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Woodward's



BOB MATHESON

The Woodward's redevelopment includes high-rise condos (background), office space (foreground), Simon Fraser University cultural uses (lower left), social housing (upper left), and retail space along the street and within the atrium.

PROJECT SUMMARY

Woodward's is a mixed-use, urban redevelopment project in the Gastown area of Vancouver's east side, very close to downtown. Located on the site of the former Woodward's department store, the redevelopment involved the demolition of several of the department store buildings, the restoration and adaptive use of one historic structure for office space, and the construction of two new residential towers, nonmarket housing units for both singles and families, new educational and cultural space for Simon Fraser University, an atrium, a daycare center, and ground-level retail space—all within the confines of a 2.32-acre site in an area with a variety of social and poverty issues. The project includes a total of 1,073,715 square feet of space.

QUICK FACTS

Location

Vancouver, British Columbia, Canada

Project type

Mixed use

Site size

2.32 acres

Land uses

Multifamily housing, condominium housing, affordable housing, retail, offices, university space, cultural space, daycare, grocery store, atrium

Keywords/special features

Pedestrian-friendly, urban infill, revitalization, public/private development, social housing, mixed-income housing, healthy place features

Websites

<http://westbankcorp.com/woodwards>
<http://henriquezpartners.com/work/woodwards-redevelopment/>
<http://petersonbc.com/property/101-west-hastings-street-woodwards>

Project address

Woodward's
 128 West Cordova Street
 Vancouver, British Columbia V6B 1H7
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Developers

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Architect

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Public sector/university partners

City of Vancouver
 Province of British Columbia
 Simon Fraser University

The Woodward's redevelopment project is a residential-driven mixed-use project on a historic site that has transformed and revitalized an important but troubled neighborhood in downtown Vancouver. By providing a wide range of uses, including cultural and retail uses, market-rate condominiums, and social housing for low-income residents, the project has helped reestablish the area as an important destination and a desirable place to live while also serving the needs of the poor and disenfranchised.

To set this distressed neighborhood on a new course required a critical mass of many new uses that would activate the neighborhood day and night, and the Woodward's redevelopment provided that. With office users active by day,

residents active in the evening, new cultural uses and student traffic throughout the day and on weekends, and the restaurants and retail drawing patrons throughout the day and evening, the area was brought back to life, creating a more lively, safer, and healthier environment that had not existed there for many years.

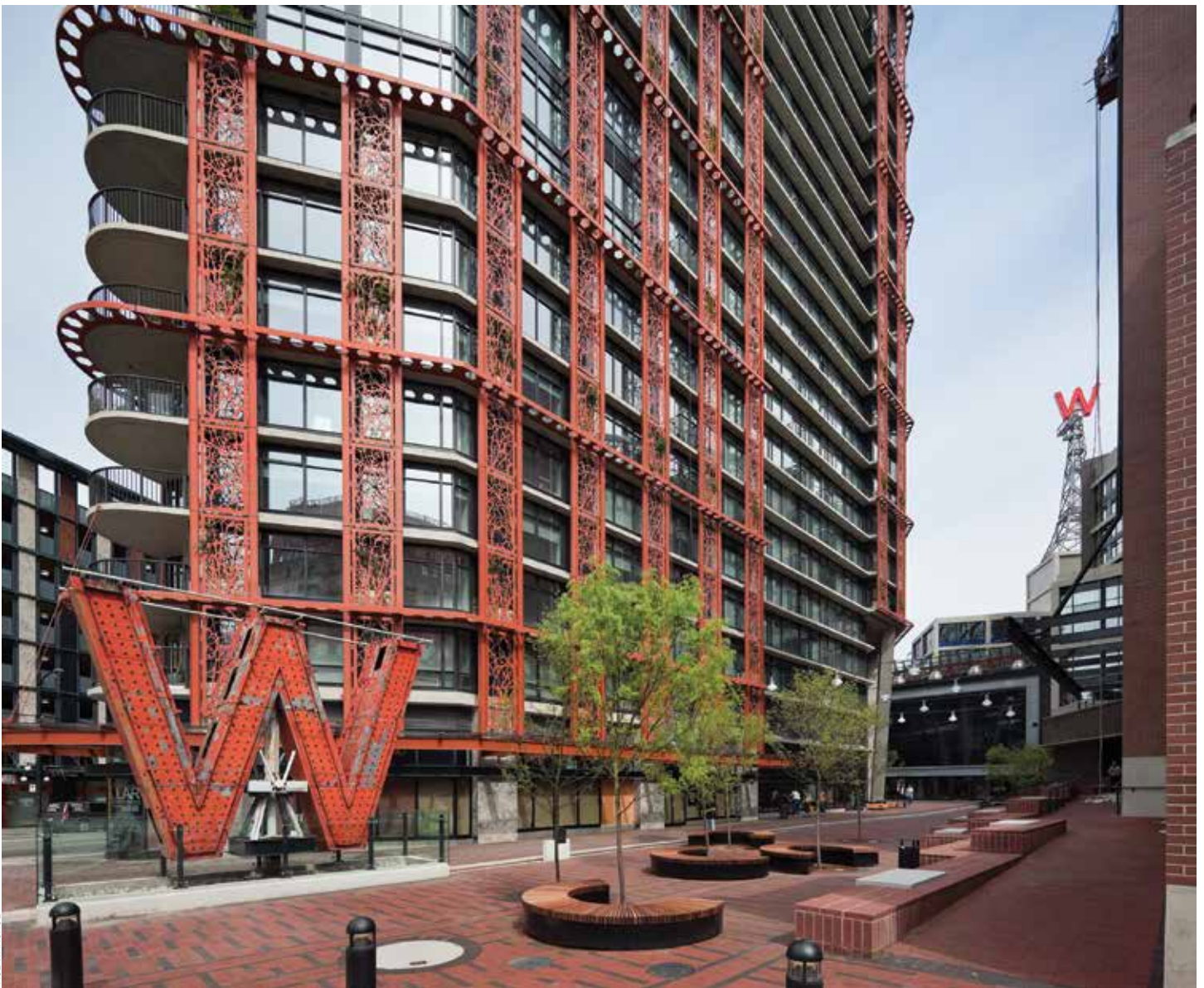
The Site

The site for the Woodward's project lies in the Gastown neighborhood on the east side of downtown Vancouver, on a block bounded by Cordova Street on the north, Hastings Street on the south, Cambie Street on the west, and Abbott Street on the east. The redevelopment site occupies the eastern three-quarters of the

block. The area was once the retail heart of Vancouver, and the site was formerly the home of the much-beloved Woodward's department store, first established on the site in 1903.

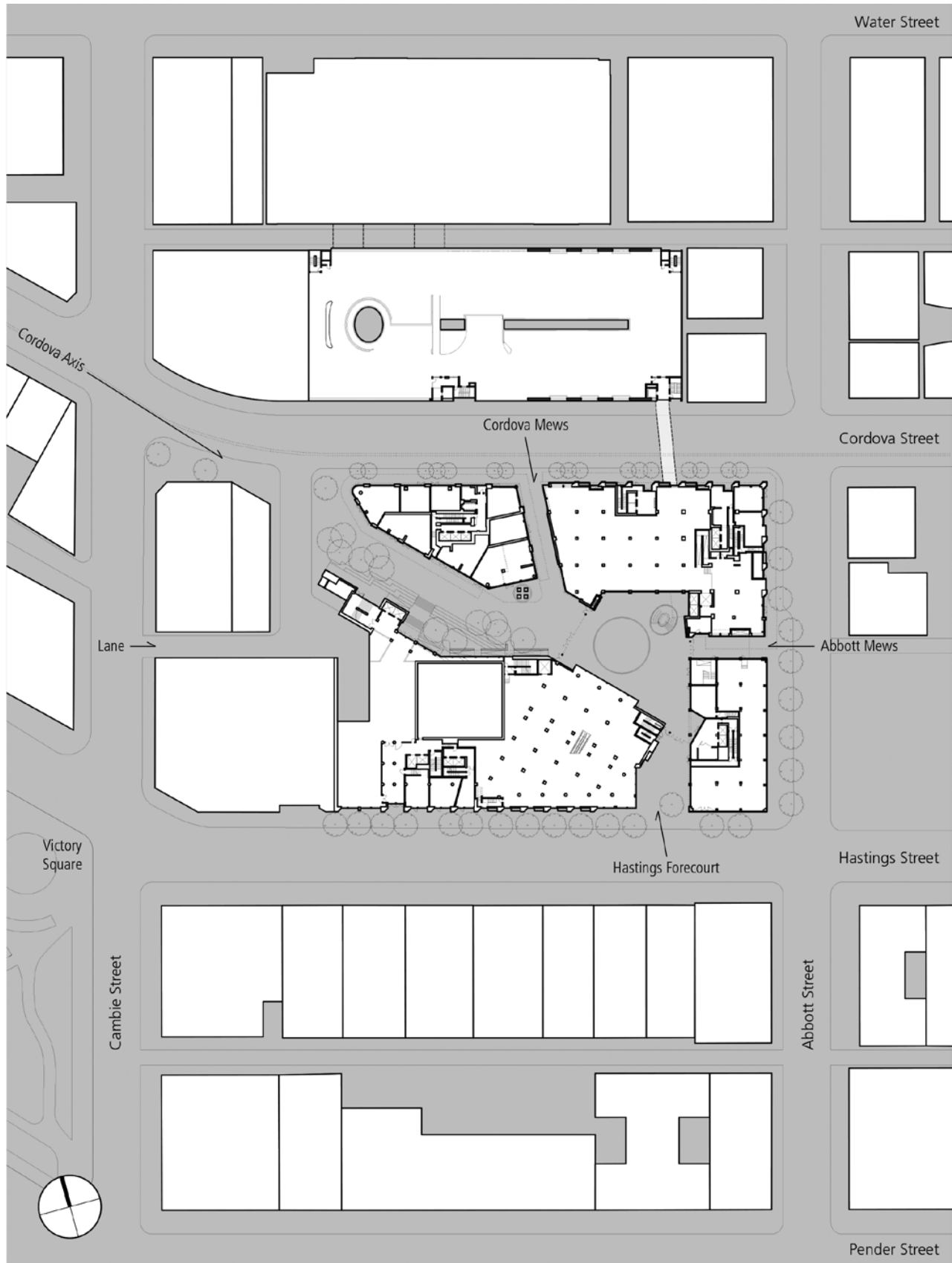
The site lies about three blocks from the Burrard Inlet waterfront and one block from Water Street, a popular retail street for tourists, especially convention visitors and cruise ship passengers; the cruise ship terminal and the convention center are each located six blocks to the west, near the center of downtown Vancouver. The site is also notable because it lies where three city street grids from different eras come together, resulting in the street angles shifting at the corner of Cambie and Cordova streets.

The courtyard next to the W43 condominium building, including the original historic W that once rotated atop the Woodward's department store, now replaced by a new W in the background.



PAUL WARCHOL

SITE PLAN



The ground-level plan for Woodward's.

The Woodward's department store played an important role in the social life of Vancouver for most of the 20th century. Like Macy's in New York City, it was famous for storefront Christmas displays during the holidays. It also offered a much-favored food floor that catered to rich and poor alike.

But like many other downtown department stores, it eventually failed as a result of suburban mall competition, other changes in shopping patterns, and a shifting center of gravity in downtown Vancouver. The store closed in 1993 and stood vacant for 11 years until redevelopment began. Once the store closed, the area deteriorated further. For many years, the neighborhood has been home to many low-income residents who suffer from a variety of social problems, including homelessness, mental illness, drug abuse, and unemployment.

Previous attempts to redevelop the property did not work out, and eventually the British Columbia provincial government acquired the site in 2001 for C\$22 million. In 2002, with social issues in the area worsening, the store became the location for the "Woodward's Squat," a protest where squatters took over the building to call attention to the plight of low-income residents and bring much-needed low-income social housing to the site and the neighborhood. This event was the impetus for the redevelopment process.

The Idea and the Development Process

The Woodward's Squat was a wake-up call for the city, and municipal officials began exploring ways to respond to the problems of the poor in the area. In 2003, the municipal government negotiated a deal whereby it would acquire the Woodward's building from the provincial government for only C\$5 million.

The municipal government was keen to acquire the site because it lay at the historic heart of the city in the east side area that was in need of attention and revitalization. After acquiring the site, the city undertook a request for qualifications (RFQ) and request for proposals (RFP) process that invited proposals for redeveloping the site that would bring it back to life. A variety of uses required for a healthy community were specified in the RFQ, including a grocery store, a drugstore, banks, employment, market-rate housing, and low-income social housing. There



The courtyard and entrance to the Simon Fraser University School for the Contemporary Arts.

were more than ten responses to the initial RFQ. The field was then narrowed to four finalists, and in the end proposals were received from three development teams. These three teams were then required to submit two proposals—one that included space for Simon Fraser University (SFU) cultural and arts space, and one that did not. The city was trying to attract SFU to the site, but was not certain that this could be accomplished.

One of the RFPs came from a team that included the developer Westbank Projects, the Peterson Investment Group, and the architecture firm Henriquez Partners Architects. Gregory Henriquez, a partner with the firm, approached Ian Gillespie, the CEO of Westbank, with the idea of submitting a proposal to redevelop the site. Henriquez had worked with Gillespie before and felt that Gillespie was in a unique position to undertake the project, in large part because he was a developer who had an interest in bringing about positive social change, in addition to running a profitable real estate business. Gillespie agreed to submit a proposal, and gave Henriquez C\$50,000 to put together a plan for submission.

Established in 1992, Westbank is a large Vancouver-based development firm that has over C\$12 billion of projects completed or under development, and is active across Canada (recently expanding into the United States) with

luxury residential, rental apartments, affordable housing, offices, retail, and hotels.

The developer was also able to bring in a second development partner—the Peterson Investment Group—to share the risk for this very large project. Founded in 1978, Peterson Investment Group is a Vancouver-based real estate development and investment firm with interests in a variety of properties in Vancouver, throughout Canada, and in the United States. The firm has had a strong track record of working with partners to bring about successful developments.

Another important development partner that was brought into the project was the Portland Hotel Society (PHS), a single-room-occupancy (SRO) housing operator in the neighborhood; PHS was tapped to manage and operate the SRO housing in the project. This housing operator was a critical partner in the deal, and brought credibility on the social housing front.

The final competition involved three proposals, each from a very reputable Vancouver developer and an architect partner. One proposal involved one very tall tower. Another saved a large part of the original buildings. The Westbank/Peterson proposal included restoring the 1903 building, adding a tall tower, and developing social housing, office space, retail space, and the university space. The Westbank/Peterson partnership was

awarded the project development rights in September 2004.

In 2005, Simon Fraser University committed to locate in the project. In addition, during the development process, the city was able to acquire an additional parcel on the block, which allowed the developer and architects to eventually reorganize the plan for the site to add an additional residential tower and more social housing units.

While the development of market-rate housing was essential to make the project viable, one very important objective was to integrate into the project a substantial amount of low-income social housing in a variety of forms for a range of demographic groups, including those with physical and mental disabilities, families, and singles. While redevelopment was the objective, gentrification is a sensitive issue in Vancouver,

and both the city and developers wanted to ensure that the project provided housing for both market-rate buyers and low-income renters. The social housing includes 125 units for the hard-to-house (SRO housing) and 75 units for family housing.

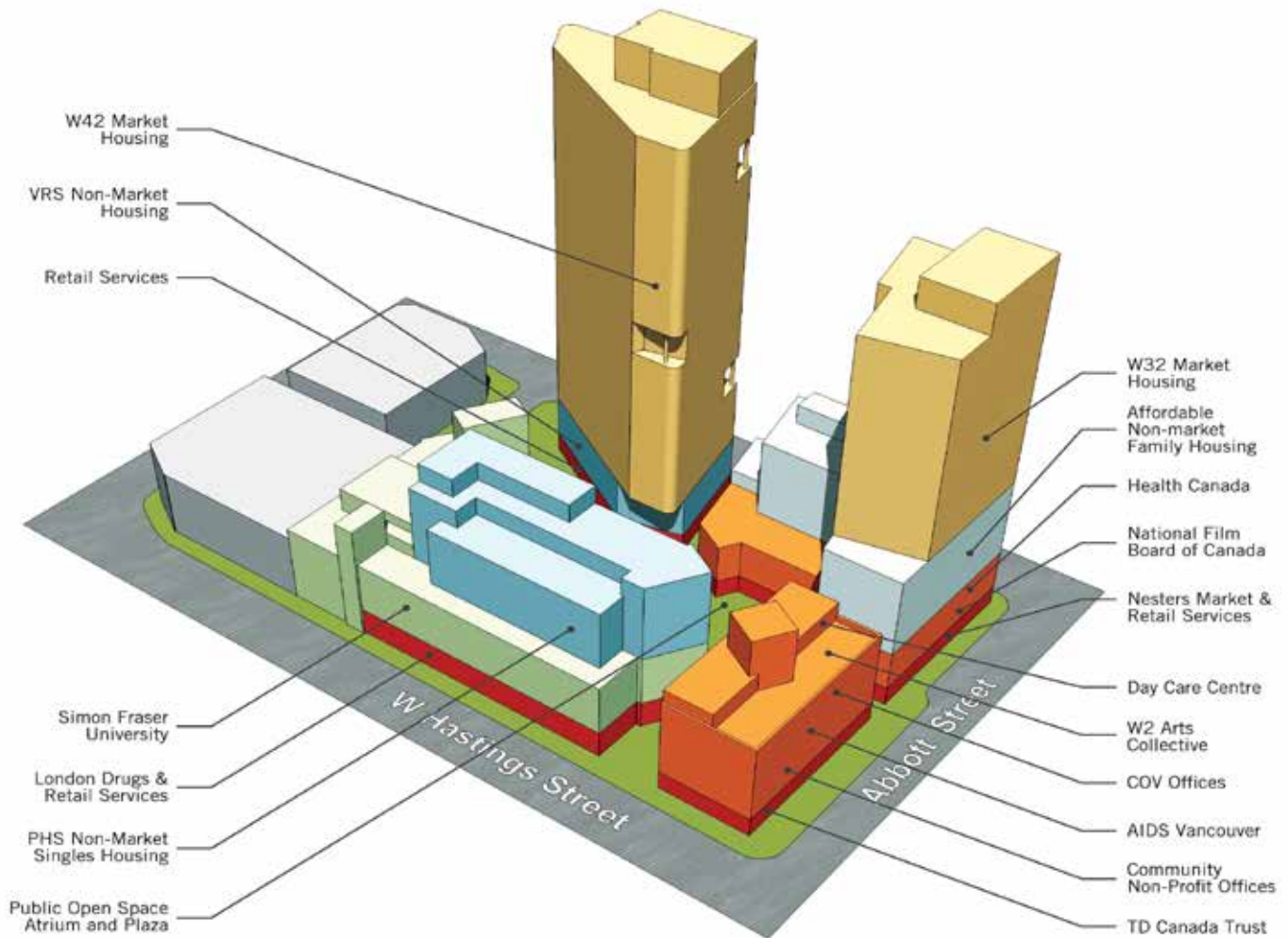
Zoning in Vancouver essentially gives the city discretion to add density in return for design and development concepts that it would like to see implemented. This results in a very collaborative process, and in the case of Woodward's this process was more collaborative than most, as all parties in the process seemed to be on the same page. The development benefited from having numerous leaders from both the public and private sectors who were committed to the same idea. Jim Green and Mike Flanagan with the city, Ian Gillespie with Westbank, Ben Yeung with Peterson,

and architect Gregory Henriquez all had similar visions of creating a mixed-use project that incorporated both market-rate and nonmarket housing with retail and office space. They wanted to develop a project that would bring the site back to life while also serving the needs of the neighborhood and the city as a whole.

Development Finance and Ownership

The deal that was struck with the city involved zero land costs for the developer, but in lieu of purchasing the land, the developer was required to deliver the city office building space, the atrium and public spaces, and demolition and remediation of the site, with costs for these efforts totaling C\$27.5 million.

Financing came from a wide variety of private and public sources. Westbank



The project is a complex puzzle with numerous uses distributed among four major buildings.



BOB MATHESON

The Hastings Street frontage, including the singles' nonmarket housing that sits atop the SFU facility on the right side; high-rise condos are in the background. The concept of mixed-income housing was untested in the Vancouver market, but proved to be viable at Woodward's.

and its partner, Peterson Investment Group, put in C\$54.3 million in equity. The British Columbia (B.C.) provincial government and SFU provided C\$62.5 million in funding for the SFU building; B.C. also provided C\$43.6 million for the social housing component. The federal government committed to 30,000 square feet of preleased space, and also provided the C\$205 million construction loan for the project via the Canadian Mortgage and Housing Corporation. The project has several owners, including Westbank, Peterson, SFU, the city, and the province of British Columbia.

Each use in the project had to have its own airspace and legal title for financing and management purposes, and the underground and lower levels had to be created before some of the upper-level airspaces could be developed. Notes Damon Chan of Westbank, “There were lots of layers involved in creating the separate ownerships within the structure.” For example, the SRO housing lies on top of the SFU building, and the family housing is on the lower levels of one of the condo buildings. Notes

Chan, “The Canadian Mortgage and Housing Corp. [the lender] had to fund the construction of C\$7 million of underground space to get to the point where airspace parcels could be created above ground.”

For the developer, the project involved deferred land costs, which lessened the upfront costs and risks in this long-term development process. In addition, parking costs for the retail uses and condos were reduced and the schedule was accelerated by leasing spaces across the street in a public parking garage rather than building them into the project. Also, the city government was able to offer property tax incentives for the retailers in order to incentivize them to commit to an unproven market.

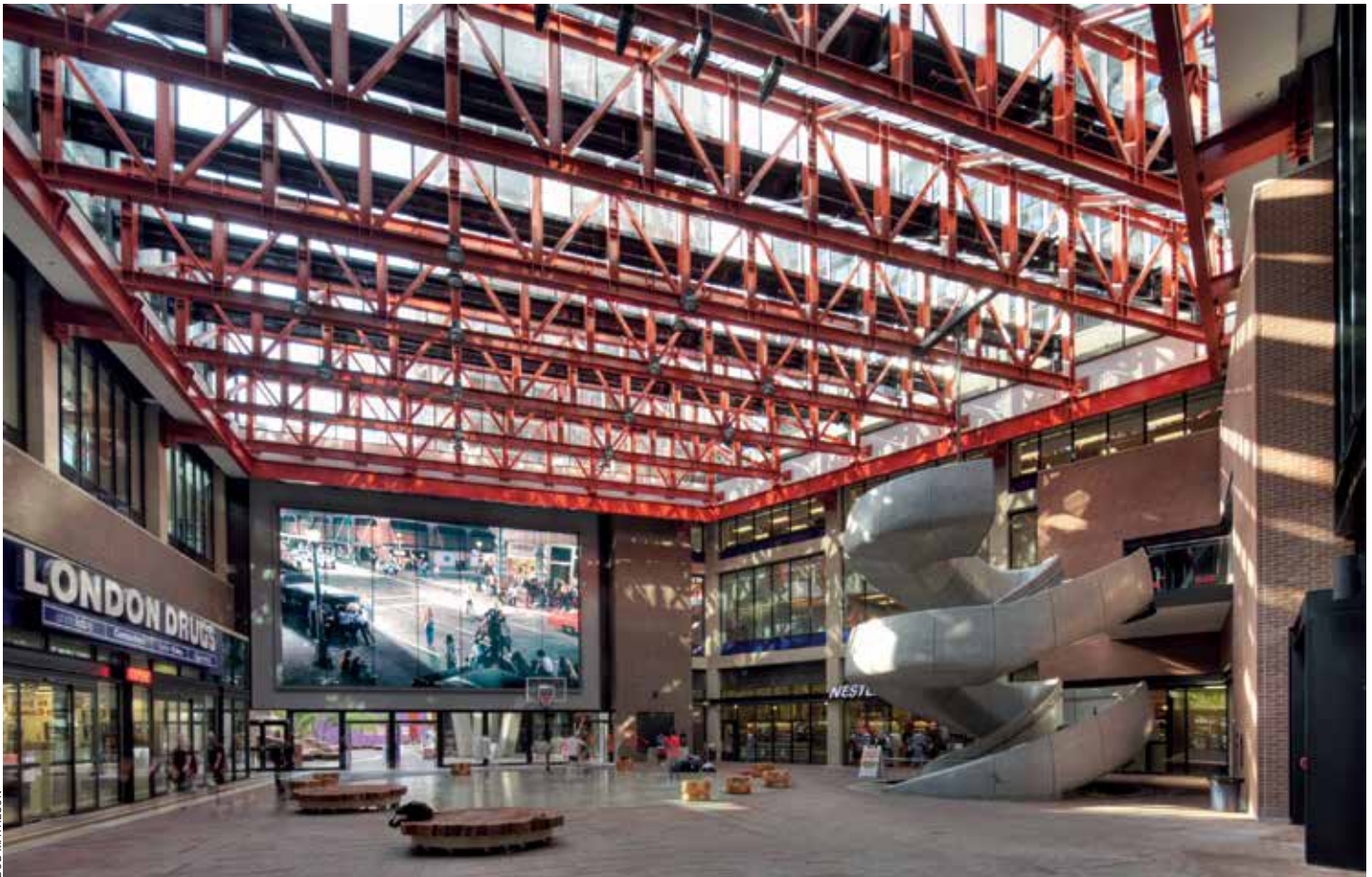
The condos and the market-rate housing represented 80 percent of the value of the project. All of the condo units were presold in 2006, before construction began, which reduced the risk for the developers and secured the construction loan for the project. Deposits amounted to 5 to 15 percent of the sales price, and presales were completed in April 2006.

Pricing was at the lower end of the new-condo market in downtown Vancouver, which was one reason the project sold out quickly.

The project was completed in January 2010, just before the winter Olympics began, with a total project cost of C\$352.5 million.

Planning and Design

When Greg Henriquez developed the initial plan, he included all of the uses and elements that had been outlined in the RFP, even though he did not believe they would all be included in the end. In fact, they did all get included—along with some others. When SFU committed to the project and additional land was acquired, this allowed the developer to expand the program, adding more market-rate and affordable housing to the program and considerably more density. The acquisition of the additional parcel was essential to allow for some breathing room between the numerous buildings on the densely developed site. Henriquez developed a new plan to accommodate these additions, resulting in a very dense and urban project.



BOB MATHESON

The atrium, which features a sculptural staircase, a large photographic re-creation of the Gastown riots, entrances to the food market and drugstore, and a basketball court.

The architecture and design for the project are both modern and a bit gritty, in keeping with the character of the neighborhood, with the intention of fitting in rather than rising above the surroundings. Much of the architecture features exposed concrete on the upper levels. The architect had a good deal of experience with designing other social housing projects in the neighborhood and thus had a good understanding of the context and the market. Another key idea was to interpret the heritage of the site in the design.

Atrium and pedestrian pathways. One of the objectives for the overall plan was to create attractive public spaces and to make the complex permeable, so that people could move through it, not simply around it. Thus, the project is designed around a central atrium and courtyard that can be entered via pathways from various directions, including entries from all three of the streets that immediately surround the project.

The main entry point for the project is the public plaza/courtyard space that is located between the W43 condominium building and the SFU building, just off Cordova Street near where it crosses Cambie Street. This courtyard and pathway are aligned with the northern part of Cordova Street, and are located near the point where the street grid and Cordova Street turn slightly. The designers chose to continue the line of Cordova Street through the project by creating a pedestrian corridor that aligns with the street before it turns. This pathway leads directly to the atrium. The original Woodward's W sign, in some disrepair, sits in a glass case in this courtyard next to the W43 building.

The 10,000-square-foot atrium is designed and operated to be a public space. It is covered with a glass roof and is completely enclosed during cold weather, but in warm weather the glass entry doors can be retracted to open the atrium to fresh air. To further emphasize the permeability and public nature of the atrium, a basketball court has been located near the center of the atrium that can be used throughout the day. In severe weather, the atrium is sometimes used as a shelter for homeless people.

Several video screens are also located in the atrium, featuring a variety of videos, including several about how the project was developed. The primary storefronts for the two major retailers in the project—Nesters Market and London Drugs—face into this atrium, and for the latter

the atrium is the only entrance to the store. Nesters also has an entry from Cordova Street.

The atrium also features a large, sculptural concrete staircase that connects the space to a second-level skywalk that leads to the adjacent public parking garage. Meant to be a symbol of the site's rebirth, the staircase has been referred to as a giant "umbilical cord" emerging from a shallow pool.

Surrounding the atrium and the courtyard are four major buildings, each with its own distinctive character and set of uses.

The W43 condominium building. The tallest building (W43) in the project is a 407-foot triangular condominium tower that includes 366 market-rate housing units. The building faces onto Cordova Street, in the northwest corner of the site, adjacent to the main entry courtyard. Cordova Street is the best address in the project, and the Cordova streetscape provides a relatively attractive and direct walking path to the center of the city. It also lies one block away from Water Street, a popular retail street in the neighborhood.

The most prominent building in the project, the W43 building has become a landmark for the area; the concrete edifice is clad in decorative metal framing of the same reddish-brown color as the original W that rotated above the original Woodward's department store. The building includes four retail tenants on the first floor, facing both the street and the internal courtyard. Market-rate housing is located on floors three through 42, and a shared amenity area for owners is located on the 43rd floor and on the roof. In addition, on the second floor the building includes ten accessible housing units for those with disabilities, managed by the Vancouver Resource Society (VRS).

The rooftop amenity area encompasses the top two levels of the building and includes a 4,600-square-foot clubhouse that features an indoor lounge with couches and pool tables, a media room, a library, a gym, and a hot tub. The amenity level also comprises 5,000 square feet of outdoor lounge space with a large barbecue and 360-degree views of the city and surrounding water and mountains. This amenity space was placed at the top of the building so that all condo residents could enjoy the premium views. The building also features one bicycle storage locker per suite and a car-sharing program.

The W32 condo/mixed-use building. The second-tallest and most complex building (W32) in the project is also located along Cordova Street, but at the western corner where it also faces onto Abbott Street. This building includes a diverse program of uses, with retail on the ground level (including Nesters Market), offices on levels two and three, family nonmarket housing on levels four through ten, and 170 condominium units on levels 11 through 32.

Separate entrances for the condominiums and the family nonmarket housing are located on Cordova Street. An entrance to Nesters Market is also located on this street.

Hastings Building. The third major building is the Hastings Building, located along Hastings Street, which includes first- and second-floor retail (primarily London Drugs), the Simon Fraser University School for the Contemporary Arts on levels one through four, and singles'/nonmarket housing on floors five through ten; the latter is in a separate structure on top of the SFU building, with a very different design and floor plate. One of the challenges with placing the singles' housing atop the SFU facility was running the plumbing down, through, and around the theaters and public spaces in that building. The London Drugs store includes two levels, and features electronics goods on the second level, which is accessed by an escalator. London Drugs has no external entrance from the street; it is accessible only from the atrium.

The main entrance for the SFU building is located off the main entry courtyard across from the W43 building, but it can also be entered from Hastings Street. The entry for the singles' housing is off Hastings Street, the grittiest street frontage in the project.

Heritage Building. The fourth major building is the Heritage Building, the historic department store building that was restored and is located at the corner of Hastings and Abbott streets. This building includes retail on the first level and office space on levels two through six, primarily for the city government and for nonprofit entities. The entrance to the office is from the atrium. A newly constructed daycare is located on a new level seven, covering around half of the rooftop space, with the remaining roof area open for outdoor play areas. At the top of this building, a new version of the historic W sits



PAUL WARCHOL

The large image in the atrium is a multipanel photograph of a staged re-creation of the Gastown riots of 1971, an important event in the history of the site.

atop a mini Eiffel Tower structure, with the W rotating and lit at night.

Art and heritage elements. The history of the site was an important consideration for the developers and designers, and they wanted to do more than simply preserve the historic Heritage Building. One way this was accomplished was by commissioning a major new artwork that highlighted the site's history. Over the entrance to the atrium from the main entry courtyard is located a 30-foot-by-50-foot photograph, printed on numerous glass panels, picturing the Gastown riots of 1971. The photo is of a re-created scene, taken by photographer/artist Stan Douglas, whose art is primarily about

social justice. Notes Gregory Henriquez, "This photo is all about tensions in the neighborhood. The photograph was a way to bring in the history of the site. It is more significant than the historic building on the site."

In addition, the street frontages of the buildings include numerous panels with photos and text that describe the history of the site and of the Woodward's department store—another way the project has sought to preserve the heritage of the neighborhood.

Parking. Parking and truck delivery service areas for the project, totaling 178,454 square feet, are located underground and are accessed off Cordova Street. Off-site parking is also

available in a public garage across the street on Cordova Street. A total of 854 parking spaces are provided for the project. Of these, 316 are provided on site for market-rate residential units, 243 are off site for market-rate residential units, 81 are off site for nonmarket residential units, and 214 spaces are provided for office, retail, and SFU user parking.

Marketing, Leasing, and Management

The financial success of the project hinged on the marketing of the condos—the primary revenue generator for the project. The problem was how to sell market-rate condos in a neighborhood with

a lot of social problems and in mixed-use buildings that included affordable housing. At the time, mixed nonmarket and market-rate housing had not been tested in the marketplace. The marketing campaign that was developed addressed this issue head on, using the following tag line: “Be bold or move to suburbia.” This marketing campaign, combined with a moderate price point and the iconic cultural identity of Woodward’s, resulted in a successful sales program, and all of the condos were sold in a matter of hours.

SFU as anchor. Perhaps the most important tenant in the project is the Simon Fraser University School for the Contemporary Arts. SFU was uncertain that it could commit to the project during the early planning stages, but it finally committed to it in 2005. SFU wanted to create an urban presence and a cultural interface with the Vancouver urban community. The SFU facility brings culture, students, and patrons of the arts to the project on a daily and nightly basis, adding buzz to the neighborhood and making it safer for all. The cultural activities include both visual and performing arts. There is a core group of around 800 students on the site regularly, with an additional 1,000 students who visit each week from other campuses. The facility holds roughly 150 events per year.

This cultural center, in turn, made the market-rate housing—the main financial driver of the project—a much easier sell. Notes Scot Hein, senior urban designer, city of Vancouver, “If SFU had not committed to the project, it might not have been built.”

Condominium sales. In addition to the location near the center of downtown Vancouver, the two key marketing features that helped sell the condos were the SFU center and the grocery and drug stores—all of which had committed to the project before the condo sales began.

The condos were sold out in one weekend—in a matter of hours—in 2006. One reason for this was the pricing, which was below that for many of the new condo projects coming on line at that time. The attractive price was an important feature for a project in a high-priced condo market like Vancouver. Even though the project was located in an area with gritty qualities, the location was very close to the central employment area, allowing many condo residents to easily walk to work or to access the transit system.

The recession that hit the United States and much of the world during the 2008-to-2010 period was not as severe in Canada, as the banks there were in much better shape; the Canadian recession lasted only about six months. These factors, together with the fact that the sales and financing were completed before the recession began (deposits of 10 to 20 percent were required), insulated the condo sales and the project as a whole from the financial crisis that was affecting real estate projects elsewhere. Very few of the condo presales failed to close, and prices remained firm during the construction phase.

The condo pricing was similar for the two market-rate buildings. While the W43 building has the more distinctive architectural profile, the W34 building has more attractive floor plans, as the triangle shape of the W43 building has resulted in less efficient floor and unit plans.

Pricing ranged from C\$200,000 to C\$1 million, with prices generally north of C\$500 per square foot initially. Resale prices as of 2014 were closer to C\$700 to C\$750 per square foot. The higher units are more expensive than the lower units, but the differences are less pronounced than those seen in other condos in downtown Vancouver.

Retail leasing. The original Woodward’s department store was famous for its aforementioned food floor, so securing a food store for the project was a priority and a real win for the project in terms of bringing back some of the heritage of the site. The food store was also an essential amenity and draw for marketing the market-rate housing, and an essential service for the nonmarket housing. Nesters Market brought in a 14,730-square-foot store featuring deli items, fresh fruit and vegetables, and a range of other groceries.

The Nesters store operators chose to lease space in the project in spite of the problems they expected to have with shoplifters. For them as for the developer, the store was a social and community commitment. Also, the city offered a ten-year tax abatement for the store, and the rent was very reasonable, too. The developers personally engaged in discussions with the Nesters executives to encourage them to bring that store to the project.

Once Nesters committed to the project, getting a commitment from the drugstore was easy, as drug and grocery stores often move in tandem. London Drugs leased 18,366 square

feet on two floors across the atrium from Nesters. Both of these stores brought new employment opportunities to the area as well. Another key tenant was Toronto-Dominion Bank, which took space in the Heritage office building as part of its urban renewal program and commitment to serve underserved communities. This was an important addition for the neighborhood, as there were few banks there and many low-income residents had limited access to banking services.

Other tenants include the Charles Bar, Hiro Japan Sushi, JJ Bean (coffee), and W Dental, all within the W43 building; Express News and Green Stems (flowers) in the W34 building facing Abbott Street; and Subway within the Hastings/SFU building, facing onto Hastings Street. A period of free rent and a tenant improvement allowance were offered to some of the early tenants. One retail space facing the atrium is vacant as of March 2014, and was formerly a media café operated by a nonprofit community group that has ceased operations.

For the initial retailers—especially the grocery store and the drugstore—the project was a leap of faith and a social commitment as well as a financial commitment. No one knew how the retail would perform, especially with the uncertain housing density, the affordable housing, and the underlying crime and drug problems in the area.

The construction process brought around 800 workers to the site daily, which helped incubate food service and restaurant businesses in the area that continued to flourish after the project opened and helped with the retail leasing.

Office leasing. Most of the office space is located in the original 1903 Heritage Building that was restored, and this space is now owned by the city of Vancouver and occupied primarily by the city and nonprofit organizations. Some of the nonprofit space was originally leased to a group that was unable to pay the rent and is vacant as of March 2014.

Additional office space in the W32 building, on the second and third levels, is leased to various Canadian government entities, including the National Film Board of Canada, Canadian Heritage, the Public Health Agency of Canada, and Public Works and Government Services of Canada. Rents for this space fall in the C\$25-per-square-foot range.

Public relations. At the grand opening of the project in January 2010, one of the more dramatic moments was the lighting of the new W sign atop the Heritage Building. This was a symbolic moment for the city and the community. Even though the Woodward's department store was gone, Woodward's was back in a new mixed-use form, including a new version of the W that had become such a recognizable symbol for the neighborhood.

One of the hallmarks of the Woodward's department store was that it was known for being open and respectful to everyone. This theme was carried through in the new project and in the public relations and management plan. For example, while many private atriums will evict people who are not there for a purpose, the atrium at Woodward's is designed to be a social space that is welcoming to all. The basketball court in the atrium is indicative of this, turning the space into both recreational and social space, not simply shopping center space.

Operations. A community use agreement has been established for the project that defines 12 uses/airspace parcels, and the legal rights and responsibilities of each, in the overall management plan. The 12 airspace parcels include the SFU facility, the singles' nonmarket residential, the family nonmarket residential, the second- and third-floor office spaces facing Abbott Street, the W32 condominium, the W43 condominium, the retail, two separate office spaces in the Heritage Building, and the child care center atop the Heritage Building. A good deal of time and legal expense was involved in crafting this document, one of the special considerations involved when a complex mixed-use development is undertaken. The various owners, entities, and operators of the various buildings and uses in the project are bound by this maintenance and management agreement.

A major actor in the ongoing operation is the SFU. SFU offers a range of free events as well as a mix of price points and programming for various cultural activities that appeal to a wide range of demographics. Most events are priced in the C\$25-to-C\$49 range, but some go as high as C\$80. The offerings within this facility include experimental theater, art galleries, multimedia areas, and a cinema. The building also includes classroom space and offices.

There is also synergy among the residential and nonresidential uses, as some of the residents in the project are employed within the nonresidential uses, including some of the SRO residents who serve as ushers for some of the events in the SFU facility.

Other key management entities within the project include the condo associations that manage the two condo buildings; the city, which manages the Heritage office building; and Westbank and Peterson, which manage the retail space, the office space in the W34 building, and the atrium. The daycare center is owned by the city and managed by a nonprofit organization.

Social housing management. The social nonmarket housing is managed by three nonprofit housing groups that specialize in managing low-income housing. The 125 units of singles' housing for the hard-to-house, many with mental illnesses and/or substance dependence problems, are managed by Portland Hotel Society (PHS) Community Services. PHS is a nonprofit organization that was created in 1993 to advocate for, develop, and implement social services for people living with mental and substance dependence disorders.

The 75 units of family nonmarket housing are managed by the Affordable Housing Society, a nonprofit organization that was established in 1982 to develop, own, and manage rental housing for low- and moderate-income families, seniors, and singles and couples. The Vancouver Resource Society manages the accessible housing in the W43 building.

Observations and Lessons Learned

The Woodward's project is a social experiment that has worked, and there were many drivers and entities that came together to make it happen. The commitment and cooperation of the city, the provincial government, the university, two private sector developers, a number of social housing groups, the grocery and drugstore anchors, and numerous community groups were exemplary. The fact that the condo buyers supported the project enthusiastically was also a sign of community support.

Critical to the success of the project was the developers', architect's, and city's ongoing dialogue with community groups to address the neighborhood's unique social needs. In the

end, the Woodward's project was about the Vancouver community coming together to bring about an important transformation of a historic site at the heart of the city. Notes Michael Boucher of SFU, "By and large there has been a lot of give-and-take in the development process, a good dance." Most of the participants have been on the same page in terms of achieving both social and economic objectives. Notes Hein, "This was a seminal project for the city, and has been a catalyst for the area."

Also critical to the project was getting all the uses to commit to it, as each component was vital to the success of the project. This was achieved through leasing momentum. Because the provincial government committed to the project, the federal government committed to rent space. Because Nesters committed to rent space, London Drugs also committed to the space. Because of the condominiums, the retail shop space leased for reasonable rents.

A project that respects the heritage of a site can do so in many ways that go beyond simply restoring historic buildings; sometimes, quality of restoration is more important than quantity, and cultural memories are as important as preserving architecture. The aforementioned large photograph that depicts the Gastown riots is one example of this; the re-creation of the large W atop the building is another. The videos in the atrium and panels around the building also highlight the history of the site. And bringing a grocery store and food back to the site was also an important heritage element. As a result, the project received a Vancouver Heritage Award.

One of the problems that the developers encountered during the development process was dealing with the Olympic deadline. The project was planned and scheduled to open before the Olympics; but to accomplish this, the developers and designers had to fast-track the design process. They also had to construct the project during the same time frame in which many other Olympics-related projects were proceeding, which meant that there was a shortage of subcontractors and workers to complete the work. Most of the subcontractors had labor problems and schedule problems on the project. As a result, construction costs came in 10 percent higher than expected, and the project was six months behind schedule when completed, but

nonetheless opened several weeks before the Olympics began.

Some aspects of the project still need attention. For instance, the community arts space on the second level of the office building failed and now is largely underused, as is one of the retail spaces facing the atrium. Community groups often need more help to succeed than initially expected. It is not enough to offer free space and hope the programming comes. Small cultural users and events also need equipment such as tables, chairs, and stages as well as event planning assistance to succeed.

Another occasional problem for the project is the fire alarm system. When the fire alarm goes off in one portion of the project, it can trigger the evacuation of the other portions of the project. This is especially a problem for the SFU theater, where events can be interrupted by fire alarms. A silent alarm and a delay have been installed to address this issue. The whole project has been coded as one building, which is part of the reason for this problem. Coding the project as one building was a deliberate choice, as it provided flexibility in the design and allowed for more optimal building adjacencies and better public spaces.

Cost sharing and operating expenses among uses are an ongoing challenge, as is the case with many mixed-use developments. Allocating the costs for maintaining common spaces and elements is always a sensitive matter. Each use had different concerns. Social housing operators want low expenses. Retail users want high standards for maintenance and security. Market-rate condo associations want low costs but also strong security. The atrium is a special issue, as it is open most of the day and night and requires 24-hour security. Complaints from the condominium owners regarding shared expenses are a consistent source of conflict.

Beyond these lessons, Woodward's has demonstrated that mixed-use density can have a transformative impact in troubled urban neighborhoods. Notes Chan of Westbank, "The project is successful in large part because it is so dense." Notes Boucher, "When the project began, the area was not one that many wanted to visit. Some would hesitate to come down here. That perception has been completely erased." The fact that Woodward's is very large and incorporates many uses

that activate it throughout the day was important to the success of the project and of the neighborhood.

Before the project began, the Vancouver east side neighborhood was the poorest postal code in Canada. Today, the neighborhood includes a much broader spectrum of people. Notes Henriquez, "Today, the project is a microcosm of the city." It has both affluent and poor residents, high culture and street culture, and a variety of employment opportunities. He further notes, "Everyone decided that it was important to come together."

The Woodward's redevelopment changed the neighborhood for the better in a number of ways. People who were homeless or living in substandard housing now have good housing. High-quality groceries are readily available now. The streets are safer. There is a diverse mix of people in the neighborhood. There is new culture and nightlife. Property values and the property tax base have increased, generating new revenue for the city. In addition, this was one of the first examples in Canada of mixing social housing and market-rate condominium housing, and the success of the project was an important landmark demonstrating that such a mix could work.

OTHER RESOURCES

Video

www.youtube.com/user/ULITV

Housing management partners

PHS Community Services Society
Affordable Housing Society
Vancouver Resource Society

PROJECT INFORMATION

Development timeline

Woodward's store closes	1993
Site purchased by province of British Columbia	2001
Woodward's Squat takes place	2002
Site purchased by city of Vancouver	2003
Redevelopment planning begins	2003
Westbank/Peterson selected as developers	2004
SFU commits to locating in the project	2005
Construction begins	2006
Sales/leasing begins and ends with sellout	2006
Residential opens	2009
Project completed	2010

Gross building area

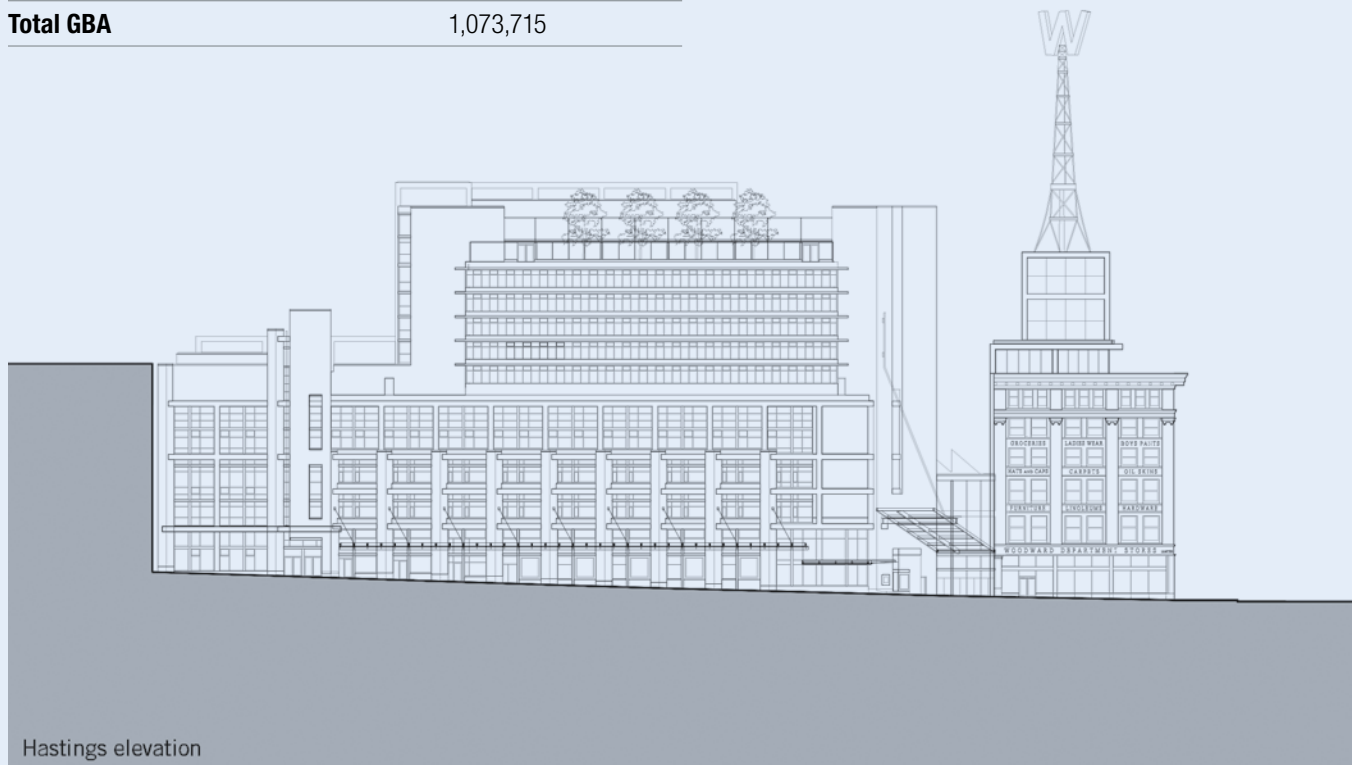
Use	Building area (sq. ft.)
Office	67,386
Retail	48,172
Simon Fraser University	118,940
Residential (market-rate)	451,298
Residential (nonmarket)	164,715
Parking	178,454
Other (city space/atrium/plaza)	44,750
Total GBA	1,073,715

Land use plan

Use	Area (acres)	Percentage of site
Buildings	1.59	68.5
Streets/surface parking	0.01	0.5
Landscaping/open space	0.51	22
Other (atrium)	0.21	9
Total	2.32	100%

Parking information

	Spaces
On site for market-rate residential	316
Off site for market-rate residential	243
Off site for nonmarket residential	81
Office, SFU, and retail	214
Total	854



PROJECT INFORMATION

Residential information

	Number of units	Unit size (sq. ft.)	Percentage sold	Typical rent or sales price
W43 Tower condos	366	500–2,500	100	C\$200,000–C\$1,000,000
W43 Tower accessible	10			
W32 Tower condos	170	500–2,500	100	C\$200,000–C\$1,000,000
W32 Tower family nonmarket	75			
Hastings Building singles' nonmarket	125			
Total	746			

Office information

Office net rentable area (NRA)	67,386 sq. ft.
Percentage of NRA occupied	100%
Number of tenants	5
Typical tenant size	15,000 sq. ft.
Annual rents	C\$25 per sq. ft.
Average length of lease	5 to 10 years

Major office tenants

	NRA (sq. ft.)
City of Vancouver	31,500
Federal government	33,390
National Film Board of Canada	
Canadian Heritage	
Public Health Agency of Canada	
Public Works and Government Services	

Retail information

Retail gross leasable area (GLA)	48,172 sq. ft.
Percentage of retail GLA occupied	100%
Annual rent range	C\$20–C\$60 per sq. ft.
Average length of lease	5 to 10 years

Key retail tenants

	Retail type	GLA (sq. ft.)
Nesters Market	Grocery store	14,730
London Drugs	Drugstore	18,366
TD Canada Trust	Bank	5,700
The Charles Bar	Restaurant	

PROJECT INFORMATION

Development cost information

	Amount in C\$	
Site acquisition/improvement cost		
Site acquisition cost	\$	—
City office space	\$12,500,000	Transfer of 31,500 sq. ft. of completed space to city
Atrium and plaza costs	\$12,000,000	
Demolition costs	\$3,000,000	
Total	\$27,500,000	
Construction costs		
Office	\$13,500,000	
Tenant improvements and landlord work	\$4,000,000	
Retail	\$17,800,000	
Residential	\$140,000,000	
SFU	\$55,100,000	
Nonmarket housing	\$38,000,000	
Total	\$268,400,000	
Soft costs		
Architecture/engineering	\$29,500,000	10.99% of construction costs
Marketing	\$11,000,000	
Taxes/insurance	\$4,100,000	
Construction interest and fees	\$12,000,000	
Total	\$56,600,000	
Total development cost	\$352,500,000	

Financing sources

	Amount in C\$	
Equity capital sources		
Westbank and Peterson	\$41,400,000	
Public sector capital sources		
Province of British Columbia and SFU	\$62,500,000*	
Province of British Columbia and B.C. Housing	\$43,600,000**	
Debt capital sources		
Canadian Mortgage and Housing Corp.	\$205,000,000***	
Total	\$352,500,000	

* For the SFU facility.

** For the social housing.

*** Federal.



About the Urban Land Institute

The mission of the Urban Land Institute is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide.

Established in 1936, the Institute today has more than 32,000 members, representing the entire spectrum of land use and development disciplines. Professionals represented include developers, builders, property owners, investors, architects, planners, public officials, real estate brokers, appraisers, attorneys, engineers, financiers, academics, and students.

ULI is committed to

- Bringing together leaders from across the fields of real estate and land use policy to exchange best practices and serve community needs;
- Fostering collaboration within and beyond ULI's membership through mentoring, dialogue, and problem solving;
- Exploring issues of urbanization, conservation, regeneration, land use, capital formation, and sustainable development;
- Advancing land use policies and design practices that respect the uniqueness of both the built and natural environment;
- Sharing knowledge through education, applied research, publishing, and electronic media; and
- Sustaining a diverse global network of local practice and advisory efforts that address current and future challenges.

Patrick Phillips, Chief Executive Officer

The development of this case study was generously underwritten by the law firm Allen Matkins.



About Allen Matkins

Allen Matkins is a California-based law firm specializing in serving the real estate industry. The firm has more than 200 attorneys in four major metropolitan areas of California: Los Angeles, Orange County, San Diego, and San Francisco. Its core specialties include real estate, real estate and commercial finance, bankruptcy and creditors' rights, construction, land use, natural resources, environmental, corporate and securities, intellectual property, joint ventures, taxation, employment and labor law, and dispute resolution and litigation in all these matters.

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