

Unitarian Church of Vancouver

April 8, 2020

Letter of Transmittal: Business Plan for Proposed Campus Redevelopment April 3, 2020.

To: Diane Brown, President, and Directors, Unitarian Church of Vancouver

From: Gordon Gram, Michael Clague Co-Chairs, and the Campus Redevelopment Planning Committee

April 8, 2020

The committee has received and reviewed the attached business plan from Catalyst Community Developments Society. We are satisfied that this fulfills the contract with Catalyst and completes the work of the committee through this stage of the project.

In December 2016 the board established this committee to investigate the merits of partially redeveloping the UCV campus while retaining the Sanctuary. **The primary goal was to investigate whether or not redevelopment could generate sufficient additional revenue to contribute to the long-term financial security and sustainability of the church.** At the outset of the investigation the committee established two guiding principles: ownership of the land would be retained by the church and the residential component of development would be rental in an effort to make a contribution to much needed non-market housing in Vancouver.

The design drawings prepared by Tom Staniszki of NSDA are premised on the basis of a 6 story residential, non-market rental building and a new, structurally connected Hewett Centre. The residential building of approximately 88 units provides a degree of affordability and is eligible for grants and reduced parking by providing 50% family units and 30% of the units with rents at the BC Housing Income Limits. The UCV environment committee contributed significantly to many design elements including roof top green space.

The financial element of the business plan illustrates an average annual return to UCV of about \$145,000 over the first ten years and is based on a mortgage borrowing cost of 3.5%. This would make a contribution to the long-term financial sustainability of UCV. In reality borrowing costs are much lower now. As an indication of how significant this is, an interest rate of 2.75% would increase the return to the church to an average of \$234,000 per annum over the first ten years.

The committee has met regularly through these past 3.5 years. There have been information and consultation sessions with members via church forums, special information sessions, and reports to extraordinary and annual general meetings numbering approximately 24.

The committee identified early on the challenges that the church would have in managing a redevelopment of this scale and then operating the residential building. After working through a number of delivery models it was concluded that the prudent approach would be to partner with a non-profit developer. Committee members met several times with Oakridge Lutheran Church who have partnered with Catalyst to develop a similar project.

The committee anticipated that entering into a partnership agreement with Catalyst would be a next logical step if the church were to proceed with redevelopment. In February Catalyst advised that they would not be interested in proceeding to a partnership with UCV sighting challenges regarding decision making, time-line and commitment.

There is a dearth of non-profit developers; however, conversations are being held with the Community Land Trust (CLT) about possibly partnering with UCV. CLT is a non-profit that specializes in housing that is cooperatively managed by residents.

The committee recommends proceeding with these discussions to the point where a written proposal is received. To continue the board would then need to authorize a formal agreement with CLT to engage in a consultation process with the membership and to develop a business plan that builds on the Catalyst work. **Initial discussions with CLT indicate that the financial returns to UCV of this project would be comparable to the returns projected by Catalyst, but this will require further work to confirm.**

We are advised by Catalyst and CLT that the financial circumstances for building non-market housing are likely to remain highly favourable, particularly with interest rates and borrowing costs.

It is important to record that two other complementary processes have also taken place during this period; a review of the structural and physical soundness of the existing Hewett Centre, projected into the near future (10 years) by the Buildings and Grounds Committee, and a report of the UCV Financial Sustainability Task Force which has examined the revenue and expenditure history of the church and some projection into the future. Both provide valuable information in assessing the merits of redevelopment. They are an important reminder that a decision to consider redevelopment needs to be taken with these and other important factors in mind that are beyond the scope of the business plan.

It is worth noting what has been achieved and learned during this three year enquiry into the merits of redevelopment:

- The design exercise by the architect and the committee shows what could be built on the church lands while retaining the sanctuary and administrative building.
- In meetings with the City we have learned that the heritage designation does not prevent demolition of Hewett Centre. While a heritage agreement would be required for the sanctuary, costly upgrading would not be a condition.

- The Application for Rezoning Advice (ARA) has been completed with the City and there is strong staff support for the proposed project.
- There are provincial and City programs available that would provide significant financial benefits to the project.
- To do a project of this size UCV would need a development partner.
- While the congregation seems to be informed about the project, there is a sense that we are a long way from 75% agreement that was set in January by the board as a vote threshold.

In conclusion we wish to thank all who contributed to the production of this work, so capably facilitated by Catalyst Community Developments

Documents:

- Business plan attached
- Appendices available on request
- Spread sheets available on request.