



# **FINANCIAL FEASIBILITY ASSESSMENT**

## **DRAFT - CHAPTER 6.0 MANUFACTURED HOME PARKS**

**City of Nanaimo**

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**matters**

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## 2.0 Methodology

This analysis uses high-level financial feasibility modelling designed to inform policy-level discussions, rather than assess individual sites or landowners. The modelling is conceptual in nature and reflects broad development patterns rather than site-specific realities. Results should be interpreted as indicative, not definitive, offering a preliminary view of relative feasibility across prototypical development scenarios.

Prototypical development scenarios were created in collaboration with City of Nanaimo staff. These concepts are not tied to specific properties but represent typical development forms within target Official Community Plan land use designations. Typologies are hypothetical and informed by:

- Historical and recent market precedents in the City (e.g., development projects)
- Anticipated development patterns and building forms aligned with broader city-building and housing objectives (e.g., OCP land use designations, parking requirements)

## 2.1 Financial Analysis Approach

### Project Viability

The financial analysis models project viability on an average basis, meaning that some sites may still move forward in an 'not likely viable' scenario if the economics of the unique site works in their favour. The project viability provides a general measure to understand if sites would move forward or not under the tested conditions.

To measure project viability, we consider the following:

- Any scenario that generates a land value under redevelopment that is higher than the land value supported by the existing use and a profit on cost margin of **at least 15% (for condo) or 12% (for rental)** is categorized as being **viable**. These projects would have capacity to pass at least some additional costs back to the landowner of a development site (if the site has not been purchased already), thus having no impact on profits or unit prices.
- Any scenario that generates a project profit on cost of **less than 15% but above 10% (for condo), and less than 12% but above 10% (for rental)** is considered as "**potentially viable**." While these scenarios may be viable in some cases, these projects would have no financial capacity to pass new costs back to the landowner, because they are already supporting land values that are equal to or lower than the 'floor' value set by the site's existing use conditions.
- Any scenario generating a profit on cost margin of **less than 10%** is categorized as not likely viable. In these scenarios, there is no financial capacity to pass new costs back to the landowner. A few of these projects would be likely to be able to go forward even under current market conditions.

## 6.0 Manufactured Home Parks

This section of the report outlines the key assumptions and findings related to two case study site analyses for the redevelopment of a manufactured home park in Nanaimo. Manufactured home park residents are referred to as “manufactured home community residents” in this analysis and the individual pads or houses are referred to as “dwelling units”.

The financial analysis seeks to understand financial feasibility under two compensation approaches:

- **Approach A:** If a developer were to provide the required compensation to manufactured home park community residents under the Manufactured Home Park Tenancy Act and Manufactured Home Park Tenancy Regulation<sup>1</sup>;
- **Approach B:** If a developer were to provide compensation beyond the requirements in the legislation, as proposed by the Manufactured Home Park Stakeholder Group who is located in Nanaimo. This proposal and the assumed costs are attached in **Appendix B**.

## 6.1 Key Assumptions

### Case Study Sites

The two case study site parameters are shown in **Table 1** below. As consistent with the other case study sites, a hypothetical 1-acre portion of the sites have been used for testing. The number of dwelling units in each park modelled for redevelopment are taken proportionally in relation to the full site size.

Table 1: Manufactured Home Park Case Study Sites

Case Study Test Site Number	OCP Designation	Base Typology Tested	Site Size (SF)	Price Per Acre*	Permitted Density (Assumed FSR)	Additional Density Tested (Assumed Total FSR)
12	Secondary Urban Centre	3 Storey Townhouse	43,560	\$1.8M	0.75	1.1
13	Secondary Urban Centre	6 Storey Mixed-Use	43,560	\$809k	2.75	n/a

\*Based on the 2025 assessment values (land only) set by BC Assessment.

The two case study sites were selected based on the lowest home and land assessment value (dwelling units **plus** land), relative to the other 20 manufactured home parks in Nanaimo<sup>2</sup>. Case Study Site 13 has a significantly lower assessment price on a per acre basis (land only) than Case Study Site 12. This is assumed to be the **minimum** price per acre that a landowner would be willing to sell their land for, although it is dependent on the individual circumstances.

Additional density bonus was tested to understand the impact on financial feasibility. For Case Study Site 12, the density tested was 0.75 FSR, with a density bonus up to 1.1 FSR. For Case Test Site 13, additional

<sup>1</sup> If a manufactured home park is being closed or changed to a different use, and residents are being evicted because of it, the landlord must pay each affected tenant \$20,000. If the tenant's manufactured home can't be moved, the landlord must also pay the difference between the \$20,000 and the home's assessed value. In this report, while we refer to them as “manufactured home community residents”, the legislation refers to them as tenants.

<sup>2</sup> Note there are a total of 22 manufactured home parks in Nanaimo.

density was not tested as building higher than 6 storeys would result in a change of building materials and form (e.g., concrete).

## Compensation

It is assumed that all manufactured home park community residents would not be able to move their dwelling unit to a new site, in order to understand the maximum possible compensation required under BC legislation. Based on the case study sites selected and the corresponding 2025 assessment values of each dwelling unit as provided by BC Assessment, the average financial compensation is shown in Table 2 below.

Table 2: Compensation Approaches Modelled

Compensation Approach	Case Study Site	Contribution per Unit	Number of Units	Total Compensation
A	Site 12	\$115,000	8	\$920,000
A	Site 13	\$260,000	7	\$1,820,000
B	Site 12	\$351,000	8	\$2,808,000
B	Site 13	\$659,000	7	\$4,613,000

On average, the dwelling units on Case Study Site 13 are of higher assessment values than the dwelling units on Case Study Site 12, which is likely reflective of the condition of the dwellings.

## Other Assumptions

- The proposed ACC and updated DCCs are assumed to be in effect for this manufactured home park analysis. The updated DCC rates are higher than the current DCC rates.
- All other construction, financing, and revenue assumptions used in this section of the analysis are consistent with the rest of the report.

## 6.2 Baseline Scenario Findings

The financial analysis shows that under the current market conditions, both compensation Approach A and Approach B results in the development projects that are likely not viable, meaning that the development project would likely not result in a sufficient profit for the developer to proceed under current market conditions (

Table 3). Both the 3-storey townhouse at 0.75 FSR on Case Study Site 12 and the 6-storey mixed-use apartment at 2.75 FSR on Case Study Site 13 show negative profit-on-cost returns from a development perspective under current market conditions.

Table 3: Baseline Scenario Findings, Manufactured Home Park Analysis

Strata	Rental
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Case Study Site	Compensation Approach	OCP Designation	Typology Tested	Site Size (sq. ft.)	Price Per Acre	FSR	Parking (with Visitor)	Viability	Profit on Cost	Viability	Levered IRR (15 year)
12	A	Neighbourhood	3 Storey Townhouse	43,560	\$1.8m	0.75	n/a	No	-10%	n/a	n/a
12	B	Neighbourhood	3 Storey Townhouse	43,560	\$1.8m	0.75	n/a	No	-26%	n/a	n/a
13	A	Secondary Urban Centre	6 Storey Mixed-Use	43,560	\$809k	2.75	1.3	No	-9%	No	6%
13	B	Secondary Urban Centre	6 Storey Mixed-Use	43,560	\$809k	2.75	1.3	No	-13%	No	4%

## 6.3 Density Bonus Findings

For Case Study Site 12, additional density of 0.25 FSR was tested (for a total of 1.1 FSR). The analysis shows that the profit-on-cost increases relative to the baseline scenarios, however, for both compensation Approach A and Approach B, the development projects are not shown to be viable under current market conditions, as it returns a profit-on-cost that is under the 10% threshold (Table 4). This analysis does not yet include any charges provided in exchange for density bonusing.

Table 4: Density Bonus Scenario Findings, Manufactured Home Park Analysis

Case Study Site	Compensation Approach	OCP Designation	Typology Tested	Site Size (sq. ft.)	Price Per Acre	FSR	Parking (with Visitor)	Viability	Profit on Cost
12	A	Neighbourhood	3 Storey Townhouse	43,560	\$1.8m	1.1	n/a	No	1%
12	B	Neighbourhood	3 Storey Townhouse	43,560	\$1.8m	1.1	n/a	No	0%

## 6.4 Key Takeaways

The financial analysis of case study sites indicate that the re-development of manufactured home parks in Nanaimo are currently challenging due to market conditions. Development projects that are required to provide compensation Approach A are more likely to proceed than Approach B, as the per dwelling unit costs are significantly lower.

### Compensation Approach A

- Compensation Approach A models the minimum financial compensation under the Manufactured Home Park Tenancy Act and Manufactured Home Park Tenancy Regulation. This results in a compensation of \$115,000 and \$260,000 per dwelling unit, resulting in projects with negative profit-on-costs. This means they are likely not viable from a development perspective under current market conditions. The per-unit compensation represents a 16% increase in the cost of construction for a new unit, as modelled.

- However, some projects may still move forward under compensation Approach A, as the financial analysis models a hypothetical site with average conditions. If a landowner is willing to sell their land for below assessment price and the developer is able to obtain favourable construction costs relative to achievable sales pricing, then there is possibility for a project to move forward.
- Additional density improves the project performance for townhouse developments under Approach A, however, a density bonus charge has not yet been applied.

### **Compensation Approach B**

- Compensation Approach B, which models an assumed financial compensation of \$351,000 to \$659,000 per dwelling unit, as recommended by the Manufactured Home Community, results in a significantly lower profit-on-cost relative to compensation Approach A. The per-unit compensation represents a 33% increase in the cost of construction for a new unit, as modelled.
- As the findings show a double-digit negative profit-on-cost, it is challenging for most projects to move forward under Approach B under current market conditions.