

An aerial photograph of a city waterfront, likely Vancouver, showing a mix of residential and commercial buildings, a river, and a bridge in the background. The image is used as a background for the magazine cover.

RI

input

SPRING 2012

VOL. 40 NUMBER 2

River Market and the Activity Economy

Reinventing the Public Market

By Mark Shieh, BSc, MSc
and Leslie Shieh, BSc, MCP
Take Root Properties

The P3 Model

Exposing the Myths and Reality

By Graeme Silvera, LEED AP, Plenary Group Canada

Fort St. John's

New Hospital and Residential Care Facility

By Steve Raper, BA, MBA, Northern Health

Residential Retrofits

Cutting GHG Emissions in Existing Residential Neighbourhoods

By Ellen Pond, MLArch, Duncan Cavens, PhD, Nicole Miller, and Dr. Stephen Sheppard, CALP



From the EO's Desk

Now in its thirty-sixth year, *Input* is transitioning its focus from content specific to each of the professions that make up REIBC's membership to topics that crosscut the many real estate-related professions that represent our readers.

We're beginning this next leg of the journey with a look at large-scale real estate. Those of us who are not directly involved in these projects often wonder how very large projects come together. How are projects financed and who owns them? How are client relationships managed? What is the thinking behind the development concept? What need is being served by new or retrofitted development? As well, for those of us who are involved with such projects, what are the challenges and lessons that can be learned from the experiences of others?

With assistance from our members, we selected the articles for this issue of *Input* to reflect current practices and new projects. Articles on Public Private Partnerships (P3s) and the challenges of navigating multi-client scenarios take us behind the scenes on public facilities. Project updates on the nearly complete Fort St. John Hospital and the revitalization of the former Westminster Quay Public Market with the new River Market provide insight into some of the demands that large real estate projects meet and the processes that are used to determine client needs and result in a successful project.

Many large-scale projects live in the public domain, emerging from the needs of residents and a municipality's responsibility to provide for those needs now and into the future. To get a sense of the broad range of public projects, consider the planning in progress for the City of Surrey as revealed by Mayor Dianne Watts in her presentation to REIBC's Fraser Valley Chapter; Chapter Chair Brad Currie provides us with the highlights.

We're pleased to report on an REIBC-funded research project from UBC's Collaborative for Advanced Landscape Planning. The project explored a range of different options to retrofit existing residential neighbourhoods—working within current policies and programs—to achieve an 80% reduction in GHG emissions and combat climate change.

This issue of *Input* also features some new columns. Giving Back will focus on an RI who is involved in his or her community and gives back by sitting on boards, donating time for a cause, or just plain getting more involved. We asked you, our members, to tell us about the good work your colleagues do; there are a lot of members who give back to their communities and we will honor one member in each issue of *Input* from now on. Career Notes is a new column aimed at students and early-career professionals. This column will be written by an RI to share advice on how to achieve a successful career in the real estate industry. Each guest contributor will have a different perspective on how to reach one's potential and goals.

We've also launched a new website, so if you haven't already seen it, please take a look, and while you're there perhaps renew your membership and sign up for an event!

Brenda Southam, CAE
Executive Officer

Drop us a line!

We want to hear from you. Please let us know your ideas for articles, how you like the magazine, and check out our LinkedIn, Facebook, and Twitter pages for up-to-the-minute information on REIBC activities.

www.reibc.org
info@reibc.org



President's Message

The Institute has continued to develop its relationships with various government officials and organizations, and I'm thrilled to

announce that we recently visited the BC Legislature; Executive Officer Brenda Southam and I were introduced at a session of the House. We hope that this will further enhance our profile with the government and lead to new opportunities for the Institute and our membership. In addition, our strengthened relationships have resulted in several research projects being brought forward for consideration.

As a testament to the progress we have been making on numerous initiatives, I'm very pleased to advise that for the first time in several years we have experienced a strong increase in membership, and we hope that with your support and ongoing improvements this trend will continue.

With spring now upon us, we can look ahead to a busy month of June and I encourage you to attend the upcoming events. Our AGM is scheduled for June 14, followed (on the same day) by our annual Recognition Dinner. Our 19th Annual Charity Golf Tournament and dinner at Northview Golf and Country Club in support of the Make-A-Wish Foundation of BC and Yukon is on June 20.

In this edition of *Input* we will try to wrap our minds around large-scale real estate. With topics ranging from procurement methods to the challenges of climate change—all while highlighting some recent projects—we hope this issue of *Input* will contribute to a better understanding of the industry that we all play a role in shaping.

Wow, how time flies! As this will be my last update for *Input* magazine as President, I would like to acknowledge the pleasure I have had working with so many incredible people. Thank you for your continued feedback and support of the Institute as we continue to strive for excellence.

Nathan Worbets, RI
President



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LETTERS TO THE EDITOR

Dear Editor,

Being a regular reader of *Input* magazine, I am excited to hear about the new Letters to the Editor section.

We all choose different sections of the magazine to concentrate on. Some members choose articles that interest them, while other members read the magazine from cover to cover. My favourite section happens to be the New Members section. I am always interested by the new real estate professionals who decide to become RI members.

Being a member going on for almost five years, I have to decide what to take with me when subjected to all of the upcoming events or information the Institute wishes me to know; either on the website, through the emails, or from *Input* magazine.

It is that intrinsic knowledge combined with our members' collective knowledge that makes us RIs. I have noticed on more than one occasion that organizations have now required applicants to possess an RI designation. It is also that knowledge and experience as a RI member, which I am eager to share with others, that made me start my blog detailing how I organize and take action at work: *OrganizedActions.com*

Membership does have its privileges, and I am happy to explain the many benefits of the Institute to students who may want to become a real estate professional. One day, I hope to see their pictures in the New Members section.

Craig Changfoot, RI
Manager, Maintenance & Operations
Simon Fraser University

Dear Craig,

We're pretty excited about this new section, too. Thanks for starting the dialogue!

REIBC

Write to us!

We promise to read all letters submitted. Letters will be considered for printing based on space constraints. Thank you for taking the time to share your ideas, kudos, opinions, and concerns with us.

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Steve Raper, BA, MBA

Director of Communications, Northern Health

Steve is a professional communications executive with 15 years' experience. Working in the college and university sectors before moving to the health care field five years ago, Steve has a wealth of experience managing and leading issues, crises, web, marketing, and internal communications for large, complex organizations.

Steve believes in life-long learning and has been accepted to study law part-time. He is a proponent of skill-based learning seminars and opportunities and also enjoys networking with other communications professionals. In his spare time, Steve teaches college business courses. As a proud father of two tweens, he also coaches soccer and hockey, and chauffeurs his kids from singing to guitar lessons and beyond. Steve serves on the boards of Pacific Sport North, Prince George Youth Soccer, and the Canadian Blood Services Liaison Committee, provincially and nationally.



Collaboration is the Key to Success: Fort St. John's new hospital and residential care facility

When the new Fort St. John hospital and residential care facility open their doors in the summer of 2012 it will mark the first full hospital replacement of its size in northern British Columbia.

As an urban centre in a rural setting, Fort St. John is perfectly positioned to provide expanded high-quality health care services to patients and seniors in the rural and northern areas of the province. The new hospital will also serve as a teaching hospital, providing academic space to support the University of Northern BC's Northern Medical Program.

The \$301.2 million Fort St. John Hospital and Peace Villa Residential Care project, which includes \$98 million in capital funding from the Peace River Regional Hospital District for the hospital facility, is being built on a 40-acre parcel of land donated by the City of Fort St. John. The project was officially announced by the Province of BC in April 2008 and construction began in the summer of 2009.

THE P3 MODEL

The project is a public-private partnership (P3) between Northern Health and private sector partner ISL Health, a world-class consortium of international and BC-based construction



Aerial photo of the new Fort St. John Hospital and Peace Villa Residential Care project.



Clockwise from top left: main entrance at Fort St. John Hospital; emergency sign and entrance; emergency interior; birthing centre entrance; birthing centre nursing station; in-patient unit; Peace Villa servery area.

Photos provided by Northern Health

FORT ST. JOHN HOSPITAL

The new two-storey, 23,353-square-metre acute care hospital will feature:

- Fifty-five acute care beds
- A birthing centre with seven labour-delivery-recovery-postpartum (LDRP) rooms
- An expanded emergency department, more than double the size of the existing department
- Two state-of-the-art operating rooms
- Four intensive care units
- An endoscopy suite
- Medical and surgical in-patient rooms with a total of 40 beds
- An ambulatory care department that includes cancer clinics and hemodialysis
- Centralized laundry, food, and material services that will serve both the new hospital and the adjacent Peace Villa Residential Care facility

PEACE VILLA RESIDENTIAL CARE FACILITY

The new two-storey, 7,916-square-metre Peace Villa will serve seniors and other residents in Northern BC. The 124-bed facility offers residents close proximity to the new hospital and also features:

- Innovative living areas designed in pods of 12 to 20 beds that will cluster residents in neighbourhood settings
- Single bedrooms for all residents that include a washroom with a shower
- Elder-friendly design and features, as well as in-floor heating
- Designated bariatric rooms (also located in the acute care hospital) equipped with lifts, commode chairs, and seating chairs for obese patients
- An overall design concept that meets the needs of and safeguards patients with dementia or Alzheimer's disease
- Psycho-geriatric care, special care, and palliative care units
- Attractive food serveries adjoining the dining rooms, living/family rooms with fireplaces, and smaller, friendlier eating areas
- Access to outdoor courtyards designed to create garden views

and architectural firms. Northern Health, with assistance from Partnerships BC, selected ISL Health to deliver the project through a robust, competitive selection process that resulted in a final agreement that will deliver numerous innovations and value for taxpayers' dollars. Under the terms of the performance-based, fixed-price project agreement, ISL Health is responsible for designing, building, and partially financing and maintaining the new facilities for a fixed term of 32.5 years, inclusive of the construction period. Once completed, ISL Health will provide building maintenance and lifecycle repair and renewal during the fixed term. Northern Health will, in return, make annual service payments to ISL Health for the next 30 years to maintain the facilities. Northern Health will own the site and facilities for the duration of the agreement and will provide all health care services.

A COLLABORATIVE APPROACH

Throughout the project, Northern Health managers worked closely with ISL Health and its team of experienced architects, engineers, designers and builders from around the world to build facilities that meet the health care needs and demands of stakeholders in Fort St. John and surrounding rural communities. This collaborative process has included Northern Health's clinical and non-clinical staff, who participated in an intensive, user-driven design process to ensure that the final design of the facilities reflect clinical best practice. Staff gave input on everything from the placement and setup of rooms in the new birthing centre to the layout of the expanded diagnostic imaging department. Through it all, the community was kept informed on the progress of the project through regular meetings held with key community stakeholders and the public at large.

The project provided a local economic boost, creating approximately 1,900 direct and indirect design and construction jobs during the construction period, using more than 20 Fort St. John subcontractors in the delivery of the project. At the high point of construction, more than 360 construction workers were hard at work on the site, of whom 70 were local and First Nation tradespeople.

The result is a state-of-the-art facility that will enable Northern Health to deliver sustainable, high-quality expanded patient care services in the new hospital and residential care centre for many years.

THE BIG MOVE

Moving into a new hospital and transferring patients, staff and equipment is incredibly complex and demanding. As move-in day approaches, Northern Health staff are working closely with



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ISL Health and the companies that have been brought in to assist with our transition planning and move management: Dot to Dot consulting group and Health Care Relocations, respectively. They are developing detailed plans to coordinate moves for such departments as emergency and radiology (since many emergency patients need x-rays), timing the closure of the lab to ensure that last-minute blood samples drawn at the old hospital can be transported to the new one for processing, and putting plans in place to use the Dawson Creek hospital as a backup for CT scans. It is estimated that it will take one or two weeks to correctly move and restart the current CT scanner at the new hospital.

The phase-in of the new hospital will also require a carefully timed phase-out of the existing one, with brief periods of dual staffing occurring in such departments as emergency to prevent service gaps. The public will, of course, be fully informed of these details as the move gets closer. A key to ensuring a successful move will be extensive staff orientation and training, which is taking place with the assistance of Saxon Bay Consulting, hired to work with the Northern Health education team on a detailed training plan for all staff. This plan will brief staff on the layout of the new facilities, how to use the new equipment in the hospital and residential care centre, and how to operate the new fire alarms and other systems. As the opening of the new facilities approaches, Northern Health is also continuing its efforts to recruit the extra physicians and staff members needed for the new facilities.

With the actual transfer of patients and residents into the new hospital and residential care centre scheduled for late June, families will be advised prior to moving day when they will be permitted to pack their loved ones' belongings and help them get settled into their new surroundings.

WORTH THE CHALLENGE

Northern Health and its partners are pleased to report that the new Fort St. John Hospital and Peace Villa Residential Care facility will be completed on time and within budget. As this ambitious project approaches completion, it's safe to say that it has been a challenge for Northern Health staff to go through the design-build stages while still maintaining optimum service levels in the hospital and residential care centre. However, building these new facilities from the ground up is a once-in-a-lifetime opportunity and Northern Health, ISL Health and our partners wanted to ensure that it was done right. By engaging staff, partners, the community, and other key stakeholders, we have succeeded in creating model facilities, built by the community for the community, that will serve Northern BC for years to come.

Calendar of REIBC Events



APRIL 27, 2012 | **VOTING INFORMATION** sent to chapter members (if required)

MAY 23, 2012 | **VOTING WILL CLOSE** (if required)

JUNE 14, 2012 | **ANNUAL GENERAL MEETING**

All members are welcome to join us at the Annual General Meeting. Voting privileges are for Professional and Honorary members only.

Terminal City Club, Vancouver, BC 5:00 pm – 6:00 pm

JUNE 14, 2012 | **RECOGNITION DINNER**

Who will receive this year's Award of Excellence? Dinner, awards ceremony, and entertainment make this a great evening filled with fun and laughter. See old friends and meet new ones! Sponsored by the British Columbia Real Estate Association. Entertainment by the Langley Ukulele Ensemble – not to be missed, they are fabulous!

Terminal City Club, Vancouver, BC 6:00 pm



JUNE 20, 2012 | **19th ANNUAL CHARITY GOLF TOURNAMENT**

The annual tournament in support of the Make-A-Wish Foundation of British Columbia and Yukon.

Registration is now open at www.reibc.org

Northview Golf and Country Club, Surrey, BC

DECEMBER 5, 2012 | **VANCOUVER CHAPTER HOLIDAY CELEBRATION**

Terminal City Club, Vancouver, BC

DECEMBER 6, 2012 | **PRESIDENT'S LUNCHEON**

Guest speaker is Mr. Blair Hagkull, Managing Director of Jones Lang LaSalle

QUESTIONS?

For more information visit www.reibc.org



Exposing the Myths and Reality of the P3 Model



Rendering of BC Cancer Agency Centre for the North

In a number of provinces across Canada, P3s have become the delivery method of choice for large-scale public infrastructure projects due to their inherent advantages of efficiently transferring risk and ensuring that projects are delivered on schedule.

In British Columbia, the list of projects delivered by public-private partnerships (P3s) includes bridges, hospitals, transit lines, and sporting facilities. All of these projects involve significant investments typically in the range of hundreds of millions of dollars and include not only the costs of the land and the physical asset but, unlike standard real estate transactions, also the full costs of maintaining these facilities for the term of the operating commitment (or what would normally be called the leasehold term in a typical build-leaseback real estate transaction scenario).

By far the most crucial distinguishing feature of P3s from other large real estate projects is the ability for the owner to obtain a long-term guarantee of these operational costs, which are normally not funded in a traditional leaseback arrangement. Typically, these operating costs will far exceed the initial capital costs of the asset over time; having them funded up front in a P3 ensures that the real estate asset will retain its value and usefulness for many years to come, unlike other typical public assets that have to be retired far earlier than their planned service life due to the lack of a properly funded maintenance regime.

In the case of the Abbotsford Regional Hospital, the first P3 completed in British Columbia, these long-term maintenance and lifecycle costs were equivalent to roughly 10% of the total \$355 million capital cost for the facility. By having them included up front as part of the lease payment and therefore not funded on an ad-hoc basis subject to the whim of future political direction, the residents of Abbotsford have been provided with a building that will continue to operate at its optimal level for many decades.

Notwithstanding the obvious benefits of ensuring that a shiny new hospital being built can also be maintained over the long

term, there continues to be a lot of debate about the merits of the P3 model. Rather than provide the reader with a rehash of the arguments for and against P3s (which are readily available to anyone interested in the subject), I thought it would be more interesting to provide a perspective based on “in the trenches” experience on the common myths and reality of delivering projects under a P3 model.

The term P3 is used quite loosely throughout the marketplace and there are many projects using private capital and involving the private sector that tend to fall under the wide P3 banner. However, to those who focus exclusively on this type of procurement, a true P3 has to involve the following four elements, all of which must be present to leverage the maximum benefits from this unique structure. The most critical is number four—the transfer of risk.

1. Private capital—to provide a significant portion of the funding for the project
2. A design-build contract—where the private sector designs the project to meet well-defined performance and operational requirements
3. A long-term “operate and maintain” contract—where the private sector operates and maintains the asset inclusive of lifecycle replacement requirements over the term of the contract
4. The transfer of risk—from the public sector to the private sector across various elements of the contract including design, construction, financing, maintenance, and operations



Plenary Group is Canada's largest development firm with a sole focus on public-private partnerships, or P3s. Graeme's role at Plenary includes management of the design-build team within the context of bids for P3 competitions. In addition to providing ongoing oversight to a number of projects in the bidding and construction stages, Graeme brings his valuable commercial experience in land acquisition, permitting, contract negotiations, and market research to many of the non-traditional aspects that often form part of a complex P3 arrangement.

Graeme has significant experience in the management of complex construction projects under a wide variety of delivery methods including fixed price, design-build, and construction management, as well as extensive commercial experience. Graeme's experience over a career spanning over 20 years includes residential single and multi-family housing development, commercial brokerage, industrial, retail shopping center and office development, as well as a 5-year stint in developing academic buildings for British Columbia's largest post-secondary institution, UBC. Graeme also has a life-long passion for learning. In addition to a post-secondary degree in Economics, he has successfully completed many additional courses on Construction Claims, Project Management, Negotiation, Appraisal, Law, and holds his LEED accreditation.

THE PRIVATIZATION MYTH

The most common myth perpetuated about P3s is that they privatize ownership of public assets. While some privatization may occur in other P3 structures around the world, in Canada the ownership of new infrastructure facilities always remains with the public sector. Moreover, the public sector retains full control of the infrastructure and the outcomes of the project. The public sector owner also retains the right to make changes to the project requirements (change orders), including termination of the P3 agreement, and retains full accountability to taxpayers for the project.

The current opposition to P3s remains primarily with the larger public sector unions that assert P3s result in the contracting out of high-paying public sector jobs. I believe that this objection is soon going to be removed, as the majority of the projects I have been associated with have been required to take over existing unionized staff and contracts within the context of operational plans.

From the public's perspective, I believe that the P3 is now seen as a winning delivery method that results in large public infrastructure projects being completed on schedule and on budget, maintained over the long term with clear reporting and transparency to the taxpayer.

THE COST MYTH

The next most common myth is the idea that P3s cost taxpayers more. This myth stems from the higher cost of raising private capital. There is no denying that the cost of raising capital is higher for the private sector than for the public sector, primarily due to the fact that the public sector does not factor project risk into its borrowing costs. Notwithstanding the vast quantity of research showing that P3s deliver the best value for money as compared to publicly financed and delivered projects, there are two primary reasons why P3s are the best method for delivering public infrastructure efficiently with our scarce tax dollars. These include:

1. A requirement to maintain and operate the asset for a fixed price over a long term, typically 25-30 years

This requirement is enshrined in a binding contract between the private sector and the owner, containing a number of guarantees and obligations for the private operator that are tied to penalties and the ability of the public sector to offset or reduce payments to the operator in the event of non-performance. This is what is known as an availability payment structure. For example, if an operator does not keep the lights on and the HVAC system operating, it gets big financial penalties that will directly affect its bottom line.

2. The transfer of risks associated with the design and construction obligations as well as long-term lifecycle

In P3 projects there is no such thing as a "cost overrun" since the private sector bears the risk of designing a building that functions and meets the requirements called for in the performance specifications. The private sector also fully bears the costs of delays in the delivery of the asset.



Abbotsford Regional Hospital and Cancer Centre
Rendering and photo provided by Graeme Silvera



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Real Estate Division

THE REALITY

The real advantage of P3s is that they cover the entire whole-of-life cost for the asset: design and construction, operations and maintenance, as well as lifecycle rehabilitation. In traditional delivery methods, the focus is only on the design and construction costs, which are a relatively small portion of the total cost to taxpayers. Design decisions are often made in the absence of long-term maintenance or lifecycle considerations, and without the fully funded and guaranteed maintenance schedule that is provided under the P3 model. In a publicly funded project, the inevitable decisions to defer maintenance due to the absence of a secure operational funding stream lead to a much greater lifecycle impact and early failure of key building systems. The intensely competitive nature of the P3 process that typically includes three teams bidding over a relatively short timeframe while expending large sums of at-risk dollars on design consultants to develop proposals forces developers to optimize whole-of-life costs, ultimately providing a stronger value proposition.

THE GREEN LINING

Although the previous points make a strong case for why P3s are a great way to deliver large and complex public infrastructure projects, my personal experience with the delivery model has led me to conclude that perhaps the best case for a P3 is actually the inherent sustainability of the way these projects are delivered. Before I started working on P3s I used to believe that sustainability was primarily related to the energy efficiency of a building, its construction waste, and the types of materials used in the construction. After working with the P3 delivery model for the last five years, I can now say that my definition of sustainability has widened considerably.

After experiencing how these projects are delivered on the ground, I now believe that P3s are the most sustainable method of project delivery possible. All sustainable projects have at their core an integrated design-team process, but in a P3 project the design team is forced to consider all aspects of the design in every decision made, leading to a super-integrated project delivery system.

Contractual obligations between the designer, builder, and operator cause the design team to consider each design decision from the perspective of what I like to call the RECOMMEND protocol; that is, each decision is considered from the aspects of Replace-ability, Energy use, Constructability, Operational efficiency of the spaces, Maintainability, Material suitability, Efficiency, and Durability. The inclusion of a long-term guarantee of durability and lifecycle with the P3 structure forces the team to consider the overall best solution for the project that produces the lowest overall lifecycle cost, which is inherently the most sustainable solution.

The P3 model, with its requirement for guaranteed maintenance and handback, is the only project delivery solution that can deliver successful results time and time again. For a long-term owner-operator (such as a government) that is truly looking for the most sustainable solution, there is simply no other choice in my mind of what decision to make when it comes to project procurement options.

CAREER NOTES: “THAT GREAT REAL ESTATE CAREER”

Whether the market is up, down, or sideways, every day I meet people who are searching for That Great Real Estate Career. When I graduated from UBC Commerce in 1994, I decided that I wasn't going to find a short-term job that would just pay the bills, but rather search for a long-term career that I would be passionate about. My first task was to determine the type of real estate career to pursue. In my view, there are three types:

1. **Developer/investor:** a decision-maker who risks his or her shareholder's equity in pursuit of a greater return
2. **Service provider:** a consultant who provides specialized advice or service
3. **Government agent:** an officer who ensures that the investor has complied with the laws of the land

All career types can be rewarding and some can overlap, but at some point you need to determine which one best fits you. For me, the developer/investor career best suited my personality and preferred threshold for risk. My next step was to research the industry to find out who is “Best in Class.” I define Best in Class developers/investors as having the following attributes:

- **Ability to dream:** the company principals have big dreams and vision. They believe in the greatness of their company and its people.
- **Access to capital:** a dreamer without money is only a dreamer. Real estate is a capital-intensive activity; you need large sums of capital and supportive shareholders to execute those dreams.
- **Exceptional character and reputation:** the principals have an impeccable reputation and track record. They are well regarded in both the real estate industry and the overall community for their integrity and honourable business approach.



After all the research, informational interviews, and library newspaper clippings (no Internet back then), I identified six firms that fit the box. Some were big and others were small; some were in Vancouver while others were in Toronto. None had any job postings, but I pursued them anyway. To make a long story short, I was fortunate to receive certain job offers and decided to choose Concert Properties (then known as VLC Properties) in June 1994. Over the years, as opportunity presented itself, I moved from department to department, gaining exposure to different disciplines of our business. I have been fortunate that throughout my career I was given roles that were meaningful and interesting. When I joined, VLC was a small residential development company; today Concert is a fully integrated development and investment enterprise that has over \$1.8 billion in assets. Our activities include residential (condominium, rental, and seniors), industrial, and office projects in BC, Alberta, and Ontario.

How do you land That Great Real Estate Career? You need to know yourself, the industry, and the players. Then, you need to identify those real estate leaders who show exceptional character and reputation. And once you are fortunate enough to join That Great Firm, you need to continue to learn all sides of their business so that you can ultimately have a career that is meaningful to you and to the company's activities.

Andrew Tong, B.Comm, RI

Senior Vice-President, Investments, Concert Properties Ltd.



Andrew leads Concert's real estate acquisition activities across Canada. He has completed over \$1 billion in acquisition and disposition transactions for land development sites and existing developed properties. In addition, Andrew oversees Concert's asset management and term financing activities for its residential, industrial, and office income-property portfolio totalling over 10 million square feet. Andrew is active with UDI and NAIOP and serves with several non-profit organizations both locally and nationally. Andrew has been awarded numerous awards, including “Emerging Leaders Award” by NAIOP North America, “BC's Top 40 Under 40” by Business in Vancouver, and “One of 10 Alumni to Watch” from UBC's Sauder School of Business.



Tea Bar at Great Wall Tea

Lorraine Henning

Reinventing the Public Market: River Market and the Activity Economy

In 1985, Westminster Quay Public Market opened as a 72,000-square-foot retail destination along the Fraser River, accompanying SkyTrain construction and condominium development on New Westminster's waterfront. Over the years, it declined steadily like many market halls that faced increased competition from chain grocers that co-opted the public market's look and feel and multiplied in neighbourhoods closer to customers' homes and offices. A waterfront location was no longer enough to attract customers.

By 2008, the worldwide economic downturn accelerated the discourse on converting empty shopping centres. If the world seemingly does not need another mall, what does it need? Retailers are trying to understand why and how we continue to shop in brick-and-mortar stores when we have access to eBay, Etsy, and Gilt on smart phones in our back pockets. Amazon hasn't replaced the mall, but it has ushered in an era when location no longer dictates shopping. In our increasingly connected, social, and mobile world, how do retail developers and managers create value and attract customers?

These are the questions that launched the revitalization of River Market, named to reconnect it with the mighty Fraser River that powers much of BC's commerce and culture. In 2008, Take Root Properties, a development company specializing in adaptive reuse and revitalization projects, led the restoration of the market and set out to create a new model for public markets.



River Market on the site of the former Westminster Quay Public Market in New Westminster, BC

Mark Shieh, BSc, MSc

Co-Founder, Take Root Properties



Passionately curious about people and places, Mark started out as a Disney Imagineer and indulged a childhood dream to be a Disney character. Later, he worked as Development Manager with Rize Alliance. Mark has a BSc in Civil Engineering and an MSc in Engineering Management, both from Stanford University. He serves on New Westminster's Economic Development Advisory Committee and on the board of the Vancouver Contemporary Art Gallery. Follow him at twitter.com/markshieh

Leslie Shieh, BSc, MCP

Project Planner, River Market



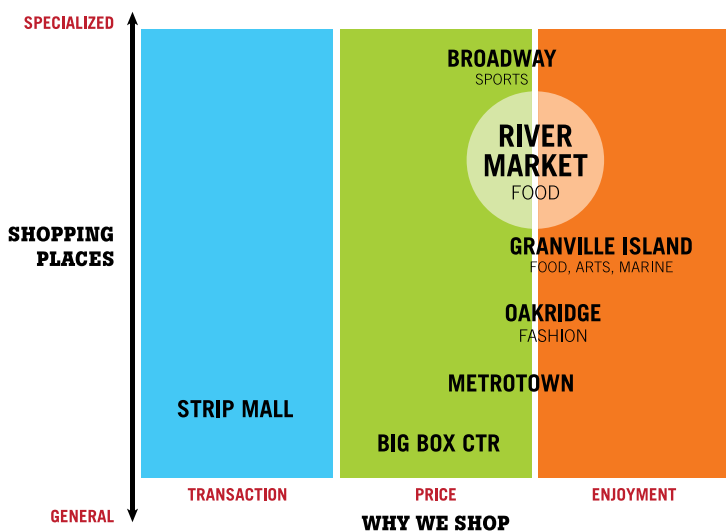
Leslie Shieh is the Project Planner at River Market. She has worked as a consultant in community economic development and community-based governance, working alongside communities and local organizations in the United States, Canada, China, and Taiwan. She holds a BSc in Urban Studies from Cornell University and an MCP (Planning) from the University of California, Berkeley.

THE ACTIVITY ECONOMY

In addition to extensively upgrading the building's physical infrastructure, we focused on River Market's tenant mix and social functions, seeking to strengthen what we call the Activity Economy. Rather than simply consuming, the Activity Economy is about doing. Value comes from customers doing things together in one place. While shopping is an activity, we see the future of retail shifting towards deeper engagement and participation like learning and playing. The central tenet of real estate valuation—highest and best use—is critical in the Activity Economy for use implies activity. The key question for developers, landlords, and tenants to ask is, "What can customers do in the space?"

River Market is a prototype for the future of retail. As we try to reimagine a new model, we return to the term public market. A market is a place for commerce where we buy and sell things. But there are plenty of other places, both physical and virtual, where commerce can take place; we need to also engage the public. For us, public means culture and community, and more specifically it means a place where neighbours can do things together as a community. We see River Market growing as a hub uniting people around the activities of food.

Design and planning consultants Dialog and HB Lanarc helped us identify the key elements of an activity precinct around food. The main activities in the circle of food, from growing, processing, serving, to enjoying became not only the objectives



In planning River Market, we framed the activity of shopping into three types: transaction, price, and enjoyment shopping. We then categorized the kinds of shopping places along a continuum from general to specific. Viewed through this opportunity map, River Market is a food-centric market that is affordable and enjoyable for locals and tourists.



River Market's Food 360 vision describes six main activities along the circle of food. We look for tenants who are leaders in each of the activities. To help build a stronger food system, we also need support from financial investors, educators, and policy makers.

Graphics provided by River Market



Lorraine Henning



Martin Tessler

Vancouver Circus School (left); Master Wok Theatre at Wild Rice (right)

for spatial design, but also the blueprint for tenant mix. We dubbed this approach Food 360. The first floor is designed as the Hungry Floor with a food hall showcasing the region's best independent eateries like Wally's Burgers, Re-Up BBQ, and Paddlewheeler Pub, as well as a retail hall featuring food-related items like kitchen gadgets and gardening supplies from KJM Gardens.

The second floor is imagined as the Curious Floor, feeding creativity. The Network Hub, a co-working facility for emerging entrepreneurs, and Vancouver Circus School, a training centre for amateur and professional performers, are examples of tenants on the Curious Floor. A synergy is created within the Market where moms can conduct work meetings in The Network Hub and then have lunch with clients at Crepe Des Amis, or dads can drop off kids at Vancouver Circus School and then do grocery shopping at Donald's Market. The shops on the two floors help each other serve customers so that the value of co-location is amplified.

RETAIL IS LOCAL

For large-scale retail centres, the developer's leasing strategy typically focuses on chain stores for their brand recognition and covenant strength. For this project, however, we chose to engage independent owner-operators. While there are some challenges, we see small, local businesses contributing many benefits that should not be overlooked.

First, independent shops reflect the unique personalities of their owners. Their creations provide River Market with a clearly differentiated offering from our nearest competitor, Plaza 88 (a new, transit-oriented development with a strong roster of chain retailers). Second, owner-operators play leading roles in the Activity Economy. The owners of Great Wall Tea invite guests to smell tea leaves from its great wall of 150-plus tea varieties. Visitors can observe the chef of Wild Rice at work as he wraps dumplings in front of a giant window nicknamed Master Wok Theatre. Third, small business owners are part of a local community's social fabric. Our anchor grocer Donald's Market not only funds community projects through its ONE program, but also sources specialty products for customers, like gluten-free foods, with a turnaround time of less than a week. Another example is Fraser River Bike Tours and Rentals,

whose owner teaches about the city's historic waterfront and river habitat to student groups, promotes wellness through cycling, and advocates for the needs of cyclists in the city.

We have been exploring new ways to support the local start-up economy. For instance, to encourage the next generation of entrepreneurs and to offer customers an ever-changing crop of one-of-a-kind items, we are expanding a pop-up retail program that began with a small 200-square-foot space called Tiny. Next, we are launching a year-round artisan market in a 2,000-square-foot community square where customers can shop and learn from local designers in a vignette studio setting.

REALITY TEST

River Market is currently 95% leased and we have learned some practical lessons along the way. We learned that working with tenants who are small business owners requires more financial and technical assistance from the landlord. This process translates into longer tenant construction periods. Once up and running, small businesses are also more vulnerable to the ups and downs of the economy and an owner's personal circumstances; they may not have the deep financial pockets and experienced staff members of large corporations. It is important for tenants and the landlord to develop contingency plans together.

We have also learned that events, programs, and festivals are critical to activating a market. As important as the physical infrastructure, these social activities need to be cultivated through ongoing investment in in-house event production, talent, and community partnerships.

Lastly, a commitment to a clear project vision is critical for execution, especially for revitalization projects that are inevitably controversial. The public generally remembers the past of a place with fond nostalgia, despite its ups and downs. A clear vision helps us communicate to the public why we are making changes. It also helps us focus the energy of the team and extended community partners on the bigger mission. In reimagining the public market, we sought to explore the Activity Economy in the marketplace setting, creating a place not only for commerce, but where activities of food bring people together.

CHAPTER REPORT: FRASER VALLEY



Rendering of the community plaza and City Hall at day (left) and at night (right)

Mayor Dianne Watts' Vision for Surrey

In February, REIBC members and guests descended upon the Northview Golf and Country Club and were treated to an open and candid session with Surrey's Mayor, Dianne Watts. Given Mayor Watts' high profile, our Directors wanted an event that would catch the attention of our membership. We were right. Over 60 people attended, making this one of our most popular events in recent memory.

During the Mayor's presentation I soon realized why Dianne Watts has become so popular and respected. She is not the typical politician who leaves you wondering about hidden agendas or special interest groups. Some politicians are elected with less than 50% of the vote and seem pleased about it, but in the fall elections Mayor Watts received over 80% support from her constituents. She is about working with all levels of government and the private sector for the benefit of all, using common sense and being practical. She has a unique blend of confidence and assertiveness yet at the same time she is very humble—despite being recognized as one of the top mayors in the world by the City Mayor Foundation in Europe. We are truly fortunate to have Mayor Dianne Watts in our region, not only for what she has accomplished but equally

Brad Currie, RI

Chapter Chair, Fraser Valley Chapter



Brad Currie is Broker-Owner of Verico Versa Mortgage Associates. He has 28 years' experience in the real estate industry in both residential sales and finance, and has been a Professional member of REIBC since 1991. Brad is also the Director of Accepted Financial Corp., a private mortgage investment corporation.



Rendering of the library (left) and Surrey Memorial Hospital (right)

as a role model for us all to learn from. The following is a summary of Mayor Watts' discussion of her vision for Surrey.

ATTRACTING INVESTMENT

The City of Surrey has been recognized as the best place in BC to invest for the past three years, the best place to invest in Western Canada, and the fourth best place to invest in Canada. Why? Simple: the Mayor recognized the fact that if the City was not prepared to invest, then why should the private sector? This recognition spawned the Build Surrey Program and launched the largest capital improvement and infrastructure development plan in Surrey's history.

The main focus of the program is building a downtown core. Surrey City Centre has received and will continue to receive significant public investment from the City of Surrey. Projects include a new state-of-the-art library and community plaza, performing arts centre, expansion to Surrey Memorial Hospital, and a new city hall.

The new city hall will immediately bring 3,000 people into the downtown core. RCMP E Division will also be locating to the Surrey City Centre area, bringing another 2,700 people into the core. Along with additional City projects, these numbers make it very attractive for the private sector to invest in commercial and residential real estate projects to serve the needs of the downtown core.

Even more interesting is the fact that these projects are being completed with no tax increases to the businesses or residents of Surrey. As an example, the provincial government is in negotiations with the City to take over the old Surrey City Hall for courthouse expansion. This deal is expected to pay for the new city hall in City Centre. This is great news for residents and property owners who will continue to enjoy some of the lowest tax rates in Canada.

STRATEGY FOR GROWTH

The City of Surrey is growing and will continue to grow. Each year there are 5,000 children born in Surrey and 12,000 people who make Surrey their new home. Mayor Watts recognizes the need to have a strategy in place to handle not just today's growth, but the growth of the area in future years. Her strategy is clear: don't wait to build it after they come, rather, build it before they come.

The overall strategy for growth considers what makes Surrey unique and takes advantage of this. The Mayor sees Surrey as a city of families, and quality of life for those families is a key priority. Housing affordability, transportation, recreation, education, and employment are all key issues being addressed by the City.

In addition to focusing on the Surrey downtown core, the Mayor is creating other Town Centres. Areas such as Guildford, Fleetwood, Cloverdale, Newton, and South Surrey are viewed as separate areas where residents will have access to all the services they need.

EMPLOYMENT

One third of the population of Surrey is under the age of 19, representing the future workforce. The City has allocated 48% of all the land in Surrey for employment uses because looking into the future, the Mayor believes if the land is not allocated now for the purpose of creating jobs it could be lost to urban sprawl.

Mayor Watts sees great employment opportunities and economic benefits in the expansion of Surrey Docks. She is working with the appropriate levels of government to undertake dredging operations to jumpstart this project.

TRANSPORTATION

Mayor Watts believes transportation is central to the City's growth strategy. She believes it is not about moving people from A to B as fast as possible, but rather linking communities along the transportation corridors.

The Mayor is firmly against the proposed new SkyTrain route from City Centre to Langley. For the same cost (\$2 billion), the City could build three at-grade light rail transit routes, including the City Centre to Langley route and also routes from City Centre to South Surrey and City Centre to Guilford Town Centre. It would not be the fastest method but it would link various communities along the way, allowing users to get on and off along various points.

The Mayor was very outspoken about the provincial government's tolling program. "If you are going to toll, then toll. Why charge a few people \$3 or \$3.75 for each trip crossing a bridge when you could charge everyone in the region 50 or 75 cents?" The Mayor went on to question why the provincial government lifted tolls on the Coquihalla Highway when there was not a significant movement from the public to remove them; it could have kept the tolls in place and used the funds for other infrastructure projects. Also, the Mayor questioned why the Sea to Sky Highway was not tolled given the huge investment in improving the route to Whistler. She went on to comment on the Golden Ears Bridge, arguing that people are not using the bridge due to the cost, which defeats the purpose of why it was built in the first place. Mayor Watts predicts there will be significant public outcry about tolls as the Port Mann Bridge project nears completion.

ENVIRONMENT

The Mayor discussed a new bio-fuel facility being constructed in Port Kells. Organic waste will be converted into compressed natural gas that will be used to fuel the City's garbage trucks. She does not see landfills as the way of future and views waste as a commodity with commercial potential—another opportunity to provide services without asking residents to pay for it via higher property taxes. Also, as keeping people out of their cars is good for the environment, she again referenced the Town Centre concepts and comprehensive transportation system as a means to reduce vehicle use in Surrey.



Rendering of the at-grade light rail system.
Renderings provided by City of Surrey



MAYOR DIANNE WATTS

Dianne Watts was first elected as Mayor of Surrey in 2005, after serving nine years on City Council, and was re-elected for her third term in November 2011. As Mayor of BC's fastest growing city, her brand of civic leadership includes forming partnerships with other levels of government and the private sector in order to build healthy, vibrant communities.

The Mayor's major policy initiatives have played a big role in attracting investment and creating jobs. She has implemented several key strategies including Surrey's Economic Investment Action Plan, Build Surrey Program, Crime Reduction Strategy, Homelessness and Housing Foundation, and Sustainability Charter.

Rethinking Existing Residential Neighbourhoods for Deep Cuts in GHG Emissions

The Province of BC is working to reduce greenhouse gas emissions across the province, targeting a 33% reduction by 2020 and an 80% reduction by 2050. In many BC communities, buildings make up almost half of their emissions. How can these emissions be cut deeply to meet BC's targets?

The greenhouse gas emissions (GHGs) that are causing climate change include carbon dioxide, methane, and other gases, mostly generated by burning fossil fuels (e.g. gasoline, diesel, natural gas). Because our current energy system is heavily dependent on fossil fuels, the energy we use in our communities for transportation, heating and cooling our homes, and providing hot water contributes to a community's overall greenhouse gas emissions.

The term carbon is sometimes used to refer to GHGs—a “low-carbon community” is one that has significantly reduced its reliance on fossil fuels. In BC, unlike many other places in North America, GHGs from electricity are low because we predominantly use electricity from hydro-power; electricity generated by burning natural gas or coal has far higher greenhouse gas emissions. Therefore, BC's solutions to reduce

greenhouse gas emissions will be different from those of other places.

A research project carried out by the Collaborative for Advanced Landscape Planning (CALP) at UBC has examined how BC's residential building stock can contribute to a low-carbon British Columbia. Although new construction has clear advantages for incorporating low-energy and low-GHG design and technologies, the scale of GHG reductions required cannot be achieved through new construction alone; existing homes and neighbourhoods will also need to significantly reduce their GHG emissions.

The UBC research project, funded by the Real Estate Institute of BC and the Real Estate Foundation of BC, explored a range of different options to retrofit existing residential neighbourhoods in order to understand what can be achieved with current policies and programs and what further options could be used to achieve an 80% reduction in GHG emissions. In addition, the study explored regional and climatic differences as well as the trade-offs between demand reductions (better building envelopes), energy efficiency (better heating and hot water systems and more efficient appliances), and low-carbon energy supply (such as biomass). Although neighbourhood design and location can have significant impacts on transportation GHG emissions, transportation was not included in the study.

Ellen Pond, MArch

Senior Researcher, CALP, UBC

Passionate about climate change action within local communities, Ellen facilitates the development of model-based tools and participatory processes for local community climate action.



Duncan Cavens, PhD

Post-Doctoral Researcher, Pacific Institute for Climate Solutions, UBC

Duncan holds a PhD in Civil Engineering from ETH Zürich in Switzerland and currently works to develop tools that allow local governments to make better decisions on complex issues.



MODELLING ENERGY AND EMISSIONS

The study developed GHG reduction scenarios using case study neighbourhoods from different climatic regions. Delta, Kimberley, and Prince George neighbourhoods were selected to represent typical street layouts, building types, and building ages.

The Delta neighbourhood, with 199 single-family homes on 10.6 hectares, represents recent subdivision development: large, geometrically complex houses and a disconnected, cul-de-sac street system. Kimberley's neighbourhood, with 71 single-family homes on 7.2 hectares, represents 1960s and 1970s suburban/rural development: rectangular buildings



Delta: 1990s cul-de-sac subdivision

Kimberley: 1970s subdivision

Prince George: older, adjacent to downtown

and an irregular but interconnected street system. The Prince George neighbourhood, with 335 mixed single-family and apartment units on 11.2 hectares, represents an older neighbourhood adjacent to a downtown area with a grid street system including back lanes.

Three scenarios—Current Policy Direction, Intensive Building Retrofits, and Neighbourhood-Focused Approach—were developed to model how each neighbourhood could evolve by 2050 using various retrofit strategies. Redevelopment rates were assumed to be low for Delta and Kimberley, with 10% building replacement and no increase in the number of units. In contrast, infill development in Prince George was assumed to add 54% more units by 2050, due to the area's age and proximity to the downtown. Retrofits were assumed to have 100% uptake across the case study neighbourhoods.

A set of strategies using currently available technologies was developed for each scenario and case study neighbourhood (Table 1). CALP then used three-dimensional house designs, home energy modelling software, and spreadsheets in order to calculate energy use and greenhouse gas emissions. We were therefore able to calculate current (baseline) energy use and GHGs, as well as the energy and associated GHGs for each of the scenarios, for all three case study neighbourhoods.

PROJECT FINDINGS

The results illustrate that deep reductions in building-related GHGs in existing residential neighbourhoods are achievable with currently available technologies (Table 2). Scenario 1 meets BC's 2020 target of a 33% reduction, but will not achieve the 80% reduction required to meet the 2050 target. Scenarios 2 and 3 demonstrate that an 80% reduction is achievable, using different approaches.

Scenario 1, Current Policy Direction, focused on current practices for residential energy retrofits, as promoted by federal, provincial, and other organizations, including "green buildings" for new construction. The core strategy was to reduce energy

Nicole Miller, PhD Candidate



Institute for Resources, Environment and Sustainability, UBC

Nicole is a PhD Candidate in the Institute for Resources, Environment and Sustainability at UBC, studying the impacts of urban form on building energy consumption.

Dr. Stephen Sheppard



Director, CALP, UBC

Director of UBC's Collaborative for Advanced Landscape Planning, Dr. Sheppard works with various communities to help reduce carbon footprints and improve resilience.

TABLE 1 Strategies Using Current Technologies

	Scenario 1 Current Policy Direction	Scenario 2 Intensive Buildings	Scenario 3 Neighbourhood Approach
DELTA			
Demand reductions	Minor	Extreme	Moderate
Efficiency/System Changes ^a	Efficiency upgrades	Air to air heat pumps	Air to air heat pumps
Main Energy Supply	Natural gas	Electricity	Electricity
KIMBERLEY			
Demand Reductions	Moderate	Extreme	Moderate
Efficiency/System Changes ^a	Efficiency upgrades	Wood stoves	Shared District Heat
Main Energy Source	Natural gas	Biomass	Biomass
PRINCE GEORGE			
Demand Reductions	Moderate	Extreme	Moderate
Efficiency/System Changes ^a	Efficiency upgrades	Individual Geothermal	Shared District Heat
Main Energy Source	Natural gas	Electricity	Biomass

a. All case studies additionally include solar hot water, with some implementation in Scenario 1 and increased implementation across Scenario 2 and 3.

demand through building envelope upgrades (e.g. insulation) and heating system efficiencies. Some solar thermal (hot water) was implemented. The Kimberley case study showed the greatest reductions because the age of the building stock provided greater gains from efficiency retrofits compared to the newer homes in Delta. The older Prince George residences could achieve considerable energy savings with upgrades; however, these gains were partially offset by the 54% increase in residential units.

The goal of Scenario 2, Intensive Building Retrofits, was to find strategies that move residences off fossil fuels altogether, with a specific GHG target of +80% reduction. The scenario employed aggressive building-scale retrofits including substantial building renovations not typically contemplated in current practice, such as moving or resizing windows, re-cladding

houses with extra insulation, and adding ground-level insulated sub-floors. Heating and hot water systems were changed to heat pumps, wood stoves, and solar thermal (where possible) with an on-demand backup system.¹ New construction was assumed to meet very high energy and GHG performance standards, similar to European Passivhaus.² Responsibility for successful implementation would lie with homeowners and builders.

With substantially more aggressive building changes, costs, and lifestyle impacts, Scenario 2 achieved higher GHG reductions of 55-93%. The low result for Prince George was due to the increase in electrical use for geothermal heat pumps and the overall energy demand increase from the 54% increase in dwelling units.

TABLE 2 Reductions in Building-Related GHGs

	Scenario 1 Current Policy Direction	Scenario 2 Intensive Buildings	Scenario 3 Neighbourhood Approach
DELTA			
Total Energy	-30%	-78%	-75%
Total GHGs	-33%	-89%	-80%
KIMBERLEY			
Total Energy	-45%	-82%	-60%
Total GHGs	-50%	-93%	-94%
PRINCE GEORGE			
Total Energy	-36%	-70%	-54%
Total GHGs	-34%	-55%	-92%

SIMPLIFIED SCENARIO RESULTS TABLE: Percent change from the baseline in energy use and GHGs, for the neighbourhoods as a whole, not individual residences. Total energy includes natural gas and electricity.

1 An on-demand system is a hot water system that heats the water when needed, rather than heating a full tank of water all the time.

2 <http://www.passivhaus.org.uk/standard.jsp>

Scenario 1, Current Policy Direction, focused on current practices for residential energy retrofits, as promoted by federal, provincial, and other organizations, including “green buildings” for new construction.

CROSS-CASE STUDY RESULTS (continued on next page)
Average energy use and greenhouse gas emissions per household

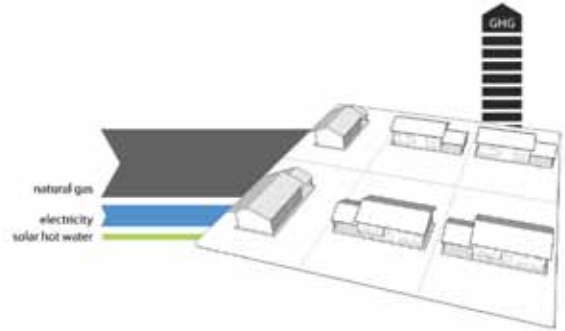
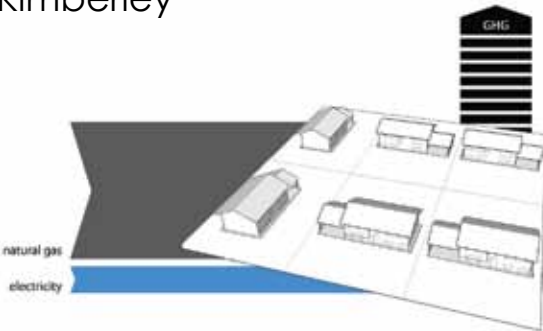
BASELINE

Scenario 1
Current Policy Direction

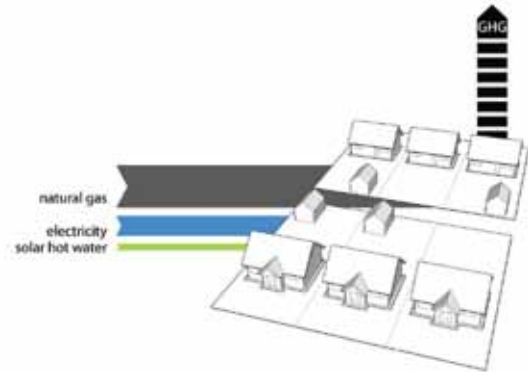
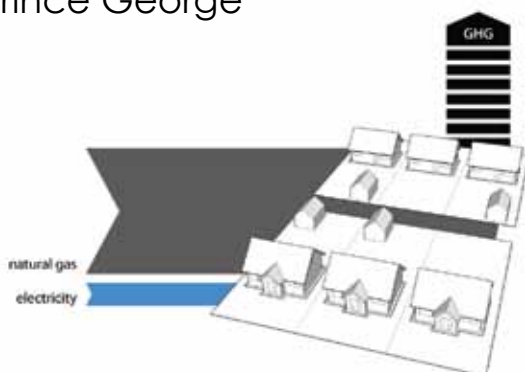
Delta



Kimberley



Prince George

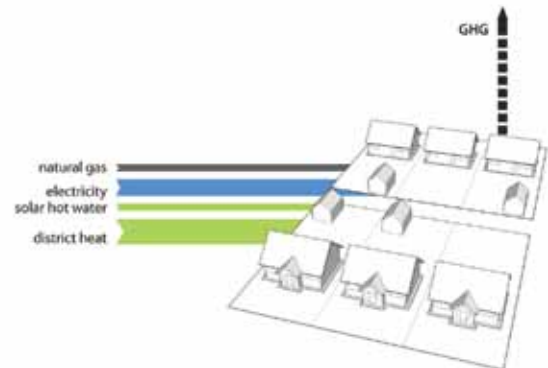
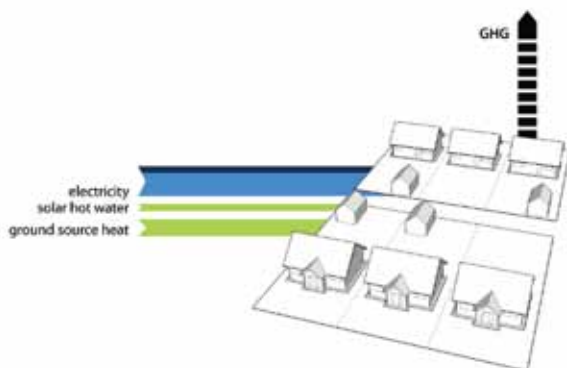
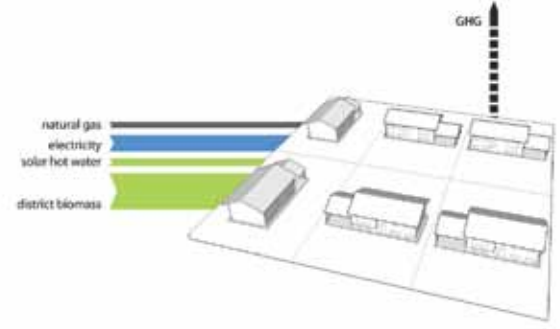
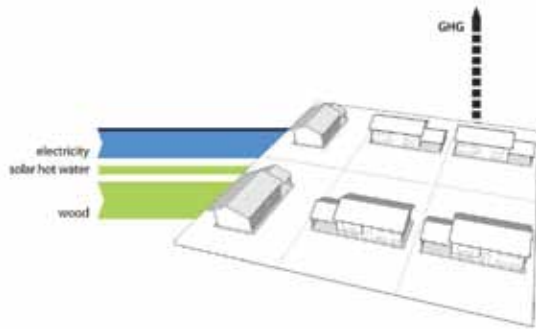
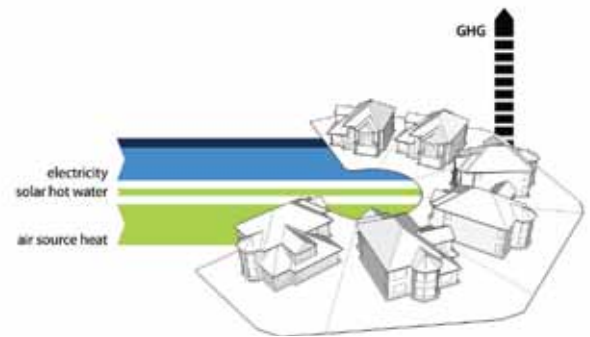


The goal of Scenario 2 was to find strategies that move residences off fossil fuels altogether, with a specific GHG target of +80% reduction. The goal of Scenario 3 was to find shared strategies at the neighbourhood scale so that the most aggressive retrofits of Scenario 2 would not be required.

CROSS-CASE STUDY RESULTS (continued from previous page)
Average energy use and greenhouse gas emissions per household

Scenario 2
 Intensive Building Retrofits

Scenario 3
 Neighbourhood Approach



All photos, tables and graphics provided by CALP

The goal of Scenario 3, Neighbourhood-Focused Approach, was to find shared strategies at the neighbourhood scale so that the most aggressive retrofits of Scenario 2 would not be required. Collective action could include biomass-based district energy systems for heat and hot water, shared solar thermal across building lots, and targeted redevelopment of the worst performing buildings (rather than random redevelopment). Due to the shared systems, responsibility for successful implementation would lie with local government as well as homeowners and builders.

Importantly, this last scenario achieved GHG reductions of 80-94%, even with the 54% increase in units in the Prince George scenario. Changing the energy supply to biomass-based district energy for heat and backup hot water allowed for smaller total energy reductions but greater or equivalent GHG reductions in Kimberley and Prince George, as compared to Scenario 2. However, the Delta results show that for some types of neighbourhoods where biomass is a less likely option, a shared approach may not be as effective as an intensive, individual house retrofit approach.

RECOMMENDED ACTIONS

Five initial steps make sense to implement across all the scenarios to reduce GHG emissions from buildings. These steps would require widespread uptake of improved technology and new forms of collaboration between policy-makers, builders/developers, the building trades, the real estate industry, and homeowners:

1. Building envelope upgrades to reduce space-heating demand are required for most, if not all, current residences
2. Solar thermal (hot water) should become a standard feature for retrofits and new buildings
3. Significant reductions (40%) in current electrical use will be required to offset increased use of electricity for heat pumps and other technology reliant on electricity (e.g. electric vehicles)
4. Redevelopment to rowhouses and multi-family buildings using compact geometry and smaller unit sizes can help to achieve low-carbon neighbourhoods if used in locations that will not increase transportation emissions
5. All new construction should be built to net-zero or Passivhaus standards; it is easier to “build green” from the beginning than to retrofit later

FUTURE CHALLENGES

Beyond the initial steps, the study shows that a single retrofit or redevelopment solution will not be applicable to every neighbourhood across BC. The characteristics of individual homes (including age, orientation, and construction details), neighbourhood layout, the age and condition of existing neighbourhood infrastructure, the availability of local renewable energy resources, and the local climate all affect the choice of strategies. In addition, the scenarios assume a rate of retrofitting—100%—that is almost inconceivable. Further research is needed to answer critical questions such as: what are the costs and policy barriers for these scenarios? Who is responsible, how can the retrofits be financed, and how can communities be mobilized for implementation?

In deciding which approach a community could use, key issues include quality of life trade-offs, homeowner expectations, affordability challenges, and support available from local and provincial government. The Intensive Building Retrofits scenario places most of the responsibility on individual homeowners and requires considerable quality of life and behavioural changes (e.g. maintaining individual biomass furnaces). The Neighbourhood-Focused Approach (using district energy, shared solar thermal systems, and planned retrofits around new development projects) places a shared responsibility on local governments and homeowners, with fewer quality of life changes.

Institutional and costing factors, rather than technology development, are the likely barriers to realizing deep greenhouse gas reductions within existing residential neighbourhoods. Builders, developers, realtors, local governments, homeowners and others are critical players here. Implementing the strategies presented in this report will require substantial buy-in from individuals, the real estate industry, and local and higher levels of government. Achieving this buy-in remains a major challenge, requiring at a minimum informed, engaged, and motivated community members—residents, developers, realtors—working closely with local government.

This article is drawn from a larger research report, available at: http://www.calp.forestry.ubc.ca/wp-content/uploads/2010/02/CALP_REIBC_Retrofit-Challenge_Final_Report.pdf

REIBC REPORT

EDUCATION SYMPOSIUM

On March 30, 2012, REIBC hosted its second-annual symposium. This event was held at the River Rock Resort and Casino in Richmond and was attended by over 100 people.

The day began with keynote speaker Vaughn Palmer who enlightened us all on the goings-on in Victoria. He is a great speaker—funny, intelligent and he understands BC politics. Vaughn’s bio states that he was a rock music critic and if you need to ask what that has to do with BC politics, you don’t know BC politics. Vaughn started the morning off well with a few laughs and some stories that only he could tell.

We then went into the sessions for the day and they were all well attended. Six sessions ran throughout the day: Riparian Area Regulations, Retrofitting Communities (original research commissioned by REIBC), Appraising Unique Properties, Critical Infrastructure Damage Assessment, Contaminated Sites, and Public Consultation Successes in City Planning featuring speakers from the City of Kelowna and the City of Prince George.

The day was capped off by speaker Cameron Muir, Chief Economist of BCREA, who informed participants on what is happening in the market now and provided a little bit of a forecast as to what may be happening in the future. A great way to end the day!

The event evaluations were very favourable, with over 95% of participants saying they would attend another symposium. The comments indicated that the speaker line-up was second to none; REIBC will continue to bring in top-notch speakers for future symposiums. Next year, REIBC will partner with the BC Association of the Appraisal Institute of Canada to host a joint event. We will keep you informed as more details become available.

We thank the Real Estate Foundation of British Columbia, the Real Estate Council of British Columbia, and the BC Association of the Appraisal Institute of Canada for their support of this event.



Clockwise from top left: keynote speaker Vaughn Palmer; presenter Stephen Sheppard (Retrofitting Communities); presenter Charlotte Ciok (Appraising Unique Properties); keynote speaker Cameron Muir; early bird registration winners, Thompson Okanagan Chapter; President Nathan Worbets; speaker Libor Michalak (Riparian Area Regulations).

Public Facilities

Are you sure you know who your real client is?

flickr/daveb

Let's face it, your success or failure in the real estate market is a reflection of your ability to satisfy your client.

It's usually crystal clear who that client is—typically an owner, a developer, an asset manager, a contractor, or an agent acting for any one of them. With private sector real estate organizations, even if your client is a board of directors, an executive team, or a facilities department, they typically direct their service providers with reasonably simple and predictable lines of communication and reporting structures. The client, in functional terms, is commonly the responsible individual or project director upon whose direction you can generally rely and upon whose instruction or decision you get paid. In this situation, project or assignment control is a relatively autocratic process.

Unfortunately, control is rarely so clear in the public realm as autocracy is typically replaced by some combination of bureaucracy and democracy. Accountability for the project is spread across a varied landscape of groups and individuals that often includes multiple levels of an institution or government body along with steering committees, user groups, review boards, and more. Identifying and tracking each of their respective roles, responsibilities and levels of control can be a significant challenge—particularly to the service provider, whose success is still judged upon his or her performance and deliverables.

CLIENT ROLES

Who is the real client in these scenarios? In other words, who are you ultimately serving, being judged by, and most importantly, who will ensure that you'll be retained again in the future? Not

only do you need to figure this out during the pursuit phase by determining who's really judging your value proposition and buying your services, but you also need to keep this straight through the course of the assignment.

The concept of the coach, the players, and the goalkeeper comes into play here. In essence, the coach is the individual or perhaps two or three individuals from within the client organization with whom you've gained sufficient mutual trust to take advice on how best to position yourself and perform your duties. The players are individual stakeholders or groups of stakeholders within the organization that hold sway over your selection and the course of your assignment. The goalkeeper is what we commonly refer to as the technical buyer—the individual or department that issues proposal calls, executes and manages contracts, and formally pays the service provider or supplier. Knowing who these individuals or groups are and how they relate to you, as early as possible, will make your job that much easier and your ultimate success that much more likely.

CASE IN POINT

Over the history of our architectural practice, the breadth of our project involvement has grown dramatically and currently reflects 10 market sectors involving both private and public clients. Not only do we work with a diverse range of building owners and developers in the real estate market, we also serve a range of institutional clients including universities, colleges and schools, as well as departments and agencies at every level of government in both Canada and the United States. To win and maintain the confidence of these diverse entities, and to become involved in larger public and private commissions, we have had to embrace a strategic system to manage our business pursuits effectively. Part of this system is the identification and

John Scott, MAIBC, MAAA, MRATC, NCARB, AIA
Senior Partner, CEI Architecture Planning Interiors



John Scott is one of the founding principals of CEI Architecture, with offices in Vancouver, Kelowna, Victoria, and Los Angeles. With 35 years of professional involvement in public and private development, John is recognized as a skilled planner and architect in Greater Vancouver, responsible for managing sensitive municipal zoning, development and building code negotiations. John leads CEI's business park planning and co-directs commercial, institutional, and educational projects. He also directs the firm's specialized airport facility planning and design work throughout North America.

“care and feeding” of coaches, players and goalkeepers. Without this, our win rate and our project successes that lead to repeat engagements would be significantly curtailed.

It is worth taking a retrospective look at a recent large project that reflects the challenges that complex administrations bring to our work and the twists and turns we have had to maneuver in what is a constant effort to keep the right people happy. In the interest of confidentiality, identities of the project and individuals involved are withheld.

Our firm was retained in a joint venture partnership to design a large interdisciplinary school for teaching and performing contemporary arts at a university. Six individual artistic skills were to be taught by six departmental bodies, each with managers who jointly became stakeholders with special interests in the project. The school, which is similar to a typical faculty, brought each of its internal department heads plus the director of the school to the planning table in order to assist with programming and to ensure that satisfactory results were achieved for both students and staff. The university administration and facilities management group had their own respective agendas focused on limiting the project budget. In the beginning, we were retained by the university’s facilities management group (the technical buyer) and they became our official client.

This “push me, pull you” framework for control of the design versus the budget could have led to conflicts and confusion. However, two key additional leadership players made it work. The facilities management group assigned an overall project director who assisted our team to manage the self-interest factors at play, which popped up on a regular basis like a Whack-A-Mole arcade game. Also, our insider coach worked with the school director to assign an extremely knowledgeable and capable project manager to work with us from within the school itself. This resulted in a win-win situation, both for our consulting team and the project as a whole. The particular individual from the school turned out to be their own long-standing internal facilities and equipment manager who was able to judge, filter and interpret the diverse input and direction that we were receiving on a day-to-day basis, and do so throughout all aspects of the design phase. He became the glue in the project and his input maintained a balance between the school’s expectations and the facilities management group’s control of the capital budget.

This all sounds copasetic, since it would appear that while we had a technical buyer to satisfy in the form of the university and its facilities management group, we could readily maintain a somewhat arm’s length position from the diverse interests of each user department. Both of these contingents could maintain positive support of our work and its results, and ultimately end up happy enough with the new school to hire us again for future university projects. But it wouldn’t be quite so simple, as the tendency for twists and turns to occur in large projects prevailed!

Approximately halfway through the detailed design process, the university rather suddenly negotiated a deal with the developer of the large mixed-use project within which the new school was to reside. The developer elected to assume ownership of the facility, as well as our team’s contract, leaving the university to take on a long-term operating lease buy-out following the turnkey delivery of the project. Our official client changed from

the university to the developer. Fortunately, the developer took on our standing contract without any significant renegotiation, and while they never formally signed the new documents, they honoured the contract terms to the end.

Despite the change in ownership, both the university’s facilities management group and the school administration still wanted to maintain control over the design of the school and its execution. Hence, we found ourselves working to satisfy not only the university and the school, but yet a third group, the developer. Once again, each group brought differing agendas and controlling interests to the project, and one quite interesting role change occurred that added even more spice to the second half!

The university’s facilities management group added another key project manager to their own team, and their attention then shifted demonstratively toward the developer’s performance in order to ensure that both the school and the university were getting top quality results and full value for their long-term investment. While we were constantly reminded from the developer that they were our client, we were also constantly reminded by the university that our allegiance must also remain with their interest and the school’s. We all made it through the project successfully, though the process was at times very challenging, particularly when interests were diametrically opposed.

RECOMMENDATIONS

The point here is not the story, but rather the portrayal of forces within a client relationship that can make the provision of service so very difficult. Despite our prevailing interest to achieve an outstanding result and keep each of the three clients very happy, when we satisfied the interests of one group we would often offend another within the same democratic and bureaucratic structure that was collectively directing our work.

Based on our experience, three recommendations emerge that can be applied to working in multiple-client situations:

1. Understand the client structure as well as the agendas and forces at play before you engage in a proposal call or sign a contract.
2. Identify and nurture your relationship with an insider coach to provide guidance as early in a project pursuit as possible.
3. Figure out who the critical players and goalkeeper really are, and if possible, clarify your role and responsibility framework if you perceive there may be conflicts between stakeholders guiding your work.
4. Never take for granted that your “real” client is obvious. Observe and advance with care.

We all want repeat clients and positive performance testimonials, so failure to navigate complex client relationships is really not an option if you want your business to succeed.



Larry Buttress, RI

Chair, Vancouver Resource Society

Deputy Executive Officer,
Real Estate Council of BC

Larry has participated in a number of public service areas over the years, particularly when his children were younger. He was involved in their sports and music activities, lending a helping hand to the programs because, as he believes, “many hands make light work.”

Larry believes that giving back to one’s community “is something that most people want to do. There are many positives when you help other people, and one tends to get much more in return than is given.”

For more info on the Vancouver Resource Society: www.vrs.org

The mission of the Vancouver Resource Society (VRS) is to provide innovative opportunities for persons with disabilities to maximize their independence and inclusion in the community. Larry first got involved with VRS in the early eighties but left the board to represent them in a purchase of real estate; in 2006–2007 he returned to the board. Larry now sits as the Chair, and though this is a one-year term history shows that the Chair usually serves multiple terms.

Do you know some RI members who should be recognized for the good work they do giving back to the community? Please tell us about them!

Contact us: info@reibc.org



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MEMBER PROFILE

Troy Abramaitis, RI

Development Manager,
Wallmark Homes Ltd.

Ten years ago, Troy was teaching English in China when he developed an interest in the business side of the for-profit school he was working at. Deciding he wanted to work in large-investment business, Troy moved home to Canada to pursue a career in real estate. Just ten short years later he has been named in the Top 40 under 40 (2012) by Professional Builder Magazine. In the past year Troy has received four more awards: Rooftopper of the Year (2011), Builder Member of the Year (2011), the Gary Santini Education and Training Award from the Greater Vancouver Home Builders' Association, and the Sutton West Coast Sales Award (2012).

As the Acquisition and Development Manager at Wallmark Homes, Troy's project portfolio is in excess of \$145 million. He oversees residential development projects including land acquisitions, rezoning, conceptual design, planning, unit design, approval processes, managing of consultants and liaison with government authorities to ensure the successful completion of these projects. Troy is also a top-producing residential and commercial Realtor with Sutton Group – West Coast Realty.

What is the secret to his success? In addition to hard work and a competitive personality, Troy credits his mentors and his colleagues in the industry who have supported his career and fed his passion for real estate. He also credits his girlfriend and his family who provide advice and challenge him to be his best. Troy describes his family as business-oriented, his father a business professional at TD Bank for over 25 years who gives him advice and has yet to steer him wrong.

It's obvious from the recent awards that Troy is dedicated to his work, but he is just as dedicated to the industry as a whole. Troy joined REIBC as a Student Member in 2003, two years before he graduated from BCIT—where he attended on full scholarship—at the top of his class. He became a Professional Member in 2005 and has been Director of the Vancouver Chapter since 2006. As well, Troy co-chairs REIBC's Climate



Change Committee and is Vice-Chair of the Chapter Committee. REIBC has been the lucky beneficiary of Troy's talents, and we're not alone; he also sits on three committees for GVHBA.

Continuing his quest for excellence, Troy has also found the time to learn salsa dancing with his girlfriend; the two have been taught by a world-class dance instructor. What can't he do? Cook. But there's still time.

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