

Evelyn remains safe from court claim

Development appears unaffected by Olympic Village receivership

BY JANE SEYD, NORTH SHORE NEWS NOVEMBER 21, 2010

The agreement this week to place the Vancouver Olympic Village development into receivership is not expected to immediately impact Millennium's Evelyn development in West Vancouver, said a representative for the developer's marketing firm, despite the fact that the developer could be forced to hand over other properties to the City of Vancouver.

"Our understanding is the Evelyn Drive project is not connected in any way to Millennium Water," said Lesli Boldt, a spokeswoman for Rennie Marketing Systems, which is handling promotion for Millennium Development Corp., the company behind both projects.

"As of right now, there's been no change in project status that we're aware of."

Pre-sales on Evelyn's first phase haven't changed in the past two months, said Boldt -- 31 of the 109 units have sold in the past year.

Boldt said construction on the project is still slated to begin in February.

On Wednesday, a deal on Millennium's Olympic Village development in False Creek was endorsed by a court order essentially giving the City of Vancouver control over the development through a receiver in order to recoup its outstanding loan of \$740 million.

If the city can't recover all of its money through sales of the 480 high-end condos and commercial properties -- considered quite likely -- Millennium's owners, Peter and Shahram Malek have agreed to hand over other assets for the city to liquidate.

Exactly which assets may become part of the deal hasn't been made public.

But according to information available through the Land Titles Office, the City of Vancouver has registered a charge against the Evelyn properties.

Tsur Somerville, director of the Centre for Urban Economics and Real Estate at U.B.C.'s Sauder School of Business, said the Evelyn development is potentially one of the assets the developers could turn over to the city.

But that could depend on what other assets are on the table and issues like how encumbered the developments are by large mortgages, he added. "It's a valuable asset," he said.

The City of Vancouver forced Millennium into the deal on the Olympic Village development -- now

called Millennium Water -- this week after the developers appeared about to default on a second loan repayment -- this one for \$75 million -- due in January. The first loan default happened in September when the developers shorted the city on a \$200-million loan repayment.

The company ran into trouble in fall 2008 when its financial backer, Fortress Investment Group, pulled out of the Olympic Village project.

In February 2009, Vancouver took over Fortress's \$700-million loan to the company. Millennium was supposed to repay \$200 million of that in August this year, but according to the city, less than the full amount arrived.

The Evelyn Drive project, in contrast, has not involved any taxpayer-financed loans.

But sales on the high-end units -- which range in price from \$650,000 to \$1 million -- have also been sluggish in the slow housing market.

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