# *In Vancouver, a New Effort to Sell Olympic Condos*

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VANCOUVER, British Columbia ☐ On a typical weekend Larry W. Campbell flies into this city from Ottawa, where he is a Liberal Party senator representing British Columbia, then spends the night at his 600-square-foot condominium at the Olympic Village.

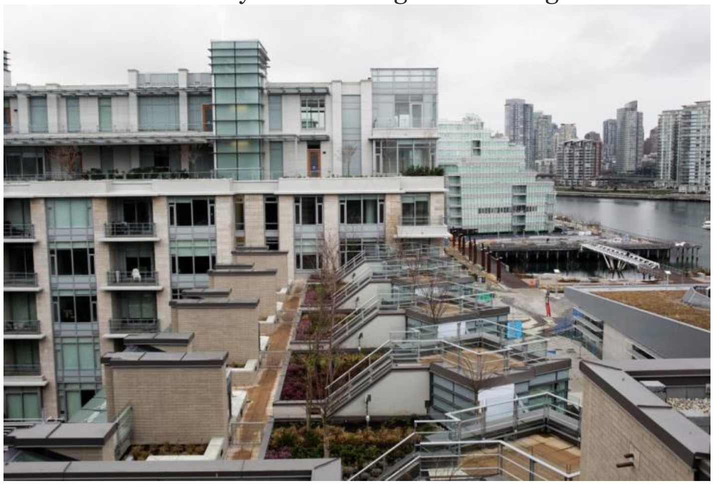
Mr. Campbell, who was the mayor of Vancouver in 2002 when the city won the bid for the 2010 Winter Olympics, said he liked the community's environmentally friendly features, including radiant ceiling heat and toilets flushed with recycled water, as well as the ample public spaces and proximity to the Canada Line rapid transit station. He paid 580,000 Canadian dollars for the unit in 2007.

His enthusiasm for the development is not widely shared, however. A year after the winter games, fewer than half of the 737 condos have been sold ☐ almost all as preconstruction sales in 2007 ☐ and the city's taxpayers now owe about 750 million Canadian dollars for a project that was never intended to be a public sector development. (On Tuesday, one Canadian dollar was worth $1.01 American dollars.)

Last week the city began a fresh effort to sell off the remaining condos, rebranding the cluster of 16 midrise buildings that once housed elite athletes as the Village on False Creek ☐ a reference to the inlet bordering the development ☐ and slashing prices by an average of 30 percent. "It is a lightning rod, politically and journalistically," said Bob Rennie, the principal of Rennie Marketing Systems, which is handling the Village on False Creek marketing and sales campaign.

Mr. Campbell, who left office in 2005 to serve in Ottawa, says the development's financial troubles, which are chronicled almost daily in the news media, do not bother him. "I am part of a new neighborhood in what was industrial wasteland," he said. "It's a legacy."

But as initiatives to revitalize the development move forward, the debate over what the city did wrong and what it might have done differently shows no signs of abating.



*Prices of the former Olympic Village condos have been cut by 30 percent. Credit...Farah Nosh for The New York Times*

Much of the controversy dates back to 2006, when the city awarded the Olympic Village contract to Millennium Development of Vancouver, largely because the company offered the highest bid at 193 million Canadian dollars. Because the city retained title to the land, the developer was unable to secure financing from Canadian banks, and sought out an American hedge fund, which demanded a loan guarantee from the city. Largely because of the high cost of the land, Millennium, with encouragement from the city, priced most of the condos over 1 million Canadian dollars, well into the "luxury" range, a strategy that backfired in the recession.

Two years later, when cost overruns and the financial crisis put Millennium in default to Fortress Investment Group, its American financier, the City Council lent the developer 100 million Canadian dollars. That created a scandal that helped oust the city government, which was led by the Nonpartisan Association party, or N.P.A., and Mayor Sam Sullivan. In 2009 the city took over the entire loan of 750 million Canadian dollars, leading Mayor Gregor Robertson of the rival Vision Vancouver party to announce that "taxpayers were on the hook" for the whole project.

Mr. Robertson said in an e-mail that he disagreed with the decisions to guarantee the financing and "prioritize" high-end housing. "The biggest lesson is that the city should not be gambling taxpayers' dollars on luxury real estate," he wrote. "That was a key decision made by the last council and it's what opened the city up to enormous financial risk."

Suzanne Anton, an N.P.A. councilwoman, said the project's financing problems actually dated back to 2002, when planners decided the village design should shift away from the high-rise towers that dominated the Vancouver skyline ☐ which would have been cheaper to build and sell or rent. Ms. Anton also said Mr. Robertson should have been the "chief huckster" for the village. "Instead, he's spent two years making negative remarks about the previous council," she said.

After the Olympics, the situation continued to deteriorate. When Millennium failed to sell more units, the city and the developer decided in November to hand over the troubled project to Ernst & Young, a receiver now jointly managing the project with city officials.

Cities around the world have encountered difficulties transforming athletes' villages into permanent housing, said Peter Wall, a co-founder of Wall Financial, which is building a 550-unit condo development across the street from the Olympic Village. Nevertheless, Mr. Wall said, development was "so easy to do" in Vancouver, a fast-growing city of about 600,000 noted for its urban planning expertise and relatively stable real estate values. He added that his company's development, the Wall Center False Creek, sold out in five months last fall, at prices that started at about 300,000 Canadian dollars for a 518-square-foot one-bedroom.

Mr. Wall, whose company submitted one of the original Olympic Village bids, said Millennium was undercapitalized and that the focus on cutting-edge environmental initiatives drove up costs.

*Prospective buyers lined up last week. Credit...Farah Nosh for The New York Times*

But Brent Toderian, the city's director of planning, said the development, intended as a green demonstration project, has "transformed city building in every aspect." The Olympic Village site, a rare case in which the entire neighborhood has a LEED Platinum rating, features a net-zero building that produces as much as energy as it uses, sites for urban agriculture and a neighborhood energy utility that uses heat recovered from raw sewage to heat all the buildings in the development. And the area around the village is becoming a cultural and residential destination.

As the debate continues, there are signs of movement at the village, where 230 condos are back on the market at prices ranging from 249,000 Canadian dollars for a studio to 1.8 million Canadian dollars for a penthouse. (Sales had been suspended since November).

Mr. Rennie said he expected to have sold 56 units by the end of the month. "I am being paid to remove the words 'ghost town,' " he said. He appears to be well on the way to doing that: On Tuesday, he said in a news release that 128 units were sold over the weekend, at an average price of 778,800 Canadian dollars.

About 30 residents have also moved into the project's 252 subsidized rental units, which are located in three buildings managed by the Co-op Housing Federation of B.C.. Half of those units are set aside for middle-income workers like police officers; the other half are for low-income residents.

The city has come under fire for cost overruns in the nonmarket buildings as well as cuts to the number of units. However, Thom Armstrong, the federation's executive director, said the city should be applauded for filling the gap left by federal and provincial housing cutbacks. "They're doing everything they can and taking hits for it," he said.

Will the city recover its money on the project? "Our target is absolutely to bring it in on balance," said Penny Ballem, Vancouver's city manager.

Others are not so certain. "Olympic Village is going to be a financial failure," said Michael Geller, a local developer who predicted losses in the "hundreds of millions."

Even so, Mr. Geller said, "One day, all of these problems will be distant memories, and people who choose to live there will be glad they did."