

**Summary Report for the
North Vancouver School District
Land Management Planning Process
for the Lucas Centre and the Cloverley School and Site**

June 12, 2014



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Prepared for:



Prepared by:



1

Executive Summary

This report summarizes the outcomes of the Land Management Planning Process undertaken on behalf of the North Vancouver School District for the Lucas Site and Cloverley School Site in the City of North Vancouver. This process considered a range of possible scenarios for leveraging value from land deemed surplus to the School District's needs. Considerations were framed by two key concepts: the land as a "lever for learning" and land as a "place for learning." "Lever for learning" means realizing economic value from surplus land to reinvest in school infrastructure which further enhances the delivery of community education. "Places for learning" means creating on-site, sometimes informal, opportunities to enhance community learning.

Residual Land Value

Two development scenarios were developed by the consultant team as preferred options for each site. These options resonate with key themes from the community consultation and reflect, from the perspective of the consultant team, realistic options for redevelopment on these sites. Options were also vetted from a transportation perspective to assess project viability. Importantly, a pro forma financial analysis of each option was calculated to determine a range of possible residual land values. Given the number of undetermined variables that the pro forma accommodated (such as financing schedules) and the differences between options in terms of relative extent of development and provision of amenities, ranges rather than absolute values have been provided.

For the Lucas Centre, Option 1 includes approximately 28,500 m² of development (roughly 290 units including about 35 townhouses) distributed within townhouses and 4- to 6-storey apartment buildings. The option is conducive to incorporating seniors' housing. It includes an increase to the amount and quality of the existing open space on site. Option 2 includes approximately 21,000 m² of development (roughly 180 units, including about 90 townhouses) distributed within townhouses and 4-storey apartment buildings. The option is also conducive to incorporating seniors' housing, maintains the existing on-site playfield, and introduces a modest amount of additional open space primarily in the form of pedestrian linkages. Considering these two options, a land value of approximately \$35 to \$55 million is realistic.

For the Cloverley School Site, Option 1 includes approximately 17,000 m² of development (roughly 165 units including about 50 townhouses) in a terraced townhouse form and a 4-storey apartment building. This option retains the open space presently leased to the City of North Vancouver as park space but anticipates that a

portion of this open space be reserved for a potential early learning centre. Option 2 includes approximately 13,500 m² of development (roughly 115 units) in 4-storey terraced apartments. This option may retain the open space presently leased to the City of North Vancouver as park space. Additionally, this option retains a portion of the site on the western side of the block as a site for a potential early learning centre or day care / preschool. This means that, unlike Option 1, the entire eastern side of the block presently used as park space may be retained as park space. However, a commitment to retaining this additional open space limits the development potential – and therefore revenue generation potential – of the western portion of the site. For the Cloverley Site, depending on variables considered in Option 1, a land value of \$28 million to \$35 million is realistic. A reduction in development area in favour of additional park space, as explored in Option 2 could result in the residual land value of approximately 50 to 60% of Option 1.

For both options on both sites, a range of values is provided given that the pro forma analysis must account for a number of unknown variables such as financing costs and because the options themselves represent a range in development intensity and amenity provision. A more precise estimate of value will be determined as these variables and assumptions are refined.

Lease Option and Associated Risk

Another consideration for the disposition of the property is to lease it to a developer by way of a long-term, prepaid lease (likely 99 years) instead of a freehold sale. However, leasing the land poses risk and future liability that should be considered if pursuing this approach. There are very few transactions that can be considered comparable to this property on a lease basis, so accurately determining the expected discount from freehold sale requires a high degree of discretion. Considerations in determining this discount include the landowner's experience and reputation in similar projects, the terms of the lease, and market conditions. There typically needs to be a discount from comparable freehold units that is significant enough to overcome the preference for outright ownership. This discount can be approximately 20% to 25% from a comparable freehold project.

When the projected value of the land at the end of the 99-year term is discounted to account for the time value of money, the incremental difference from selling the property instead is often more valuable. In addition, to ensure properties are properly maintained throughout the end of the lease, there is typically a clause whereby the landlord is required to either renew the lease for an additional 99 years or buy out the value of the improvements from

the lessee. This means that either control of the property will not revert to the landlord at the end of 99 years or that a potentially significant payment will be required to regain control of the land. The combination of reduced initial land value and obligation to maintain access to finance that will allow for the eventual buy-out of leaseholders at the termination of the lease suggest that leasing will not provide the best opportunity to leverage financial value from the land. In addition, the Board will be exposed to the ongoing risks and liabilities that property ownership entails.

Analysis

It is important to note that the options developed for this analysis represent only a limited range of possible approaches to each site. Actual outcomes may include less intensive development with more extensive open space amenity, for example, but such an outcome would represent less revenue to the school district. Also, this work does not preclude the possibility that, following the purchase of the land, a new owner may choose to explore alternative scenarios with less amenity and greater density even though this may come with added risk of delaying or failing to gain necessary municipal approvals to proceed.

The process used to determine the realistic land development options presented in this report involved conducting a land economics analysis, a high-level site design exploration including considerations of open space and building massing, and a transportation analysis. Importantly, the development of ideas occurred during a concurrent conversation with the community, allowing broad input from the community to inform the work. The consultation process involved engagement and communication with local neighbourhood groups and nearby residents and was undertaken over a 5-month period of time between January and May 2014. It was designed as a shared learning experience affording an opportunity to hear from the community on key concerns and, especially at the initial stages of the work, learn more about the site and neighbourhood.

A consideration of economic, built form, transportation, and open space opportunities was applied to each site throughout the consultation and analysis work. Current road capacity for the adjacent street network, a transit service review, bicycle and pedestrian access, as well as internal circulation and parking supply requirements for different land use scenarios were explored. The existing open space network including trails and linkages was documented as were surrounding land-use patterns and emerging City policy. Six different concepts for the Lucas Site and four concepts for the Cloverley School site were developed, analysed, and discussed as

part of the community consultation. The community was presented with information on School District objectives, a glossary of land-use and related transportation demand implications, and other local considerations. The work was an inquiry into preferences and priorities and structured around the notion of trade-offs to help to identify the relative value of various approaches to future options for each site.

Through this work, information on a range of potential land values and considerations for the sale or lease of these properties has been generated and is described in greater detail below. All options presented as “preferred” options appear as viable development options and represent residual land values greater than current assessed values. Any additional development on site would represent potential for an increase in the sale price of the land but could also include additional risk when seeking the required municipal approvals. Any decrease in the amount of revenue generating development (generally speaking, residential uses) or increase in the amount of community amenity may necessitate a decrease in the overall sale price of the land.

It is also important to note that this does not suggest that the only possible direction for the site is to pursue residential development at the above stated densities or with the above illustrated amenities or extent of open space. Indeed, if the land is purchased the owners of the land may propose something not yet explored or

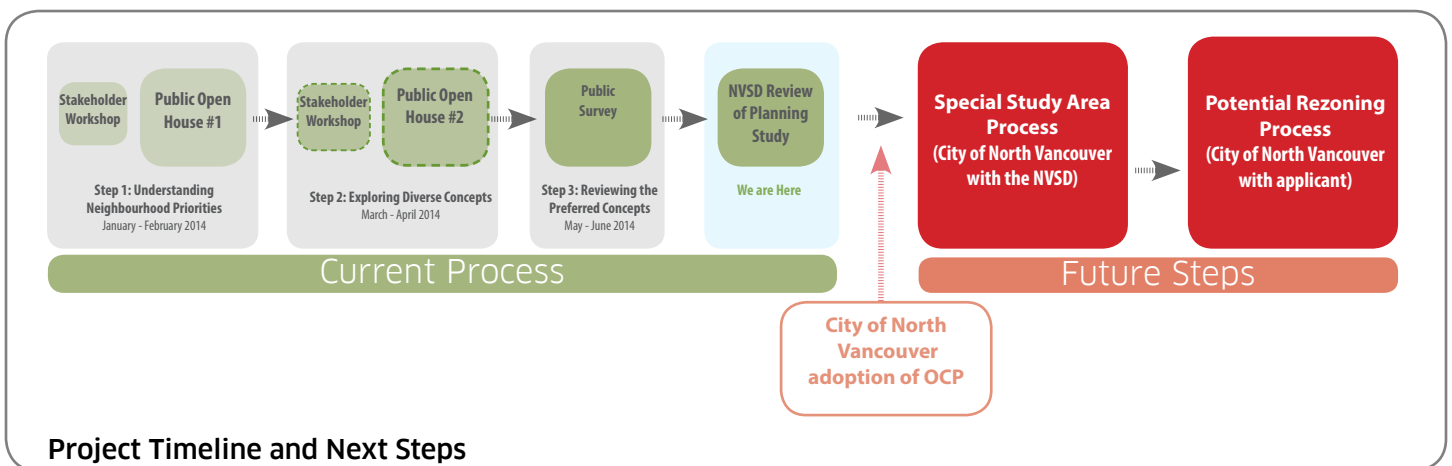
contemplated for the site. This evaluation does, however, create a benchmark value within which to evaluate future proposals.

Next Steps

This summary report provides an overview of the potential opportunity to realize value from School District owned lands. Additional information is available on the public open house display panels, public consultation summary reports, and related transportation memos. The board may evaluate all of this information in its consideration of the future of these two sites in preparation of next steps.

Importantly, the City of North Vancouver’s draft Official Community Plan has identified each of these sites as a “Special Study Area.” This designation, if approved, would mandate additional community consultation to be undertaken in determining future land uses and densities on these sites. It would be anticipated that the School District participate in the City-led Special Study Area process if the OCP is approved with these sites receiving this designation.

Following the OCP designation process and special study area consideration, the School District will be in a position to make a determination on the future of the Lucas and Cloverley sites.



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The Lucas Site

2.1 Background

The Lucas Site, roughly 12.5 acres in size, is situated on a relatively flat area of land north of 21st Street W and east of Hamilton Avenue at the northwest edge of the City of North Vancouver. Key characteristics of the site that inform the development potential include its relatively flat composition, its predominantly single family neighbourhood to the immediate south, its proximity to forested land on steep side hills, its adjacency to two City of North Vancouver playfields to the immediate west, and its proximity to the MacKay Creek Greenbelt just west of the playfields. As well, the site is located immediately south of Highway 1 and a heavily treed buffer between the Highway and the site.

The site, currently zoned for institutional use, has been identified in the draft version of the City of North Vancouver's Official Community Plan (OCP) as a "Special Study Area." This proposed designation suggests careful consideration and extensive community consultation is required prior to identifying a land-use designation that would enable a new OCP designation and zone to be put in place.

The local street network is characterized by having two primary access points to the neighbourhood. Vehicles generally access the neighbourhood at 16th Street and Marine Drive and 16th Street (Larson Rd) and Fell Avenue. The limited access combined with the current local area road network designation suggests an approximate threshold of 300 new units at the Lucas Site prior to necessitating substantial changes to the road classification or signal systems. Therefore, any new development not exceeding the projected transportation volumes equivalent to 300 residential units would be unlikely to necessitate changes to the transportation network. It should also be noted that pedestrian and cyclist linkages were considered in addition to proximity to the transit network.

2.2 Consultation and Early Concepts

Through the public consultation process, six concepts were developed to solicit feedback on specific issues. Concepts were not prepared as individual "proposals" for the site but did provide, in composite, a broad range of built densities and open space opportunities. Each concept was presented in terms of its residential density, extent of open space, associated traffic volumes, and relative value in terms of revenue generation.

In summary, the six concepts¹ presented during consultation were:

Concept 1: This concept included 37 Single Family Lots (which may have the opportunity to develop as 1, 2, or 3 units per lot), a playfield and small neighbourhood park with on-site parking, and a small community building such as a field house. Compared to the traffic volumes of the school site when it was fully operational, this concept resulted in fewer vehicle movements during the peak hour.

Concept 2: This concept included a combination of 3-storey townhouses and 6-storey wood frame residential buildings. The wood frame buildings are located towards the rear of the site to mitigate community concerns about fitting in with the local context. An east-west network of open space and informal playfields are included as park and a small community building such as a field house is shown. Compared to the traffic volumes of the school site when it was fully operational, this concept resulted in a moderate increase in vehicle movements during the peak hour.

Concept 3: This concept also included a combination of 3-storey townhouses and 6-storey wood frame residential buildings. The wood frame buildings are located towards the rear of the site to mitigate community concerns about fitting in with the local context. The open space network on Concept 3 differed from Concept 2 in that a contiguous open space suitable for informal play or organized sports is provided and a small community building such as a field house is shown. Compared to the traffic volumes of the school site when it was fully operational, this concept resulted in a moderate decrease in vehicle movements during the peak hour.

Concept 4: This concept included a range of housing types which increased in density and height in areas located farther from 21st Street W. Housing types included single family, townhouses,

4-storey apartments, and 6-storey apartments. The concept included the retention of the existing play field and additional open space along the western edge of the site to create a single contiguous park area with the City's playfields and MacKay Creek Greenbelt. A small community building such as a field house was shown. Compared to the traffic volumes of the school site when it was fully operational, this concept resulted in an increase in vehicle movements during the peak hour.

Concept 5: This concept included a concentration of higher density residential buildings along the north edge of the site. Development is envisioned as 4-storey podiums with three towers ranging in height from 10 to 14 storeys. Associated with the more compact form of development, this concept included the most substantial amount of open space and a small community building such as a field house was shown. Compared to the traffic volumes of the school site when it was fully operational, this concept resulted in a decrease in vehicle movements during the peak hour.

Concept 6: This concept included a major sports complex including an eight-lane track and bleacher seating. A large portion of the site was reserved to provide surface parking and a concession stand for the complex. A small portion of the site included townhouse development. Compared to the traffic volumes of the school site when it was fully operational, this concept resulted in a substantial increase in vehicle movements during the peak hour.

Through engagement and consultation with the community, a number of concerns were raised about the prospect of a change of land-use on this site. Key themes of community concern include the extent of open space provided, transportation volumes associated with new development given the limited ability to access the site, the provision of community uses, and concerns related to density in terms of built form character and building massing. Additional comments noted a general concern with the disposition of school land.

Summary Table of 6 Concepts presented for discussion during consultation

	approximate # of units	% of open space	traffic implications*	relative residual land value
Concept 1	40**	30%	-80	low
Concept 2	30	30%	+20	medium
Concept 3	330	35%	-15	high
Concept 4	250	55%	+60	low
Concept 5	350	65%	-30	medium
Concept 6	50	80%***	+85	very low

*Based on peak hour PM conditions when compared to vehicular traffic volumes experienced when the Lucas Site was operational.

** Approximate # of single family lots. Actual units will vary depending on if 1, 2, or possibly 3 units are built per site. Traffic implications assumed an average of 2 units per lot.

***This area accounts for track and field space as well as associated bleachers, parking, and concession. The open space available for informal, day-to-day neighbourhood use is very minimal.

¹ For a complete overview of the six concepts presented for discussion during the community consultation phase, refer to the Open House Display Panels on the North Vancouver School District's Land, Learning, Livability Website.

2.3 Preferred Options

Based on community feedback and broad site planning considerations, two options were developed for further analysis. These options are considered “preferred” in that they reflect some of the general themes of community feedback.²

Option 1 incorporates a playfield of the equivalent size of the existing playfield in an area central to the site. This facilitates the creation of a shared community park that is a central gathering space. Additional open space is provided to create a stronger physical and visual connection between the existing community to the south and the on-site open space. A community amenity building is also shown. The option includes 2- to 3-storey townhouses, 4-storey apartments, and 6-storey apartments. The lower scale development is located towards the south so as to better relate to the single-family development south of 21st Street. This option could generate approximately 290 residential units, of which approximately 35 units are townhouses.



Lucas Preferred Option 1

² None of the options reflect community suggestions that no change occur on the land as this would not represent a source of revenue to the School District. Though themes that emerged from consultation are incorporated into each option, this is not meant to suggest community endorsement of the options developed or of any other potential development option.

Option 2 generally seeks to maintain the status quo in terms of both the extent and location of open space and utilize the remaining portion of the site for residential development. This option incorporates 2- to 3-storey townhouses and 4-storey residential apartments in an effort to maintain a lower-scale form of building in the neighbourhood. Additional linkages are provided within the residential framework to contribute to better connectivity between the on-site open space and the residential community to the south. This option could generate roughly 180 units, including about 90 townhouses. There may be an opportunity to increase open space and improve the open space network through modest changes to this plan including increasing building heights from 4 to 6 storeys.



Lucas Preferred Option 2

Lucas Preferred Option 1- Highlights

- A strong park and public open space connection links the neighbourhood to the south along Hamilton Avenue providing access to open space.
- A 2-storey building expression along 21st Street responds to the local context.
- There is an allowance for a community amenity such as a day care, eco-centre, or other community building.
- There are strong linkages to existing trail systems and north / south permeability through site.
- Higher building forms (6-storey) and density provide more public open space amenity than Option 2.
- Higher building forms (4-storeys) are located away from existing neighbours.
- There is a significant green edge along 21st Street.

Lucas Preferred Option 2- Highlights

- The existing playfield is retained in its current location, with new green linkages providing connectivity to the community.
- Strong east west permeability is provided through site.
- A 2-storey building expression along 21st Street responds to the local context.
- Higher building forms (4-storeys) are located away from existing neighbours.

Both options present very viable development opportunities from the development community's perspective and favourable financial returns. Cost estimates include consideration of hard costs (such as site preparation, site servicing, construction, and landscaping), soft costs (such as insurance, architectural fees, permits, and property taxes), and financing (such as interest during development and allowance for a quantity surveyor). The analysis also assumes the sale of land as opposed to a lease.

Both options appear as viable development options and represent residual land values greater than current assessed values. Any additional development on site would represent potential for an increase in the sale price of the land but may also include additional risk when seeking the required approvals. Any decrease in the amount of revenue creating development (generally speaking, residential uses) or increase in the amount of community amenity may necessitate a decrease in the overall sale price of the land.

It is also important to note that this does not suggest that the only possible direction for the site is to pursue residential development at the above stated densities or with the above illustrated amenities or extent of open space. If the land is purchased, the owners of the land may propose something not yet explored or contemplated for the site. This evaluation does, however, create a benchmark value within which to evaluate other proposals.



The Cloverley Site

3.1 Background

The Cloverley School Site, roughly 7.5 acres in size, is situated on a steep slope in the southeastern portion of the City of North Vancouver and is bounded by Cloverley Street, Shavington Street, Hendry Avenue, and Kennard Avenue. This full city block is within walking distance to transit service on Keith Road and 3rd Street E. The site is situated within a predominantly single family neighbourhood. The eastern portion of the block is currently used as open space including tennis courts. This portion of the block, owned by the North Vancouver School District, has been leased to the City for use as park space.

The site, currently zoned for institutional use has been identified in the draft version of the City of North Vancouver's Official Community Plan (OCP) as a "Special Study Area." This proposed designation suggests careful consideration and extensive community consultation is required prior to identifying a land-use designation that would enable a new OCP designation and new zone to be put in place.

The Cloverley site benefits from multiple route options connecting to either Keith Road or to the 3rd Street arterial corridor to the south. Access to 3rd Street is possible via 4th Street to Queensbury Avenue or 4th Street to Heywood Road. Access to Keith Road is possible via Hendry Avenue, Cloverley Street, or Shavington Street. Of these routes, the Cloverley connection is best suited to accommodate additional traffic in terms of vehicle sight lines at the Keith Road intersection and the presence of a pedestrian activated traffic signal on Keith Road just east of the Cloverley intersection.

3.2 Consultation and Early Concepts

Through the public consultation process, four concepts were developed to solicit feedback on specific issues. As with the Lucas Site, concepts were not prepared as individual "proposals" for the site but did provide, in composite, a broad range of built densities and open space opportunities. Each concept was presented in terms of its residential density, extent of open space, associated traffic volumes, and relative value in terms of revenue generation.

In summary, the four concepts³ presented during consultation were:

Concept 1: This concept included 28 single family lots (which may have the opportunity to develop as 1, 2, or 3 units), a small park dedicated at the northwest corner of the block, an Environmentally Sensitive Area retained along the southern edge, and a site reserved for accommodation of a potential early learning centre if needed. If the early learning centre is determined to be not needed, then the site may be utilized as public open space.

Concept 2: This concept included a combination of 2-storey townhouses along Cloverley Street and 4-storey apartment buildings along Shavington Street. The configuration of buildings and heights minimizes impacts on views from houses north of Cloverley. With driveway access off of Shavington Street, there is an opportunity for a central green spine running east-west through the block to the site of a potential early learning centre if needed. If the early learning centre is determined to be not needed, then the site may be utilized as public open space.

Concept 3: This concept included a combination of higher density residential in 4-storey and 5-storey buildings with the taller buildings located lower on the site. The existing tennis courts and as-

sociated open space were retained in their current location. The eastern portion of the block was identified as the site of a potential early learning centre if needed. If the early learning centre is determined to be not needed, then the site may be utilized as public open space.

Concept 4: This concept included lower scale forms of development with townhouses oriented towards Cloverley Avenue with access along a laneway. Back to back townhouses were located along Shavington Street with underground parking access off of the street. The west of the site included an area roughly the size of the existing open space and was divided into two areas: a park area and a site to accommodate a potential early learning centre if needed. If the early learning centre is determined to be not needed, then the site may be utilized as public open space.

Through consultation with the community, a number of concerns were raised about the prospect of a change of land-use on this site. Key themes from the community consultation related to a concern over the loss of a school, maintaining the tennis courts, maintaining open space, concern over high density development, and traffic. Additional comments noted a general concern over the disposition of school land.

Summary Table of 4 Concepts presented for discussion during consultation

	approximate # of units	% of open space	traffic implications*	relative residual land value
Concept 1	30**	30%	-25	medium
Concept 2	180	45%	+10	medium
Concept 3	250	65%	+20	high
Concept 4	80	55%	-25	low

*Based on peak hour PM conditions when compared to vehicular traffic volumes experienced when the school was operational.

** Approximate # of single family lots. Actual units will vary depending on if 1, 2, or possibly 3 units are built per site. Traffic implications assumed an average of 2 units per lot.

³ For a complete overview of the six concepts presented for discussion during the community consultation phase, refer to the Open House Display Panels on the North Vancouver School District's Land, Learning, Livability Website.

3.3 Preferred Options

Based on community feedback and broad site planning considerations, two options were developed for further analysis. These options are considered “preferred” in that they reflect general themes of community feedback.

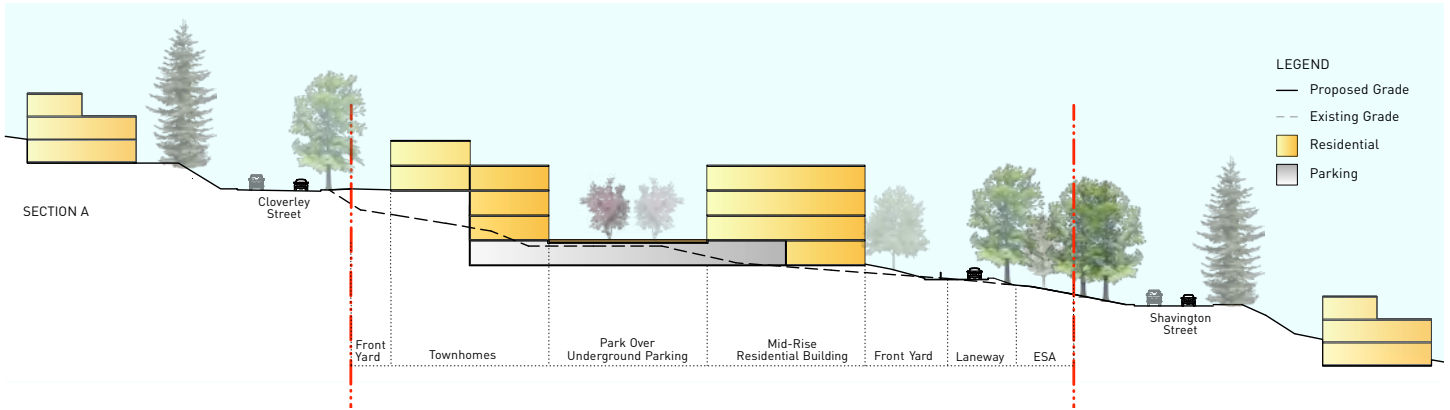
Option 1 and Option 2 vary considerably in terms of community amenity provision and, therefore, development opportunity and residual land value. This discrepancy in approach and associated range of potential revenue helps to define the relative cost of additional amenity beyond retention of the existing open space at the east of the site which is owned by the school district and is being leased to the City.

Option 1 incorporates an open space equivalent in size to the open space currently on site that is leased to the City as park. The western portion of the block is envisioned for development including 2-storey back-to-back townhouses along Cloverley Street (terraced to respond to the sloping site) and 4-storey apartment buildings (3-storey when viewed from the interior courtyard) along an access driveway accessed off of Shavington Street. The access driveway must not overlap with the identified Environmentally Sensitive Area. An advantage of situating buildings of these heights in these locations is that it will still allow for overlook across the site from houses located north of Cloverley Avenue.



Cloverley Preferred Option 1

⁴ None of the options reflect community suggestions that no change occur on the land as this would not represent a source of revenue to the School District. Though themes that emerged from consultation are incorporated into each option, this is not meant to suggest community endorsement of the options developed or of any other potential development option.



Cloverley Preferred Option 1- Section View

The open space may function as park space in its entirety in the short-term, though a portion of this site is envisioned to be retained as a location for a potential early learning centre and associated play space, if the need arises in the future. This option could generate approximately 165 units including 50 townhomes and 115 apartments. In terms of vehicular trips, it is anticipated that this option will generate approximately one additional vehicle per minute during the peak hour period.

Option 2, which can generate approximately 115 units, represents an alternative to providing additional amenity space on the site, reserving the westernmost portion of the block as a future site for either additional development or as a potential early learning centre. Even in a scenario where a potential early learning centre is needed there is allowance for the area east of the existing tennis courts to be retained as park. However, this would result in a reduction to the overall land value. Given the lower density and the potential for less land available for development, this option could generate as low as 60% of the residual land value as Option 1.

This option is anticipated to generate slightly less vehicular traffic than Option 1 because of its lower density. The option will generate approximately one additional vehicle per minute during the pm peak hour period.

The discrepancy in land value between Option 1 and Option 2 can be considered as an articulation of the monetary “cost” of less land available for development and decreased density. There are opportunities to pursue a variation of Option 2 that would generate additional revenue for the school district -namely utilizing a portion of the proposed open space (as in Option 1) as a site for a potential early learning centre and then using the site currently reserved for the potential early learning centre (shown in blue in the illustration) as a development site for additional residential. This would more closely align the two options in terms of their provision of open space - reserving close to one half of the eastern portion of the block to serve as a combination of both park space and a potential early learning centre.



- A** Low-Rise Development
- B** Semi - Private Open Space
- C** Shared Pedestrian / Vehicular Laneway
- D** Play Equipment
- E** Environmentally Sensitive Area (ESA)
- Primary Trail
- - Secondary Trail

Cloverley Preferred Option 2

Cloverley Preferred Option 1- Highlights

- Allows for potential development of early learning centre and preserves existing park and tennis courts in current location until development occurs.
- Building forms occur in a terraced form, maintaining views across the site from units to the north.
- A 2-storey building expression on Cloverley Street relates to nearby context.
- Two strong east / west connections are proposed through site.
- An ESA provides a buffer from new development to existing houses to the south.

Cloverley Preferred Option 2- Highlights

- Preserves existing park and tennis courts in the current location.
- Provides wide north / south view corridors through site.
- A stepped building form integrates well with sloping site conditions.
- A 2 to 3 storey building expression on Cloverley Street relates to the nearby context.
- Flexibility for a potential early learning centre or future development site is provided.
- Good north / south site permeability for pedestrians and views.
- Good east / west connection through site
- An ESA provides a buffer from new development to existing houses to the south.