

**Planning & Development Department
Development Advisory Committee
Meeting Notes for June 25, 2009**

Members:

Andy Aadmi
Ragbir Gurm
Jeff Fisher
Steve Forrest
Avtar Johl
Steve Kurrein
Michael Mortensen
Gopal Sahota
Greg Sewell
Kevin Shoemaker
Amy Spencer-Chubey
Clarence Arychuk

City Staff:

Owen Croy
Vincent Lalonde
Jean Lamontagne
Sam Lau
Tiina Mack
Fay Keng Wong

Regrets:

Councillor Marvin Hunt
Deana Grinnell

1. Acceptance of Previous Minutes

The minutes of the meeting of May 28, 2009 were received as circulated.

2. Update on the 2009-2018 10-Year Servicing Plan and Associated DCC By-law – Vincent Lalonde

Vincent Lalonde presented an overview of the Engineering 10-Year Servicing Plan and DCC By-law. A copy of the presentation is attached. The City's Economic Investment Action Plan, which is intended to foster economic growth, established two Economic Investment Zones, in the City Centre and Bridgeview-South Westminster neighbourhoods. For these areas, the Plan eliminates 3 years of property taxes for major new business developments and a 50% reduction off building permit fees. In the City Centre, DCC's were also reduced by 33% for major new business developments.

In order to avoid sharp increases, it is the City's intent to increase DCC rates yearly. Given the economic climate at the time, in December 2008 the City sought the DAC's opinions on options for the annual DCC adjustment which was to take place in March 2009. The City presented the following options:

- Option 1 – A new 10-Year Servicing Plan and a DCC rate increase of about 6%.
- Option 2 – A new but reduced Servicing Plan and a DCC rate increase of about 3%.
- Option 3 – Maintain the current Servicing Plan and DCC rates and monitor market and construction pricing for the next 6-months to 1-year.

At the December meeting, the DAC recommended Option 3, that the City not adjust the DCC rates as demand for new housing had dropped. Increasing DCC rates was thought to hinder new home starts. Land and construction prices were also falling and are expected to fall further in 2009, so there may be opportunities to reduce the rates in 2009. However, the disadvantage of deferring a new Servicing Plan and DCC rate revisions means no new projects which could be added to the 10 Year Plan, limiting growth in certain areas, less funding for projects and DCC reimbursements, and unfunded infrastructure.

The DAC's recommended Option 3 was adopted by Council: *"Delay the implementation of a new 10-Year Servicing Plan and DCC rate adjustments for six months to allow sufficient time to monitor the market and construction pricing."* Six months has now passed, and the City has observed a number of changes. In the last 6 months, the costs of paving, road works, sanitary sewer, and land acquisition have all been reduced. Only the cost of excavation and hauling has increased. The primary driver for the unit cost reductions appears to be competition.

Although the City's unit rates have generally declined by an average of 5 to 10%, and the City's Servicing Plan has increased in value by about 6%, the rate changes is subject to growth forecasts (number of units) and unit assumptions (population per unit, and area of units).

The DAC were asked which of the following courses of action they now support:

- Option 1 - Introduce a new but somewhat constrained (3% to 5% unfunded) servicing plan now, and slightly reduce DCC rates. Review in 12 to 16 months.
- Option 2 - Wait another 6 months to see how unit prices adjust. No DCC reduction and limited 10 year plan. If we wait, and unit prices continue to fall, we could reduce rates and have a fully funded servicing plan. If we wait, and unit prices increase, we would then increase rates and a new constrained servicing plan.

Questions and Comments from the DAC:

- Jeff Fisher asked for clarification on Option 1. Vincent commented that about \$1 billion (6% increase) is needed for the 2009-2018 Servicing Plan based on the revised unit rates. Now that the construction costs have gone down, the DCC rates could stay the same or we could drop the rates. The rates could be dropped even further, but that would mean reduced infrastructure.
- Steve Kurrein commented that if reducing the DCC rates means somebody is going to be impacted, it may not be worth it to reduce the rates. Vincent commented that some roads can go without paving in the short term. It depends on how critical it is to have a slight reduction or keeping the rates "as is".
- Raghbir Gurm asked if there is any sort of municipal rebate for carbon tax. Option 1 is risky. We have hit the bottom. To plan on further reductions would probably be

irresponsible. If only a few (e.g. single family units) get a reduction in DCC rates, we should not bother. Vincent commented that if the prices fall, the money will go to servicing, growth, and infrastructure, but if the prices increase, then the money will not take us as far. If it drops another, 10%, the money could go that much further.

- Kevin Shoemaker commented that certainty is critical.
- Clarence Arychuk commented that March seems like the best time of year for any changes to the DCC rates, when there will be the least amount of negative impact. He asked if the largest component of the DCCs was for Park Acquisition. Vincent commented that the City did not propose an increase for parks. The land acquisition of parks has increased.
- Avtar Johl commented that the DCC rates should be left as is because a small decrease will not make much of a difference.
- Greg Sewell asked if the City has ever reduced DCC rates. Clarence commented that the City has a few times in the past three decades. Greg added that we need to give some certainty for development in the future; cutting back to save a nominal 2% does not assist in the normal assembly of land. Vincent commented that we could go with the same rates and if the costs go down even more, we could address it then.
- Andy Aadmi commented that he does not know why the cost of hauling and paving has increased because he keeps getting inquiries for work from this group. What is needed is to check the figures, know the right stats, and plan from there. One incentive is the interest rate.
- Michael Mortensen asked if there are any opportunities for federal money to impact the DCC rates. Vincent responded that there are. Council sets its priorities and it depends on the projects that are funded. The City has received federal money for certain projects, such as for the City's cycling paths.
- Steve Forrest commented that it seems like prices are falling. He supports the DCC rates staying the same and re-evaluating after 6 months.

The DAC reached a consensus that the DCC rates should stay the same and be reviewed in March. Vince will provide a status update in November.

3. Housing Action Plan – Jean Lamontagne

A memo and Terms of Reference for the development of a Housing Action Plan were distributed to the DAC members. The City of Surrey is developing a Housing Action Plan and would like to invite the DAC to appoint one representative to participate in a Multi-stakeholder Advisory Group. The Advisory Group will include representatives of the development industry, non-profit housing providers, and municipal, regional and provincial governments. The Housing Action Plan will provide a vision, guiding principles and a plan for municipal actions toward the goal of an adequate supply of housing to meet the full range of incomes and needs in Surrey. Through a community and stakeholder consultation process, the Housing Action Plan will seek solutions to the supply of non-market housing for low income households and for groups that require supportive or special needs housing; market rental housing for low and moderate

income households; and affordable home ownership. The City would like the DAC's input on the development of Surrey's Housing Action Plan.

Questions and Comments from the DAC:

- Jeff has been invited to attend on behalf of the Urban Development Institute.
- Kevin can attend and requested information about the funding source for the Housing Action Plan.
- Jeff asked if the rental units under the Housing Action Plan will include secondary suites. Amy Spencer-Chubey asked if the rental units will include condo rentals. Jean commented that the secondary rental market, which includes units rented by the owners of secondary suites and condominiums, plays a significant role in helping to meet the rental housing demand, and will be reviewed as part of the HAP.

4. Lobbyist Policy Forms – Jean Lamontagne

Jean announced that the Lobbyist Policy Forms have been finalized. A Lobbyist Policy Form will now be included with each development application. A copy of the Form was distributed to the DAC members. A consultant/proponent is now called a "Lobbyist". A few DAC members expressed their concern with the term "Lobbyist" being applied to applicants.

5. Comments on the Market – All DAC Members

- Raghbir commented that money supply in the market and real estate transactions have increased and predicted activity will soon increase. Canadian banks have been better regulated than US banks.
- Andy commented that financiers remain reluctant to lend money. A lot of developers are saying the same thing. The low interest rates remain the only incentive. A lot of people do not keep up with the news and are still buying.
- Steve K. commented that builders are getting really good sales. Morningstar raised their prices by \$20,000. The bottom appears to have been found.
- Greg commented that his company has experienced 8-12% price reduction in sales.
- Gopal Sahota commented on a market shift. Re-sales are happening. A little while ago if prices increased a bit, buyers would stop buying. The market has changed now, and people are bidding. There are 120 day rate holds right now and people are coming into the market.
- Amy commented that Peter Simpson is working with the media on getting stories out about first time homebuyers.
- Avtar commented that there have been a lot of sales for RF-9 lots.
- Michael commented that there are a lot of first time homebuyers. Rowhouses and townhouses are doing well.

- Steve F. commented that his company was nominated for an award for their Salus amenity building. The world economy will come more into play. There are some positive signs with the employment rate. They are looking at smaller projects.

6. Next Meeting (September 24, 2009)

Jean will send more information about the Housing Action Plan to interested DAC members.

The meeting adjourned at 4:24 pm.