

4.1 PRESENTATIONS – WHISTLER 2020 DEVELOPMENT CORP.
CHEAKAMUS CROSSING LOT 2 DEVELOPMENT PLAN

REGULAR COUNCIL – SEPTEMBER 6, 2022



Whistler 2020 Development Corporation
Lot 2 Project Plan
August 31, 2022

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1. Background

Lot 2 was zoned in 2020 for two three story apartment buildings with a site Gross Floor Area (GFA) of 4,900 sq.m and a maximum FSR of 0.50. Approval to proceed with clearing, preliminary site grading and architectural design was obtained as part of the Parcel A Project Plan Update to RMOW Council in January 2022. The Project Plan Update, including schedules and budgets, was approved by the WDC Board prior to going to Council. Since then, a Letter of Intent (LOI) has been signed with the Whistler Valley Housing Society (WVHS) for the purchase of one of the two rental buildings. Preliminary building designs have been completed and were presented to the Advisory Design Panel on June 15, 2022. The Whistler Housing Authority (WHA) is also doing a feasibility study to understand if it has the capacity to finance and own one of the rental buildings.

Site work and servicing are well under way for Lot 2. Preliminary blasting and site grading for Building 2A was mostly completed in 2021 and is substantially complete for Building 2B.

Note: The Phase 2 Subdivision Plan was registered in September 2021. The plan below updates the parcel labels to the registered lot numbers. Previous lot references to parcels A, B/C, D1, D2 ..etc are no longer relevant.

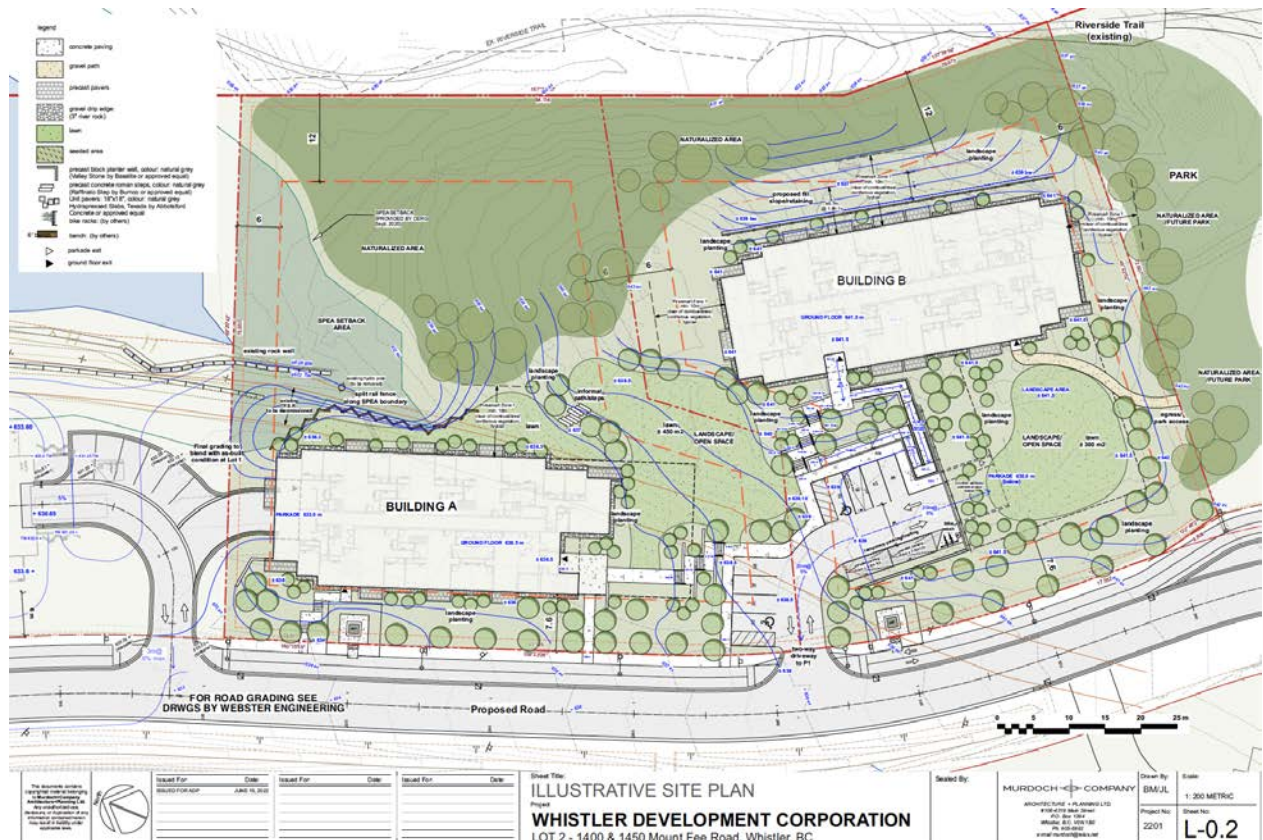


2. Project Overview (as of August 2022)

Description and Project Summary

Lot 2 is a two-building rental development. Building 2A is proposed to contain 33 units with a gross floor area of 25,035 sq.ft, whereas Building 2B will house 36 units and contain 25,770 sq.ft. The buildings will be constructed over separate one-story parking structures. Both buildings offer a range of unit types that appeal to a wide variety of households, including singles, couples, single parent families, families with dependents, shared tenant occupancy, and seniors. The unit designs are influenced by feedback from recent WHA buildings and the WDC Planning & Development Committee.

Most recent conversations with the Whistler Valley Housing Society and the Whistler Housing Authority have concluded that traditional methods of funding rental buildings is challenging in the current economic climate and the risk of further interest rate increases will only compound that challenge.



Lot 2, Site Plan as at June 2022



Lot 2 Building B Foundation Blasting & Grading

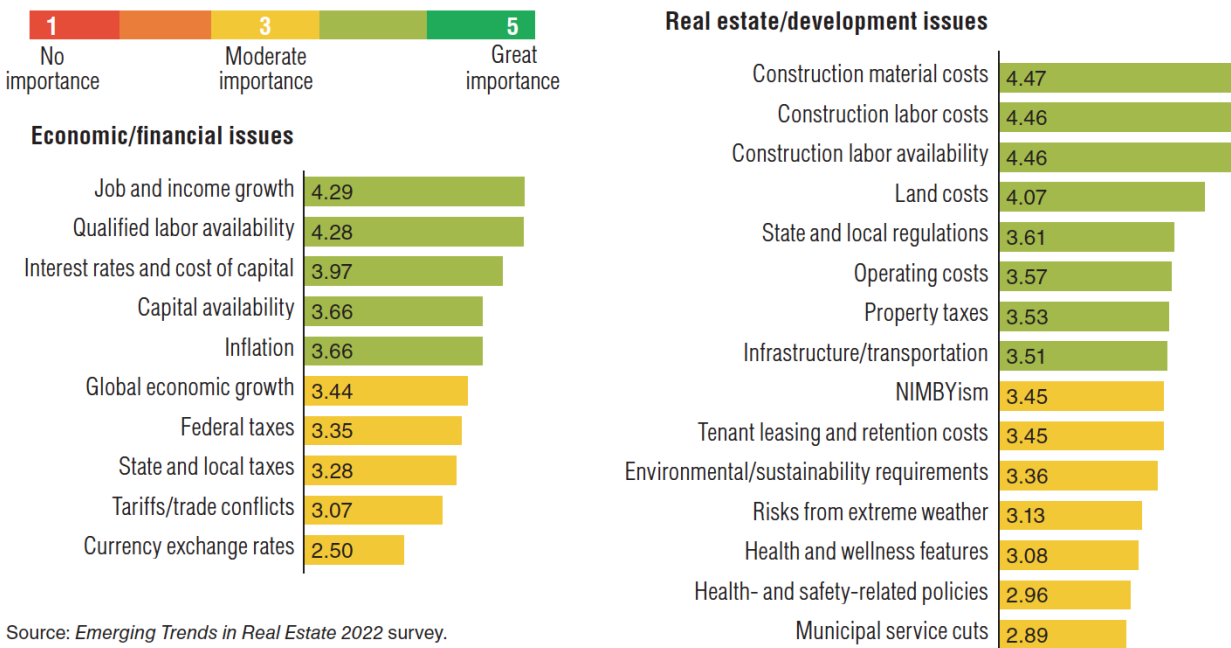
Both buildings on Lot 2 have all underground services stubbed to the property line, ready for construction. Bulk blasting is complete on Building B and the remaining corner of Building A will be completed after the existing Forest Service Road is decommissioned, likely before winter 2023. Excavation of both building footprints is substantially complete to footing level elevations.

3. Lot 2 (Affordable Housing)

Budget, Lot 2

At present, both the WVHS and WHA are seeking financing options with lenders to determine if either of the buildings are financially viable. Thus, the Project Plan for Lot 2 provides a budget for each building and allows WDC to proceed with either building and theoretically both buildings if for some reason neither the WVHS nor WHA choose to proceed. The budgets for the Lot 2 buildings follow a similar format to budgets for the Lot 1 buildings (formally Parcel A) that are under construction and nearing completion. Included are hard construction costs, consulting fees, permit and related soft costs, insurance, financing fees, interest expense, construction management fees, land development costs based on the approved WDC allocation model, and contingency.

At this time, it is somewhat challenging to estimate the cost of the Lot 2 buildings due to continued material supply challenges and inflationary pressures. This challenge is not unique to Whistler. A recent study was published by the Urban Land Institute that included input from a wide range of North American development sources. The universal list of factors and challenges to deliver affordable housing are summarized in the table below and most of them are relevant to Whistler.



Source: *Emerging Trends in Real Estate 2022 survey.*

Secondly, the two building designs are not advanced enough for full consultant design, specification, and budget estimation. WDC anticipates some of the extreme swings in pricing relating to lumber, engineered wood products, steel, concrete ...etc will stabilize by early-mid 2023 and is therefore budgeting for approximately 15% over the Lot 1 buildings, or \$438 per sq.ft of gross floor area (GFA) and \$515 per sq.ft of net rentable area (NRA).

The current Lot 1 construction budget is presented in Table 3.1 for comparison purposes and summarizes 140 specific budget categories in 22 divisions. The construction budget does not include substantial site works relating to the development of Phase 2 and specific site works undertaken as part of the Phase 2 excavation and grading. Those costs are accounted for in the Cheakamus Phase 2 Master Site Works budget and will be allocated to the two Lot 2 parcels prior to transfer of the lots or the 2022 Financial Year End inventory, whichever is earlier.

Lot 1 Construction Budget, April22		GFA Net	GFA Gross
Division		79,444	93,496
General Requirements	\$ 2,102,408	\$ 26.46	\$ 22.49
Site Works	\$ 2,877,693	\$ 36.22	\$ 30.78
Concrete	\$ 4,042,317	\$ 50.88	\$ 43.24
Masonry	\$ 203,990	\$ 2.57	\$ 2.18
Steel	\$ 503,140	\$ 6.33	\$ 5.38
Wood and Plastics	\$ 5,075,599	\$ 63.89	\$ 54.29
Thermal and Moisture	\$ 2,948,941	\$ 37.12	\$ 31.54
Doors and Windows	\$ 1,296,992	\$ 16.33	\$ 13.87
Finishes	\$ 3,109,984	\$ 39.15	\$ 33.26
Specialties	\$ 76,080	\$ 0.96	\$ 0.81
Equipment	\$ 443,957	\$ 5.59	\$ 4.75
Furnishings	\$ 219,788	\$ 2.77	\$ 2.35
Special Construction	\$ 40,800	\$ 0.51	\$ 0.44
Conveying Systems	\$ 433,600	\$ 5.46	\$ 4.64
Mechanical	\$ 3,651,081	\$ 45.96	\$ 39.05
Electrical	\$ 2,269,717	\$ 28.57	\$ 24.28
Management Fees	\$ 1,575,000	\$ 19.83	\$ 16.85
Consultants	\$ 831,550	\$ 10.47	\$ 8.89
Soft Costs	\$ 1,512,714	\$ 19.04	\$ 16.18
Sub Total (excl GST)	\$ 33,215,351	\$ 418.10	\$ 355.26
Contingency	\$ 2,383,673	\$ 30.00	\$ 25.49
TOTAL	\$ 35,599,024	\$ 448.10	\$ 380.75

Table 3.1, Lot 1 Construction Budget, as of April 2022

WHA “Rental” waitlist & non-WHA rental demand

The WHA rental waitlist continues to grow as the economy improves and employees return to Whistler. It is also likely that some % of the workforce have been displaced from market suites because of current market rental rates or owners’ preference to use their properties personally.

The current waitlist is predominately made up of single employee households followed by couples. The recent sale of Lot 1 apartment units reduced the total number of rental applicants by 16 households.	WHA Rental Waitlist	#	%
	Single person households	278	55%
	Couples without children	130	26%
	Families w/dependents	87	17%
	Group of unrelated adults	11	2%
	Total number households	506	

In addition to the WHA rental waitlist, there are other employees who are competing for housing. Seasonal and temporary foreign workers who are not Permanent Residents of Canada do not qualify for WHA rentals. WDC recently met with representatives of the major hotels and the strong message is the tourism sector is missing hundreds, if not thousands, of workers. Housing is one of factors contributing to the problem, in addition to the decline in temporary foreign workers. WDC also learned that sharing accommodation is acceptable and the hotels will subsidize the rent to secure long-term leases. Other essential services, such as the RCMP, medical staff and educators whose membership may not typically be in Whistler long enough to make joining the WHA waitlist worthwhile also compete in the rental housing market. Lastly, like the hotel sector, many independent businesses have shown interest in long-term leases to secure housing for their employees.

In summary there is no shortage of potential tenants for rental units on Lot 2. The challenge is to finance the project in such a way that the rental rates are affordable to the intended tenant.

Financing

Financing for construction of either or both of the Lot 2 buildings would be a combination of equity (cash, grants, etc.) and third-party debt from either a conventional lender (e.g. RBC) or a CMHC insured loan. While no applications have been made as of yet, preliminary discussion with lenders has given WDC a reasonable idea of rates, terms, etc. to be expected. RBC provided the first two loans to WDC in 2021 and 2022 and have indicated a strong willingness to consider future loans with WDC. Unlike the buildings on Lot 1 which were “for sale” or ownership, Lot 2 buildings are rental so both construction and permanent financing on completion will be required. Looking ahead, WDC is in a much stronger position from a financing point of view than a year ago and it now has a strong balance sheet, a track record of being able to build on time and on budget, and cash reserves to provide equity or “seed money” as required.

4. Lot 2 Assumptions and Proforma

Table 4.0 summarizes the parameters for delivering Building 2A on Lot 2. Buildings 2A and 2B are very similar in size and only vary slightly in unit mix and the number of units, therefore only one building is used to identify the relationship between construction cost, income, interest rate assumptions and equity requirements.

PROJECT							
Lot 2 Building 2A - Cheakamus Crossing							
LOCATION 1400 Mount Fee Road, Cheakamus Crossing, Whistler							
SITE AREA, SqM	For Building A	4,953	INTERIM FINANCING		3.50%		
FSR		0.50	LAND HOLD TIME		0 Months		
GROSS BUILDING AREA, SqM		2,477	CONSTRUCTION TIME		16 Months		
AMENITY		0					
NET RENTABLE AREA		20,460					
NUMBER OF UNITS		33					
Average Unit Size		620					
DEVELOPMENT COST SUMMARY							
Total Land Cost		\$	761,100				
Total DCC		\$	150,618				
Total Construction Hard Cost		\$	10,710,860				
Total Soft Cost		\$	573,136				
Total Development Overhead		\$	564,200				
Total Finance		\$	250,000				
GST		\$	592,410				
TOTAL DEVELOPMENT COST		\$	13,602,322				
Rental Rates, Gross Income							
Unit Type	# Units	Sq.ft/ Unit	Sq.Ft Rented	\$/SqFt Rents	Proposed Rents/Unit	Gross \$ Monthly Rent	Gross Annual \$ Income
Studio	9	419	3,771	\$ 3.15	\$ 1,320	\$ 11,879	\$ 142,544
1 Bedroom	12	577	6,924	\$ 2.90	\$ 1,673	\$ 20,080	\$ 240,955
2 Bed	3	840	2,520	\$ 2.70	\$ 2,268	\$ 6,804	\$ 81,648
2 Bed Cnr	9	805	7,245	\$ 2.90	\$ 2,335	\$ 21,011	\$ 252,126
	33		20,460			\$ 59,773	\$ 717,273

Table 4.0, Project overview, Building 2A

The summary Worksheet in Table 4.1 breaks down the cost of the project, including a 10% contingency. The budget, as described earlier, is a conservative estimate based on the progress on Lot 1. WDC is currently confirming consultants to complete the remaining design work and anticipates using many of the same consultants as Lot 1 due to a high degree of familiarity with Whistler's bylaws, local

trades, building typology and the Cheakamus Phase 2 sites. Such expertise and existing (positive) working relationships also reduce risk.

WORK SHEET ANALYSIS				
LAND				
			Total	
Land Value, including site servicing			\$	750,000
Land Hold costs			\$	-
Property Transfer Tax			\$	8,600
Legal Aquisition, Land Transfer			\$	2,500
		Land Total	\$	761,100
DEVELOPMENT COST CHARGES				
	Gross SqFt	\$/sq. ft.		
CAC	0		\$	-
Works & Services Charges	24,651	\$ 6.11	\$	150,618
			Total DCC	\$ 150,618
				\$911,718
CONSTRUCTION				
Hard Cost				
	Gross SqFt	\$/sq. ft.		
Building	24,651	\$ 395.00	\$	9,737,145
Site Servicing, included in Land			\$	-
Contingency	10%	\$ 39.50	\$	973,715
			Total Hard Cost	\$ 10,710,860
				\$11,622,577
Soft Costs				
	Gross SqFt	\$/sq. ft.		
Consultants	24,651	\$ 10.50	\$	258,836
Building & Plumbing Permit		\$ 3.75	\$	92,441
Other soft costs		\$ 4.50	\$	110,930
Insurance		\$ 4.50	\$	110,930
Contingency	10%	\$ 2.33	\$	57,314
			Total Soft Costs	\$ 573,136
				\$ 12,195,713
DEVELOPMENT OVERHEAD				
	5%		\$	564,200
			Total Development Overhead	\$ 564,200
				\$ 12,759,913
FINANCE				
Construction loan fee + interest			\$	225,000
Other Finance Costs (legal, cost consultant)			\$	25,000
			Total Finance	\$ 250,000
				\$ 13,009,913
GST				
			\$	592,410
				\$ 13,602,322

Table 4.1, Project budget, Building 2A

The rental rates assumed in Table 4.0 generate approximately \$735,000 per year, prior to inflation beyond year 1. The recent and aggressive increase in available mortgage rates effectively double the amount of equity required one year ago to allow the building to cashflow. Table 4.2 is a preliminary cashflow and operating budget, assuming a 5% take-out mortgage rate.

If WDC retained a building or buildings until such time as a partner organization was able to purchase and re-finance the assets, WDC would not be required to “purchase” the land, reducing the amount of equity required. A transfer of a building at a later date would trigger property transfer tax on a much higher valuation than the vacant (undeveloped) land. Accordingly, a later purchase by WHA or WVHS is not recommended unless the interest rates decrease significantly.

Scenario, Building Lot 2A_33 Rental Units		Year 1
Revenue		
Rent		717,273
Vacancy Loss, 1%		(7,173)
Parking, Laundry		25,000
	Total Revenue	735,100
Operating Expense		
Insurance		42,500
Landscaping		6,500
Professional fees, Bank Charges		3,000
Property Mft Fee, 4.0% Gross Rent		28,691
Property taxes, Utility fees		35,000
Recycling & garbage removal		15,000
Repairs and maintenance		25,000
Snow Removal		6,000
Utilities		30,000
	Total Operating Expenses	191,691
	Income for Mortgage Calculation	543,409
Mortgage Expense, Interest Rate		5.00%
Debt Interest @ 5.0%, 25 yr Am		362,500
Debt Principal @ 5.0%, 25 yr Am		151,905
	Total Mortgage Expenses	514,405
	Surplus Before CRR	\$ 29,004
	Capital Replacement Reserve (4%)	29,404
Net Operating Cashflow		\$ (400)
	Mortgage Calculation from Proforma	\$ 7,250,000
Equity Required		
Project Cost (including Land & Servicing)	\$	13,602,322
Less Mortgage	\$	(7,250,000)
	Required Equity	\$ 6,352,322

5. Cashflow

In all financial scenarios previously considered, any funding obtained from the RMOW and 3rd party lenders to complete the Phase 2 land development and Parcel A (Lot 1) was expected to be recovered in about 2 years of construction, commencing in 2021. Progress on repayment is now ahead of schedule as the initial RBC loan of about \$14M has been repaid from Lot 4 sales, and the second loan of about another \$12M will be repaid from Lot 1 Building A sales in September 2022. The historic RMOW debt amount of \$9.7M is expected to be paid by September/October, and the \$10M line of credit will be paid back in early 2023 from Lot 1 Building B sales proceeds. The repayment to the RMOW of about \$19.5M in total is made possible by the sale of the Lot 4 market lots with almost \$29M in gross sales and 22 of the 23 lots sold to date, with the majority of those having closed already. Table 5.0 below reflects the estimated cashflow for WDC as of July 2022. WDC is in a very strong financial position going forward and is now well capitalized and stable.

By Spring 2023, WDC will have sufficient equity by way of cash and access to the reserve fund to advance the development of Lot 2 through the first year of construction (2023). WDC and its potential partners have the remainder of 2022 and most of 2023 to explore preferred long-term financing through traditional lenders, CMHC, BC Housing and/or a combination of other strategies to raise sufficient equity to support affordable rental rates.

Alternatively, the RMOW may consider allocating OAP Funding or additional capital from the housing reserve fund to support rental housing for a specific market need, such as essential services, tourism economy or RMOW staff transitional housing.

WDC Cashflow Forecast
Updated to Jul 31, 2022

23-Aug-22

	Total Forecast	Actual to Date	Remaining	Unallocated	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23
Construction Outflows															
Building A	21,649,899	18,575,795	3,074,104	1,224,104	750,000	750,000	350,000			0	0	0	0	0	0
Building B	13,949,092	7,432,840	6,516,252	1,526,225	1,189,984	679,554	725,488	750,000	500,000	500,000	500,000	145,000			
Development/Siteworks	11,800,000	10,387,143	1,412,857	(1,887,143)	750,000	900,000	750,000	750,000	150,000	0	0	0	0	0	0
GSA Costs (2022 only)	160,139	55,122	105,017	15,017	30,000	15,000	15,000	15,000							
<i>Note: Forecasts are cashflow only and do not include allocations, eg parkade, roads</i>															
Total Outflows	47,559,130	36,450,900	11,108,230	878,203	2,719,984	2,344,554	1,840,488	1,515,000	665,000	500,000	500,000	145,000	0	0	0
Inflows, Sales and Other															
Lease, net (2022 only)	47,042	28,001	19,041	(6,321)	4,227	4,227	4,227	4,227	4,227						
Market Lots	28,978,103	25,481,103	3,497,000	(2,000)			1,650,000					1,849,000			
Sales Costs	(869,343)	3.00%	(869,343)		0	0	(49,500)	0	0	0	0	(55,470)			
Building A	18,630,000	0	18,630,000	0		18,630,000									
Sales Costs	(186,300)	1.00%	(186,300)	0	0	(186,300)	0								
Building B	22,870,000	0	22,870,000	0						22,870,000					
Sales Costs	(228,700)	1.00%	(228,700)	0						(228,700)					
WVHS Lot 2 (part) Sale (removed)	0	0	0	0											
Builders Lien Holdback, 7%, Outflow	(4,933,460)	0	(4,933,460)	0	0	(1,304,100)	(115,500)	0	0	(1,600,900)	0	(129,430)	0	0	
Builders Lien Holdback, 7%, Inflow	5,014,290	5,014,290	0	0	89,670	0	545,000	1,304,100	115,500	0	1,600,900	0	129,430	0	
Log Sales	24,000	32,802	0	(8,802)											
OAP Funding (2022 to Mar 31 2022)	600,000	0	600,000	0		50,000			40,000			170,000			170,000
GST Rebate															
GST Collected on Sales															
Deposits		268,446	0	0											268,446
Construction Holdbacks, 10%						(200,000)	(200,000)	(84,744)							
Total Inflows & Other	69,898,590	25,782,351	44,393,487	(10,802)	93,897	16,993,827	1,834,227	1,223,583	159,727	21,040,400	0	3,435,000	0	129,430	438,446
Cash Transactions and Debt															
Opening Cash Balance					10,749,454	11,026,674	5,594,428	5,084,101	4,467,196	3,111,923	23,487,323	10,434,937	13,369,937	13,224,937	13,354,367
Prior Month Outflows						(2,719,984)	(2,344,554)	(1,840,488)	(1,515,000)	(665,000)	(500,000)	(500,000)	(145,000)	0	0
Current Month Inflows					93,897	16,993,827	1,834,227	1,223,583	159,727	21,040,400	0	3,435,000	0	129,430	438,446
GST on Sales					0	0	0	0	0	0	0	0	0	0	0
Current AP					(1,983,979)										
Additional monthly purchases					(1,000,000)										
RBC Loan Interest					(42,458)	(57,705)	0	0	0	0	0	0	0	0	0
RMOW Pre 2020 (historical)	9,436,959	9,436,959	0	0		(7,500,000)					(2,050,000)				
RMOW Construction LOC	10,000,000	9,850,000	150,000								(10,502,386)				
RBC Loan 1	14,407,000	13,415,787													
RBC Loan 2	14,262,000	8,938,623			3,209,761	(12,148,384)									
Ending Cash Balance					11,026,674	5,594,428	5,084,101	4,467,196	3,111,923	23,487,323	10,434,937	13,369,937	13,224,937	13,354,367	13,792,812
Cumulative Balances															
Due to RMOW, Total					19,756,427	12,313,883	12,371,506	12,407,421	12,443,505	12,479,693	(36,399)	0	0	0	0
RMOW Interest					57,456	57,623	35,915	36,084	36,188	36,254	36,399	0	0	0	0
RBC Debt					12,148,384	(0)	0	0	0	0	0	0	0	0	0
RBC Interest					42,458	57,705	(0)	0	0	0	0	0	0	0	0
RBC Arrangement Fee															
Loan 1 balance					0	0	0	0	0	0	0	0	0	0	0
Loan 2 balance					12,148,384	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Building A					20,546,795	21,296,795	21,646,795	21,646,795	21,646,795	21,646,795	21,646,795	21,646,795	21,646,795	21,646,795	21,646,795
Building B					9,738,708	10,418,263	11,143,751	11,893,751	12,393,751	12,893,751	13,393,751	13,538,751	13,538,751	13,538,751	13,538,751
Development/Siteworks					11,687,143	12,587,143	13,337,143	14,087,143	14,237,143	14,237,143	14,237,143	14,237,143	14,237,143	14,237,143	14,237,143
RBC Rate changes															
RBC Rate Change	Mar 2022	0.50%													
RBC Rate Change	May 2022	0.75%													
RBC Rate Change	Jun 2022	1.25%													
RBC Rate Change	Jul 2022	2.25%													
Comments/Questions:															
RBC Loan 1 was fully repaid during Mar 2022.															
RBC Loan interest rate updated to 5.70% beginning Jul 2022.															
RMOW interest rate increased to 3.50% beginning Jul 2022.															
Payments of RMOW debt include interest. Interest is accrued but not paid during the year.															
Payments of RBC loan is principle only. Interest is paid monthly.															

Table 5.0, WDC Cashflow as of July 2022

6. Conclusion & Recommendation

WDC is proceeding with two rental buildings on Lot 2. WDC continues to have conversations with WVHS and the WHA regarding long-term investments in rental housing. At this time WDC understands that interest rate volatility is making it difficult to attract preferential rates or long-term commitments that make rental buildings viable without significant equity contributions.

Once the two building designs are advanced to make formal applications to CMHC and BC Housing for grants or lower cost financing WDC may be able to be more certain about the sale of Lot 2 building sites to the WVHS or WHA. In the meantime, WDC will continue to prepare the two building sites for construction in 2023 and continue to explore long-term ownership by WDC if the project is not viable for WVHS or WHA.

Currently the Project Plan for Lot 2 provides the necessary information for the Board to approve proceeding forward, including complete construction drawings, tendering and ongoing discussions with the WHA and WVHS. There will be a further report to the Board when construction drawings have been completed and tendering is concluded, and a construction budget confirmed. At that time a decision to proceed can be made, prior to the 2023 Construction season.