

To: FONVCA

Sep 22/2001

Re: Agenda Item: Leasing of Public Land

It appears that council as a body is not convinced that the current situation is a poor return for the use of district assets. Not only that, they are unwilling to remedy the situation for many years to come since it is now proposed that the current poor return (i.e. subsidy to those who have occupied public property) continue until the property is sold. To add some clarity to just how little money is paid to the district for return of occupying public property I have attached a graph (pdf) showing the annual rent vs the area encroached for all properties. Note that I have not included the Cascades/Woodlands access roads as they constitute a special case for which the encroached area is not provided.

The bottom line is:

**An annual return of less than \$1 / sq-ft.**

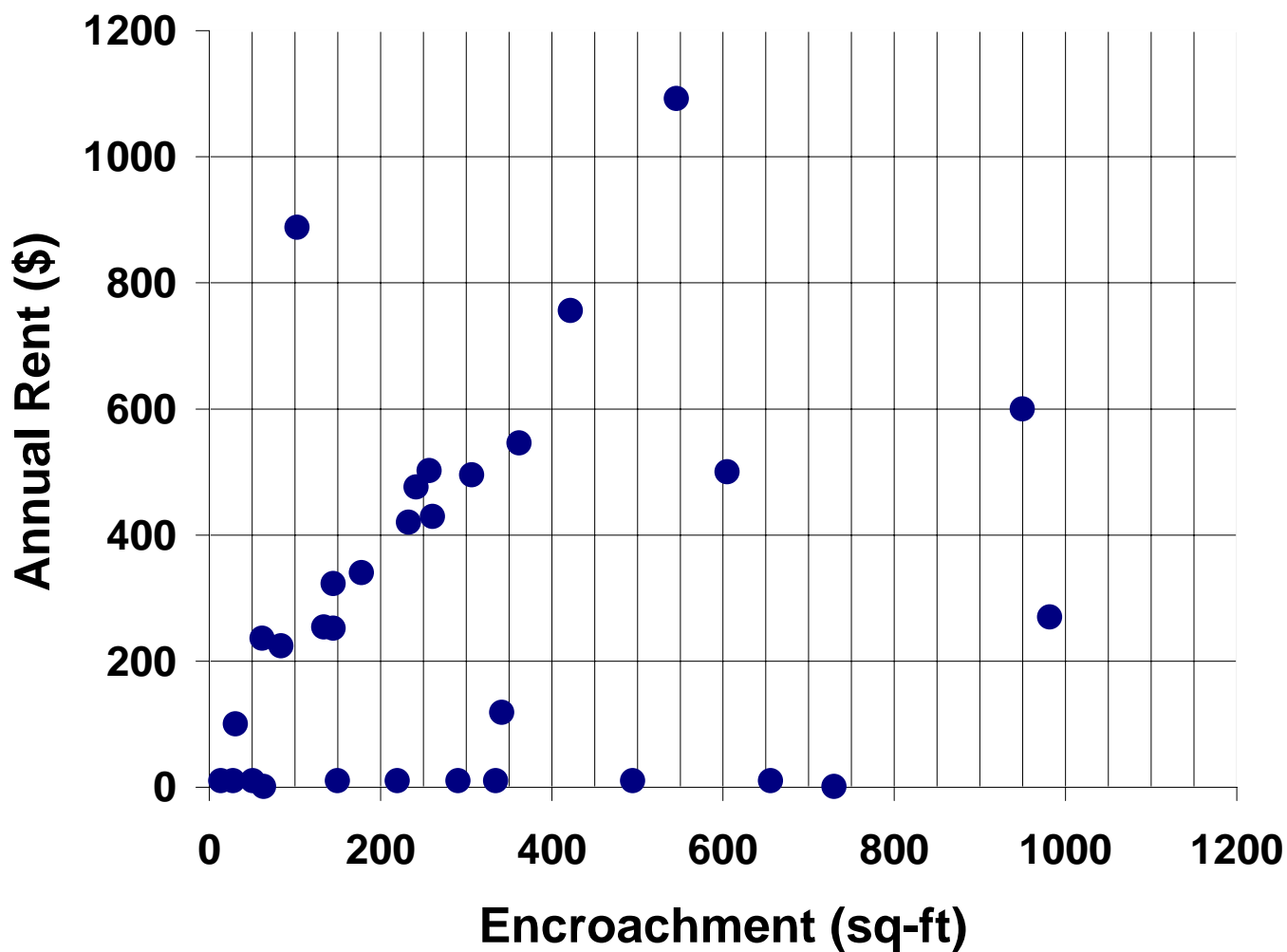
Another way to view this is to note that the total area encroached ( 9425 sq-ft) is about the size of a lot - now typically worth at least \$250,000. Since a lot can only have structures on about 35% of the lot and these encroachments cover 100% of the area it should be argued that the value is closer to \$714,000 (100/35x250,000). A return of even 7.5% on \$714,000 is about \$53,000 . We got only \$8913.

The 2.5% figure based on a pro rata formula using the "Maximum Floor Space" is more than fair - generating about \$22,000 in rent. I urge everyone to Support an immediate 1.5% charge (generating about \$13,000) with a 5 year phase-in to 2.5%.

I find it strange that council supported an immediate 50% increase in Recreation fees to seniors (which Burnaby will phase in over 4 years, and Vancouver will phase in over 3 years), while they propose a phase in, for those who have had a "sweet deal" on the use of public property for many years, of what may well average more than another 20 years. Some inequity in fairness!

Corrie Kost

## Annual Rent vs. Area Encroached



Total Rent:  
\$8913.5

Total Area:  
9425 sq-ft

Rent / Sq-Ft:  
\$0.95

Prepared by Corrie Kost  
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