City of Prince George

Housing Action Strategy

September 30, 2024

Parcel

THIRD SPACE PLANNING

CITY OF
PRINCE GEORGE

PREPARED FOR:

The City of Prince George

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This document is available in alternative formats upon request.

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Acknowledgements

Project Consulting Team

The project consulting team responsible for completing this study included a range of industry-leading professionals offering expertise spanning the full breadth of land economics, land use planning and municipal strategy / policy implementation. Parcel Economics Inc. ("Parcel") has served as the project lead for this study, with additional project support provided by Third Space Planning.

Parcel

Project Lead &
Land Economics

THIRD SPACE PLANNING

Land Use Planning &
Housing Policy

We would like to thank all community partners and organisations that participated by providing input through our interviews. We truly appreciate their time and input. We would also like to thank City staff who contributed directly and indirectly to the completion of this report to increase the supply of housing in Prince George.

Executive Summary

Context & Purpose

Recent population growth in Prince George has created challenges in the housing market as local builders/developers struggle to keep up with increased demand and rising prices have left some residents behind. This has resulted in gaps forming in the housing market whereby some segments of the population cannot find adequate housing options.

The City of Prince George has completed extensive work to identify these housing gaps as part of its *Housing Needs Report*, which was completed in 2021 and updated in 2022. The *Housing Needs Report* identified the need for market rental, affordable ownership, multi-family and single-family dwellings, subsidized rental housing, long-term supportive housing, short-term supportive housing, and emergency shelters to serve both existing and new residents.

The City is now exploring approaches to advance their mandate of establishing a more diverse housing stock for residents including the **impact and efficacy of incentives to encourage the creation of more diverse housing typologies**. Specifically, these incentives include:

- **Financial Incentives** – Incentives creating financial efficiencies for the developer/builder (e.g., fee exemptions / discounts / deferrals)
- **Non-Financial Incentives**
    - **Process Incentives** – Incentives creating process efficiencies for the developer/builder (e.g. process exemptions, special service level commitments for designated project types, etc.).
    - **Policy Incentives** – Incentives driven by changes in policy that create more allowances for different typologies, require construction of certain typologies and/or create more flexibility on a project-by-project basis.

To assist with the exploration of this topic from a market / economic perspective, this **Housing Action Strategy** builds on the results of the *Housing Needs Report* by evaluating the viability of these financial, process and policy-based incentives using a financial feasibility analysis of prototypical housing formats in Prince George.

Figure ES 1.1 summarizes the various housing typologies and incentives considered as part of this study. A detailed description of each incentive can be found in **Section 1.3 Study Parameters**.

Figure ES 1.1

Summary of Housing Typologies and Incentives for Testing

	Financial Incentives			Non-Financial Incentives		
	Tax Exemption	Fee Exemption	Workforce Housing Grant	Up-Zoning	Pre-Approved Plans	Timelines
Ownership Townhouses	Not Applicable	Test Financial Feasibility	Test Financial Feasibility	Test Financial Feasibility	Test Financial Feasibility	Test Financial Feasibility
Purpose-Built Rental Apartments	Test Financial Feasibility	Test Financial Feasibility	Test Financial Feasibility	Test Financial Feasibility	Not Applicable	Test Financial Feasibility
Accessory Dwelling Units	Test Financial Feasibility	Test Financial Feasibility	Test Financial Feasibility	Already Permitted in Prince George	Test Financial Feasibility	Test Financial Feasibility
Seniors Rental Housing	Test Financial Feasibility	Test Financial Feasibility	Not Applicable	Test Financial Feasibility	Not Applicable	Test Financial Feasibility

● Test Financial Feasibility ● Already Permitted in Prince George ● Not Applicable

Source: Parcel

Baseline Financial Feasibility & Impact of Incentives

A two-part financial feasibility analysis was conducted as part of this analysis:

1. A **baseline financial feasibility** analysis based on current market conditions to assess whether a typology is likely to be financially viable without incentives.

2. Additional financial feasibility analysis to assess the **impact of incentives on baseline feasibility** (i.e., how much financial feasibility improves if incentives are provided, if at all).

Baseline Financial Feasibility

Of the four typologies considered, only **townhouses** show possible **baseline** financial feasibility. However, we note that financial feasibility can be eroded by a multitude of factors, including overpaying for land, higher than expected construction costs and/or construction cost growth, weaker than expected purchaser demand, or a combination of any/all of these variables. **All other typologies (e.g. purpose-built rental apartments, accessory dwelling units and seniors rental housing) are unlikely to achieve the financial returns necessary to proceed to development without financial incentives.**

Impact of Incentives

Except for Townhouses—which see a material improvement in return metrics with non-financial incentives—**financial and non-financial incentives proposed as part of the Housing Action Strategy minimally improve baseline feasibility and are likely insufficient to encourage additional housing**. Stacking financial and non-financial incentives improves financial viability for purpose-built rental and seniors rental housing, however these improvements are limited.

Figure ES 1.2

Summary of Baseline Financial Feasibility & Impact of Incentives

		Impact of Incentives		
	Baseline Financial Feasibility	**Financial Incentives**	**Non-Financial Incentives**	**Stacking Financial & Non-Financial Incentives**
Ownership Townhouses	●	●	●	n/a
Purpose-Built Rental	●	●	●	●
Accessory Dwelling Units	●	●	●	n/a
Seniors Rental Housing	●	●	●	●

Baseline Financial Feasibility: ● Infeasible ● Unlikely ● Possible

Impact of Incentives: ● No/Low Impact ● Moderate Impact ● High Impact

Source: Parcel.

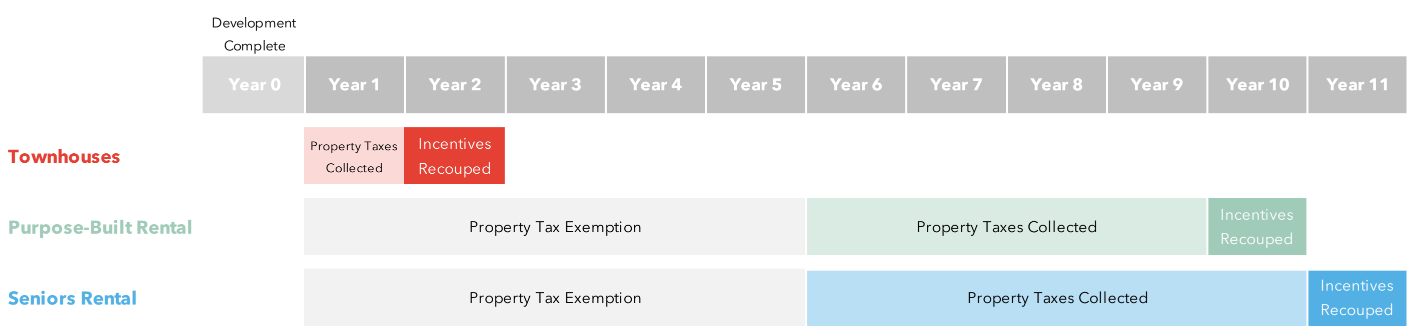
Cost-Benefit & Opportunity Analysis

Financial incentives that improve financial viability for developers come at a cost to municipalities in the form of forgone revenue (e.g., DCCs, fees, property taxes, etc.). Assuming all incentives are combined, the cost to Prince George in forgone revenue is approximately $5,700 per townhouse unit, $24,200 per purpose-built rental unit, $13,000 per ADU, and $21,500 per seniors rental unit. Where a typology receives a five-year property tax exemption, this exemption represents the largest percentage of total forgone revenue.

However, it is important to note new development will also **generate revenue via property taxes** after the tax exemption period expires or, in the case of townhouses, immediately after construction. For **townhouses**, assuming tax rates and property values remain consistent, a unit will generate an estimated $5,500 in property taxes annually, which is just below the total cost of incentives to encourage townhouse development. It will take longer for property tax revenue to recoup the cost of incentives in full for both **purpose-built rental** (approximately five years) and **seniors rental housing** (approximately six years).

Figure ES 1.3

Estimated Time to Recoup Cost of Incentives via Property Tax Revenues



Source: Parcel. Assumes full property tax collection following end of construction for townhouses and end of property tax exemption incentive period for purpose-built rentals and seniors rental.

Conclusion & Recommendations

Current market conditions make development in Prince George challenging and proposed incentives, as modelled, have limited ability to improve financial feasibility, at least in the short term. However, the impact of these incentives will likely increase as macroeconomic conditions improve. Based on favourable baseline analysis, introducing incentives is likely to further encourage townhouse development. Before moving forward with any of these incentives, the City is encouraged to complete a more detailed cost-benefit analysis of providing these incentives with the understanding that the costs associated with incentives can be recouped over time.

Specific recommendations in support of the above include:

Financial

- Research best practices for implementing multi-year tax and fee exemptions.
- Conduct a detailed cost-benefit analysis of each financial incentive to assess associated costs and recoupment timelines.
- Explore opportunities to engage funding bodies (e.g., Northern Development Initiative Trust, CMHC programs) to support the workforce housing capital grant program.

Non-Financial Incentives

Upzoning

- Ensure the City's provincially-mandated SSMUH upzoning allows for maximum flexibility of building form (as described on page 34 of the associated Provincial Policy Manual).
- Amend the Zoning bylaw to allow for purpose-built rental apartments across more areas of the city.
    - This could include larger apartments of approximately 60 units as modeled in this study, but also smaller – and in many cases more tenant-desirable – apartments enabled by pending provincial changes to the building code that will allow small floor plate, single-egress apartment designs of up to, for example, 6 stories with 4 units per story (details expected as soon as Fall 2024).
- Amend Zoning bylaw with reformed parking and site coverage/FAR criteria to enable the practical implementation of SSMUH and apartment forms.

Pre-Approved Plans

Through the new Standardized Housing Design Project, the Province of British Columbia is creating standardized designs for "small-scale, multi-unit housing built on single lots." These designs are anticipated to be made available for local governments in fall, 2024. The City of Prince George could await these provincially-created designs, assess/confirm their local applicability, and then supplement them as-needed, for example:

- Review the ADU designs that have already been created for the Cities of Quesnel and Williams Lake for possible application to Prince George.
- Commission element-specific modifications to the provincially-provided designs if warranted by the City's unique context.
- Commission additional designs to better fit the City's unique context and/or to add diversity to the catalogue of designs (either through direct commission or through a design contest).

Other

- Leverage City staff expertise to assist not-for-profit housing providers that may lack the in-house capacity for development consultation.
- Actively promote available incentives to both local and external developers to maximize uptake, as outlined in Section 4.0 Marketing Plan.
- The City should continue efforts to improve process efficiency through e-permitting, additional staff capacity, and the creation of policy documents such as an Accelerated Approvals Process for priority housing types.

1.0

Introduction

1.1 Introduction

Parcel Economics Inc. (“Parcel”) and Third Space Planning (“Third Space”) were retained by the City of Prince George (“Prince George” or “the City”) to create a Housing Action Strategy to improve housing outcomes by enabling a broader range and mix of housing for existing and future residents.

The Housing Action Strategy is informed by the following:

1. Findings from the City’s recently completed **Housing Needs Assessment**, particularly related to identified housing “gaps” and the need for housing incentives; and,

2. The City’s application to the **CMHC Housing Accelerator Fund** in which the City identified seven initiatives intended to increase housing supply.

1.2 Background

Context

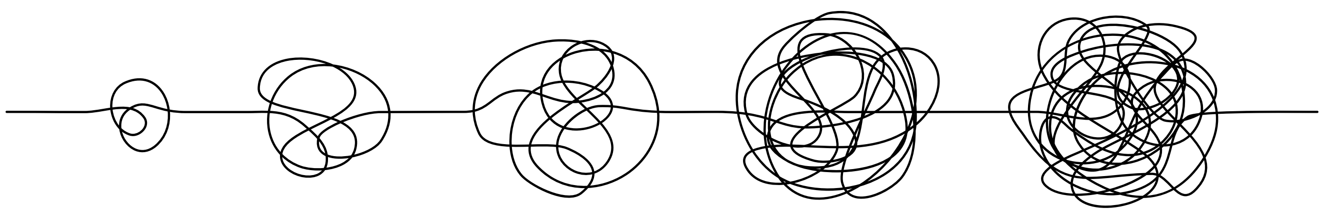
Recent population growth in Prince George has created challenges in the housing market as local builders/developers struggle to keep up with increased demand and rising prices have left some residents behind.

This has resulted in gaps forming in the housing market whereby some segments of the population cannot find adequate housing options. The City of Prince George has completed extensive work to identify these housing gaps as part of its *Housing Needs Report*, which was completed in 2021 and updated in 2022. The *Housing Needs Report* identified the need for market rental, affordable ownership, multi-family and single-family dwellings, subsidized rental housing, long-term supportive housing, short-term supportive housing, and emergency shelters to serve both existing and new residents.

There is no silver bullet to addressing these housing gaps. As summarized in Figure 1.1 a combination of increased demand for housing, rising construction costs and higher interest rates have created a “perfect storm” of community-specific and broader macroeconomic challenges that are impacting the delivery of housing in Prince George. Addressing this “perfect storm” to unlock housing supply will require out-of-the-box solutions. While some of these impediments to housing are outside of the City’s control, there are some policy-based and financial tools available to support housing growth in Prince George.

Figure 1.1

The "Perfect Storm" of Factors Influencing Housing Development Trends



Source: Parcel. For illustration purposes only.

Purpose

Based on these market conditions, the City of Prince George is now exploring approaches to advance their mandate of establishing a more diverse housing stock for residents. In particular, a key recommendation of the City's latest *Housing Needs Report* has been to consider the **impact and efficacy of incentives to encourage the creation of more diverse housing typologies**.

The community engagement undertaken as part of the *Housing Needs Report* identified the need for incentives to help address housing gaps in the form of:

- **Financial Incentives** – Incentives creating financial efficiencies for the developer/builder (e.g. fee exemptions / discounts / deferrals)
- **Non-Financial Incentives**
    - **Process Incentives** – Incentives creating process efficiencies for the developer/builder (e.g. process exemptions, special service level commitments for designated project types, etc.).
    - **Policy Incentives** – Incentives driven by changes in policy that create more allowances for different typologies, require construction of certain typologies and/or create more flexibility on a project-by-project basis.

To assist with the exploration of this topic from a market / economic perspective, this Housing Action Strategy builds on the results of the *Housing Needs Report* by evaluating the viability of these financial, process and policy-based incentives using a financial feasibility analysis of prototypical housing formats in Prince George.

Scope

Our team has taken an iterative approach to the assignment, focused on: (i) establishing an initial baseline understanding of the key economic drivers and underlying market conditions associated with developing the preferred housing typologies in Prince George; and, (ii) further analytical testing to assess the impact, if any, of incentives in encouraging these preferred typologies. This includes—but is not necessarily limited to:

- Review of **local market dynamics** and development conditions;
- Information gathered as part of **market sounding interviews**;
- Consideration of **similar policy frameworks** in peer municipalities;
- Detailed **financial feasibility testing** of identified development concepts; and,
- Related sensitivity analyses to **test the impact of various incentives** in support of preferred housing typologies.

1.3 Study Parameters

It is important to clearly articulate at the outset of this reporting the core objectives of the City of Prince George in undertaking this work. The following provides a high-level overview as to some of the basic parameters of our study, including the specific **building typologies** and **incentives** considered as part of our supporting research program.

Housing Typologies & Incentives

Housing Typologies

The *Housing Needs Report* identified a need for several housing typologies. In consultation with City staff, this list was refined to focus on the following four typologies for further testing as part of the Housing Action Strategy:

Figure 1.2

Housing Typologies Considered for Financial Feasibility Testing

Ownership Townhouses (10 units)
Purpose-Built Rental Apartment (60 units)
Accessory Dwelling Units (ADUs) (1 unit)
Seniors Rental Housing (120 units)

Source: Parcel.

Incentives

We have considered a total of six (6) incentives for testing across two categories: **1) financial incentives**, which affect development finances directly via grants and fee exemptions, and **2) non-financial incentives**, which affect development finances indirectly through changes to process and timelines.

It is important to note that not all incentives are applicable to each typology. For example, pre-approved plans are not viable for purpose-built rental apartments and seniors rental housing given their scale and complexity. Additionally, accessory dwelling units are already permitted in Prince George and therefore not influenced by upzoning. A high-level summary of the financial and non-financial incentives tested for each typology is provided in Figure 1.4, with a more detailed explanation in Section 2.3.

Figure 1.3

Incentives Considered for Financial Feasibility Testing

Type	Incentive
Financial • Reduces capital and operating costs that can improve financial feasibility	**Tax Exemption** A five-year property tax exemption (i.e., no property taxes paid during this period) for rental housing typologies[1] (purpose-built rental apartments, accessory dwelling units, and seniors rental housing).
	Fee Exemption Developments do not pay entitlement fees (OCP amendments, zoning bylaw amendments, etc.), development cost charges ("DCCs"), or building permit fees.
	Workforce Housing Grant[2] A Workforce Housing Grant that provides $10,000 per dwelling in multi-unit market housing to a maximum contribution of $200,000 per project.
Non-Financial • Reduces costs of carrying development debt via a faster approvals process	**Up-Zoning** Assumes Prince George OCP and zoning bylaw permit greater density as-of-right.
• Reduces development risk via increased certainty • Allows units to enter the market faster	**Pre-Approved Plans** Assumes Prince George develops pre-approved architectural plans for townhouses and accessory dwelling units.
	Reduction in Approval Timelines Assumes approvals timelines are reduced from existing approvals timelines[3].

Source: Parcel

[1] Property taxes for ownership townhouses are paid by the owner, not the developer. Accordingly, a property tax exemption would not necessarily encourage more townhouse development as it does not represent any direct savings to the developer.

[2] https://www.northerndevelopment.bc.ca/funding-programs/housing-programs/northern-housing-incentive/

[3] Baseline approvals timelines were provided by City of Prince George staff as follows: OCP amendment: 6 to 8 months, Rezoning: 3 to 4 months, Development permit: 3 months, Building permit: 4 to 6 weeks

Figure 1.4

Summary of Housing Typologies and Incentives for Testing

	Financial Incentives			Non-Financial Incentives		
	Tax Exemption	**Fee Exemption**	**Workforce Housing Grant**	**Up-Zoning**	**Pre-Approved Plans**	**Timelines**
Ownership Townhouses	Not Applicable	Test Financial Feasibility	Test Financial Feasibility	Test Financial Feasibility	Test Financial Feasibility	Test Financial Feasibility
Purpose-Built Rental Apartments	Test Financial Feasibility	Test Financial Feasibility	Test Financial Feasibility	Test Financial Feasibility	Not Applicable	Test Financial Feasibility
Accessory Dwelling Units	Test Financial Feasibility	Test Financial Feasibility	Test Financial Feasibility	Already Permitted in Prince George	Test Financial Feasibility	Test Financial Feasibility
Seniors Rental Housing	Test Financial Feasibility	Test Financial Feasibility	Not Applicable	Test Financial Feasibility	Not Applicable	Test Financial Feasibility

● Test Financial Feasibility ● Already Permitted in Prince George ● Not Applicable

Source: Parcel

1.4 Assumptions & Limitations

When considering the type of high-level financial feasibility modelling that has been undertaken for this study—which is not specific to any one site and/or landowner(s)—it is important to identify the key assumptions and limitations inherent to this more conceptual approach. Furthermore, consistent with other financial analyses focused on policy-level observations, we note that the modelling presented herein **should not be taken as a conclusive nor definitive representation of financial feasibility, or lack thereof, for individual properties**. Rather, it is intended to provide a more general and preliminary understanding as to the relative feasibility of conceptual developments and prototypical building designs, as well as to provide a more general indication as to the key drivers of financial performance when developing new residential units in Prince George.

A detailed overview of the key assumptions that must be understood as limitations to the analysis undertaken as part of this assignment has been provided in Appendix A.

In the event that material changes occur that could influence the assumptions identified, the analysis, research findings and recommendations contained in this report should be reviewed or updated, accordingly.

See **Appendix A** for overview of key assumptions and limitations.

2.0

Financial Feasibility Analysis

2.1 Financial Feasibility Basics

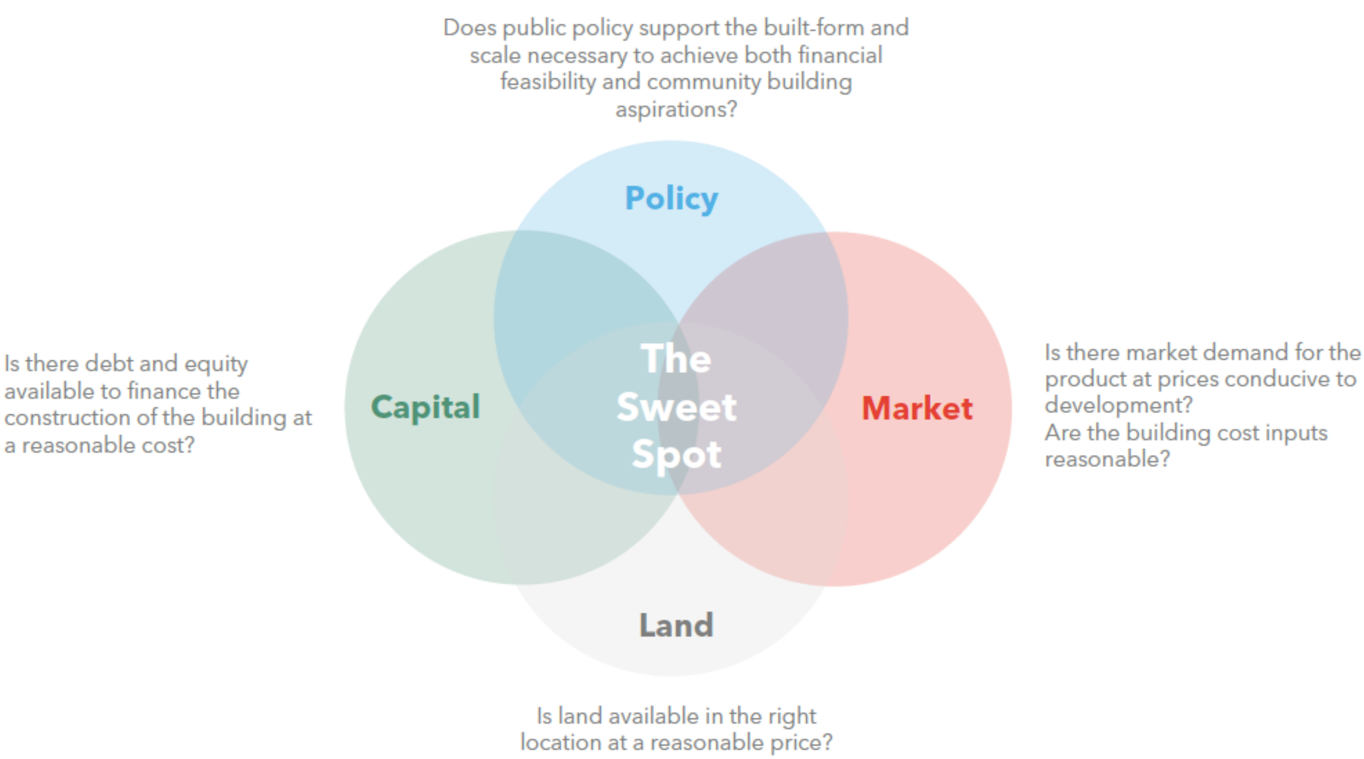
Key Determinants

The development of new real estate—whether market or non-market (affordable)—can be extremely complex given that its success is dependent on a multitude of factors spanning countless industries and professional disciplines. Similarly, development can be heavily influenced by both broader macroeconomic conditions and more site-specific factors, all of which are key determinants in the ultimate viability of a given project.

For simplicity, we often synthesize this to the identification of four key elements that can have some of the most significant impacts on financial feasibility: **Policy**, **Market**, **Land** and **Capital**. The successful integration of all these factors is required to set the groundwork for viability.

Figure 2.1

The "Sweet Spot" for Successful Development Projects



Source: Parcel.

General Structure

We have prepared **Discounted Cash Flow (DCF)** analyses for each of the housing prototypes identified in Figure 1.2. There are several reasons we chose to use DCFs rather than a more simplified and static "back-of-the-envelope" type modelling that only focuses on the Residual Land Value (RLV), including:

- A DCF considers the timing of development cash flows, recognizing that projects typically occur over many years. This approach is necessary when considering the impact that policy changes can have on the financial viability of development;
- It captures the time value of money, given that "a dollar in your hand today is worth more than a dollar tomorrow"; and,
- It offers the opportunity to prepare a more detailed evaluation of the potential profitability of purpose-built rental apartments, ADUs and seniors housing, specifically their cashflow-generating potential during operations (i.e., post-development).

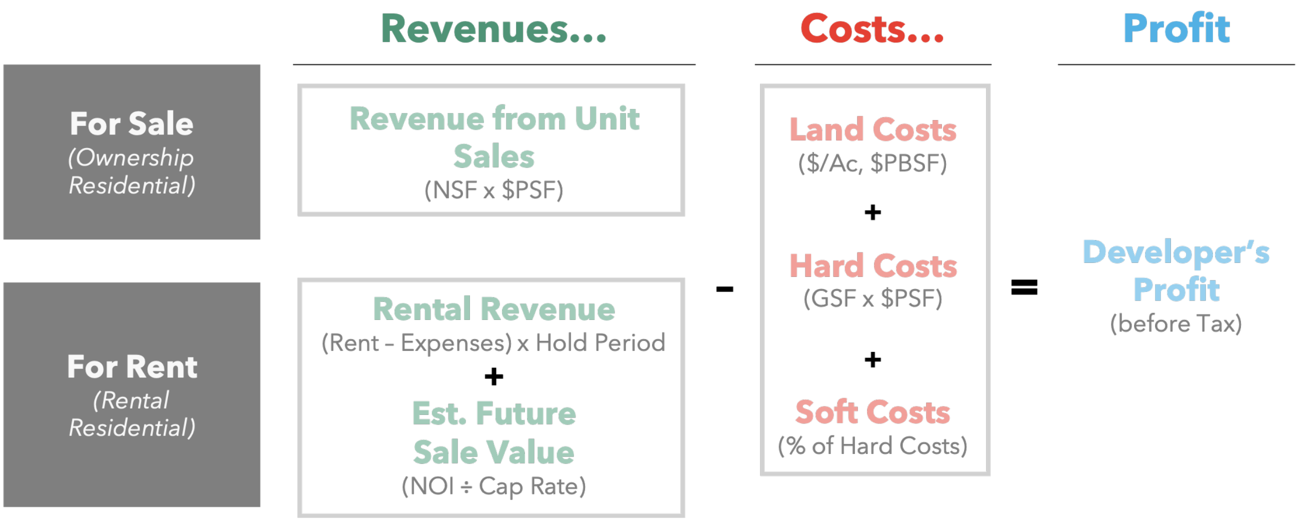
Notwithstanding the foregoing differences, it is helpful to keep in mind that the overall structure of any financial feasibility modelling is effectively the same.

Both simple and very detailed development pro forma analyses can always be simplified to their core elements: <u>revenues</u>, <u>costs</u>, and <u>profits</u>.

Revenue, cost, and profit assumptions can also vary by tenure (i.e., ownership vs. rental housing). The key difference being that most ownership residential developments are focused on relatively **short-term investment horizons** consisting of predominantly one-time cost / revenue streams, whereas purpose-built rental housing and seniors housing requires a much different **investment "lens" that can span many years** (i.e., including operation of the new asset upon its completion and market entry).

Figure 2.2

Basic Structure of Financial Feasibility



NSF = "Net Square Feet" is the usable space within a dwelling unit.

GSF = "Gross Square Feet" is the entire area of the building, including common areas such as lobbies and hallways.

$PSF = "Price per Square Foot"

NOI = "Net Operating Income"

$/Ac = "Price per Acre"

Source: Parcel.

Common Return Metrics & Other Considerations

Not all developers are alike and there is no single return metric that signifies a financially viable project.

Each participant in a development project looks at a unique subset of variables and return metrics under different conditions based on their own requirements and/or expectations. Common measurement tools include:

1. **Net Profit / (Loss)**

   The total amount of money made (or lost) over the course of a project.

2. **Internal Rate of Return (IRR)**

   The expected compound annual return (%) over the course of the project.

3. **Equity Multiplier (EMx)**

   The number of times a project's original equity investment is returned to investors.

4. **Yield**

   The cash flow after financing (%) generated by the equity invested to date. It does not consider the value of the building or any appreciation of value over time. Yield is sometimes referred to as cash-on-cash.

5. **Timing** is another important development consideration. Opportunistic investors look for quick returns (e.g., condo apartments) while long-term investors value consistent returns over a longer period (e.g., rental apartments).

Use Cases

Pro forma analyses are important to all facets of urban development, with wide-ranging private *and* public sector applications.

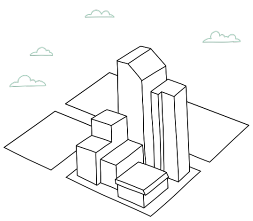
Financial feasibility modelling is—at its core—a tool for evaluating potential future outcomes. Whether motivated purely by profit or driven by other city-building objectives and social purpose, this type of analysis can be applied to any number of different "use cases" to maximize opportunities to achieve preferred outcomes.

Broadly speaking, development pro forma analyses can be relied upon at various stages of the real estate development life cycle, including during the early stages of concept development (**Pre-Development**); throughout the entitlements and government approvals process (**Approvals & Funding**); as well as to inform the creation of sound land use policies that are mindful of the current—and anticipated future—conditions within a given market (**Policy Development**).

Figure 2.3

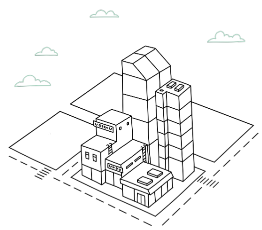
Pro Forma Use Cases

PRE - DEVELOPMENT



- Validate market / financial feasibility (pre- or post-land acquisition)
- Early-stage development scoping and concept testing

APPROVALS & FUNDING



- Optimize development program (project "right-sizing", determine ideal land use mix, etc.)
- Evaluate delivery of social benefits (non-market community facilities+)

POLICY DEVELOPMENT

- Inform land use policy direction / special projects (Official Plan Reviews, Secondary Plans, other municipal strategies, etc.)
- Prioritization of preferred municipal / city-building outcomes (municipal fees, parkland dedication, retail at grade, affordable housing, urban design, etc.)

Source: Parcel.

For this study, pro forma analysis, and financial feasibility in general, is utilized primarily as a tool for comparison rather than profit maximization.

The analysis presented in this study **is intended to help the City allocate efforts to the types of incentives that are likely to be most effective in encouraging new development**. However, we understand the limitations of this type of broad analysis and acknowledge that some typologies and scenarios which may appear unprofitable in the following section could very well be profitable under the right circumstances and conditions, which deviate from our broad baseline assumptions.

2.2 Financial Feasibility by Typology

First things first: what is the situation in Prince George today?

Conducting a baseline analysis based on today's market conditions and policy context has allowed us to establish an important starting point to evaluate the impact of incentives.

Additionally, by leveraging these baseline results as a tool for comparison, we can better predict the likelihood of an incentive encouraging investment in a particular typology based on its effect on the financial feasibility compared to the baseline scenario.

Part 1: Basic Profitability

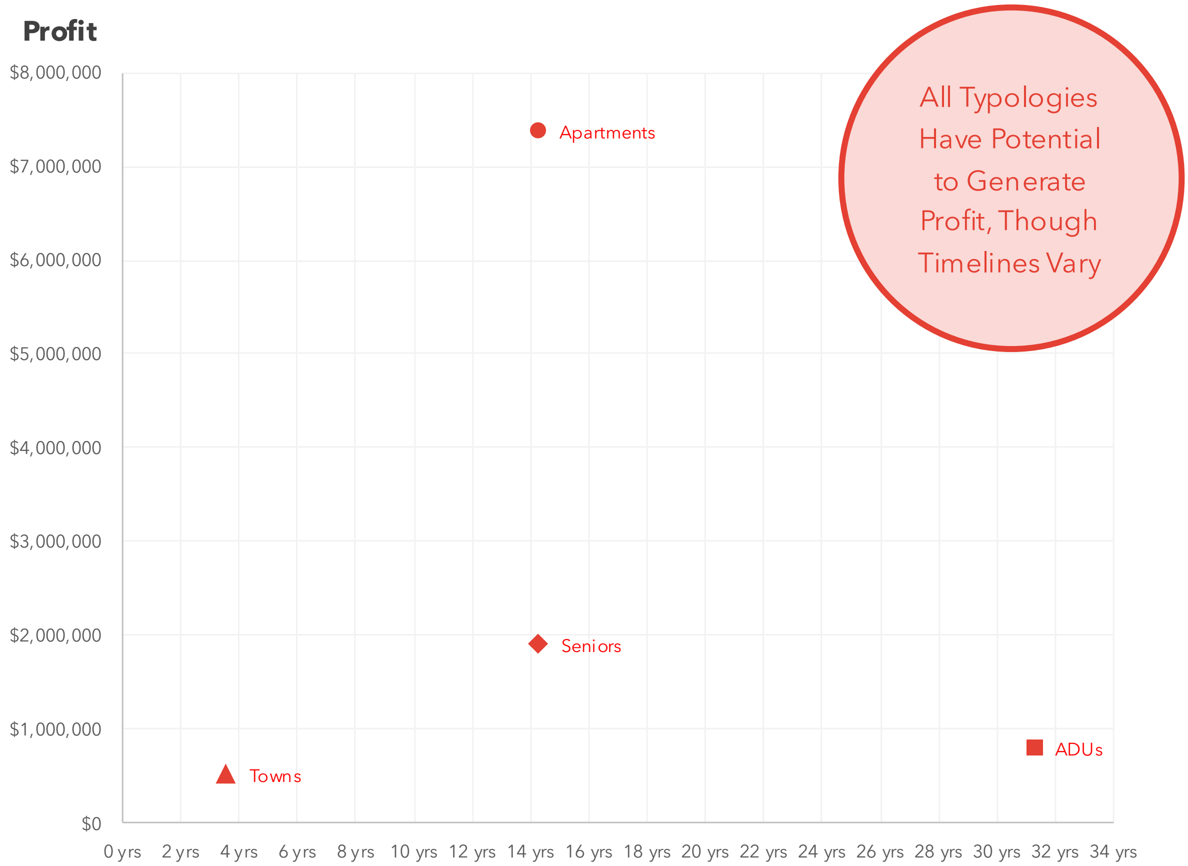
When measuring investment returns and overall project viability, it is helpful to first focus on the simplest of return metrics: does the scenario offer the potential to make a **profit**?

Based on the results of our financial feasibility testing, **all baseline scenarios show potential to produce a profit at current land values**. The question then turns to whether the amount of potential profit is reasonable based on the amount of risk associated with real estate development and investor expectations. This is where the return metrics described in Section 2.1 can provide additional clarity into the "quality" or reasonableness of the profit.

Figure 2.4 summarizes the aggregate amount of profit that could potentially be achieved by each of the development typologies over a period of time. As shown, purpose-built rental apartments have the potential to generate the most profit, but over a 14-year timeframe. By comparison, the profit for a townhouse development can be achieved over a much shorter period.

Figure 2.4

Basic Profitability of Typologies



Source: Parcel.

Part 2: Layering Return Metrics

IRR & EMx

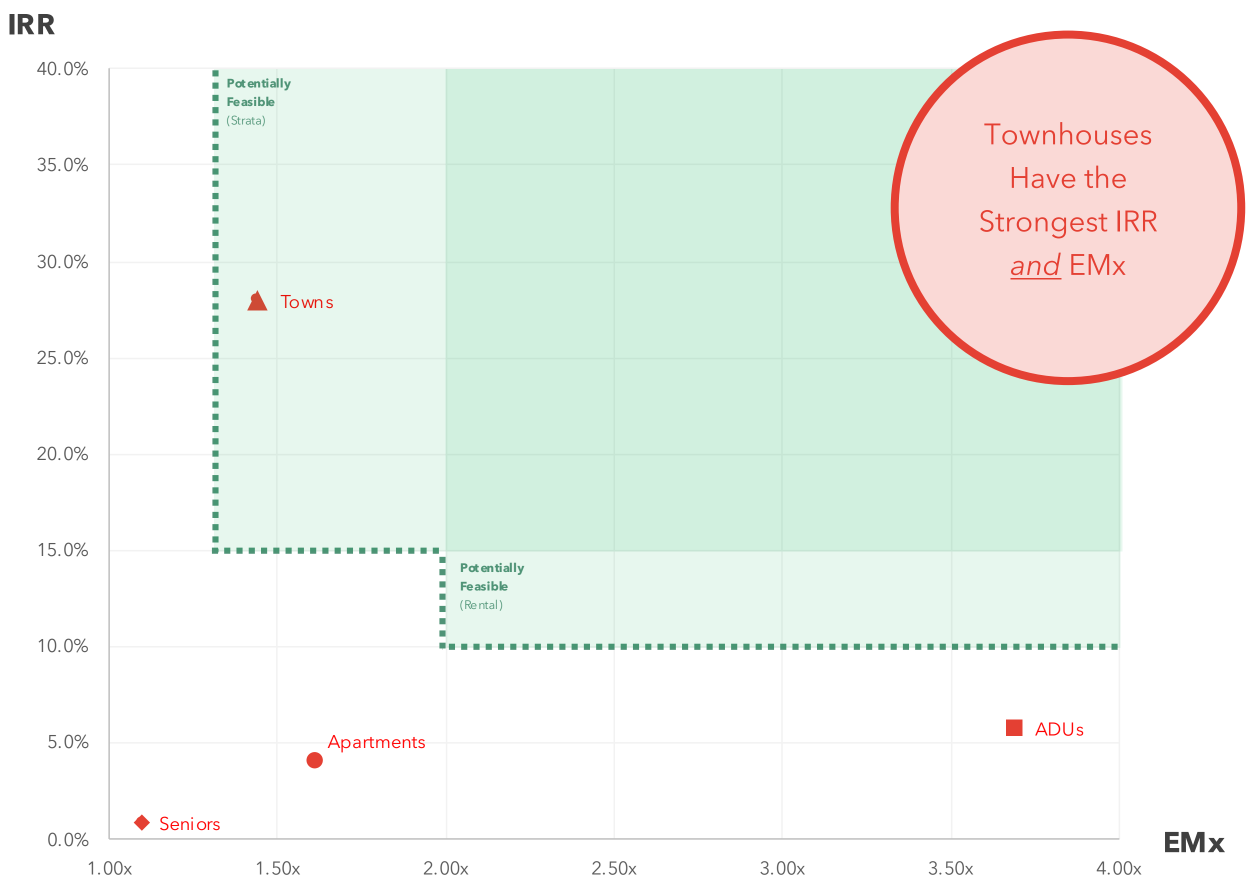
Figure 2.5 summarizes the resulting Internal Rate of Return (**IRR**) and Equity Multiplier (**EMx**) for the various housing typologies. It also layers on financial returns (green box) that developers typically require before moving forward with a new development. Figure 2.5 confirms that purpose-built rental apartments and seniors apartments, though profitable, generate a low **IRR** and **EMx**, particularly given their longer timeframe.

The clear "winner" of housing development in Prince George is townhouses, which have the potential to generate greater than 15% IRR *and* achieve a reasonable EMx over a much shorter period.

This exact dynamic is evident through recent development patterns in Prince George.

Figure 2.5

IRR and EMx of Typologies



Source: Parcel. Rental tenures assume a 10-year hold period except ADUs which assume a 30-year hold.

Yield (Cash-on-Cash)

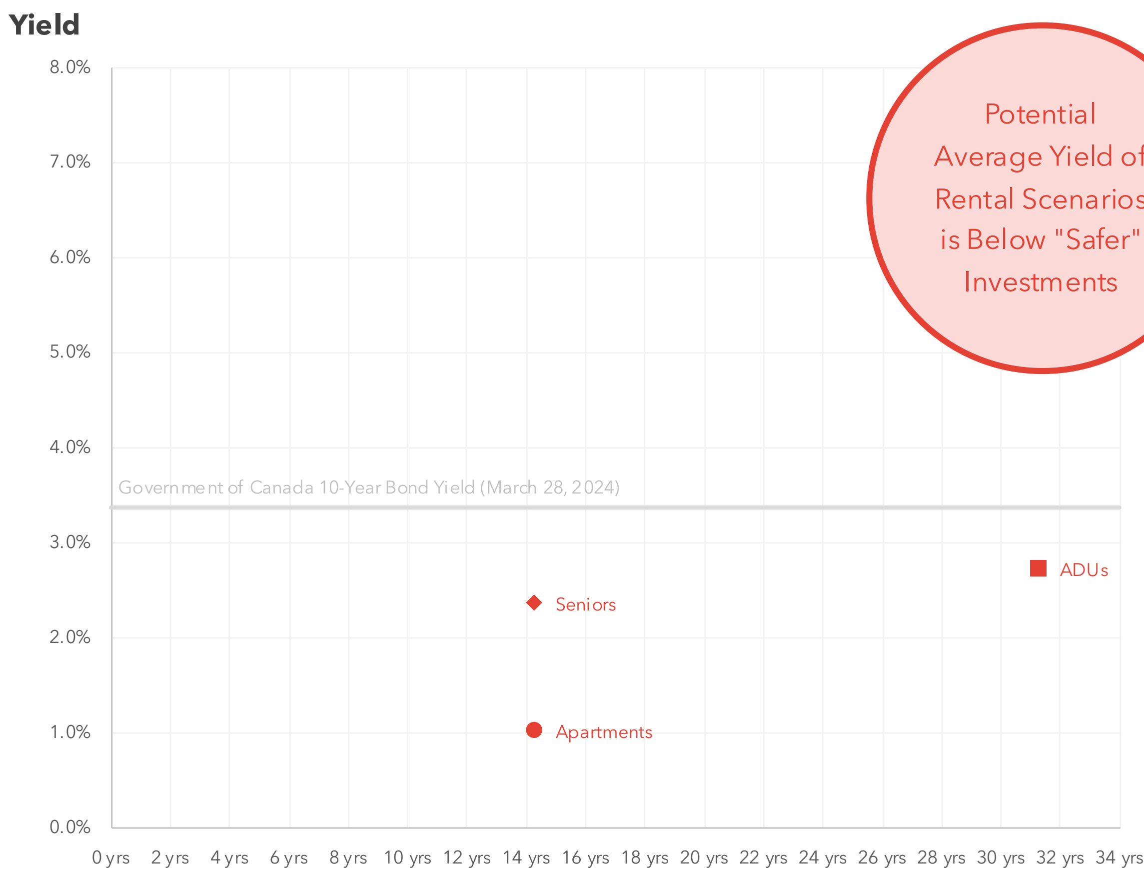
It is important to recognize that return expectations for rental housing can differ greatly, particularly between a **merchant builder** who sells the building upon lease up and stabilization and a builder executing a **"build-to-hold"** strategy. Profit expectations of a merchant builder will typically be more in line with a strata developer; however, the build-to-hold developer is looking to generate strong cash flow over a longer period of time and is more patient in their profit expectations.

Both **IRR** and **EMx** can be heavily influenced by the value of the building at the end of the hold period (i.e., how much the owner is expecting to sell the building for in the future). Because it is difficult to predict the future—especially one or more decades out—many build-to-hold rental apartment developers will focus on the **Yield** (Cash-on-Cash) return that a property can generate each year in the more immediate future. This effectively isolates for the immediate value of cash flows from the building rather than any assumptions on the appreciation of value of the building over time.

Figure 2.6 illustrates that, based on Yield alone, **a rental developer (both purpose-built and seniors) is unlikely to overlook poor IRR or EMx metrics and proceed with development**. In all cases, a "safer" and/or "easier" investment in 10-year government bonds will generate more cash in this regard, without the risk and effort required to construct and manage a building. It is important to note that these estimates are based on "current" market conditions that include the recent significant increase in interest rates. Many of the recent rental apartment developments in Prince George occurred before the increase in interest rates and construction costs. Therefore, these developments may have been financially viable at that time, but would no longer be so in the current market environment.

Figure 2.6

Yield of Typologies



Source: Parcel. Townhouses not included because they do not generate recurring cash flow.

Interpreting the Results

Which return metric is the most important?

No single return metric in isolation defines whether a building typology is feasible and will be constructed. Different developers will have **different goals and different risk tolerances**.

For example, a low-rise rental apartment building which does not match the Yield of a 10-year government bond may still go ahead if the developer has faith that the value of the building will appreciate substantially into the future, or the lease rates will increase, providing additional profit when the building is sold at reversion. Total profit would then exceed the cumulative yield of the bond substantially, as would the apartment's potential IRR, which considers the profit from the sale of the building that happens well into the future. Relying on the future sale of the apartment adds more risk, especially if it accounts for the bulk of the returns over the course of the investment.

We compute potential profit, IRR, EMx and Yield for each scenario to function as a baseline. Changes to these metrics allow us to measure the impact of incentives, as well as predict whether these changes are substantial enough to encourage development.

What are the typical "goal posts" for feasibility?

Through this analysis, we focused on the ability of development projects to reach the following "goal posts"—or "hurdle rates"—as determined to be the typical measures of financial performance that suggest some promise of feasibility:

- At least **15% IRR** (depending on development on timeline);
- At least **1.3 – 2.0 EMx** (depending on development timeline and tenure);
- A **Yield that surpasses the 10-year bond yield**, in the case of rental scenarios (purpose-built rental, ADUs, and seniors rental housing).

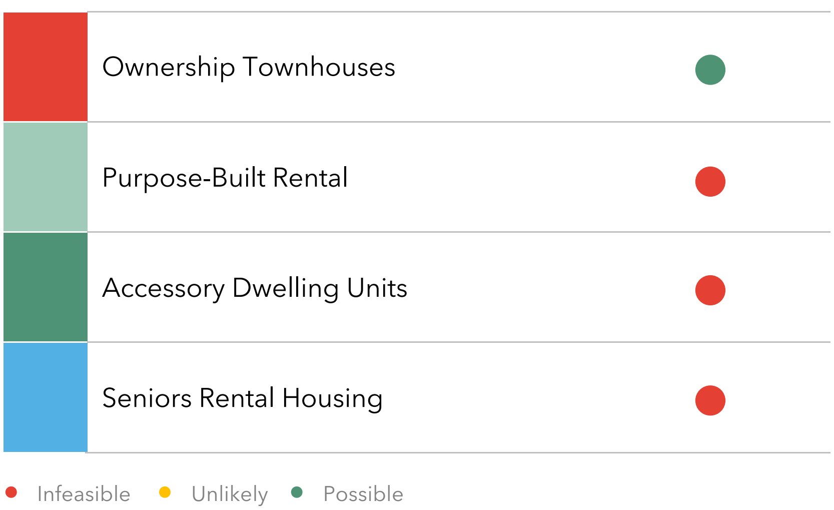
Part 3: Summary

Figure 2.7 summarizes the results of our baseline analyses, assigning a likelihood of each typology being considered viable—or financially feasible—by prospective developers.

For the purposes of this summary, we have considered a combination of the key return metrics identified above to assign likelihood of feasibility based on the following categories: "**infeasible**", "**unlikely**", or "**possible**". We note that even those categorized as showing some promise of feasibility are not necessarily a sure bet and can easily find their financial feasibility eroded by a multitude of factors, including overpaying for land, higher than expected construction costs and/or construction cost growth, weaker than expected purchaser demand, or a combination of any/all of these variables.

Figure 2.7

Summary of Baseline Financial Feasibility



Source: Parcel.

2.3 Incentives Description

As previously mentioned, we have considered a total of six (6) incentives for testing across two categories: **1) financial incentives**, which affect development finances directly via grants and fee exemptions, and **2) non-financial incentives**, which affect development finances indirectly through changes to process and timelines.

The following section provides a more detailed description of each incentive, as well as the assumed impact on timelines and costs for each building typology.

Financial Incentives

Tax Exemption

The analysis models a five-year property tax exemption for rental housing typologies (purpose-built rental apartments, accessory dwelling units, and seniors rental housing). Since rental typologies do not generate revenue until *after* the building is constructed and occupied, a tax exemption can help recoup development costs faster by reducing operating costs.

Typology	Assumed Impact of Incentive on Timelines and Costs
Ownership Townhouses	Not applicable.
ADUs	Reduces operating costs.
Purpose-Built Rental Apartments	Reduces operating costs.
Seniors Housing	Reduces operating costs.

Fee Exemption

The analysis assumes all typologies do not pay entitlement fees (OCP amendments, zoning bylaw amendments, etc.), development cost charges, or building permit fees. Though nominal, fewer fees reduce the capital costs of development. Development fees are also some of the few development costs that fall within the municipal domain.

Typology	Assumed Impact of Incentive on Timelines and Costs
Ownership Townhouses	Reduces capital costs.
ADUs	Reduces capital costs.
Purpose-Built Rental Apartments	Reduces capital costs.
Seniors Housing	Reduces capital costs.

Workforce Housing Grant

The Workforce Housing Grant assumes $10,000 per dwelling in multi-unit market housing to a maximum contribution of $200,000 per project. This amount is based on the Northern Housing Incentive program administered by the Northern Development Initiative Trust, which Prince George has historically accessed. However, a workforce housing grant could come from any funding source.

Typology	Assumed Impact of Incentive on Timelines and Costs
Ownership Townhouses	Reduces capital costs.
ADUs	Reduces capital costs.
Purpose-Built Rental Apartments	Reduces capital costs.
Seniors Housing	Not applicable.

Non-Financial Incentives

Upzoning

In this study, "upzoning" refers to the process of proactively changing the zoning classification of an area to allow for higher-density development, such as permitting taller buildings, more residential units, and different types of residential units where they were previously restricted. “Proactively” as in the zoning is changed to accommodate more development (e.g., in line with assessed need) *before* actual development proposals are brought forward. Proactive upzoning speeds up development timelines by eliminating the need to apply for a site-specific rezoning.

The BC government has already mandated and enabled a shift to more proactive upzoning in the City of Prince George and other municipalities through recent, broad changes to the provincial land use planning framework, including via its small-scale-multi-unit-housing (SSMUH) and transit-oriented-areas (TOA) legislation and regulations. As such, this incentive can be thought of as underway/partially implemented; however, this study maintains a pre-SSMUH, pre-TOA “baseline” where such upzoning is absent.

Typology	Assumed Impact of Incentive on Timelines and Costs
Ownership Townhouses	Only a development permit and building permit would be required, reducing the total permitting timeline from a baseline of 16 months to an assumed 5 months
ADUs	Not applicable (already permitted).
Purpose-Built Rental Apartments	Only a development permit and building permit would be required, reducing the total permitting timeline from a baseline of 16 months to an assumed 5 months.
Seniors Housing	Only a development permit and building permit would be required, reducing the total permitting timeline from a baseline of 16 months to an assumed 5 months.

Pre-Approved Plans

In this analysis, "pre-approved plans" (or, more accurately, "pre-reviewed plans") refer to standardized, customizable residential designs for applicable typologies – in this case, townhouses and ADUs – that have already been confirmed as compliant with building codes and other local requirements. These standardized designs can significantly streamline the permitting process and save builders and homeowners the cost of expensive design services.

Here, "customizable" refers to the ability of builders and homeowners to modify certain elements of the design to best suit specific sites without compromising pre-reviewed compliance. This customizability can come in the form of a range of pre-reviewed compliant values for a given element, and/or broader open-sourcing of the design files to allow greater customization.

Among this analysis' four typologies, and as shown in Figure 1.7, the pre-approved plan incentive is applicable to ownership townhouses and ADUs.

Typology	Assumed Impact of Incentive on Timelines and Costs
Ownership Townhouses	Would lead to near-immediate development permit and building permit approval (reducing overall entitlement timeline from a baseline of 16 months to 12 months) and reducing design-related soft costs from a baseline of 5% of hard costs to 3% of hard costs.
ADUs	Would lead to near-immediate development permit and building permit approval (reducing overall entitlement timeline from a baseline of 3 months to 2 months) and reducing design-related soft costs from a baseline of 5% to 3%.

Reduced Timelines

While pre-approved designs and upzoning achieve much of their impact through reduced development timelines, there is also the possibility to reduce development timelines purely through improvements in procedural efficiency (e.g., e-permitting systems, policy documents to prioritize or accelerate approvals, more development staff, service mandates, etc.); this is what is meant by the "reduced timelines" or "timelines" incentive in this study.

Typology	Assumed Impact of Incentive on Timelines and Costs
Ownership Townhouses	Halving of entitlement timeline from 16 months to 8 months.
ADUs	Halving of entitlement timeline from 3 months to 1.5 months.
Purpose-Built Rental Apartments	Halving of entitlement timeline from 16 months to 8 months.
Seniors Housing	Halving of entitlement timeline from 16 months to 8 months.

2.4 Impact of Incentives

Having established the baseline financial feasibility for each development prototype, and further defined the nature of the incentives, the impacts of incentives can be explored.

We assessed the impact of both financial incentives and non-financial incentives. Both types of incentives were tested independently (i.e., the impact of just financial incentives and the impact of just non-financial incentives) and cumulatively (i.e., the impact of applying both financial and non-financial incentives). All other variables were held constant.

Key findings and tables comparing baseline inputs to incentive inputs for each typology are presented below.

Ownership Townhouses

All incentives result in greater profitability than the baseline scenario.

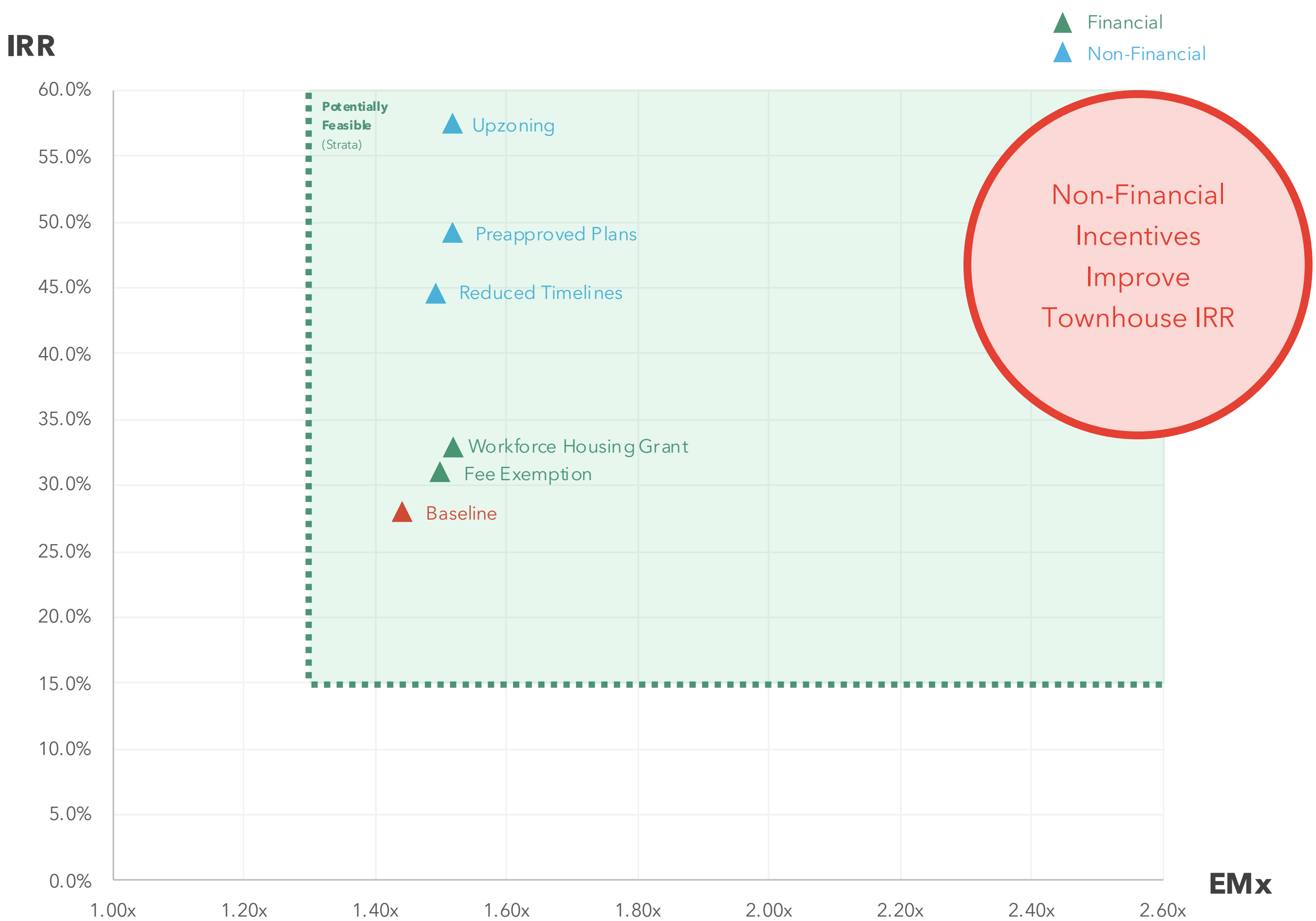
Of these, non-financial incentives have the greatest impact, both increasing profits between 8% and 20% and realizing these profits over a shorter timeline.

This shorter timeline is typically appealing to a developer given the time value of money and that "a dollar today is worth more than a dollar tomorrow". In other words, a developer can reinvest their profits into other projects sooner. With higher interest rates, a shorter timeline can also result in lower interest payments on land loans, reducing the costs of developing new homes.

Incentives also **positively affect both IRR and EMx**. Yield is not a relevant metric as townhouses, as modelled, do not generate a recurring cash flow. In all cases, incentives increase IRR to between 31% and 57% and EMx to between 1.49x and 1.52x. Of the incentives, **non-financial incentives** have the greatest positive impact, generating the strongest IRR and EMx. Accordingly, townhouses—already appealing in the baseline scenario—can be made more appealing through the application of incentives.

Figure 2.8

Impact of Incentives on Townhouse IRR and EMx



Source: Parcel.

Figure 2.9

Townhouses Incentives Summary

		Financial Incentives			Non-Financial Incentives		
	Baseline	Tax Exemption	Fee Exemption	Workforce Housing Grant	Upzoning	Preapproved Plans	Reduced Timelines
Development Timeline							
Entitlement & Design	16 months	-	-	-	5 months	12 months	8 months
Grants & Subsidies							
Upfront Grant	-	-	-	$100,000	-	-	-
Property Tax Exemption							
Tax Rate	-	-	-	-	-	-	-
Duration	-	-	-	-	-	-	-
Amount	-	-	-	-	-	-	-
Soft Costs							
Planning Applications	OPA/ZBA	-	None	-	-	-	-
Building Permit, Development Cost Charges, Property Taxes	Yes	-	None	-	-	-	-
Architecture & Engineering	5% of Hard Costs	-	-	-	-	3% of Hard Costs	-

Source: Parcel.

Purpose-Built Rental Apartments

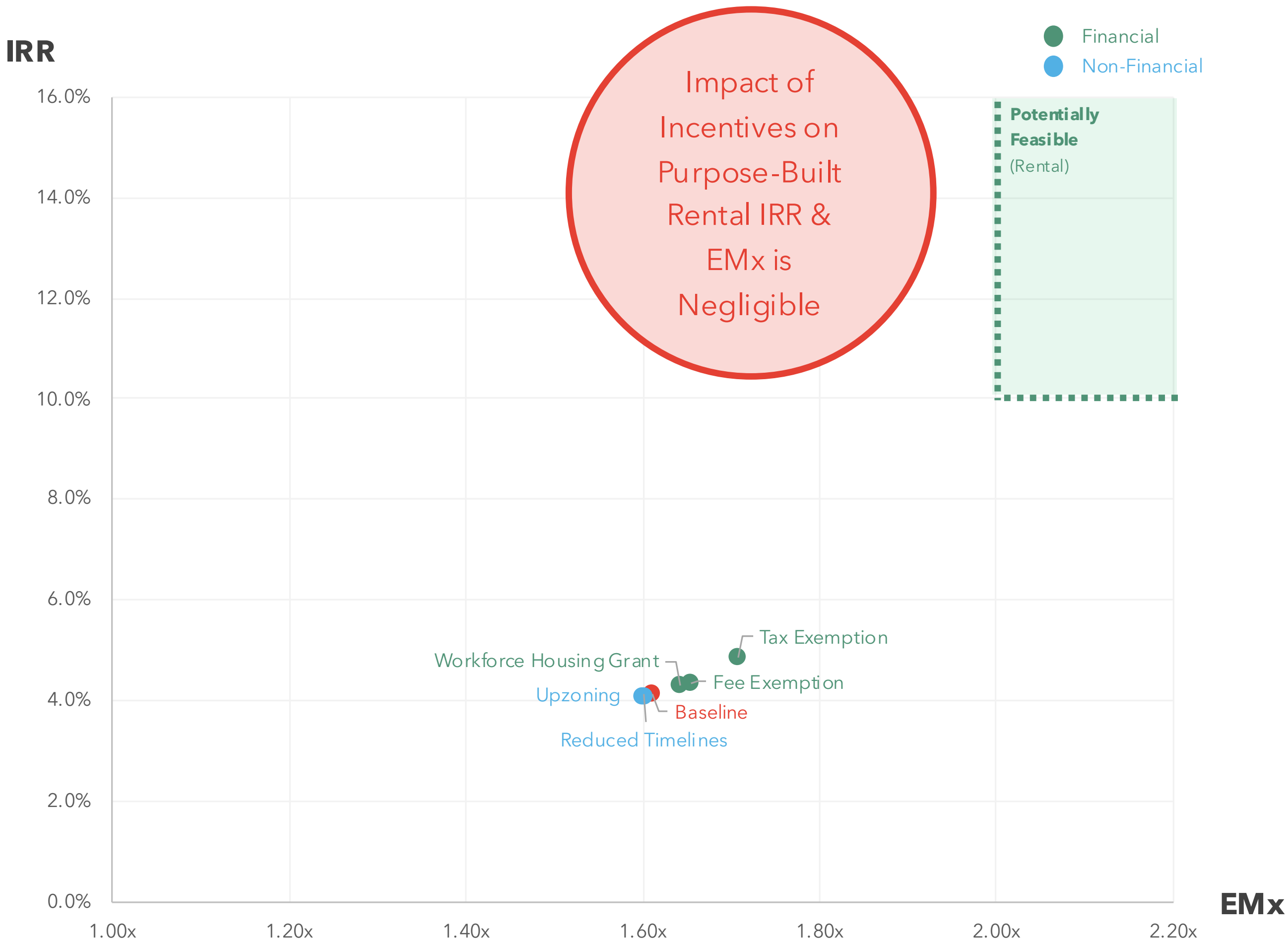
Generally speaking, **financial incentives** increase profits between 4% (fee exemption) and 16% (tax exemption), however it is important to note that in all cases a developer would have to wait at least 14 years to realize these profits.

Non-financial incentives have less of an impact on profits, with shorter development timelines leaving less time for revenues (i.e., rent) to grow to lease-up. However, given the time value of money, these incentives may still be attractive to developers as they allow them to realize—and potentially reinvest—profits sooner, even though they are smaller in absolute terms.

With few exceptions, the impact of incentives on IRR, EMx, and Yield is **negligible**. Even the improved metrics are well below typical investment goal posts and likely insufficient to encourage investment.

Figure 2.10

Impact of Incentives on Purpose-Built Rental IRR and EMx



Source: Parcel.

Figure 2.11

Purpose-Built Rental Incentives Summary

	Baseline	Financial Incentives Tax Exemption	Fee Exemption	Workforce Housing Grant	Non-Financial Incentives Upzoning	Preapproved Plans	Reduced Timelines
Development Timeline							
Entitlement & Design	16 months	-	-	-	5 months	-	8 months
Grants & Subsidies							
Upfront Grant	-	-	-	$200,000	-	-	-
					-	-	-
Property Tax Exemption					-	-	-
Tax Rate	-	0.90957%	-	-	-	-	-
Duration	-	60 mth(s)	-	-	-	-	-
Amount	-	100%	-	-	-	-	-
Soft Costs							
Planning Applications	OPA/ZBA	-	None	-	-	-	-
Building Permit, Development Cost Charges, Property Taxes	Yes	-	None	-	-	-	-
Architecture & Engineering	-	-	-	-	-	-	-

Source: Parcel.

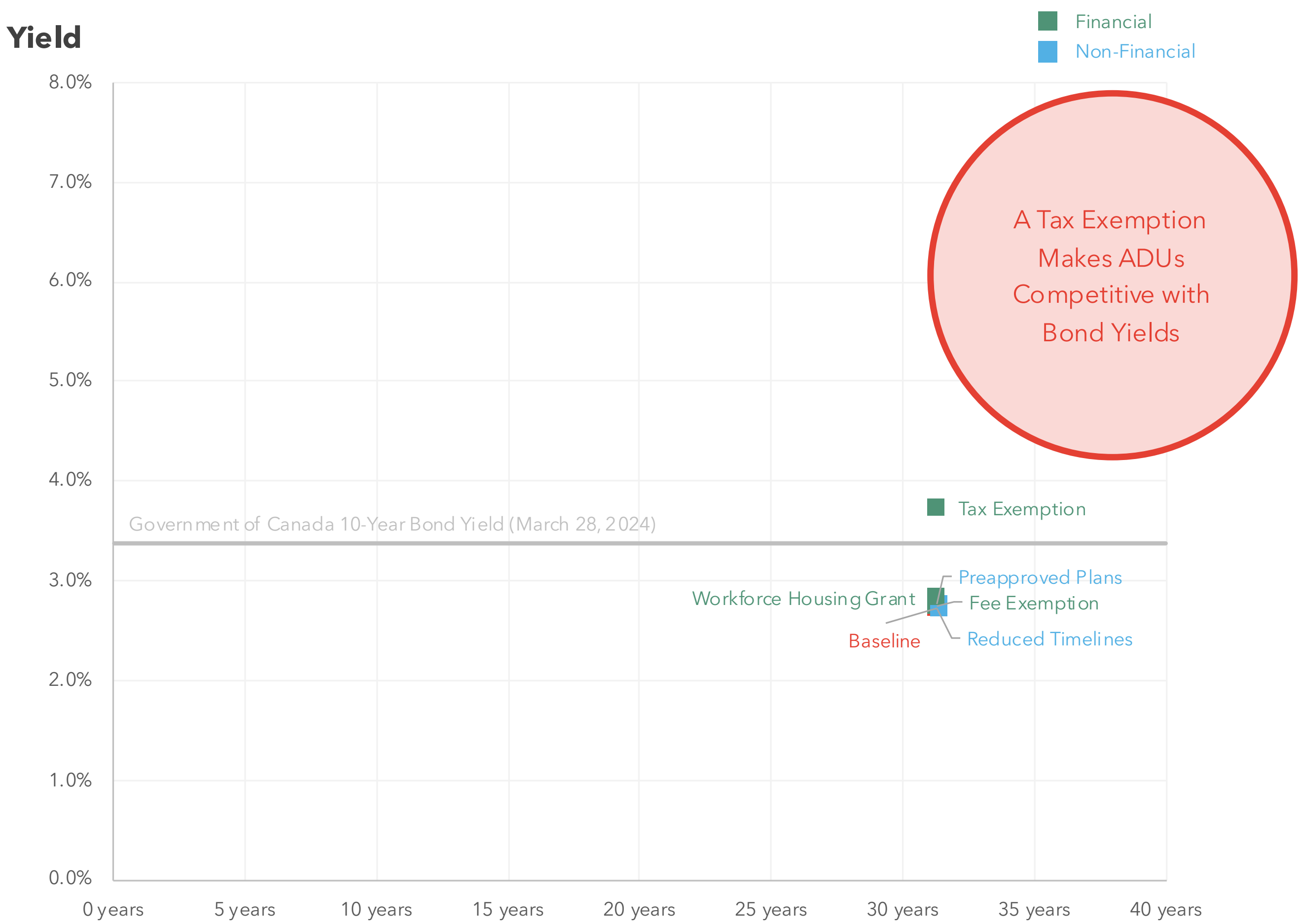
Accessory Dwelling Units

Accessory dwelling units are a unique typology in that the decision to invest is often not purely driven by profit and/or other return metrics. For example, a homeowner may decide to create an ADU to house family members (e.g., ageing parents, adult children) who may benefit from proximity and affordability. In these cases, it is unlikely the homeowner is concerned with profit or IRR and EMx (if they are aware of these concepts at all) and more concerned with improving quality of life. In these instances, **upfront equity** required to construct an ADU is a key determining factor as to whether a homeowner proceeds with the project in the first place. As such, City incentives in support of ADUs should be focused on **reducing capital costs** associated with development.

In cases where a homeowner adds an ADU for an additional income stream, **yield** is the most important return metric. A **tax exemption** is the only incentive that meaningfully improves yield, bringing it above a 10-year Government of Canada bond.

Figure 2.12

Impact of Incentives on ADU Yield



Source: Parcel.

Figure 2.13

ADUs Incentives Summary

		Financial Incentives			Non-Financial Incentives		
	Baseline	Tax Exemption	Fee Exemption	Workforce Housing Grant	Upzoning	Preapproved Plans	Reduced Timelines
Development Timeline							
Entitlement & Design	3 months	-	-	-	-	2 months	-
Grants & Subsidies							
Upfront Grant	-	-	-	$10,000	-	-	-
Property Tax Exemption							
Tax Rate	-	0.90957%	-	-	-	-	-
Duration	-	60 mth(s)	-	-	-	-	-
Amount	-	100%	-	-	-	-	-
Soft Costs							
Planning Applications	-	-	-	-	-	-	-
Building Permit, Development Cost Charges, Property Taxes	Yes	-	None	-	-	-	-
Architecture & Engineering	5% of Hard Costs	-	-	-	-	3% of Hard Costs	-

Source: Parcel.

Seniors Rental Housing

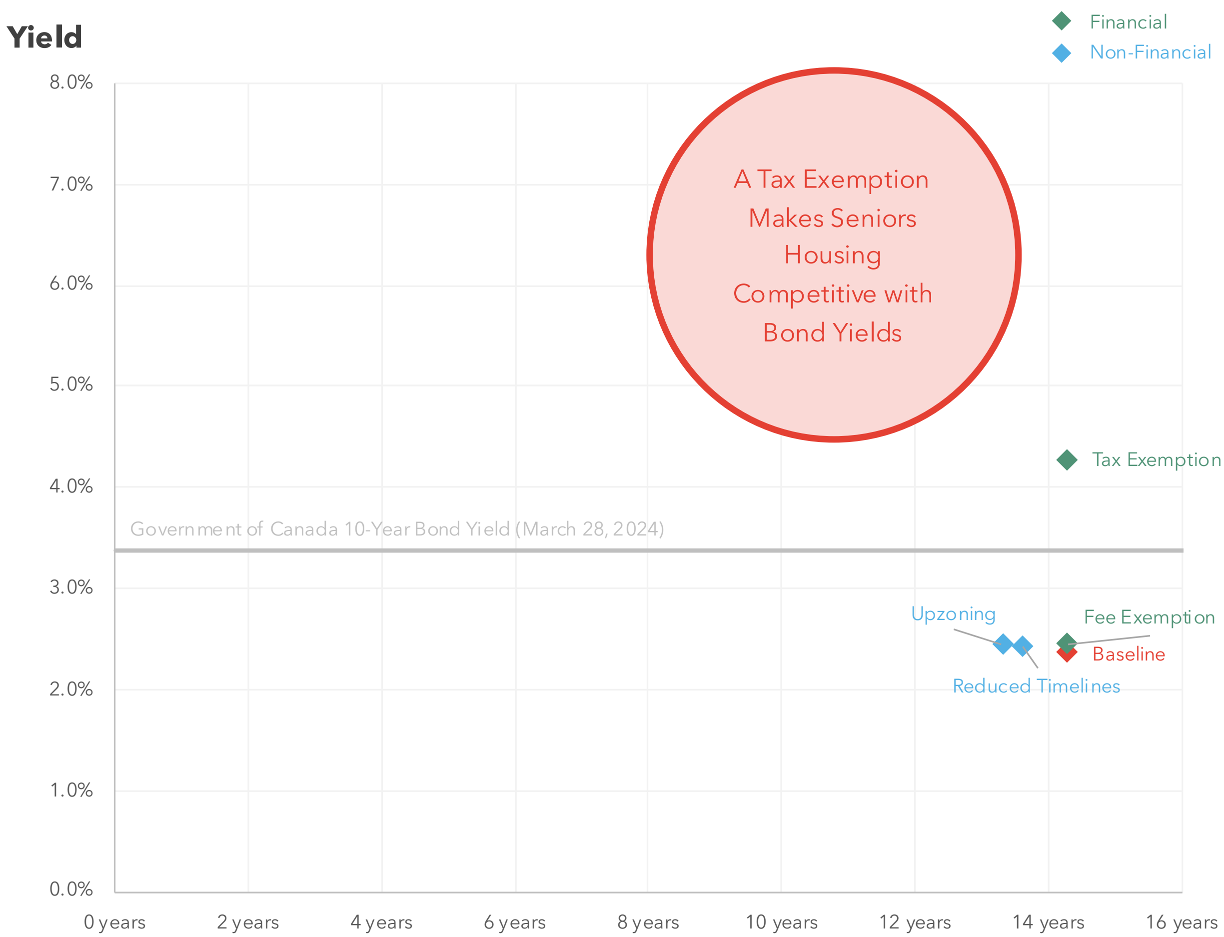
All incentives increase seniors housing profit, with a **tax exemption** having the greatest impact. However, incentives do not meaningfully improve IRR or EMx such that they would encourage development in and of themselves.

All incentives improve yield, with **a tax exemption** helping the development to achieve a higher return than a Government of Canada 10-year bond. This suggests the development may be viewed favourably if a tax exemption exists to help lower operating costs.

During stakeholder consultations, current local operators of not-for-profit housing indicated the largest barrier to new development was the lack of in-house development capacity/staff. As such, if new not-for-profit seniors housing is desired, addressing this capacity gap (e.g., with the help of City staff) may be required in addition to the modeled tax exemption.

Figure 2.14

Impact of Incentives on Seniors Housing Yield



Source: Parcel.

Figure 2.15

Seniors Rental Incentives Summary

		Financial Incentives			Non-Financial Incentives		
	Baseline	Tax Exemption	Fee Exemption	Workforce Housing Grant	Upzoning	Preapproved Plans	Reduced Timelines
Development Timeline							
Entitlement & Design	16 months	-	-	-	5 Months	-	8 months
Grants & Subsidies							
Upfront Grant	-	-	-	- $200,000	-	-	-
Property Tax Exemption							
Tax Rate	-	0.90957%	-	-	-	-	-
Duration	-	60 mth(s)	-	-	-	-	-
Amount	-	100%	-	-	-	-	-
Soft Costs							
Planning Applications	OPA/ZBA	-	None	-	-	-	-
Building Permit, Development Cost Charges, Property Taxes	Yes	-	None	-	-	-	-
Architecture & Engineering	-	-	-	-	-	-	-

Source: Parcel.

What Is the Impact of "Stacking" Incentives?

Stacking incentives (i.e., providing multiple incentives) may have a greater impact on financial viability than any individual incentive. Based on the previous analysis, we have elected to examine the impact of stacking incentives for **purpose-built rental apartments** and **seniors rental housing** given they were the most challenged typologies. We did not consider townhouses given the positive impact of individual incentives (i.e., no need to stack further) or ADUs given the focus on upfront equity. Specifically, we considered the impact of stacking all relevant financial incentives to each typology and stacking all financial *and* non-financial incentives.

Stacking financial incentives improves financial viability for both typologies, improving all return metrics. Viability is further improved for seniors rental when financial incentives are combined with non-financial incentives with all return metrics improving.

It is important to note that, while improved, return metrics are still below or at the lower end of typical investment goal posts and will not necessarily incentivize additional supply. However, given the improvement stacking compared to individual incentives, the City should consider permitting stacking all financial and non-financial incentives where possible.

Figure 2.16

Comparison of Impact of Stacking Incentives on Return Metrics

	Purpose-Built Rental Apartments			Seniors Rental		
	Baseline	**All Financial Incentives**	**All Incentives**	**Baseline**	**All Financial Incentives**	**All Incentives**
Profit	$7,366,777	$9,041,322	$8,487,929	$1,899,107	$4,518,389	$5,080,018
IRR	4.1%	5.3%	5.3%	0.9%	2.2%	2.6%
EMx	1.61x	1.77x	1.75x	1.10x	1.24x	1.28x
Yield	1.0%	3.0%	2.9%	2.4%	4.4%	4.5%
Years	14.3 years	14.3 years	13.3 years	14.3 years	14.3 years	13.3 years

Source: Parcel.

Summary

Figure 2.17 summarizes the impact of incentives on baseline feasibility by "**no / low**", "**moderate**", or "**high**" impact. As shown, with the exception of Townhouses—which see a material improvement in return metrics—financial and non-financial incentives proposed as part of the Housing Action Strategy minimally improve baseline feasibility and are likely insufficient to encourage additional housing. Stacking financial and non-financial incentives improves financial viability for purpose-built rental and seniors rental housing, however these improvements are limited.

Figure 2.17

Impact of Incentives on Financial Feasibility

	Financial Incentives	Non-Financial Incentives	Stacking Financial & Non-Financial Incentives
Ownership Townhouses	●	●	n/a
Purpose-Built Rental	●	●	●

Accessory Dwelling Units	No/Low Impact	No/Low Impact	n/a
Seniors Rental Housing	No/Low Impact	No/Low Impact	Moderate Impact

● No/Low Impact ● Moderate Impact ● High Impact

Source: Parcel.

Note About "Upzoning"

It is important to note that **upzoning has the potential to increase land values** as sellers consider the increased density into the value of their properties. Increasing land values may result in higher prices and rents for projects to remain viable. However, the broader the area upzoned, the lower this land lift/cost escalation because there is more supply of upzoned land.

3.0

Cost-Benefit & Opportunities Analysis

3.1 Cost-Benefit & Opportunities Analysis

Financial incentives that improve financial viability for developers come at a cost to municipalities in the form of forgone revenue (e.g., DCCs, fees, property taxes, etc.). The table below estimates the cost to Prince George to provide **DDC exemptions, planning fee and building permit fee exemptions, and a 5-year property tax exemption** for each prototypical development typology, where applicable.

Assuming all revenue-reducing incentives are combined, the cost to Prince George in forgone revenue is approximately $5,700 per townhouse unit, $24,200 per purpose-built rental unit, $13,000 per ADU, and $21,500 per seniors rental unit. Where a typology receives a five-year property tax exemption, this exemption represents the largest percentage of total forgone revenue.

Figure 3.1

Costs to Provide Financial Incentives

		Cost
Townhouses (10 Units)	Total	-$57,000
	Per Unit	*-$5,700*
Purpose-Built Rental (60 Units)	Total	-$1,454,000
	Per Unit	*-$24,200*
ADUs (1 Unit)	Total	-$13,000
	Per Unit	*-$13,000*
Seniors Rental Housing (120 Units)	Total	-$2,579,000
	Per Unit	*-$21,500*

Source: Parcel. Total costs rounded to nearest $1,000.

However, it is important to note new development will also **generate revenue via property taxes** after the tax exemption period expires or, in the case of townhouses, immediately after construction. For **townhouses**, assuming tax rates and property values remain consistent, a unit will generate an estimated $5,500 in property taxes annually, which is just below the total cost of incentives to encourage townhouse development.

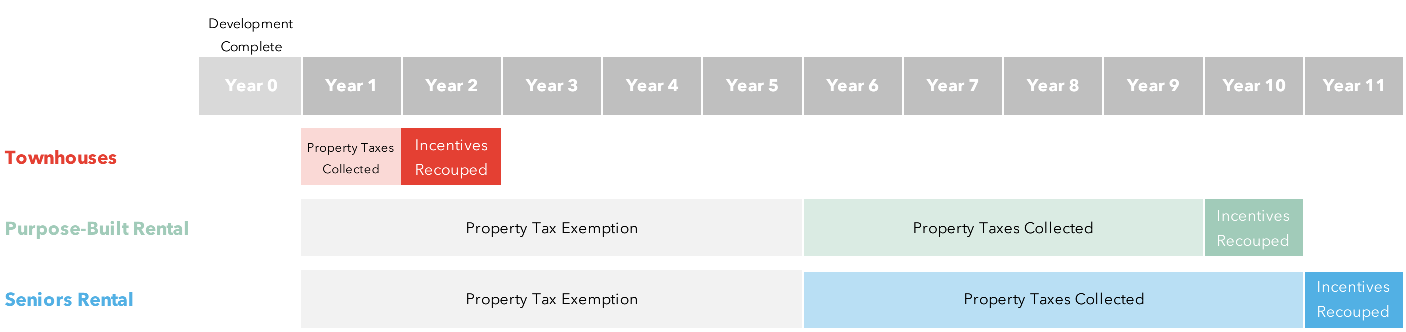
Put another way, incentives for townhouses pay for themselves with just over one year of property taxes collected from townhouse developments.

It will take longer for property tax revenue to recoup the cost of incentives in full for both **purpose-built rental** (approximately five years) and **seniors rental housing** (approximately six years).

It is important to note that the numbers presented in this section represent a high-level analysis based on the assumptions contained in this report. These numbers should not be taken as definitive. The City of Prince George is encouraged to complete a more detailed cost-benefit analysis before implementing any of these incentives.

Figure 3.2

Estimated Time to Recoup Cost of Incentives via Property Tax Revenues



Source: Parcel. Assumes full property tax collection following end of construction for townhouses and end of property tax exemption incentive period for purpose-built rentals and seniors rental.

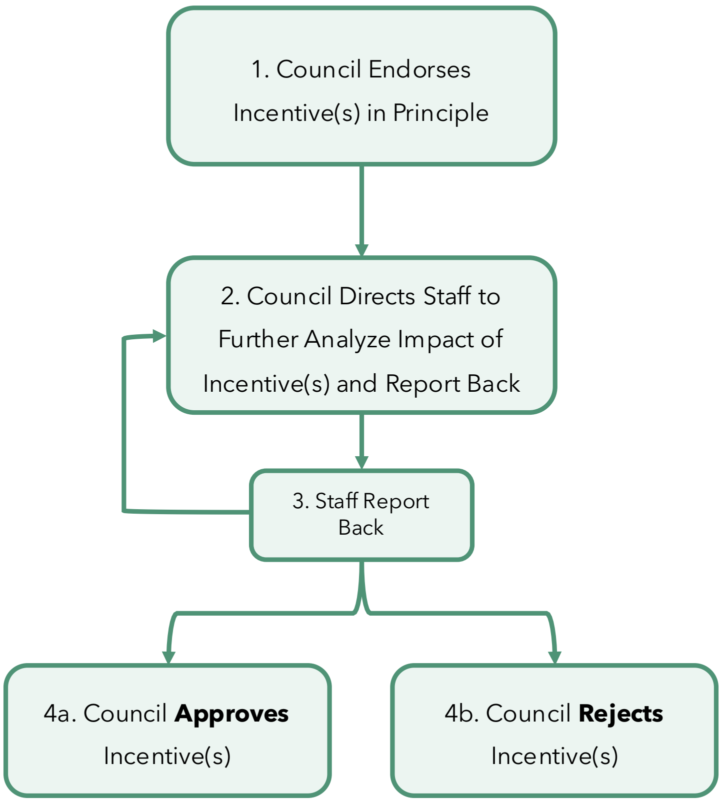
3.2 Implementation

If Council endorses the use of any incentives considered as part of this Housing Action Strategy, implementing these incentives will likely be a multi-stage process, as outlined in Figure 3.3. This could include the preparation of a business case to determine the financial impact of these incentives on the City's municipal finances.

If approved, it will also be important to market any incentives to the local development community and beyond to increase uptake (see Section 4).

Figure 3.3

Incentives Approvals Process



Source: Parcel

Financial Incentives

- Research best practices for implementing multi-year tax and fee exemptions.
- Conduct a detailed cost-benefit analysis of each financial incentive to assess associated costs and recoupment timelines.
- Explore opportunities to engage funding bodies (e.g., Northern Development Initiative Trust, CMHC programs) to support the workforce housing capital grant program.

Non-Financial Incentives

Upzoning

- Ensure the City's provincially-mandated SSMUH upzoning allows for maximum flexibility of building form (as described on page 34 of the associated Provincial Policy Manual).
- Amend the Zoning bylaw to allow for purpose-built rental apartments across more areas of the city.
    - This could include larger apartments of approximately 60 units as modeled in this study, but also smaller – and in many cases more tenant-desirable – apartments enabled by pending provincial changes to the building code that will allow small floor plate, single-egress apartment designs of up to, for example, 6 stories with 4 units per story (details expected as soon as Fall 2024).
- Amend Zoning bylaw with reformed parking and site coverage/FAR criteria to enable the practical implementation of SSMUH and apartment forms.

Pre-Approved Plans

Through the new Standardized Housing Design Project, the Province of British Columbia is creating standardized designs for "small-scale, multi-unit housing built on single lots." These designs are anticipated to be made available for local governments in fall, 2024. The City of Prince George could await these provincially-created designs, assess/confirm their local applicability, and then supplement them as-needed, for example:

- Review the ADU designs that have already been created for the Cities of Quesnel and Williams Lake for possible application to Prince George.
- Commission element-specific modifications to the provincially-provided designs if warranted by the City's unique context.
- Commission additional designs to better fit the City's unique context and/or to add diversity to the catalogue of designs (either through direct commission or through a design contest).

Other

- Leverage City staff expertise to assist not-for-profit housing providers that may lack the in-house capacity for development consultation.

- Actively promote available incentives to both local and external developers to maximize uptake, as outlined in Section 4.0 Marketing Plan.
- The City should continue efforts to improve process efficiency through e-permitting, additional staff capacity, and the creation of policy documents such as an Accelerated Approvals Process for priority housing types.

4.0

Marketing Plan

The following outlines a marketing plan that is intended to assist the City in developing a value proposition to attract developers/builders to the community. This includes the identification of key data points that will assist in attracting developers and property managers that are actively engaged in delivering the housing typologies most in need in Prince George.

4.1 Marketing Plan

Marketing Plan Components

Location & Community Characteristics

- The marketing material should include a map of the city boundaries and surrounding area as well as identify Prince George in the context of British Columbia.
- Key demographic data should also be included, such as current and projected population, incomes, house prices and rents, as well as recent growth in house prices and rents. This data can be tailored to specific housing typologies. For example, marketing material for seniors housing can specify the senior population and incomes.

Land Availability & Costs

- Ample developable land and low land costs were consistently cited as one of the biggest competitive advantages to developing in Prince George. Marketing material should clearly highlight this fact by comparing existing land inventory and costs to other BC municipalities, where possible.

Land Use Permissions

- Land use and zoning permissions relevant to each housing typology should be included in the marketing material. Some specific elements to highlight include:
    - Maximum density
    - Maximum building height
    - Minimum and maximum lot coverage
    - Parking requirements

- Maps showing existing zoning permissions could also be helpful, for example, highlighting all the parcels where apartments are permitted.

Incentives

- Available incentives supporting the development of each typology should be clearly highlighted in the marketing material.

Existing Marketing Plans

- The City's 2021 Downtown Development Incentives document is an excellent example of marketing material and should serve as a precedent for potential marketing material produced in support of the Housing Action Strategy. The document includes key demographic and economic information, mapping, a description of incentives. It is also concise and visually appealing.

Developers & Property Managers

The City should consider proactively approaching developers and property managers active in building the various typologies that are not present in Prince George.

Figure 4.1

Developers & Property Managers

Housing Type	Name	Notes
Rental Housing	All Island Equity REIT	Primary located on Vancouver Island, but also has properties in Kelowna and Penticton.
	Anthem	Rental apartment developer with a presence in the lower mainland and on Vancouver Island. Also builds ownership townhouses.
	Bosa Development	Rental apartment developer with a presence in the lower mainland.

Housing Type	Name	Notes
Affordable Ownership	RNDSQR	Located in Calgary and Winnipeg; focus on infill townhouses
Seniors Housing	Chartwell	Seniors housing provider with a presence in the lower mainland and Okanagan.

Source: Parcel, based on research interviews.

Promotional Opportunities

The City should consider attending housing conferences to promote development opportunities in Prince George. These conferences provide learning and networking opportunities to raise the profile of the city among members of the housing/development community. The table below presents several conferences for consideration, organized by housing gap.

Figure 4.2

Conferences, Conventions & Trade Shows

Event	Description	Frequency
Rental Housing		
Western Canadian Apartment Conference	Covers all areas of the Western Canadian multi-residential apartment market from the perspective of owners, developers, lenders, brokers, appraisers, and property managers. There is often a panel for "secondary markets" such as Prince George that would allow the city to increase its profile.	Annual
National Apartment Conference	Focus on updates from provinces and major municipalities on planning and policy in the multi-residential industry.	Annual
Seniors Housing		
BC Care Providers Association Annual Conference	Conference brings together operators from across the seniors living, wellness, and care sector.	Annual

Event	Description	Frequency
BC Seniors Living Association Conference & Tradeshow	Most recent conference and trade show focused on mental health and wellness, immigration, recruitment retention and leadership.	TBD
SenbridGe West Conference	Conference focusing on senior living and health care industries.	TBD
Alberta Seniors and Community Housing Association Convention and Trade Show	Attendees include representatives from housing organizations, stakeholder associations, and government. May provide an opportunity to connect with out-of-province providers.	Annual
Ontario Long-Term Care Home Association Convention & Trade Show / Conference	The convention and trade show gathers leaders in long-term care and retirement living sectors from across Canada while the conference presents new and emerging research and innovations in long-term care.	Conference: October 20-22, 2024
Affordable / Community Housing		
Housing Central Conference	Organized by the BC Non-Profit Housing Association, Aboriginal Housing Management Association, and the Co-operative Housing Federation of BC, this conference focuses on affordable housing in British Columbia.	Annual
General		
Canadian Home Builders' Association Home Building Week in Canada	Conference brings together leaders in the residential construction industry across Canada. The 2025 event will be hosted in Victoria, BC.	Annual
CMHC Conferences	CMHC schedules various conferences and events related to housing in Canada.	Varies
Informa Connect Land and Development Conference	The 2024 conference will focus on new legislations, escalating land costs, higher interest rates, and its impact on the Canadian real estate industry. Attendees include building owners, developers, and investors.	Annual
Vancouver Real Estate Forum	Attendees include building owners, developers, portfolio and investment managers, brokers, lenders, appraisers, lawyers, and other senior real estate executives.	Annual

Source: Parcel.

Appendix A:

Baseline Financial Feasibility Assumptions

Assumptions & Limitations

Identification of Development Concepts

- The **prototypical development concepts** established for testing as part of our assessment have been developed in direct collaboration with staff from the City of Prince George. They are not intended to be indicative of any specific property nor landholdings within the municipality, but rather are characteristic of the types of development that could ultimately prevail on typical properties within the community.

- The preliminary development concepts established for each typology are **hypothetical only**, based on a combination of: (i) the general nature, scale and density of development being contemplated across the City historically; (ii) recent market-based precedents; and, (iii) the type of new buildings that are best situated to advance broader city-building and housing-specific objectives. Although as-of-right permissions have been considered, in some instances the typologies push the boundaries on some elements (e.g., densities permitted), which may require the City to update its Official Community Plan and/or Zoning by-law, or the future developer to apply for an amendment.

- Recognizing that each property and landowner will have different perspectives and requirements as it relates to financial feasibility in the "real world", we have attempted to capture the full range of possible outcomes within the City of Prince George through related sensitivity analyses, which adjust selected input assumptions (including to reflect nuances across different pre-defined policy areas and geographies within the City). The development concepts established for the study have served as a **critical baseline** to this portion of our analysis.

Financial Feasibility Approach

- Notwithstanding the preliminary and conceptual nature of the development concepts considered in this study—as well as the relatively limited statistical detail available at this early stage of the planning process—we have adopted a relatively detailed **discounted cash flow approach** to assess the financial feasibility of development in Prince George. This is generally a more advanced type of financial feasibility testing than is typically employed for other policy-level exercises and/or equivalent early-stage, conceptual development scoping. Although we felt this more detailed approach was necessary for accurate results, it has its inherent strengths and weaknesses.

- Our analysis is limited to evaluating the feasibility of the development concepts being constructed in isolation. As such, **no site-specific municipal infrastructure costs to be borne by developers have been**

incorporated into our analysis. These costs could represent an additional construction cost when advancing actual development on a given site, which we have assumed will be determined based on supplementary technical engineering work, site and block planning, as well as additional discussions with City of Prince George staff as part of more site-specific applications.

- The financial analyses included in this report have been undertaken as more of **theoretical exercise only** and do not necessarily constitute advice to proceed with the specific development concepts identified. Rather, our financial analyses are intended to help determine whether the concepts—and related incentives and/or policy mechanisms—appear to be promising at first glance and are therefore worthy of further investigation. A more detailed and comprehensive development pro forma analysis will ultimately be required by the owners/operators of individual properties across the City to consider the actual costing, phasing and refinement of any new site-specific development plans before proceeding with such an endeavour (including determination of the optimal building typology and/or affordable housing delivery).
- Similarly, the findings presented as part of our analysis do not account for the **unique financial expectations, strategic positioning and/or development capacities** of current or future owners of real property in the community. As such, although each project may demonstrate a positive or negative preliminary finding as it relates to financial viability, it does not necessarily assert that such a finding—nor the related assumptions incorporated into the analysis—will ultimately be consistent with the perspectives or parallel analyses of each individual landowner across the City. Ultimately, it is those organizations who will establish internal financial thresholds, development parameters and conditions which implicate the scope and scale of any new developments proposed moving forward.

Approach: Discounted Cash Flow Analysis

Historically, most policy-based financial analyses prepared on behalf of municipalities are structured around a more simplified "back of the envelope" ("**BOTE**") approach. Although Parcel regularly relies upon this approach in the right context, these financial assessments generally are not equivalent to the more detailed and traditional pro forma financial analyses that are typical of most individual real estate development projects (i.e., as prepared by private sector participants, such as developers, property managers and other real estate investors). Namely, BOTE assessments are often simplified to the identification of a reasonable "break-even" point that could yield a reasonable return on investment to the owners of a given development site while also maintaining (or enhancing) the value of their existing real estate assets.

Based on the more extensive and nuanced scope of this study, however, we felt that it was necessary to complete a more rigorous **DCF** analysis. As previously described, this type of analysis is capable of more appropriately capturing: (a) the time-value of money; (b) the full timeline of development projects; (c) the nuances of operating rental buildings over many years; as well as, (d) a more comprehensive subset of common risk/return metrics.

Overall, although the analysis presented in this report has continued to be relied upon as more of a comparative tool than an explicit predictor of investment returns (i.e., all the same as a more simplified RLV), the DCF approach has allowed us to prepare a more defensible and flexible analysis that responds to the unique objectives of this study.

Other Assumptions

- The various other statistical inputs relied upon in our analysis are considered sufficiently accurate for the purposes of this conceptual analysis. These statistical sources—including available municipal information, datasets and previous reporting, as well as third-party industry data—have ultimately informed a number of the key underlying assumptions and inputs utilized in our analysis.
- It is assumed that a reasonable degree of economic stability will prevail in the Province of British Columbia, and specifically in the context of the City of Prince George market, over the course of the development planning horizon identified in this study.
- It is important to recognize that the lingering effects of the COVID-19 pandemic will continue to result in a significant amount of uncertainty as it relates to current and potential future market conditions. At the time of reporting, there is not a complete understanding of the potential longer-term implications of the pandemic on economic conditions nor real estate development patterns across the City of Prince George and beyond.
- References to the Canadian dollar in this report generally reflect its 2024 value, including the range of supporting statistical inputs and research that have informed our baseline financial assumptions. Additional adjustments have also been made to reflect growth in costs / revenues for future periods, where applicable.

Detailed Baseline Statistical Assumptions

Figure A.1

Baseline Financial Feasibility Assumptions

	Ownership	Purpose-Built Rental		
	Townhomes	Apartments	ADU (Ancillary)	Seniors
Development Timeline				
Entitilement & Design	16 mth(s)	16 mth(s)	3 mth(s)	16 mth(s)
Sales (Pre-Construction)	6 mth(s)	-	-	-
Sales (After Completion)	3 mth(s)	-	-	-
Construction	12 mth(s)	24 mth(s)	8 mth(s)	24 mth(s)
Residential Lease Up		9 mth(s)	3 mth(s)	9 mth(s)
Stabilized Operations	-	120 mth(s)	360 mth(s)	120 mth(s)
Site Stats				
Site Area				
Square Feet	21,528 sf	59,202 sf	-	59,202 sf
Square Metres	2,000 sm	5,500 sm	-	5,500 sm
Acres	0.49 ac	1.36 ac	-	1.36 ac
Land Acquisition				
$	$ 500,000	$ 1,500,000	$ -	$ 2,000,000
$PBSF	$34 PSF	$38 PSF	-	$18 PSF
$/AC	$1.0 M/ac	$1.3 M/ac	-	$1.5 M/ac
$/Unit	$50,000	$25,000	$0	$16,667
Building Stats				
Residential Floor Area				
Gross Construction Area	15,789 sf	49,969 sf	850 sf	122,807 sf
Gross Floor Area	15,000 sf	47,471 sf	850 sf	116,667 sf
Net Floor Area	15,000 sf	40,350 sf	850 sf	84,000 sf
GCA:GSF	*95.0%*	*95.0%*	*100.0%*	*95.0%*
GSF:NSF	*100.0%*	*85.0%*	*100.0%*	*72.0%*
Height	3 storeys	4 storeys	1 storeys	4 storeys
FSI	0.70x	0.80x	0.00x	1.97x

	Ownership	Purpose-Built Rental		
	Townhomes	Apartments	ADU (Ancillary)	Seniors
Building Stats Continued				
Units	**10 units**	**60 units**	**1 units**	**120 units**
Studio	-	18 units	-	-
1 Bed	-	24 units	*1 units*	*90 units*
2 Beds	-	15 units	-	*30 units*
3 Beds +	10 units	3 units	-	-
Market Rental Units	**-**	**60 units**	**1 units**	**120 units**
Studio	-	18 units	-	-
1 Bed	-	24 units	*1 units*	*90 units*
2 Beds	-	15 units	-	*30 units*
3 Beds +	-	3 units	-	-
Avg Unit Size	**1,500 sf**	**673 sf**	**850 sf**	**700 sf**
Studio	-	*550 sf*	-	-
1 Bed	-	*650 sf*	*850 sf*	*650 sf*
2 Beds	-	*800 sf*	-	*850 sf*
3 Beds +	1,500 sf	*950 sf*	-	-
Parking				
Resident	1.75 / unit	1.30 / unit	1.00 / unit	0.36 / unit
	18.0 space(s)	78.0 space(s)	1.0 space(s)	44.0 space(s)
Non-Resident	0.20 / unit	0.10 / unit	-	0.10 / unit
	2.0 space(s)	6.0 space(s)	-	12.0 space(s)
Surface	20.0 space(s)	84.0 space(s)	1.0 space(s)	56.0 space(s)
Above Grade	-	-	-	-
Below Grade	-	-	-	-

	Ownership	Purpose-Built Rental		
	Townhomes	Apartments	ADU (Ancillary)	Seniors
Revenues				
Avg $ PSF	$400 PSF			
Avg Unit $	**$600,000/unit**			
Studio	$ -			
1 Bed	$ -			
2 Beds	$ -			
3 Beds +	$ 600,000			
Market $ Parking Space	-			
Market $ Locker	-			
Avg Annual Growth	**2.70%**			
Market Rent $ PSF		$2.65 PSF	$2.00 PSF	-
Market Rent $ Unit		**$1,780 / mth**	**$1,700 / mth**	**-**
Studio		$1,400 / mth	-	-
1 Bed		$1,800 / mth	$1,700 / mth	$2,500 / mth
2 Beds		$2,100 / mth	-	$3,300 / mth
3 Beds +		$2,300 / mth	-	-
Cap Rate		4.50%	4.50%	6.25%
Rent Growth (Pre-Lease Up)		5.00%	5.00%	3.00%
Rent Growth (Operations)		2.50%	2.50%	2.50%

	Ownership	Purpose-Built Rental		
	Townhomes	Apartments	ADU (Ancillary)	Seniors
Hard Costs				
Above Grade Hard Costs	$200 PSF	$300 PSF	$350 PSF	$300 PSF
Parking Costs				
Surface	$5,000/space			
Above Grade	$57,000/space			
Below Grade	$87,000/space			
Avg Annual Growth	5.0%	5.0%	5.0%	5.0%
Demolition	$8.00 / sf existing			
Site Prep + Remediation	$10.00 / sf existing			
Servicing Connection	$1,000/unit			
Landscaping	$1,000/unit			
Soft Costs				
Planning Applications	OPA/ZBA	OPA/ZBA	None	OPA/ZBA
Building Permit, Development Cost Charges, Property Taxes	Current City Rates as of July 2024			
Architecture & Engineering	5.0% of Hard Costs			
Legal	2.0% of Hard Costs			
Sales & Marketing	2.0% of Hard Costs			
Construction Management	2.0% of Hard Costs			
Development Fee	2.0% of Total Costs			
All Other Consultants	2.0% of Hard Costs			
Contingency	5.0% of Total Costs			
Financing (Construction)				
Loan-to-Cost	74%	43.0%	20%	62%
Rate	6.50%	6.50%	8.50%	4.50%
Loan Fees	1.0% of Loan	1.0% of Loan	1.0% of Loan	1.0% of Loan
Financing (Permanent Debt)				
Loan-to-Value		59%	25%	95%
Rate		5.00%	4.50%	4.50%

Source: Parcel.

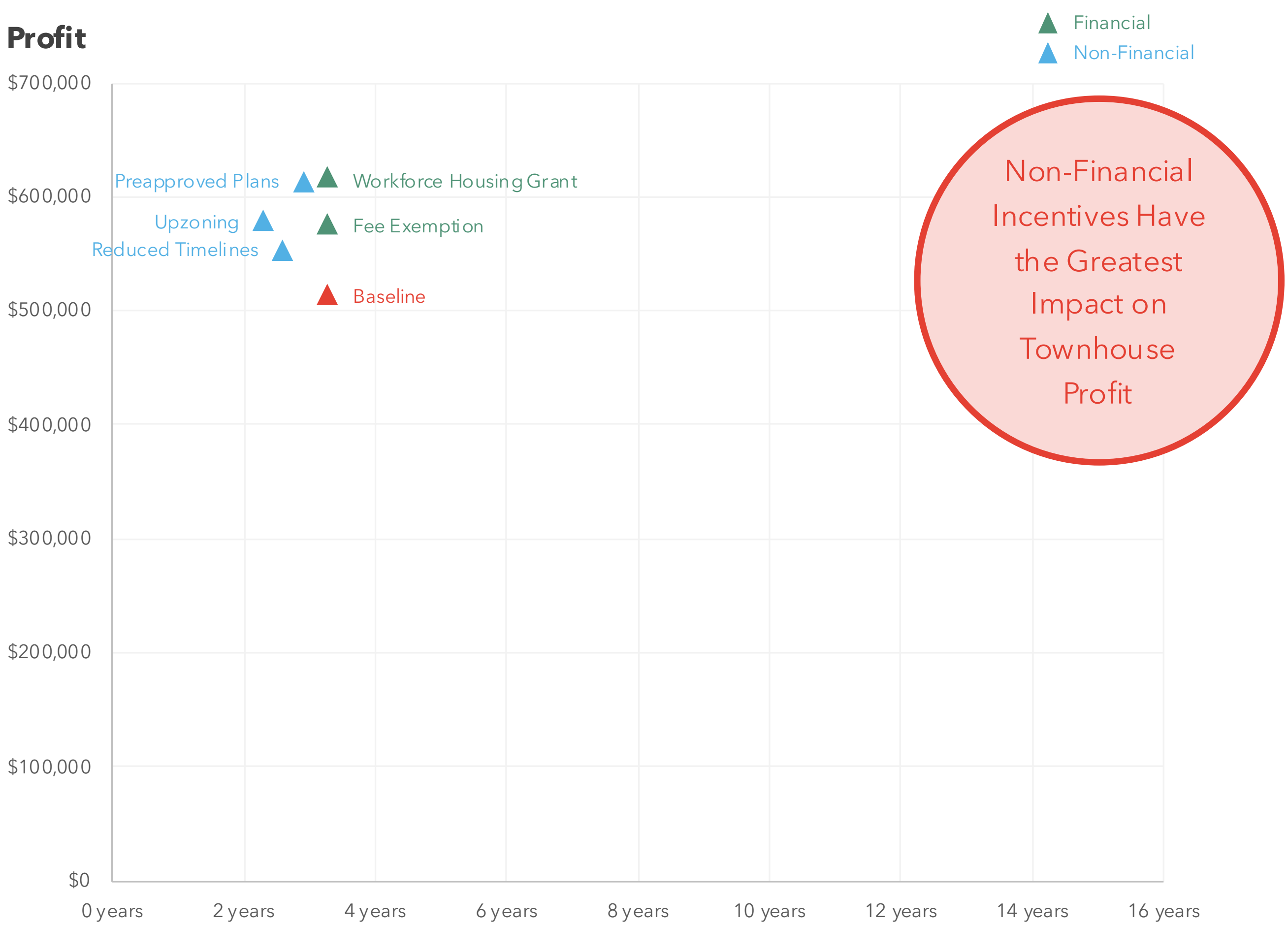
Appendix B:

Other Incentives Findings

Ownership Townhouses

Figure B. 1

Impact of Incentives on Townhouse Profit

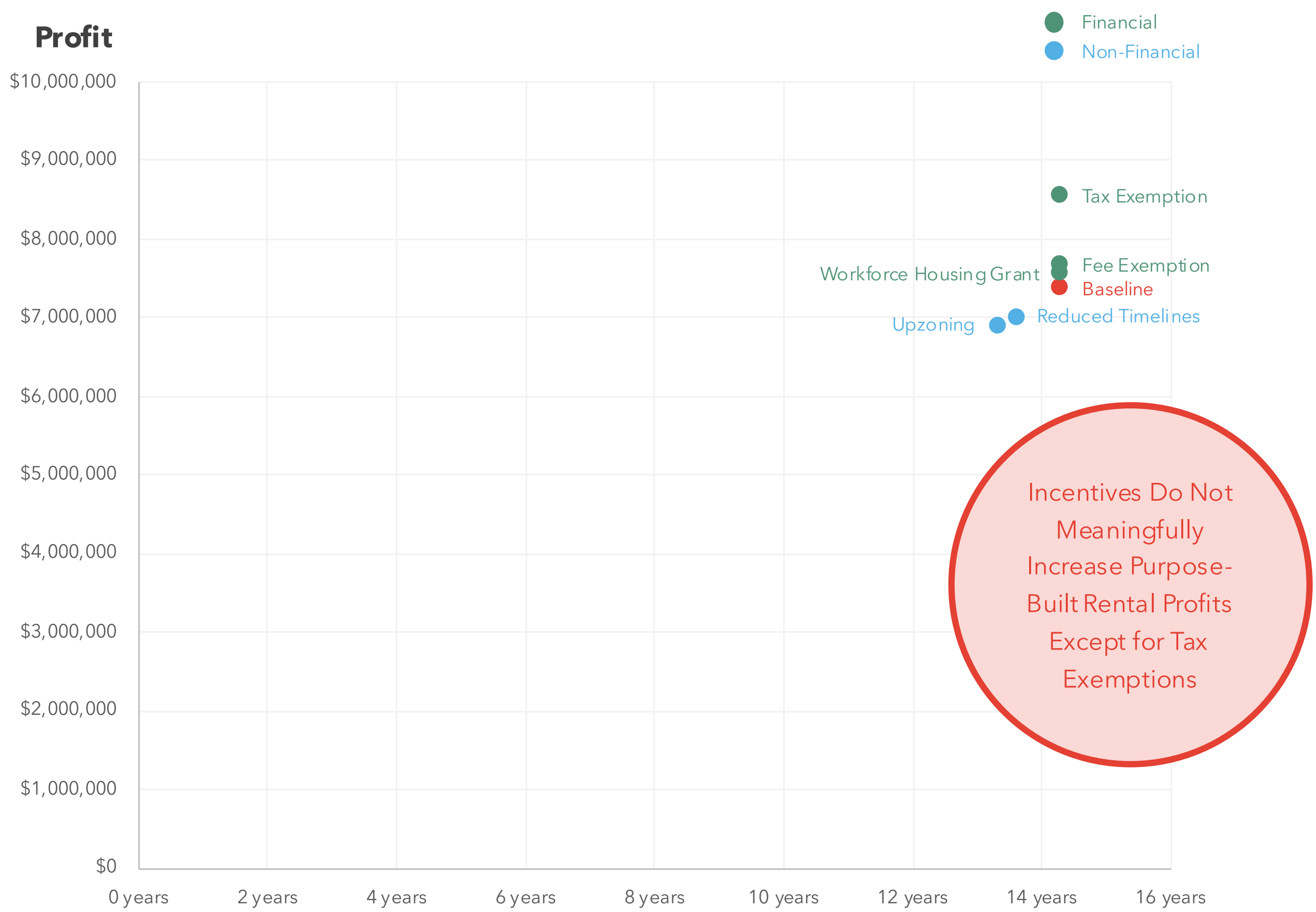


Source: Parcel.

Purpose-Built Rental Apartments

Figure B. 2

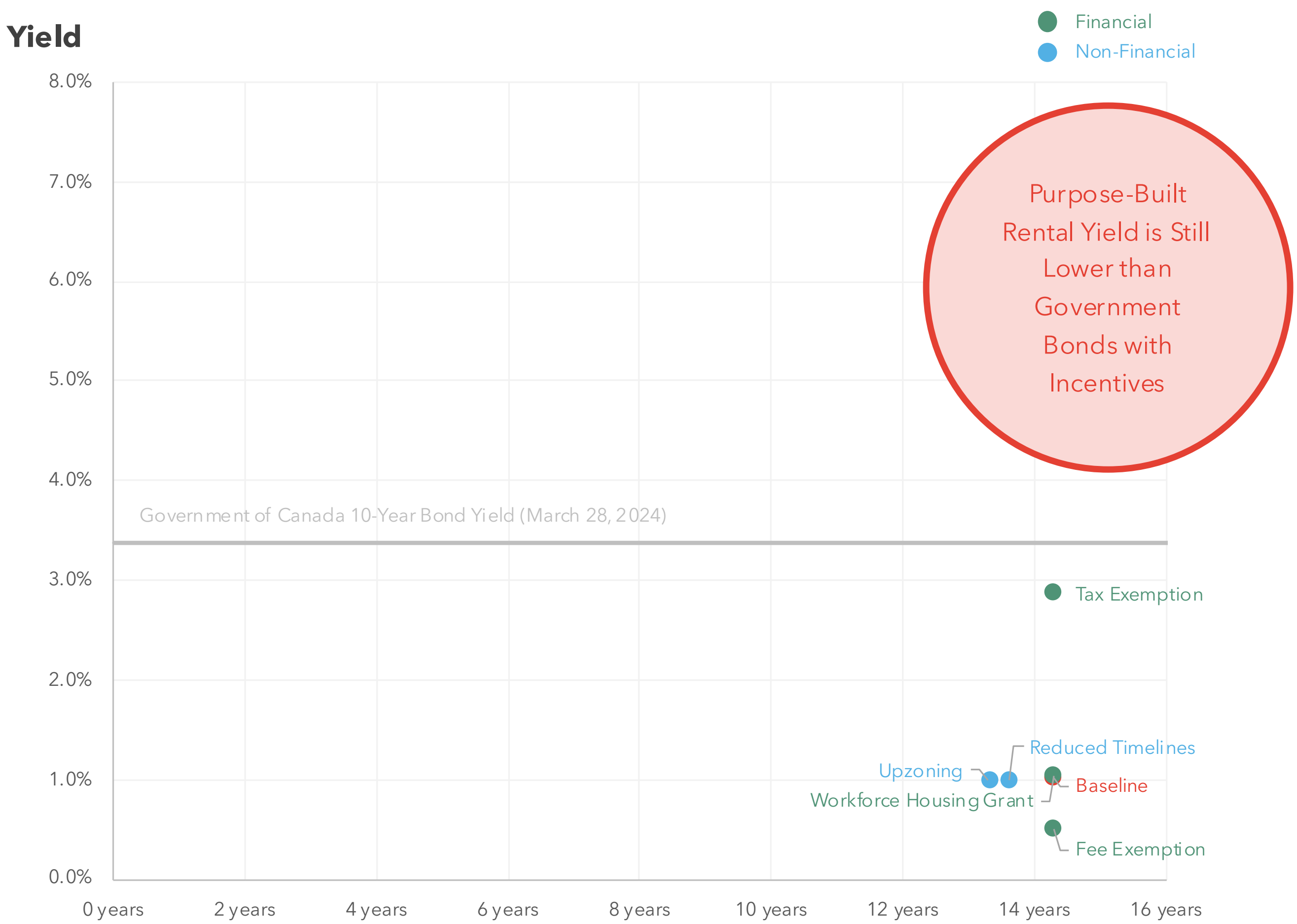
Impact of Incentives on Purpose-Built Rental Profits



Source: Parcel.

Figure B. 3

Impact of Incentives on Purpose-Built Rental Yield

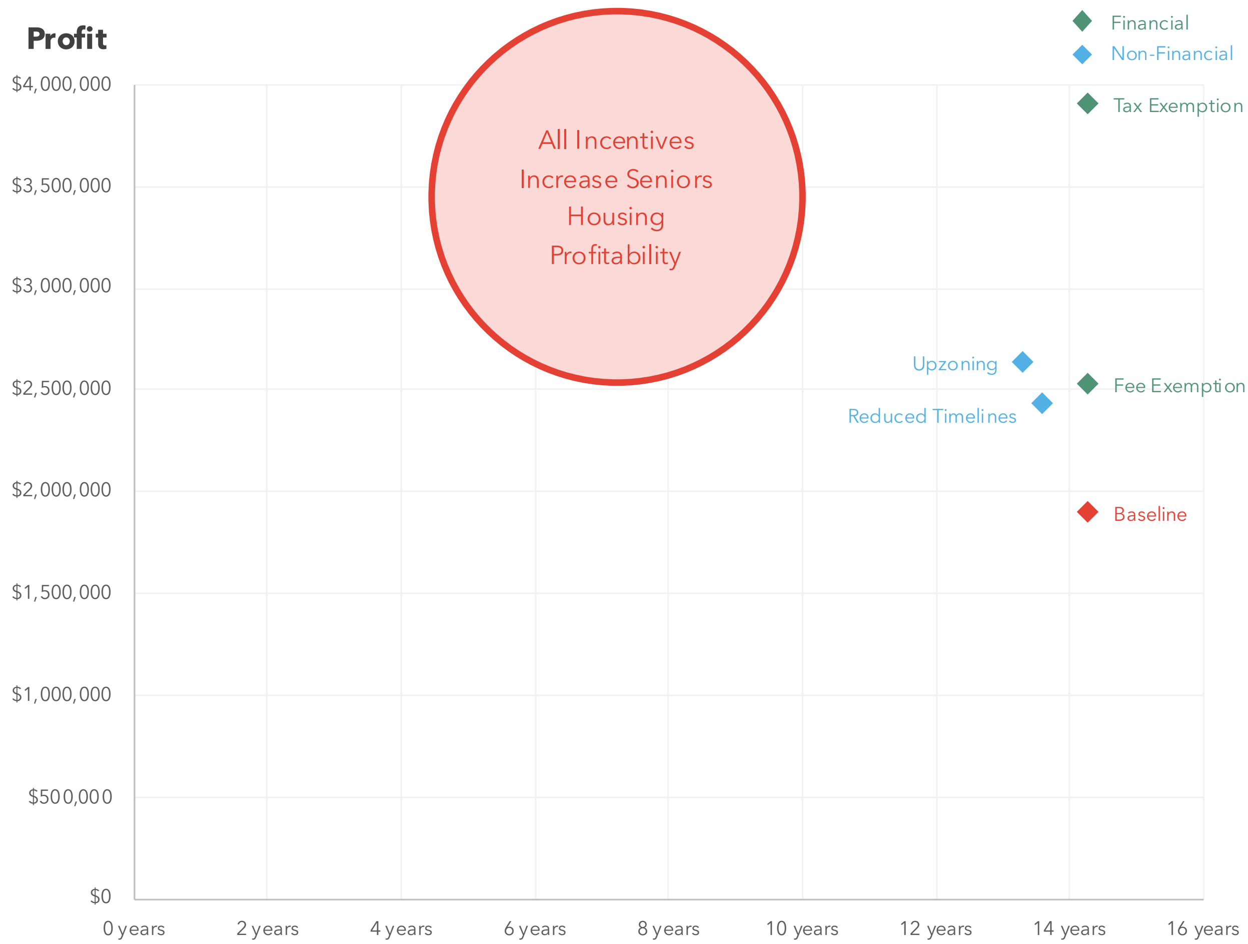


Source: Parcel.

Seniors Rental Housing

Figure B. 4

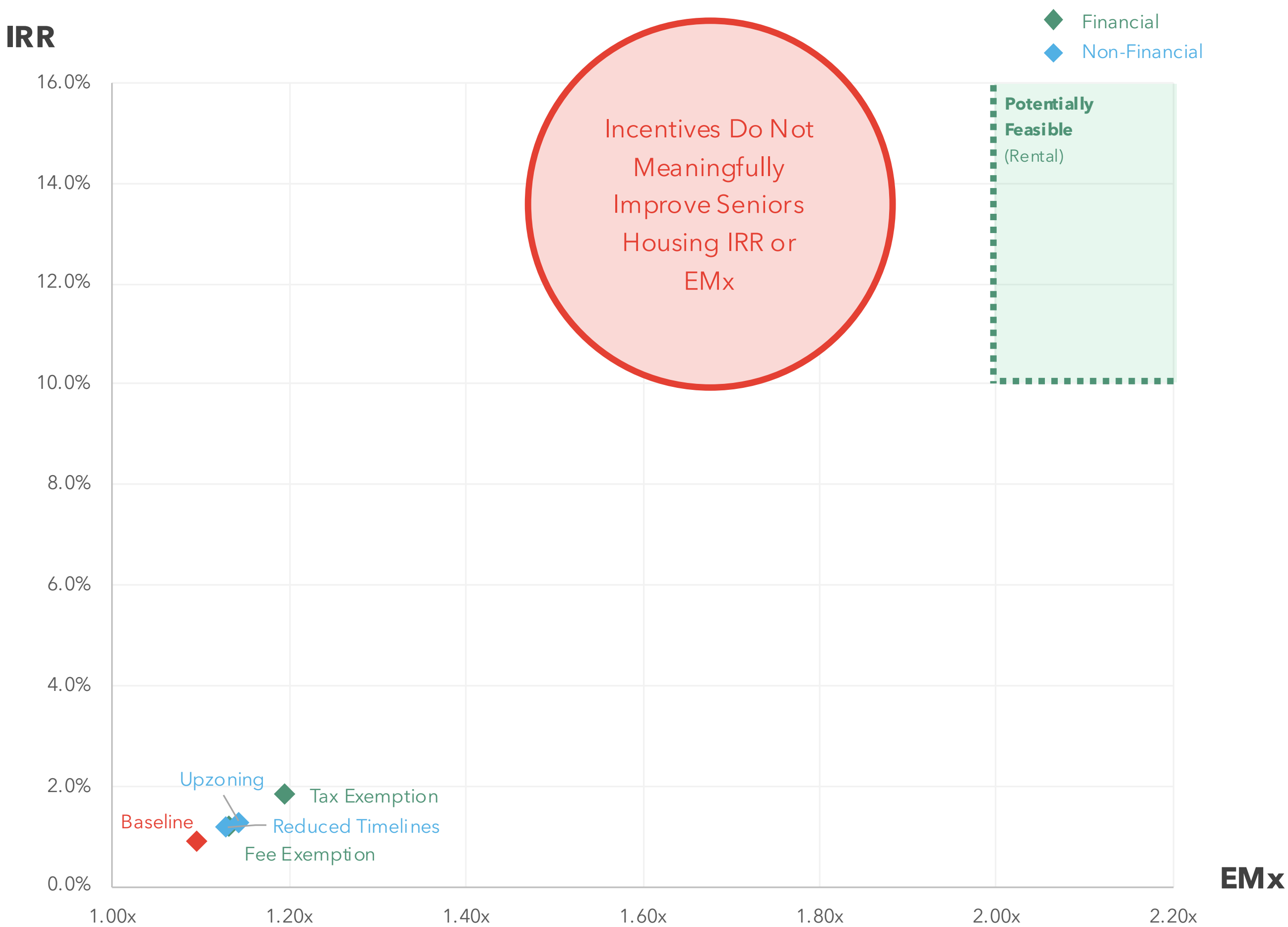
Impact of Incentives on Seniors Housing Profitability



Source: Parcel.

Figure B. 5

Impact of Incentives on Seniors Housing IRR and EMx



Source: Parcel.

Appendix C:

Detailed Incentive Cost Estimates

Figure C. 1

Detailed Incentive Cost Estimates by Typology

		Development Cost Charge Exemption	Fee Exemption		5-Year Property Tax Exemption	Upzoning	Combined Costs
			Planning Fees	Building Permit		ZBA/OPA	
Townhouses (10 Units)	Total	-$24,212	-$6,000	-$26,941	n/a	Same as Planning Fees for Fee Exemption	-$57,153
	Per Unit	*-$2,421*	*-$600*	*-$2,694*	*n/a*		*-$5,715*
Purpose-Built Rental (60 Units)	Total	-$145,274	-$9,500	-$117,000	-$1,182,706		-$1,454,480
	Per Unit	*-$2,421*	*-$158*	*-$1,950*	*-$19,712*		*-$24,241*
ADUs (1 Unit)	Total	n/a	n/a	-$2,326	-$10,192		-$12,518
	Per Unit	*n/a*	*n/a*	*-$2,326*	*-$10,192*		*-$12,518*
Seniors Rental Housing (120 Units)	Total	-$290,547	-$9,500	-$279,519	-$1,999,716		-$2,579,282
	Per Unit	*-$2,421*	*-$79*	*-$2,329*	*-$16,664*		*-$21,494*

Source: Parcel.

Figure C. 2

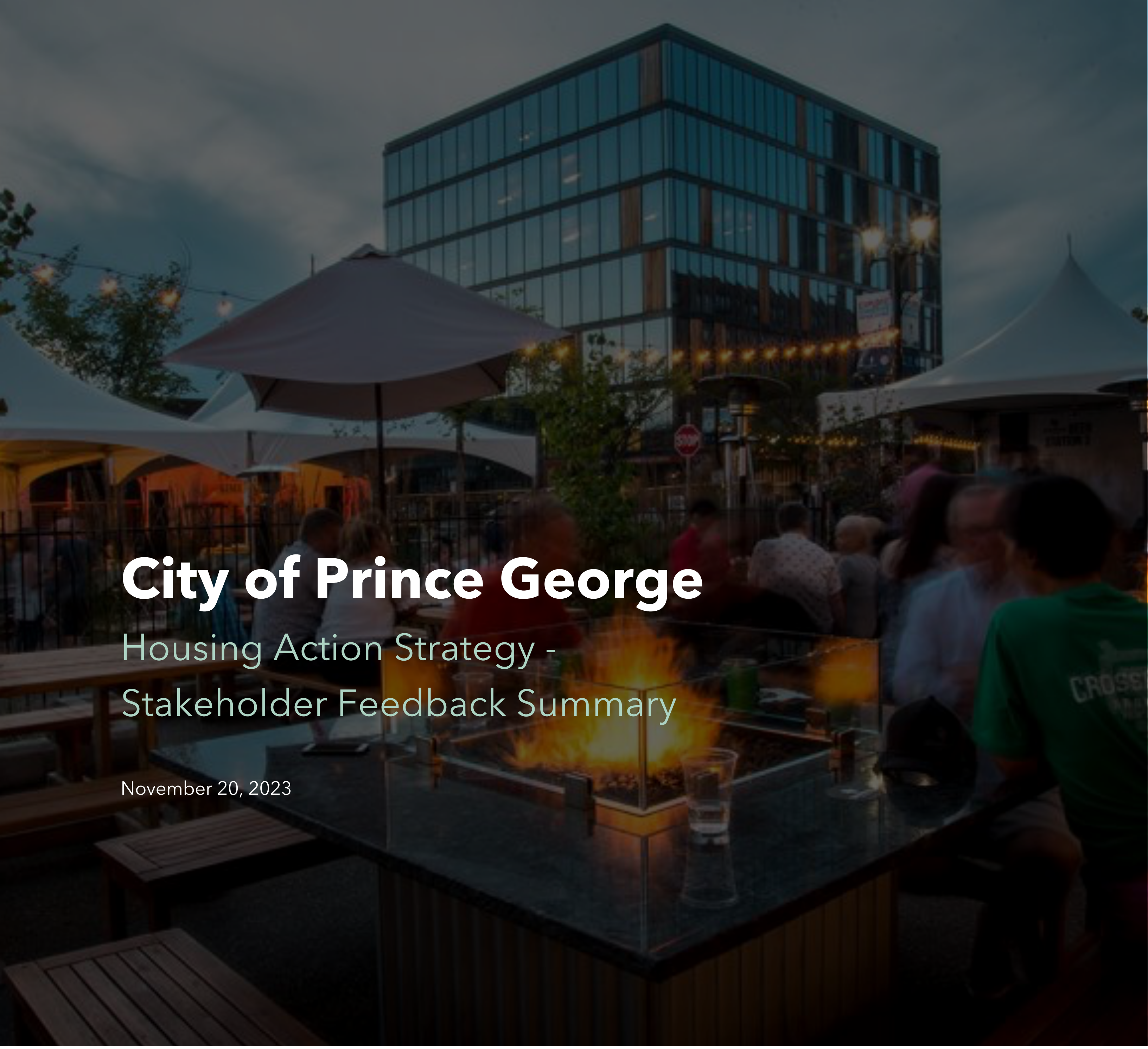
Estimated Time to Recoup Cost of Incentives via Property Tax Revenues

		Townhouses		Purpose-Built Rental		Seniors	
Estimated Cost of Incentives		**-$57,000**		**-$1,454,000**		**-$2,579,000**	
	Year	Annual	Cumulative	Annual	Cumulative	Annual	Cumulative
Estimated Property Taxes	1	$54,574	$54,574	$274,239	$274,239	$461,387	$461,387
	2	$55,939	$110,513	$288,122	$562,361	$484,745	$946,132
	3			$302,709	$865,070	$509,285	$1,455,417
	4			$318,033	$1,183,103	$535,068	$1,990,485
	5			$334,134	$1,517,237	$562,156	$2,552,641
	6					$590,615	$3,143,256

Source: Parcel. Assumes full property tax collection following end of construction for townhouses and end of property tax exemption incentive period for purpose-built rentals and seniors rental.

Appendix D:

Stakeholder Feedback Summary



City of Prince George

Housing Action Strategy - Stakeholder Feedback Summary

November 20, 2023

Parcel

CITY OF
PRINCE GEORGE

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November 20, 2023

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This document is available in alternative formats upon request.

Cover Image: MoveUp Prince George

1.0

Stakeholder Interviews “What We Heard” Summary

1.1 Overview

As part of a joint effort by Parcel Economics and Third Space Planning, our team conducted a series of research interviews with key housing market participants active in Prince George. The purpose of this engagement was to solicit direct, on-the-ground feedback regarding housing gaps and development realities / perceptions in Prince George, highlighting nuances across multiple distinct vantage points:

- The **community group / non-profit / academic** perspective, as represented by local organizations, non-profit housing, and university faculty;
- The **developer** perspective, as represented via discussions with members of the local real estate development community with active projects in Prince George; and,
- The **private / development support sector** perspective, as represented via discussions with engineers, land use planning consultants, and real estate brokers who assist with the development process.

Key Parameters

- Parcel Economics Inc. ("Parcel") and Third Space Planning ("Third Space") conducted a total of **fourteen (14) interviews**.
- Interviews were conducted in **August and September 2023**.
- Parcel and Third Space provided each interviewee with a **primer document** detailing the nature of the study, as well as some preliminary discussion questions. Primer documents were tailored to the stakeholder group being interviewed.

Figure 1.1

List of Stakeholder Interviewees

Stakeholder Group	Organization / Business
Community / Non-Profit / Academic	Aboriginal Housing Society of Price George
	Prince George and District Elizabeth Fry Society / Prince George Elizabeth Fry Society Housing Society
	Spinal Cord Injury Association of BC
	University of Northern British Columbia
Development	Brink Group
	Hayer Properties
	Hyland Properties
	Infinity Group
	Kelson Group
	Kidd Group
	WDP Woodlands
Private Sector / Development Support Sector	Avison Young
	Cushman & Wakefield
	L & M Engineering

1.2 Emerging Themes

The following details the key themes that emerged from our research, highlighting important differences and areas of commonality across all stakeholder perspectives.

= Community Group/Non-Profit/Academic **= Developer** **= Developer Support**

Theme #1: Housing Needs

- There is need for a variety of housing types and a **lack of housing supply overall**.
- More specifically, there is a need for **apartments, seniors housing, and accessible housing**.

1A: Purpose-Built Rental

- There is a need for more and newer purpose-built rental buildings in the City. However, even with recent increases to average monthly rent, current rents are not high enough to justify more construction as construction costs have outpaced rents.
- Attracting institutional apartment investors will be important in showing a "vote of confidence" in the Prince George market. However, it will be difficult to attract institutional investors due to the existing (older) rental stock.

1B: Seniors Housing

- Developing seniors housing is challenging because accessibility requirements make it more expensive to build (wider hallways, larger units, etc.). Typically, a seniors housing development target 120 to 160 beds to achieve economies of scale.

1C: Accessible Housing

- The existing shortfall in accessible housing is because accessibility has not been mandated. Interviewees noted that not all units have to be accessible. In multi-unit developments, ground floor units are the most desirable to be accessible (e.g., do not require elevators to reach units), but there should also be accessible units on higher floors. Proximity to transit and availability of parking are also important considerations for accessible housing due to mobility challenges of residents.

Theme #2: Housing Culture

- There is a cultural housing preference for more space, however, there has been a recent shift to a preference for smaller units, potentially related to an increasing number of residents moving from more urban areas and/or the increasing cost of housing.
- There does not appear to be a large market for strata housing in the city. This is likely related to development costs for strata apartments, where the end unit prices required to profitably build these units are comparable to single-detached housing.

Theme #3: Mixed Perception of the City

- There have been strong market fundaments in recent years, as the economy has become more diversified and there has been consistent population growth.
- Historically Prince George is a riskier place to invest due to it being a smaller community and reliant on the resource industry. However, the recent and consistent increases in the local population and presence of strong institutions are changing that perspective.
- There are mixed perceptions of working with the City among interviewees. Some identified lengthy development approvals timelines, and costs. Others expressed that the City has been good to work with, and that timelines and development costs are reasonable.
- Many feel the City is understaffed, which may be contributing to development frustrations.
- Many developers expressed frustration with the City holding on to **performance test security deposits** for too long, thereby inhibiting this capital from being used for other

development. One suggestion was to have developers that do not pass the test pay a fine after the fact instead of holding money up front. This would help lower development costs and allow developers to deploy capital more quickly into new projects.

- Interviewees also highlighted developers want to work *with* the City and identified an interest in holding annual/quarterly meetings between City planning staff and the development community.

Theme #4: **Challenges**

4A: Macroeconomic Challenges

- Rising **construction costs** are making it increasingly difficult to build housing. From a development standpoint, rising construction costs are "the biggest pinch point" and "a huge barrier". Interviewees also noted although construction costs are now rising more slowly, they are unlikely to go down.

- High and increasing **interest rates** are another development challenge. Developers also reported difficulty receiving financing from local banks. Further, higher interest rates are impacting how much homebuyers can pay for new housing. This has resulted in profit margins declining to a point where building new housing is no longer worth the risk.

- There is a limited pool of **construction trades** in Prince George and developers often pay a premium as a result.

4B: Infrastructure Challenges

- **There are some areas of the City where existing infrastructure is old or undersized to accommodate additional density**, limiting development opportunities even if density is permitted as-of-right (e.g., in the downtown). Infrastructure costs are also high in Prince George relative to the lower mainland due to the increased cost of having to bury infrastructure deeper due to the colder winters.

4C: Policy & Process Challenges

- There are **limited multi-family properties available** with as-of-right zoning and a perception that the City is resistant to densifying in existing neighbourhoods with OCP amendments. Required planning approvals for denser, multi-family development add time and expense to developments.

- There is a desire among homebuilders and homebuyers to allow for secondary suites in townhouse units (currently only permitted in single-detached units). Some builders indicated homebuyers were asking for secondary suites to be "roughed in" to townhouse units to assist with mortgage payments.
- New **building code requirements** (step code, accessibility) will add costs to new housing, making affordability more challenging.
- There is a **reluctance to encourage/approve secondary suites** even though they are permitted in the building code.
- Interviewees feel the City is not unified or coordinated in its position on development and housing, creating delays and duplication of efforts. While some departments see the benefit associated with providing new housing, there are other departments that are focused on the increased cost to the City.

Theme #5: Development Incentives

- **Tax exemptions** for housing would be helpful. Many interviewees spoke favourably about the recently expired 10-year tax exemption program. Tax incentives, specifically for rental housing were also mentioned. In many cases, developers mentioned that Prince George is competing for capital with other areas of the Province/Country. If a tax exemption resulted in developers having a higher return on investment, it would help attract housing. Seniors housing providers noted the example of St. Thomas and St. Catharines in Ontario, where DC and tax exemptions have helped attract new development.
- Other incentives mentioned included offsetting **infrastructure costs** and **parking variances**.
- **DCCs** are so low that waiving them would not make a material difference to financial viability.

Theme #6: Opportunities

6A: Land

- Almost all interviewees cited **low land prices and high availability** as the main competitive advantage of development Prince George.

6B: Zoning

- A **blanket rezoning to higher densities and multi-family permissions** would increase financial viability of projects. RM1, RM2, or RM4 zoning were mentioned as ideal designations. Where City-led rezoning does not take place, an **expedited rezoning process** would also be helpful. In Prince George, the building season is 3-4 months shorter than the lower mainland. Therefore, planning approvals need to be quicker than the lower mainland to off-set the shorter building season.

6C: Role of City

- **Making the development experience "good"** will attract greater investment to Prince George. A smooth development process is important to overcome the negative perception some stakeholders have of development in the City, as well as increase the competitiveness of Prince George relative to other BC municipalities.

- Several interviewees expressed interest in a **"white glove" development service** to expedite approvals for desired housing typologies. One interviewee noted this service quasi exists via project coordinators at City that help developers through the approvals process. The project coordinator service was seen as good, though it was noted that coordinators cannot make the process move faster themselves and there needs to be "buy-in" from all departments.

- There is an opportunity for the City to **improve its relationship with developers already active in the city**. Suggestions include notifying housing providers and developers when City-owned or private land comes up for purchase and informing developers of funding opportunities. A housing working group that bridges the gap between housing providers and the City was also recommended.

- Non-profit housing groups expressed an interest in having more **hands-on development support from the City** in the form of developing business cases for housing, assembling funding applications, and finding human resources. A dedicated **non-profit housing liaison** was also mentioned.
- The City should **advocate with local banks** to increase lending. The lack of lenders in Prince George is an impediment to smaller, more local builders.
- To attract development, the City should **actively promote its competitive advantages** relative to other municipalities: low land costs, high availability of land, low cost of living, and strong economic base.

Theme #7: Other Considerations

- The short construction season in Prince George is a challenge and makes it more important that development approvals/permits are in place before the winter months.

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