unit if part of a full lot redevelopment[3]. This option is likely financially attractive from an investment perspective in many of the scenarios we analyzed.
5. From an investment perspective, rental laneway units of roughly 1,000 square feet are likely more attractive than units which are significantly smaller or larger.
6. Rental laneway units are unlikely to create any significant upward pressure on existing single family lot values.
7. Given that the profitability of building a rental laneway unit is low:
    - Market rents are likely required in order to make laneway housing development financially attractive to most homeowners and builders. Laneway unit development is unlikely to be financially viable if rents are required to be set below market rent.
    - Rental laneway units do not have the financial ability to support any significant contributions toward community amenities.

It is important to note that construction costs in Metro Vancouver have increased at a relatively rapid pace during 2021 and 2022. Based on available data and discussions with developers, costs have likely increased by at least 15% to 20% over the past year or so. It is possible that some of the cost pressures are due to factors that may be temporary (such as materials cost which can increase or decrease over time).

Therefore, we completed some sensitivity analysis to test the impact of lower construction costs on our findings. Based on our analysis, even if costs declined by about 10% from current levels (which is likely optimistic), the key findings of our financial analysis would not change.

3.3.2 Strata Laneway Housing Analysis

Details about our financial analysis for the strata laneway housing scenarios are included in Attachment 6.0. This section includes exhibits that summarize the findings of the strata laneway housing scenarios. The exhibits include:

- A brief description of the scenario.
- The location of the lot.
- The existing zoning district.
- The lot size (in square feet).
- The assumed laneway unit size (in square feet).
- The total estimated cost to create the new laneway unit. This varies between the infill scenarios and the redevelopment scenarios. It is less expensive to construct a new laneway unit as part of the full redevelopment of the lot where a new single family home is already being constructed than to construct a new laneway unit while retaining the existing single family home.
- The potential negative impact on the value of the remainder of the single family lot due to the reduction in lot size. The single family home size will not be reduced, but the yard space and parking area will be reduced due to the introduction of the new laneway unit (which will be sold off to the laneway owner). This reduced lot size will negatively affect the value of the remaining single family lot and home.

[3] There are construction cost efficiencies associated with building a larger project and some project costs such as connection fees and servicing could be allocated to the main single family house rather than the laneway unit.

- The estimated market value of the new laneway unit if sold as a strata unit.
- The profit margin to the builder of the new laneway unit. This is the sales value of the unit less the creation cost less the impact on the remaining single family lot value. Typically a builder would target a minimum profit margin in the range of 10% to 15% for this type of project. Some builders would require an even higher profit margin in order to proceed.
- The potential land value created by the new strata laneway unit (this is in addition to the existing value of the property under current use and zoning). This is the market value of the unit less the costs to create the unit, less the impact on the existing single family lot value less an allowance for a profit to cover the time and risks associated with the project.
- Whether or not the scenario is likely financially attractive for builders or homeowners.

Exhibit 3 summarizes our financial analysis for the strata laneway scenarios that assume the existing house is retained and a new laneway unit is added (infill scenarios).

Exhibit 3: Summary of Infill Strata Laneway Analysis

		1	2	3	4	5	6	7
Description		Small Lot in a Lower Value Area	Small Lot in a Higher Value Area	Mid Sized Lot in a Lower Value Area	Mid Sized Lot in a Higher Value Area	Large Lot in a Lower Value Area	Large Lot in a Higher Value Area	Larger Lot in a Higher Value Area
Block/Address		5000 Block of Norfolk Street	4100 Block of Pandora Street	6700 Block of Fulton Avenue	4000 Block of Trinity Street	9200 Block of 10th Avenue	7200 Block of Braeside Drive	7500 Block of Colleen Street
Location		Douglas Road/ Central Burnaby	Burnaby Heights	Highgate/ Edmonds	Burnaby Heights	Cariboo/ East Burnaby	Westridge	Government Road
Zoning District		R12	R12	R3	R3	R2	R2	R1
Lot Size (sf)		4,359	4,026	5,550	6,100	8,052	7,500	10,737
Laneway Unit Size (sf)		650	650	1,000	1,000	1,200	1,200	1,400
Total Laneway Costs		$602,124	$603,456	$702,475	$704,472	$743,269	$745,666	$802,662
Impact on Remaining Lot Value		$82,750	$102,750	$92,994	$117,700	$79,294	$108,813	$115,931
Strata Laneway Unit Value		$730,000	$780,000	$1,075,000	$1,150,000	$1,260,000	$1,350,000	$1,470,000
Profit on Costs		7%	10%	35%	40%	53%	58%	60%
Supportable Land Value	10% Profit	zero	$2,795	$170,458	$209,802	$304,287	$351,622	$394,284
	15% Profit	zero	zero	$130,181	$166,715	$257,078	$301,041	$339,207
Financially Attractive		possibly	yes	yes	yes	yes	yes	yes

Exhibit 4 summarizes our financial analysis for strata laneway scenarios that assume a new single family home is built at the same time as the new laneway unit (redevelopment scenarios).

Exhibit 4: Summary of Strata Laneway Analysis as Part of Lot Redevelopment

		1	2	3	4	5	6	7
Description		Small Lot in a Lower Value Area	Small Lot in a Higher Value Area	Mid Sized Lot in a Lower Value Area	Mid Sized Lot in a Higher Value Area	Large Lot in a Lower Value Area	Large Lot in a Higher Value Area	Larger Lot in a Higher Value Area
Block/Address		5000 Block of Norfolk Street	4100 Block of Pandora Street	6700 Block of Fulton Avenue	4000 Block of Trinity Street	9200 Block of 10th Avenue	7200 Block of Braeside Drive	7500 Block of Colleen Street
Location		Douglas Road/ Central Burnaby	Burnaby Heights	Highgate/ Edmonds	Burnaby Heights	Cariboo/ East Burnaby	Westridge	Government Road
Zoning District		R12	R12	R3	R3	R2	R2	R1
Lot Size (sf)		4,359	4,026	5,550	6,100	8,052	7,500	10,737
Laneway Unit Size (sf)		650	650	1,000	1,000	1,200	1,200	1,400
Total Laneway Costs		$503,231	$504,562	$581,321	$583,319	$644,888	$647,285	$697,393
Impact on Remaining Lot Value		$82,750	$102,750	$92,994	$117,700	$79,294	$108,813	$115,931
Strata Laneway Unit Value		$730,000	$780,000	$1,075,000	$1,150,000	$1,260,000	$1,350,000	$1,470,000
Profit on Costs		25%	28%	59%	64%	74%	79%	81%
Supportable Land Value	10% Profit	$71,666	$94,496	$285,377	$324,721	$397,605	$444,940	$494,137
	15% Profit	$44,315	$65,323	$245,100	$281,634	$350,396	$394,359	$439,060
Financially Attractive		yes	yes	yes	yes	yes	yes	yes

The key findings of the strata laneway analysis are:

1. Depending on the size of the laneway unit, the total costs of creating a new laneway unit (demolition, site prep, construction, soft costs, municipal fees, financing, other costs) will be about:
   - $600,000 to $800,000 if the existing home is retained.
   - $500,000 to $700,000 if a new home is built at the same time as the laneway unit.
2. Market values for strata laneway units are likely in the range of $730,000 to $1,470,000 depending on unit size.
3. Building a new strata laneway unit will likely generate significantly profits, even after accounting for the impact on the value of the main single family lot and house.
4. Building a new strata laneway unit along with a new single family home performs better than an infill laneway unit.
5. If permitted, strata laneway units will likely create significant upward pressure on existing single family lot values. The scenarios that we analyzed indicate that lot values could increase by between $40,000 and $490,000 depending on the location, lot size and permitted size of the strata laneway unit.
6. Given that the profitability of building a strata laneway unit is relatively high:
   - Strata laneway development would likely be financially attractive if sales prices were restricted to a below market price (affordable home ownership). However:

a) The supportable price discount will vary widely depending on the size of the unit and the location of the property so it will be difficult to apply uniform discount across the entire City.
b) It would be difficult to determine "market price" if all strata laneway units are sold at below market prices which would make it difficult to establish the "discount" to apply to the unit.
c) It would require the creation of an affordable ownership program and ongoing administration and monitoring by City staff.

- Strata laneway units have the financial ability to support significant contributions toward community amenities. However:
  a) The supportable contribution will vary depending on the size of the unit and the location of the property so it will be difficult to establish a uniform contribution across the entire City that is viable for laneway projects. For example, the potential value ranges from $40,000 to $490,000 for the scenarios we analyzed.
  b) Amenity contributions are collected upfront by municipalities as part of the approvals process for a new project. Many single family homeowners may not be able to provide a significant amenity contribution until after the strata unit is built and sold. Therefore, this would be an obstacle for homeowners to create new infill strata laneway units. Most interest would likely need to come from builders who are redeveloping the entire lot and are already financing a larger project.

3.4 Experience in Other Municipalities

Strata laneway units (or other types of detached infill strata units) are not common in Metro Vancouver. When permitted, strata infill units typically occur in very specific circumstances, such as part of an agreement to upgrade and retain a heritage home (to provide a financial incentive to retain the existing heritage home).

However, a number of municipalities in Metro Vancouver permit rental laneway homes, including the City of Vancouver, the City of North Vancouver, the District of North Vancouver, New Westminster, Coquitlam and others. Outside of Vancouver (and the City of North Vancouver), the rate of rental laneway construction has been relatively slow.

We completed a high level review of the rate of rental laneway construction in Vancouver, the rents being achieved, and the impact on single family lot prices. Based on our review:

1. Laneway homes have been permitted in Vancouver since late 2009. Since then, there has been a significant amount of rental laneway construction in all neighbourhoods in the City of Vancouver. Our understanding is about 4500 laneway units have been built to date.
2. Vancouver does not regulate the rents in the laneway units. Rents are set at market. This is consistent with the other Metro Vancouver municipalities that permit laneway homes.
3. Rental laneway builders in Vancouver (and other municipalities) are not required to provide amenity contributions or density bonus contributions as part of the approval process.
4. The opportunity to build rental laneway homes has not had an upward influence on single family lot values. Although lot values in Vancouver have increased materially since laneway homes were first introduced, the increase has been due to other market factors:
   - We compared the sales prices of newer single family homes in Vancouver that include a laneway home with newer single family homes that do not include a laneway home. After adjusting for house size, lot size, location and timing, the sales data indicates that the inclusion of a laneway home increases the overall market value of the property. However, the increase is not greater than the cost

of creating the laneway home. So this indicates that rental laneway homes in Vancouver are not adding to lot value.

- Single family home prices in Vancouver have actually increased at a slower rate in the City of Vancouver than the rest of the Lower Mainland since laneway homes were first permitted in Vancouver in 2009 (based on data from the Real Estate Board of Greater Vancouver as of July 2022). If laneway homes added to lot value, then we would have expected the rate of price growth to have been higher in Vancouver than the rest of the Lower Mainland.

3.5 Key Findings of Laneway Analysis

The key findings of our laneway analysis can be summarized as follows:

1. Under current market conditions, the profitability associated with constructing a new rental laneway unit in Burnaby will likely be modest. Based on our analysis:
   - Infill rental laneway units (retaining the existing house on the lot) will likely achieve a low profit for the homeowner. This opportunity will likely be primarily of interest to homeowners who are interested in creating housing to accommodate family rather than homeowners interested in an income producing investment opportunity.
   - Building a new laneway unit along with a new single family home performs significantly better from a financial perspective than an infill laneway due to reduced creation costs for the laneway unit when it is part of a full lot redevelopment. This option is financially attractive from an investment perspective and we would expect builders to be interested.
   - From an investment perspective, rental laneway units of roughly 1,000 square feet are likely more attractive than units which are significantly smaller or larger.
2. Allowing rental laneway units is unlikely to have any material impact on the value of single family lots.
3. Given that the profitability of building a rental laneway unit is low:
   - Market rents are likely required in order to make laneway development financially attractive to most homeowners and builders. Laneway development is unlikely to be viable if rents are required to be set below market rent.
   - Rental laneway units do not have the financial ability to support any significant contributions toward community amenities.
4. Strata laneway units would be very profitable and attractive from a financial perspective. If permitted, we would expect interest from homeowners and builders in this option.
5. Allowing strata laneway units would likely create significant upward pressure on single family lot values unless the City:
   - Requires a significant amenity contribution as part of the approval for a strata laneway unit. However, the supportable contribution will vary widely depending on the size of the unit and the location of the property. In addition, many single family homeowners may not be able to provide a significant amenity contribution until after the strata unit is built and sold which would create an obstacle to creating new units.
   - Requires the new unit to be sold at a below market price. The supportable price discount will vary depending on the size of the unit and the location of the property. This approach would require the creation of an affordable home ownership program as well as ongoing administration and monitoring by City staff. In addition, it will be difficult to determine “market price” if all strata laneway units are required to be sold at below market prices.

4.0 Evaluation of Secondary Suites in Semi-Detached Homes

This section summarizes our evaluation of allowing secondary suites in semi-detached and duplex homes.

4.1 Approach

Our analysis tests the incremental costs and revenues associated with building a new secondary suite in a semi-detached (duplex) unit. So our financial evaluation excludes the revenues and costs associated with building the new duplex which is already permitted under current zoning.

The cost of creating the secondary suite and achievable rents are based on market conditions as of mid-2022.

We completed the following steps:

1. Estimated the likely total costs of creating the secondary suite.
2. Estimated the achievable monthly market rent for the new unit.
3. Estimated the net annual income that would be generated by the new unit (rent less operating costs and property taxes).
4. Compared the monthly mortgage payment that would be required to finance the entire secondary suite cost (under current mortgage rates) with the likely net monthly income.
5. Compared the actual sales prices of new(er) duplex units with secondary suites and new(er) duplex units without secondary suites in other municipalities (Vancouver and City of North Vancouver) to determine if suites increase the price of new duplex units.
6. Identified the implications of secondary suites on:
    - Duplex unit sales prices.
    - Duplex lot values.
    - The ability of builders to provide below market rents or an amenity contribution.

4.2 Key Assumptions

The key assumptions for the secondary suite analysis are as follows:

1. The analysis assumes that the City changes the zoning of properties in advance (prezone) so that builders are not required to rezone.
2. The secondary suites range from 600 square feet to 900 square feet (within duplex units ranging in size from about 1200 square feet to 2000 square feet).
3. The floorspace for new secondary suite comes from the density currently permitted for a duplex building. The City does not increase the permitted floorspace on the lot.
4. The secondary suite is treated as a market priced unit. No affordable units are included in the analysis. Rents are assumed to range from $1,700 to $1,800 per month for 600 square foot units and $2,400 to $2,600 per month for 900 square foot units (based on market rents for new(er) secondary suites in Burnaby).
5. Total costs to create the suite as part of a new semi-detached unit range from $60,000 to $80,000 (based on input from builders who are active in Burnaby and Vancouver).

6. The costs associated with creating the suite are financed through a mortgage at a rate of 3.5%[4] (the lowest discounted 5 year variable rate available as of August 2022).
7. No amenity contributions are required.

4.3 Findings

Our analysis indicates that the achievable net operating income for a new secondary suite in Burnaby will significantly exceed the mortgage payments required to finance the full incremental cost of the suite.

Depending on the scenario analyzed, the estimated net monthly income from the suite exceeds the estimated monthly mortgage payments (at current interest rates) by between $1,100 and $1,900 per month. This indicates that it is financially attractive to create a secondary suite in a new duplex unit and purchasers of duplex units could use the income from the suite to help finance part of the overall duplex purchase price.

However, based on actual sales evidence, the potential net income from a secondary suite is unlikely to result in a significant increase in the sales price of the duplex unit. We examined 258 recent sales of newer duplex units in the City of Vancouver and the City of North Vancouver, where suites are permitted in duplex units. Of these sales, about 108 included suites and about 150 did not include a suite.

After adjusting for location, time of sale and unit size, the sales evidence show that there is no material difference in the sales price of duplex units with suites and duplex units without suites. In some cases the unit with a suite sold at a slightly higher price, which makes sense given that there are extra costs to create the suite. However, in other cases, there was no evidence that the suite increased the sales price.

Duplex units with a suite do not sell for a materially higher price because the purchaser of the unit only has the use of a portion of the overall unit. So the benefit of the income stream from the suite is offset by the reduced living area for the owner of the duplex.

4.4 Implications

Our evaluation indicates that permitting rental suites in semi-detached and duplex units will:

1. Help encourage the creation of new rental housing stock in Burnaby.
2. Create a potential income stream that prospective duplex purchasers can use to help them finance a portion of the duplex purchase price. This will likely help some prospective purchasers fund a duplex purchase who would not currently be able to afford the duplex.
3. Not lead to any significant increase in duplex sales prices or increased duplex lot values.

[4] Mortgage rates are currently rising so it is possible that rates will be higher going forward than assumed in our analysis. Higher borrowing costs will increase the overall cost of creating a new secondary suite if the costs are financed. However, increased rates will only have a small cost on the overall cost of creating a new secondary suite so higher rates would not change the key findings of our analysis.

5.0 Conclusions

The key findings of our analysis can be summarized as follows:

1. Allowing laneway units and secondary suites in semi-detached units will increase the rental housing stock in Burnaby and the housing choices for Burnaby residents.
2. Under current market conditions, the profitability associated with constructing a new rental laneway unit in Burnaby will likely be modest. Based on our analysis:
   - Infill rental laneway units (retaining the existing house on the lot) will likely achieve a low profit for the homeowner. This opportunity will likely be primarily of interest to homeowners who want to accommodate family members rather than homeowners interested in an income producing investment opportunity.
   - Building a new laneway unit along with a new single family home performs significantly better from a financial perspective than an infill laneway unit due to reduced creation costs for the laneway unit when it is part of a full lot redevelopment. This option is financially attractive from an investment perspective and we would expect builders and homeowners to be interested.
   - From an investment perspective, rental laneway units of roughly 1,000 square feet are likely more attractive than significantly smaller or larger units.
3. Allowing rental laneway units is unlikely to have any material impact on the value of single family lots.
4. Given that the estimated profitability of building a rental laneway unit is relatively low:
   - Market rents are likely required in order to make laneway development financially attractive to most homeowners and builders. Laneway development is unlikely to be viable if rents are required to be set below market rent.
   - Rental laneway units do not have the financial ability to support any significant contributions toward community amenities.
5. Strata laneway units would be very profitable and attractive from a financial perspective. If permitted, we would expect interest from homeowners and builders in this option.
6. Allowing strata laneway units would likely create significantly upward pressure on single family lot values unless the City:
   - Requires a significant amenity contribution as part of the approval for a strata laneway unit. However, the supportable contribution will vary widely depending on the size of the unit and the location of the property. In addition, many single family homeowners may not be able to provide a significant amenity contribution until after the strata unit is built and sold which would create an obstacle to creating new units.
   - Requires the new unit to be sold at a below market price. The supportable price discount will vary depending on the size of the unit and the location of the property. This approach would require the creation of an affordable home ownership program as well as ongoing administration and monitoring by City staff. In addition, it will be difficult to determine “market price” if all strata laneway units are required to be sold at below market prices.
7. Allowing rental suites in semi-detached units will:
   - Help encourage the creation of new rental housing stock in Burnaby.
   - Create a potential income stream that prospective duplex purchasers can use to help them finance a portion of the duplex purchase price. This will likely help some prospective purchasers who would not currently be able to afford a duplex.
   - Not lead to any significant increase in duplex sales prices or increased duplex lot values.

8. Rental laneway units and secondary suites are not well suited to provide below market rental units.
    - Our financial analysis indicates that market rents are likely required in order to make laneway development financially attractive to most homeowners and builders. Laneway development is unlikely to be viable if rents are required to be set below market rent.
    - Many laneway units and secondary suites will likely be occupied by family or relatives of the property owner, not rented out.
    - Requiring below market rents would create ongoing administration and monitoring by City staff, even though there would only be one potential below market unit per property.
9. The greatest opportunity for affordable housing is through higher density apartment rezonings. It is possible that other forms of missing middle housing (such as townhouse projects or lowrise apartments) will create better opportunities for below market units (rental or affordable home ownership). However, this will depend on the density that the City considers appropriate for these types of missing middle projects. The higher the permitted density, the greater the opportunity to support a below market component.

6.0 Attachments

This section includes the following attachments:

- The key financial assumptions used in our laneway financial analysis.
- The detailed proformas for the four scenarios analyzed for one of the case study sites. We have not included the detailed proformas for all 28 different scenarios at the seven sites that we analyzed. However, the proformas attached for this one case study site are illustrative of all of the proformas.
- Summary proformas for all 28 laneway scenarios that we analyzed.

6.1 Assumptions for Laneway Financial Analysis

The key financial assumptions used in our proforma analysis are based on detailed market research that we completed mid 2022. The assumptions are summarized below.

6.1.1 Revenue Assumptions for Financial Analysis

6.1.1.1 Strata Laneway Revenue Assumptions

There is limited sales evidence for sales of stratified laneway units because they are only allowed in a few municipalities in Metro Vancouver. To determine the likely sales prices that are achievable for the strata laneway scenarios, we considered different indicators:

- We examined the sales price (per square foot) of new duplex, townhouse and apartment units in Burnaby by neighbourhood.
- We analyzed sales prices for new(er) detached infill units allowed under the heritage retention program in Vancouver. We compared these strata infill unit sales in Vancouver to sales of new(er) nearby townhouse and duplex sales in Vancouver to determine how detached strata unit values compare toe attached unit values. We then used this comparison to adjust sales of new townhouse and duplex units in Burnaby to estimate the achievable Burnaby laneway values. The estimated strata laneway unit sales prices vary based on neighbourhood and size of the unit. Larger units sell at a higher total price point, but the sales price per square foot declines as units increase in size.

The units in the scenarios that we tested range from 650 square feet to 1,400 square feet. Based on our market research, we would expect laneway strata units in this size range in Burnaby to sell between about $730,000 and $1,470,000, or between about $1,050 and $1,200 per square foot.

Exhibit 5 summarizes the strata revenue assumptions for each case study site.

Exhibit 5: Sales Prices by Case Study Site

Site Number	1	2	3	4	5	6	7
Description	Small Lot in a Lower Value Area	Small Lot in a Higher Value Area	Medium Lot in a Lower Value Area	Medium Lot in a Higher Value Area	Large Lot in a Lower Value Area	Large Lot in a Higher Value Area	Larger Lot in a Higher Value Area
Laneway Size (sf)	650	650	1,000	1,000	1,200	1,200	1,400
Assumed Strata Laneway Sales Price	$730,000	$780,000	$1,075,000	$1,150,000	$1,260,000	$1,350,000	$1,470,000
Assumed Sales Price psf	$1,123	$1,200	$1,075	$1,150	$1,050	$1,125	$1,050

6.1.1.2 Rental Laneway Revenue Assumptions

To determine the likely achievable rents for the rental laneway scenarios, we examined different indicators:

- We reviewed the market rents for new townhouse and apartment units in Burnaby by unit size and neighbourhood.
- We examined rents for new(er) laneway houses in East Vancouver and the City of North Vancouver which both have a large inventory of rental laneway units and are in close proximity to Burnaby.

The units in the scenarios that we tested range from 650 square feet to 1,400 square feet. Based on our market research, we would expect units in this size range to rent for between $2,125 and $3,500 per month.

Exhibit 6 summarizes the rental revenue assumptions for each scenario.

Exhibit 6: Rental Rates by Case Study Site

Site Number	1	2	3	4	5	6	7
Description	Small Lot in a Lower Value Area	Small Lot in a Higher Value Area	Medium Lot in a Lower Value Area	Medium Lot in a Higher Value Area	Large Lot in a Lower Value Area	Large Lot in a Higher Value Area	Larger Lot in a Higher Value Area
Laneway Size (sf)	650	650	1,000	1,000	1,200	1,200	1,400
Assumed Achievable Monthly Rent	$2,125	$2,225	$2,850	$3,000	$3,000	$3,150	$3,500

To estimate the completed value of the rental laneway unit, we capitalized the annual net operating income at 4.5% to estimate the value of the unit to an investor.

6.1.2 Cost Assumptions for Laneway Financial Analysis

As input to the financial analysis we interviewed multiple builders with extensive experience building new laneway homes in Metro Vancouver about the typical costs (under current conditions) to build new laneway homes. We were also provided detailed budgets from some builders for actual laneway projects that are underway in Vancouver. Based on the information provided by laneway home builders, our analysis makes the following assumptions about costs:

1. For the infill scenarios, hard construction costs are assumed to range from $400 to $575 per square foot of gross floorspace depending on the unit size. Costs for smaller units are at the high end of this range while costs for larger units are at the lower end of this range. The analysis assumes that hard costs for

laneway homes built simultaneously to a new main single family house are about $25 to $50 lower per square foot than these figures (depending on unit size).

2. A $50,000 allowance for site work (such as demolition of a garage, recycling, trenching for required services, excavation) is included. This will vary from lot to lot.
3. Sewer, water and storm connections are assumed to cost $33,600 based on estimates provided by City of Burnaby staff. Connection fees are assumed to be covered by the new main house when the laneway is built concurrently.
4. A landscaping and fencing allowance of $20,000 is included for the infill laneway and $10,000 if built along with a new home.
5. Sales commissions on the strata units are assumed to be 7% on the first $100,000 and 2.5% on the balance (typical MLS fees).
6. Project management, contingency, professional fees and other soft costs (permits, engineering, design, legal, survey, appraisal, accounting, insurance, deficiencies, and other professional fees) range from 15% to 19% of hard costs.
7. Development cost charges are not required as there are fewer than four units on the lot.
8. Property taxes are based on existing tax rates.
9. A New Home Warranty fee is included at $3,610 for the strata laneway units, but not the rental units.
10. GST is calculated at 5% of the rental laneway creation cost.
11. Financing is charged on 75% of costs at 3.5% per year[5]. This is currently the lowest discounted 5 year variable mortgage rate available. In addition, a 1.5% financing fee is included.
12. Property transfer tax on the estimated increased land value supported by the laneway unit is calculated using the existing property transfer tax rates.

6.1.3 Impact of Reduction in Lot Size on Value of Remainder of Single Family Lot

The value of a single family lot is comprised partly of the rights to build a single family house and partly of the yard and lot area that the homeowner enjoys.

For the strata laneway scenarios, a portion of the property will be sold to the strata unit buyer. This will reduce the lot size that remains for the main single family home which should negatively affect the value of the lot and home. However, the impact on value will be mitigated because the size of the permitted single family home will not be reduced. Effectively, the main single family home will be permitted to be the same size, but it will come with reduced outdoor area.

[5] Mortgage rates are currently rising so it is possible that rates will be higher going forward than assumed in our analysis. Higher borrowing costs will increase the overall cost of creating a new laneway unit if the costs are financed. However, increased rates will only have a small cost on the overall cost of creating a new unit, so higher rates would not change the key findings of our analysis.

It is challenging to isolate the value of the lot and yard area versus the development rights associated with a single family home. We do not think it is reasonable to assume that 100% of the value of a lot is attributable to the development rights, because buyers of lots do tend to use yard space for outdoor amenities (patios, lawns) or parking. So some of the value is created by the outdoor area at the lot.

To determine the split in value between the lot area and the house size, the ideal approach would be to examine differences in sales prices for a set of properties with the same house size but different lot sizes. By deducting the cost of house construction, one could estimate the extra land value attributed to the ability to build a larger house. However, almost all new single family houses in Burnaby are built to the maximum allowable size for the lot so this type of sales evidence (similar sized new houses on different lot sizes) is not available.

Our analysis assumes (and we acknowledge that this is approximate) that the impact of the reduced lot area is equal to about 25% of the value of land (with 75% going the development rights associated with the house).

We also think it is reasonable to assume that that the strata laneway uses about 25% of the existing lot. To illustrate the impact on the value of the remaining single family lot, we use case study 4 (an old single family home on a medium sized lot in a higher value area) as an example.

The property is 6,100 square feet, zoned R3 and currently assessed at $1,885,000 (mostly land value). The simple way to account for the impact is to estimate the reduced value of the property as a 4,575 square foot lot (25% smaller). However this would overstate the impact because the existing homeowner maintains their existing development rights. The development rights for the laneway are allowed on top of the existing single family density.

For case study 4, using our approach, the impact can be calculated as $309 per square foot of site area multiplied by 25% (value of outdoor space) multiplied by the site area lost to the laneway (1,525 square feet) equals about $118,000 of impact. As the location and lot sizes of the case study sites differ the impact also varies across case study sites.

6.2 Detailed Laneway Financial Analysis

Our analysis included 28 different proformas so we have not included all of the detailed proformas in this report. However, to illustrate the approach to the analysis, this section includes the detailed proformas for case study site 4. It includes four proforma scenarios for site 4.

- Scenario 1 assumes that the new laneway unit is a market rental unit and it is built as an infill unit without any changes to the existing single family home on the lot.
- Scenario 2 assumes that the new laneway unit is a market rental unit and it is built as part of the redevelopment of the entire lot (i.e. a new single family home and laneway unit are built simultaneously).
- Scenario 3 assumes that the new laneway unit is a market strata (ownership) unit and it is built as an infill unit without any changes to the existing single family home on the lot.
- Scenario 4 assumes that the new laneway unit is a market strata (ownership) unit and it is built as part of the redevelopment of the entire lot (i.e. a new single family home and laneway unit are built simultaneously).

Each proforma includes two pages. The first page includes the assumptions and the second includes the detailed calculations.

Exhibit 7: Scenario 1 – Infill Rental Laneway

Major Assumptions *(shading indicates figures that are inputs; unshaded cells are formulas)*					
Concept					
Site Size	6,100	sq.ft.			
Additional Density Allowed for Laneway House	0.16	FAR			
Laneway House Floorspace	1,000	sq.ft.			
Surface Parking Stalls	1	stalls			
Share of Existing Lot Dedicated to Laneway House	25%	or	1,525	sq.ft.	
Laneway House Revenue					
Assumed Laneway House Value	$675,000	or	$675	per sq.ft.	
Pre-Construction Costs					
Rezoning Application Fee	$0				
Construction Costs					
Site Work	$50,000				
Connection fees (water, sewer, storm)	$33,600				
Landscaping	$20,000				
Hard Cost Used in Analysis	$455				
Soft Costs	5.0%	of hard costs, site prep/servicing costs			
Project Management	5.0%	of hard costs, site prep/servicing costs, soft costs, marketing			
Contingency on hard and soft costs	5.0%	of hard and soft costs			
Local Government Levies					
GVRD Water and Liquid Waste Levy	$0	per unit			
Translink DCCs	$0	per unit			
Burnaby Residential DCCs	$0	per unit			
Financing Assumptions					
Financing rate on construction costs	3.5%	on 50% of costs, assuming a	1.00	year construction period	
		and a total loan of	100%	on costs	
Financing fees	1.5%	of financed costruction costs			
Commissions					
Commissions/sales costs	0.0%	of gross residential revenue			
Property Taxes, GST and Other Fees					
New Home Warranty Fees	$0	per unit			
Net GST on Rental Unit	5.0%	of creation costs			
Tax Rate	0.317%	of assessed value			
Assumed assessment during construction	$337,500	(50% of completed project value)			

Analysis					
Revenue					
Laneway House Completed Value	$675,000				
Less commissions and sales costs	$0				
Net sales revenue	$675,000				
Project Costs					
Rezoning Application Fee	$0				
Site Work	$50,000				
Connection fees (water, sewer, storm)	$33,600				
Landscaping	$20,000				
Hard construction costs	$455,000				
Soft costs	$26,930				
Project Management	$28,277				
Contingency on hard and soft costs	$30,690				
GVRD Water and Liquid Waste Levy	$0				
Translink DCCs	$0				
Burnaby Residential DCCs	$0				
Less property tax allowance during development	$1,070				
New Home Warranty Fees	$0				
Construction financing	$11,297				
Financing fees/costs	$9,853				
Less Net GST	$33,336				
Total Project Costs Before Land Related	$700,053				
Profit Analysis					
Profit	-$25,053				
Profit on Costs	**-4%**				
Rental Analysis					
Annual Yield on Costs	4.4%				
Interest Rate	3.5%				
Effective Monthly Rate	0.3%				
Amortization	25	years			
Estimated Monthly Mortgage Payment Required to Finance Laneway Creation	$3,493				
Estimated Monthly NOI	$2,539				
Difference in Monthly Mortgage Payment and Monthly NOI	-$955				
Land Residual Analysis (Higher Profit)					
Allowance for Developer's Profit	15.0%	of total costs, or	13.0%	of gross revenue	
Allowance for Developer's Profit	$88,020				
Residual to Land and Land Carry	-$113,073				
Less financing on land during construction	$0				
Less Financing Fee on Land Loan	$0				
Less property closing costs	$0				
Residual Land Value	**-$113,073**				
Residual Value per sq.ft. buildable (FSR)	**-$113**				
Residual Value per sq.ft. of site area	**-$19**				
Land Residual Analysis (Lower Profit)					
Allowance for Developer's Profit	10.0%	of total costs, or	9.1%	of gross revenue	
Allowance for Developer's Profit	$61,358				
Residual to Land and Land Carry	-$86,410				
Less financing on land during construction	$0				
Less Financing Fee on Land Loan	$0				
Less property closing costs	$0				
Residual Land Value	**-$86,410**				
Residual Value per sq.ft. buildable (FSR)	**-$86**				
Residual Value per sq.ft. of site area	**-$14**				

Exhibit 8: Scenario 2 – Rental Laneway as Part of Full Lot Redevelopment

Major Assumptions ***(shading indicates figures that are inputs; unshaded cells are formulas)***					
Concept					
Site Size	6,100	sq.ft.			
Additional Density Allowed for Laneway House	0.16	FAR			
Laneway House Floorspace	1,000	sq.ft.			
Surface Parking Stalls	1	stalls			
Share of Existing Lot Dedicated to Laneway House	25%	or	1,525	sq.ft.	
Laneway House Revenue					
Assumed Laneway House Value	$675,000	or	$675	per sq.ft.	
Pre-Construction Costs					
Rezoning Application Fee	$0				
Construction Costs					
Site Work	$50,000				
Connection fees (water, sewer, storm)	$0				
Landscaping	$10,000				
Hard Cost Used in Analysis	$405				
Soft Costs	5.0%	of hard costs, site prep/servicing costs			
Project Management	3.0%	of hard costs, site prep/servicing costs, soft costs, marketing			
Contingency on hard and soft costs	5.0%	of hard and soft costs			
Local Government Levies					
GVRD Water and Liquid Waste Levy	$0	per unit			
Translink DCCs	$0	per unit			
Burnaby Residential DCCs	$0	per unit			
Financing Assumptions					
Financing rate on construction costs	3.5%	on 50% of costs, assuming a	1.00	year construction period	
		and a total loan of	100%	on costs	
Financing fees	1.5%	of financed costruction costs			
Commissions					
Commissions/sales costs	0.0%	of gross residential revenue			
Property Taxes, GST and Other Fees					
New Home Warranty Fees	$0	per unit			
Net GST on Rental Unit	5.0%	of creation costs			
Tax Rate	0.317%	of assessed value			
Assumed assessment during construction	$337,500	(50% of completed project value)			

Analysis					
Revenue					
Laneway House Completed Value	$675,000				
Less commissions and sales costs	$0				
Net sales revenue	$675,000				
Project Costs					
Rezoning Application Fee	$0				
Site Work	$50,000				
Connection fees (water, sewer, storm)	$0				
Landscaping	$10,000				
Hard construction costs	$405,000				
Soft costs	$22,750				
Project Management	$14,333				
Contingency on hard and soft costs	$25,104				
GVRD Water and Liquid Waste Levy	$0				
Translink DCCs	$0				
Burnaby Residential DCCs	$0				
Less property tax allowance during development	$1,070				
New Home Warranty Fees	$0				
Construction financing	$9,244				
Financing fees/costs	$8,063				
Less Net GST	$27,278				
Total Project Costs Before Land Related	$572,841				
Profit Analysis					
Profit	$102,159				
Profit on Costs	**18%**				
Rental Analysis					
Annual Yield on Costs	5.3%				
Interest Rate	3.5%				
Effective Monthly Rate	0.3%				
Amortization	25	years			
Estimated Monthly Mortgage Payment Required to Finance Laneway Creation	$2,859				
Estimated Monthly NOI	$2,539				
Difference in Monthly Mortgage Payment and Monthly NOI	-$320				
Land Residual Analysis (Higher Profit)					
Allowance for Developer's Profit	15.0%	of total costs, or	13.0%	of gross revenue	
Allowance for Developer's Profit	$88,020				
Residual to Land and Land Carry	$14,139				
Less financing on land during construction	$460				
Less Financing Fee on Land Loan	$7				
Less property closing costs	$2,260				
Residual Land Value	**$11,411**				
Residual Value per sq.ft. buildable (FSR)	**$11**				
Residual Value per sq.ft. of site area	**$2**				
Land Residual Analysis (Lower Profit)					
Allowance for Developer's Profit	10.0%	of total costs, or	9.1%	of gross revenue	
Allowance for Developer's Profit	$61,358				
Residual to Land and Land Carry	$40,801				
Less financing on land during construction	$1,328				
Less Financing Fee on Land Loan	$20				
Less property closing costs	$2,752				
Residual Land Value	**$36,702**				
Residual Value per sq.ft. buildable (FSR)	**$37**				
Residual Value per sq.ft. of site area	**$6**				

Exhibit 9: Scenario 3 – Infill Strata Laneway

Major Assumptions *(shading indicates figures that are inputs; unshaded cells are formulas)*					
Concept					
Site Size	6,100	sq.ft.			
Additional Density Allowed for Laneway House	0.16	FAR			
Laneway House Floorspace	1,000	sq.ft.			
Surface Parking Stalls	1	stalls			
Share of Existing Lot Dedicated to Laneway House	25%	or	1,525	sq.ft.	
Laneway House Revenue					
Assumed Laneway House Sales Price	$1,150,000	or	$1,150	per sq.ft.	
Pre-Construction Costs					
Rezoning Application Fee	$0				
Construction Costs					
Site Work	$50,000				
Connection fees (water, sewer, storm)	$33,600				
Landscaping	$20,000				
Hard Cost Used in Analysis	$455				
Soft Costs	5.0%	of hard costs, site prep/servicing costs			
Project Management	5.0%	of hard costs, site prep/servicing costs, soft costs, marketing			
Contingency on hard and soft costs	5.0%	of hard and soft costs			
Local Government Levies					
GVRD Water and Liquid Waste Levy	$0	per unit			
Translink DCCs	$0	per unit			
Burnaby Residential DCCs	$0	per unit			
Financing Assumptions					
Financing rate on construction costs	3.5%	on 50% of costs, assuming a	1.00	year construction period	
		and a total loan of	100%	on costs	
Financing fees	1.5%	of financed costruction costs			
Commissions					
Commissions/sales costs	2.9%	of gross residential revenue			
Property Taxes, GST and Other Fees					
New Home Warranty Fees	$3,610	per unit			
Net GST on Rental Unit	0.0%	of creation costs			
Tax Rate	0.317%	of assessed value			
Assumed assessment during construction	$575,000	(50% of completed project value)			

Analysis					
Revenue					
Laneway House Completed Value	$1,150,000				
Less commissions and sales costs	$33,250				
Net sales revenue	$1,116,750				
Project Costs					
Rezoning Application Fee	$0				
Site Work	$50,000				
Connection fees (water, sewer, storm)	$33,600				
Landscaping	$20,000				
Hard construction costs	$455,000				
Soft costs	$26,930				
Project Management	$28,277				
Contingency on hard and soft costs	$30,690				
GVRD Water and Liquid Waste Levy	$0				
Translink DCCs	$0				
Burnaby Residential DCCs	$0				
Less property tax allowance during development	$1,822				
New Home Warranty Fees	$3,610				
Construction financing	$11,374				
Financing fees/costs	$9,920				
Less Net GST	$0				
Total Project Costs Before Land Related	$671,222				
Profit Analysis					
Profit	$445,528				
Profit on Costs	**63%**				
Allowance for Impact on Value of Remainder of Lot	$117,700				
Profit After Allowing for Impact on Remainder of Lot	$327,828				
Profit on Costs After Allowing for Impact on Remainder of Lot	**40%**				
Land Residual Analysis (Higher Profit)					
Allowance for Developer's Profit	15.0%	of total costs, or	13.0%	of gross revenue	
Allowance for Developer's Profit	$149,960				
Allowance for Impact on Value of Remainder of Lot	$117,700				
Residual to Land and Land Carry	$177,868				
Less Financing on Land During Construction	$5,790				
Less Financing Fee on Land Loan	$87				
Less Property Closing Costs	$5,276				
Residual Land Value	**$166,715**				
Residual Value per sq.ft. buildable (FSR)	**$167**				
Residual Value per sq.ft. of site area	**$27**				
Land Residual Analysis (Lower Profit)					
Allowance for Developer's Profit	10.0%	of total costs, or	9.1%	of gross revenue	
Allowance for Developer's Profit	$104,535				
Allowance for Impact on Value of Remainder of Lot	$117,700				
Residual to Land and Land Carry	$223,293				
Less Financing on Land During Construction	$7,268				
Less Financing Fee on Land Loan	$109				
Less Property Closing Costs	$6,113				
Residual Land Value	**$209,802**				
Residual Value per sq.ft. buildable (FSR)	**$210**				
Residual Value per sq.ft. of site area	**$34**				

Exhibit 10: Scenario 4 – Strata Laneway as Part of Full Lot Redevelopment

Major Assumptions *(shading indicates figures that are inputs; unshaded cells are formulas)*					
Concept					
Site Size	6,100	sq.ft.			
Additional Density Allowed for Laneway House	0.16	FAR			
Laneway House Floorspace	1,000	sq.ft.			
Surface Parking Stalls	1	stalls			
Share of Existing Lot Dedicated to Laneway House	25%	or	1,525	sq.ft.	
Laneway House Revenue					
Assumed Laneway House Sales Price	$1,150,000	or	$1,150	per sq.ft.	
Pre-Construction Costs					
Rezoning Application Fee	$0				
Construction Costs					
Site Work	$50,000				
Connection fees (water, sewer, storm)	$0				
Landscaping	$10,000				
Hard Cost Used in Analysis	$405				
Soft Costs	5.0%	of hard costs, site prep/servicing costs			
Project Management	3.0%	of hard costs, site prep/servicing costs, soft costs, marketing			
Contingency on hard and soft costs	5.0%	of hard and soft costs			
Local Government Levies					
GVRD Water and Liquid Waste Levy	$0	per unit			
Translink DCCs	$0	per unit			
Burnaby Residential DCCs	$0	per unit			
Financing Assumptions					
Financing rate on construction costs	3.5%	on 50% of costs, assuming a	1.00	year construction period	
		and a total loan of	100%	on costs	
Financing fees	1.5%	of financed costruction costs			
Commissions					
Commissions/sales costs	2.9%	of gross residential revenue			
Property Taxes, GST and Other Fees					
New Home Warranty Fees	$3,610	per unit			
Net GST on Rental Unit	0.0%	of creation costs			
Tax Rate	0.317%	of assessed value			
Assumed assessment during construction	$575,000	(50% of completed project value)			

Analysis					
Revenue					
Laneway House Completed Value	$1,150,000				
Less commissions and sales costs	$33,250				
Net sales revenue	$1,116,750				
Project Costs					
Rezoning Application Fee	$0				
Site Work	$50,000				
Connection fees (water, sewer, storm)	$0				
Landscaping	$10,000				
Hard construction costs	$405,000				
Soft costs	$22,750				
Project Management	$14,333				
Contingency on hard and soft costs	$25,104				
GVRD Water and Liquid Waste Levy	$0				
Translink DCCs	$0				
Burnaby Residential DCCs	$0				
Less property tax allowance during development	$1,822				
New Home Warranty Fees	$3,610				
Construction financing	$9,321				
Financing fees/costs	$8,129				
Less Net GST	$0				
Total Project Costs Before Land Related	$550,069				
Profit Analysis					
Profit	$566,681				
Profit on Costs	**97%**				
Allowance for Impact on Value of Remainder of Lot	$117,700				
Profit After Allowing for Impact on Remainder of Lot	$448,981				
Profit on Costs After Allowing for Impact on Remainder of Lot	**64%**				
Land Residual Analysis (Higher Profit)					
Allowance for Developer's Profit	15.0%	of total costs, or	13.0%	of gross revenue	
Allowance for Developer's Profit	$149,960				
Allowance for Impact on Value of Remainder of Lot	$117,700				
Residual to Land and Land Carry	$299,021				
Less Financing on Land During Construction	$9,733				
Less Financing Fee on Land Loan	$146				
Less Property Closing Costs	$7,508				
Residual Land Value	**$281,634**				
Residual Value per sq.ft. buildable (FSR)	**$282**				
Residual Value per sq.ft. of site area	**$46**				
Land Residual Analysis (Lower Profit)					
Allowance for Developer's Profit	10.0%	of total costs, or	9.1%	of gross revenue	
Allowance for Developer's Profit	$104,535				
Allowance for Impact on Value of Remainder of Lot	$117,700				
Residual to Land and Land Carry	$344,446				
Less Financing on Land During Construction	$11,212				
Less Financing Fee on Land Loan	$169				
Less Property Closing Costs	$8,345				
Residual Land Value	**$324,721**				
Residual Value per sq.ft. buildable (FSR)	**$325**				
Residual Value per sq.ft. of site area	**$53**				

6.3 Summary Proformas for Laneway Scenarios

This section includes summary proformas for each of the 28 laneway scenarios that we analyzed, organized into the following groups:

- Scenario 1 assumes that the new laneway unit is a market rental unit and is built as an infill unit without any changes to the existing single family home on the lot.
- Scenario 2 assumes that the new laneway unit is a market rental unit and it is built as part of the redevelopment of the entire lot (i.e. a new single family home and laneway unit are built simultaneously).
- Scenario 3 assumes that the new laneway unit is a market strata (ownership) unit and is built as an infill unit without any changes to the existing single family home on the lot.
- Scenario 4 assumes that the new laneway unit is a market strata (ownership) unit and it is built as part of the redevelopment of the entire lot (i.e. a new single family home and laneway unit are built simultaneously).

Exhibit 11: Summary Proformas for Scenario 1 – Infill Rental Laneway

		1	2	3	4	5	6	7
Description		Small Lot in a Lower Value Area	Small Lot in a Higher Value Area	Medium Lot in a Lower Value Area	Medium Lot in a Higher Value Area	Large Lot in a Lower Value Area	Large Lot in a Higher Value Area	Larger Lot in a Higher Value Area
Block/Address		5000 Block of Norfolk Street	4100 Block of Pandora Street	6700 Block of Fulton Avenue	4000 Block of Trinity Street	9200 Block of 10th Avenue	7200 Block of Braeside Drive	7500 Block of Colleen Street
Location		Douglas Road/ Central Burnaby	Burnaby Heights	Highgate/ Edmonds	Burnaby Heights	Cariboo/ East Burnaby	Westridge	Government Road
Zoning District		R12	R12	R3	R3	R2	R2	R1
Lot Size (sf)		4,359	4,026	5,550	6,100	8,052	7,500	10,737
Laneway Unit Size (sf)		650	650	1,000	1,000	1,200	1,200	1,400
Assumed Monthly Rent		$2,125	$2,225	$2,850	$3,000	$3,000	$3,150	$3,500
Yield Analysis								
Annual Revenue		$25,500	$26,700	$34,200	$36,000	$36,000	$37,800	$42,000
Less Annual Operating Costs		$4,117	$4,117	$4,656	$4,814	$4,767	$4,957	$5,115
Less Allowance for Vacancy		$510	$534	$684	$720	$720	$756	$840
Annual Net Operating Income		$20,873	$22,049	$28,860	$30,466	$30,513	$32,087	$36,045
Hard Construction Costs		$378,750	$378,750	$455,000	$455,000	$485,000	$485,000	$565,000
Other Project Costs		$225,223	$225,266	$244,984	$245,053	$252,712	$252,781	$273,354
Total Project Costs		$603,973	$604,016	$699,984	$700,053	$737,712	$737,781	$838,354
Calculated Yield on Costs		3.5%	3.7%	4.1%	4.4%	4.1%	4.3%	4.3%
Land Residual Analysis								
Capitalized Value of Rental Income		$465,000	$490,000	$635,000	$675,000	$675,000	$715,000	$800,000
Less Hard Construction Costs		$378,750	$378,750	$455,000	$455,000	$485,000	$485,000	$565,000
Less Other Project Costs		$225,223	$225,266	$244,984	$245,053	$252,712	$252,781	$273,354
Less Allowance for Developers Profit	10% Profit	$42,269	$44,541	$57,722	$61,358	$61,358	$64,994	$72,720
	15% Profit	$60,636	$63,896	$82,804	$88,020	$88,020	$93,236	$104,320
Less Allowance for Land Related Costs	10% Profit	$0	$0	$0	$0	$0	$0	$0
	15% Profit	$0	$0	$0	$0	$0	$0	$0
Potential Supportable Land Value	10% Profit	$0	$0	$0	$0	$0	$0	$0
	15% Profit	$0	$0	$0	$0	$0	$0	$0

Exhibit 12: Summary Proformas for Scenario 2 – Rental Laneway as Part of Full Lot Redevelopment

		1	2	3	4	5	6	7
Description		Small Lot in a Lower Value Area	Small Lot in a Higher Value Area	Medium Lot in a Lower Value Area	Medium Lot in a Higher Value Area	Large Lot in a Lower Value Area	Large Lot in a Higher Value Area	Larger Lot in a Higher Value Area
Block/Address		5000 Block of Norfolk Street	4100 Block of Pandora Street	6700 Block of Fulton Avenue	4000 Block of Trinity Street	9200 Block of 10th Avenue	7200 Block of Braeside Drive	7500 Block of Colleen Street
Location		Douglas Road/ Central Burnaby	Burnaby Heights	Highgate/ Edmonds	Burnaby Heights	Cariboo/ East Burnaby	Westridge	Government Road
Zoning District		R12	R12	R3	R3	R2	R2	R1
Lot Size (sf)		4,359	4,026	5,550	6,100	8,052	7,500	10,737
Laneway Unit Size (sf)		650	650	1,000	1,000	1,200	1,200	1,400
Assumed Monthly Rent		$2,125	$2,225	$2,850	$3,000	$3,000	$3,150	$3,500
Yield Analysis								
Annual Revenue		$25,500	$26,700	$34,200	$36,000	$36,000	$37,800	$42,000
Less Annual Operating Costs		$4,117	$4,117	$4,656	$4,814	$4,767	$4,957	$5,115
Less Allowance for Vacancy		$510	$534	$684	$720	$720	$756	$840
Annual Net Operating Income		$20,873	$22,049	$28,860	$30,466	$30,513	$32,087	$36,045
Hard Construction Costs		$346,250	$346,250	$405,000	$405,000	$455,000	$455,000	$530,000
Other Project Costs		$153,885	$153,928	$167,773	$167,841	$179,412	$179,481	$196,983
Total Project Costs		$500,135	$500,178	$572,773	$572,841	$634,412	$634,481	$726,983
Calculated Yield on Costs		4.2%	4.4%	5.0%	5.3%	4.8%	5.1%	5.0%
Land Residual Analysis								
Capitalized Value of Rental Income		$465,000	$490,000	$635,000	$675,000	$675,000	$715,000	$800,000
Less Hard Construction Costs		$346,250	$346,250	$405,000	$405,000	$455,000	$455,000	$530,000
Less Other Project Costs		$153,885	$153,928	$167,773	$167,841	$179,412	$179,481	$196,983
Less Allowance for Developers Profit	10% Profit	$42,269	$44,541	$57,722	$61,358	$61,358	$64,994	$72,720
	15% Profit	$60,636	$63,896	$82,804	$88,020	$88,020	$93,236	$104,320
Less Allowance for Land Related Costs	10% Profit	$0	$0	$2	$4,100	$0	$2,799	$10
	15% Profit	$0	$0	$0	$2,728	$0	$0	$0
Potential Supportable Land Value	10% Profit	$0	$0	$4,504	$36,702	$0	$12,727	$287
	15% Profit	$0	$0	$0	$11,411	$0	$0	$0

Exhibit 13: Summary Proformas for Scenario 3 – Infill Strata Laneway

		1	2	3	4	5	6	7
Description		Small Lot in a Lower Value Area	Small Lot in a Higher Value Area	Medium Lot in a Lower Value Area	Medium Lot in a Higher Value Area	Large Lot in a Lower Value Area	Large Lot in a Higher Value Area	Larger Lot in a Higher Value Area
Block/Address		5000 Block of Norfolk Street	4100 Block of Pandora Street	6700 Block of Fulton Avenue	4000 Block of Trinity Street	9200 Block of 10th Avenue	7200 Block of Braeside Drive	7500 Block of Colleen Street
Location		Douglas Road/ Central Burnaby	Burnaby Heights	Highgate/ Edmonds	Burnaby Heights	Cariboo/ East Burnaby	Westridge	Government Road
Zoning District		R12	R12	R3	R3	R2	R2	R1
Lot Size (sf)		4,359	4,026	5,550	6,100	8,052	7,500	10,737
Laneway Unit Size (sf)		650	650	1,000	1,000	1,200	1,200	1,400
Profit Analysis								
Unit Value		$730,000	$780,000	$1,075,000	$1,150,000	$1,260,000	$1,350,000	$1,470,000
Less Commission		$22,750	$24,000	$31,375	$33,250	$36,000	$38,250	$41,250
Less Hard Construction Costs		$378,750	$378,750	$455,000	$455,000	$485,000	$485,000	$530,000
Less Other Project Costs		$200,624	$200,706	$216,100	$216,222	$222,269	$222,416	$231,412
Less Impact on Remaining Lot Value		$82,750	$102,750	$92,994	$117,700	$79,294	$108,813	$115,931
Calculated Profit		$45,126	$73,794	$279,532	$327,828	$437,437	$495,521	$551,406
Calculated Profit on Costs		7%	10%	35%	40%	53%	58%	60%
Land Residual Analysis								
Unit Value		$730,000	$780,000	$1,075,000	$1,150,000	$1,260,000	$1,350,000	$1,470,000
Less Commissions		$22,750	$24,000	$31,375	$33,250	$36,000	$38,250	$41,250
Less Hard Construction Costs		$378,750	$378,750	$455,000	$455,000	$485,000	$485,000	$530,000
Less Other Project Costs		$200,624	$200,706	$216,100	$216,222	$222,269	$222,416	$231,412
Less Impact on Remaining Lot Value		$82,750	$102,750	$92,994	$117,700	$79,294	$108,813	$115,931
Less Allowance for Developers Profit	10% Profit	$66,357	$70,902	$97,718	$104,535	$114,534	$122,715	$133,623
	15% Profit	$95,192	$101,712	$140,180	$149,960	$164,304	$176,040	$191,688
Less Allowance for Land Related Costs	10% Profit	$0	$97	$11,356	$13,491	$18,617	$21,185	$23,499
	15% Profit	$0	$0	$9,171	$11,153	$16,055	$18,440	$20,511
Potential Supportable Land Value	10% Profit	zero	$2,795	$170,458	$209,802	$304,287	$351,622	$394,284
	15% Profit	zero	zero	$130,181	$166,715	$257,078	$301,041	$339,207

Exhibit 14: Summary Proformas for Scenario 4 – Strata Laneway as Part of Full Lot Redevelopment

		1	2	3	4	5	6	7
Description		Small Lot in a Lower Value Area	Small Lot in a Higher Value Area	Medium Lot in a Lower Value Area	Medium Lot in a Higher Value Area	Large Lot in a Lower Value Area	Large Lot in a Higher Value Area	Larger Lot in a Higher Value Area
Block/Address		5000 Block of Norfolk Street	4100 Block of Pandora Street	6700 Block of Fulton Avenue	4000 Block of Trinity Street	9200 Block of 10th Avenue	7200 Block of Braeside Drive	7500 Block of Colleen Street
Location		Douglas Road/ Central Burnaby	Burnaby Heights	Highgate/ Edmonds	Burnaby Heights	Cariboo/ East Burnaby	Westridge	Government Road
Zoning District		R12	R12	R3	R3	R2	R2	R1
Lot Size (sf)		4,359	4,026	5,550	6,100	8,052	7,500	10,737
Laneway Unit Size (sf)		650	650	1,000	1,000	1,200	1,200	1,400
Profit Analysis								
Unit Value		$730,000	$780,000	$1,075,000	$1,150,000	$1,260,000	$1,350,000	$1,470,000
Less Commission		$22,750	$24,000	$31,375	$33,250	$36,000	$38,250	$41,250
Less Hard Construction Costs		$346,250	$346,250	$405,000	$405,000	$455,000	$455,000	$495,000
Less Other Project Costs		$134,231	$134,312	$144,946	$145,069	$153,888	$154,035	$161,143
Less Impact on Remaining Lot Value		$82,750	$102,750	$92,994	$117,700	$79,294	$108,813	$115,931
Calculated Profit		$144,019	$172,688	$400,685	$448,981	$535,819	$593,903	$656,676
Calculated Profit on Costs		25%	28%	59%	64%	74%	79%	81%
Land Residual Analysis								
Unit Value		$730,000	$780,000	$1,075,000	$1,150,000	$1,260,000	$1,350,000	$1,470,000
Less Commissions		$22,750	$24,000	$31,375	$33,250	$36,000	$38,250	$41,250
Less Hard Construction Costs		$346,250	$346,250	$405,000	$405,000	$455,000	$455,000	$495,000
Less Other Project Costs		$134,231	$134,312	$144,946	$145,069	$153,888	$154,035	$161,143
Less Impact on Remaining Lot Value		$82,750	$102,750	$92,994	$117,700	$79,294	$108,813	$115,931
Less Allowance for Developers Profit	10% Profit	$66,357	$70,902	$97,718	$104,535	$114,534	$122,715	$133,623
	15% Profit	$95,192	$101,712	$140,180	$149,960	$164,304	$176,040	$191,688
Less Allowance for Land Related Costs	10% Profit	$5,996	$7,290	$17,591	$19,725	$23,679	$26,247	$28,916
	15% Profit	$4,513	$5,652	$15,406	$17,388	$21,118	$23,503	$25,928
Potential Supportable Land Value	10% Profit	$71,666	$94,496	$285,377	$324,721	$397,605	$444,940	$494,137
	15% Profit	$44,315	$65,323	$245,100	$281,634	$350,396	$394,359	$439,060