The District of Mission is taking the necessary preliminary steps to ensure that the waterfront planning process captures the community’s interests and goals, and that redevelopment of this important area is guided by a plan that is feasible, marketable, and implementable. For this reason, the waterfront planning initiative must occur through an integrated and comprehensive approach involving the following steps:

**INITIATE**

The decision to **initiate** the planning process for Mission’s waterfront began with a cursory pursuit of ideas and interests resulting in a conceptual plan intended to stimulate discussion (Mission Landing Concept Plan 2006).

**SCOPE**

Initial stages of the planning process involve a preliminary **scope** for significant impediments relating to the highway bypass, infrastructure and geotechnical issues, and marketing and development feasibility. Specifically, investigations conducted to date include the following:

- Highway 7 Eastern Bypass Concept Planning & Design Study (2006)
- Constraints to Waterfront & Brownfield Redevelopment (2009)
- Waterfront Market Analysis and Feasibility Study:
  - Phase I - Market Analysis (2010)
  - Phase II & III - Financial Analysis & Defragmentation Strategy (2011)
  - Phase IV - Implementation Strategy (pending 2011)

**RESEARCH**

The **research** step will address questions of land use, transportation, built form, and community facilities, and will provide direction for how those questions are to be answered in the next steps of planning. Social, environmental and economic opportunities on the waterfront will be identified and will form the basis for determining the various land use patterns and design options.

**EVALUATE**

The District of Mission, along with the community and stakeholders, will **evaluate** the various options that will ultimately guide the District in the development of a comprehensive and viable waterfront plan.

**DEVELOP**

The goal is to **develop** a waterfront plan that captures the interests of the entire community, while maintaining the economic viability of the project within the context of social and environmental responsibilities.

**ADOPT**

The final step to **adopt** the plan will be considered through a comprehensive public consultation process.
As part of the vision to redevelop the waterfront, the District engaged the services of a number of consultants to complete an independent market and development feasibility analysis of Mission’s waterfront. The key purpose of the market and financial development analysis is to scope the overall market and financial viability to planning and redeveloping the waterfront lands. The Waterfront Market and Feasibility Study is divided into four discrete phases:

**Phase I — Market Analysis** (Completed: August 16, 2010) – identifies the market opportunities and constraints for developing Mission’s waterfront.

**Phase II — Financial Analysis** (Completed as part of the Phase II & III Market and Feasibility Study) – addresses development cost assumptions, revenue assumptions, financial modeling and determines the financial viability to waterfront redevelopment.

**Phase III — Land Defragmentation Strategy** (Completed as part of the Phase II & III Market and Feasibility Study) – provides a preliminary land defragmentation strategy.

**Phase IV — Implementation Strategy** (to be determined) – will identify the next steps including associated costs to developing a waterfront land use plan.

Phase I, Market Analysis, which has since been completed, identified the market opportunities and constraints for developing Mission’s waterfront in terms of appropriate types, density thresholds, supply considerations, demand factors and price potential including effective combinations of land uses and other factors that present the highest and best use of land on the waterfront.

Phases II and III of the study provide insight onto the financial viability of redeveloping the waterfront lands, where Phase IV will investigate the likely next steps to moving forward.

Together, the four phases of the Waterfront Market Analysis and Feasibility Study provide the District with clear decision-making direction with respect to the future commitment to, and investment in, the waterfront redevelopment initiative.
Phase I — Market Analysis

The Market Analysis, conducted by Ground Control Enterprises Ltd. and sub-consultants, Urban Analytics Inc. and Colliers International, details the current and potential market for residential, commercial and industrial uses on the waterfront. It offers an in-depth analysis of residential products that would be most appropriate for the waterfront area. The key purpose of this study phase was to gain a better understanding of the market realities in Mission early on in the planning process.

Key findings:

There is an estimated demand for 4,515 new homes in Mission between 2011 and 2020. This increase in housing demand is based on a change in household characteristics and a future expected growth of the community’s population by 9,000 people. Over the next 10 years, the demand will:

- Equate to a demand for more than 450 new dwelling units, annually;
- More than double the 190 average annual housing starts that have occurred during the past 10 years;
- Continue the trend with the majority of the buyer demand being for detached single-family homes (2,500 new homes);
- Increase for a multi-family product in the form of 600 semi-detached, 350 townhomes, and 900 apartment units;
- Attract a variety of new and existing residents with a fairly even distribution of buyer age ranges with a shift towards more multi-family dwellings in response to an ageing population and intra-provincial migration attracting those looking for more affordable housing options; and
- For the waterfront, this estimated housing demand equates to 80 to 90 units per year.

The study also identifies trends in commercial and industrial business, including the opportunities and constraints for new businesses considering locating in the waterfront area. The market report outlines various incentives for businesses that the municipality could put in place when planning the waterfront. Specifically:

- The Waterfront could support 68,000 square feet of Retail Commercial Space in Core Precinct, including a supermarket, pharmacies, other food and convenience, general merchandise, apparel and furnishings, and service commercial without detracting from the downtown retailers;
- There is very limited demand for Industrial Business Park Space in Mission due to the highly competitive market in municipalities closer to Highway 1; and
- The study suggests that there may be demand for storage and warehousing uses, but these are low-employment density uses and inconsistent with Mission’s employment generating strategy.

Further details are available at www.mission.ca/waterfront
Phase II—Financial Analysis and Phase III—Defragmentation Strategy Studies

The financial analysis and land defragmentation strategy were conducted by Patrick Cotter Architect Inc. and AMC Development Management. The key purpose of these preliminary investigations were to test the feasibility of waterfront redevelopment from a developer’s perspective. Having a private sector perspective provides the District with credible information of the viability of planning the waterfront lands.

Using the information gained from the Phase I- Market Analysis, which identified and analyzed the market constraints and opportunities to develop Mission’s waterfront, Phase II and III studies (Financial Analysis & Defragmentation Strategy) provide insight into the viability of waterfront development and value of ongoing investment of public funds towards the waterfront redevelopment initiative. Specifically:

- **The Financial Analysis** allows the District to consider the development cost assumptions, revenue assumptions and a financial viability assessment to developing the waterfront.

- **The Defragmentation Strategy** determines the development sequencing that best achieves an organized and contiguous development at the Waterfront. It also outlines an approach to minimize the amount of private land required to complete the transportation network.
Phase II - Financial Analysis

Undertaking a Financial Analysis for the development of the Waterfront Area requires the consideration of numerous variables. In fact, there are a number of development scenarios that can be examined. Consequently, the consultants created a conceptual plan (Baseline Conceptual Plan) for the Waterfront Area on which to base their Financial Analysis. Generally speaking, the Baseline Conceptual Plan is used as a financial benchmark for analyzing further development scenarios and will be used to provide the District with a consistent point of comparison.

It should be clearly understood that the Baseline Conceptual Plan is not to be considered a Land-Use Plan for the Waterfront Area, but simply a tool that allows the consultants to provide more accurate costing estimates through financial modeling. The final waterfront land use plan may or may not incorporate the various elements of the Baseline Conceptual Plan.

<table>
<thead>
<tr>
<th>Build-out Model</th>
<th>Best Estimate Absorption</th>
<th>Slower Absorption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projected Revenue</td>
<td>$1,690M</td>
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<tr>
<td>Projected Costs</td>
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<td>Development Profit</td>
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<td>$227M</td>
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<tr>
<td>Internal Rate of Return</td>
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<td></td>
</tr>
<tr>
<td>Years to Payback</td>
<td>24.0%</td>
<td>20.4%</td>
</tr>
<tr>
<td></td>
<td>6.7 yrs</td>
<td>8.3 yrs</td>
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</table>

<table>
<thead>
<tr>
<th>Phase 1 Model</th>
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<th>Projected Costs</th>
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<tr>
<td></td>
<td>$119.5M</td>
<td>$80.0M</td>
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<tr>
<td></td>
<td>$110.0M</td>
<td>$74.8M</td>
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<tr>
<td>Development Profit</td>
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<tr>
<td>Internal Rate of Return</td>
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<tr>
<td>Years to Payback</td>
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<td>20.9%</td>
</tr>
<tr>
<td></td>
<td>2.9 yrs</td>
<td>3.2 yrs</td>
</tr>
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</table>

The financial model results indicate that profit levels are just above the typical minimum requirement of 20% Internal Rate of Return used by the development industry. The rate of return considers the cost of the infrastructure and the revenue generated from unit sales over the entire 150-plus acres and the build-out timeframe of approximately 30-40 years. To ensure a higher Internal Rate of Return, the consultants recommend that initial development efforts focus primarily on the Horne Street Village Corridor. Based on the financial and defragmentation study findings, the Consultants recommend to proceed with Planning of the study area.

Further details are available at www.mission.ca/waterfront
Phase III - Defragmentation Strategy

Almost half of the waterfront lands are currently held by one private owner. The balance is widely held under a highly subdivided plat providing relatively small lots. To achieve an organized and contiguous development of waterfront, the District of Mission must develop a strategy that will help facilitate development of the area through various land use planning policies and incentive programs.

To support this strategy, the Baseline Concept Plan has also minimized the changes to the existing street network by retaining the majority of roads, and, where necessary, extended the natural grid of the transportation network while creating parcel blocks that are sized appropriately for future development. The Basic Defragmentation Strategy will include:

- The adoption of a land-use plan, OCP and zoning bylaw that encourages the relocation of dispersed on-site uses to consolidated similar uses;
- The determination of what minimum parcel sizes are appropriate for future development; and
- The pursuit of opportunities to create Public/Private Partnerships.

<table>
<thead>
<tr>
<th>Property Owner</th>
<th># of Properties</th>
<th>Area in Hectares</th>
<th>Area in Acres</th>
<th>% of Property Area</th>
<th>% of Total Area</th>
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</thead>
<tbody>
<tr>
<td>Private</td>
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<td>59.92</td>
<td>148.05</td>
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<td>42%</td>
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<tr>
<td>Federal</td>
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<tr>
<td>West Coast Express (BC Transit)</td>
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<td>1%</td>
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<tr>
<td>Canadian Pacific Railroad</td>
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<td>Total properties</td>
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<tr>
<td>Total Area</td>
<td></td>
<td>143.29</td>
<td>354.05</td>
<td>100%</td>
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</table>

Further details are available at www.mission.ca/waterfront
Next Steps

Recommendations

Based on the findings of the Financial Viability Assessment and the Land Defragmentation Assessment, the consultants are recommending that the District of Mission proceed with the following next steps:

- Proceed with planning, costing and financial modeling for Phase 1 Model (Horne Street Village Corridor) of the Baseline Concept Plan;
- Begin discussions with the Ministry of Transportation regarding proposed Highway Bypass realignment;
- Begin discussions with land owners and stakeholders with particular focus on the Phase I development area;
- Begin discussions with potential Master-Developers for Phase I;
- Pursue a design-based planning process, executed incrementally throughout the life of the plan, starting with an initial scope focused on detailed design of open space and public infrastructure for Phase I;
- Establish a detailed, design-based vision for each Precinct that would serve as a guiding document for detailed development proposals; and
- Establish a clear development and design review process, that would balance prescriptive and performance based objectives to permit flexibility and adaptability through the life of the plan.

Phase IV—Implementation

To get to this point, the Waterfront Market Analysis and Feasibility Study will have concluded that a market opportunity exists for the Baseline Conceptual Plan, that there is financial viability for developers and that it is possible to create a land defragmentation strategy. To move the opportunity beyond theory, the first step is for the District to outline alternatives and critical paths, including the financial implications of the various roles that the District can assume in order to advance the initiative.

Although the studies remain as an independent expert’s informational document not formally endorsed by Council, they demonstrate that a combination of uses on the waterfront are economically viable and that proceeding with the Implementation Phase (Phase IV) of the Waterfront Market and Feasibility Study is warranted. A Council resolution to proceed with Phase IV is required.
For further information or access to study documents visit
www.mission.ca/waterfront
email waterfront@mission.ca
or call 604-820-3734

Prepared for the Waterfront Redevelopment Open House held on June 16, 2011