



City of Surrey
Development Advisory Committee
Meeting Notes for December 4, 2008

File: 360-20 (DAC)
Date: December 4, 2008
Time: 2:00 PM
Location: Planning Room #1,
Surrey City Hall

Attendees:

Councillors:
Marvin Hunt

Members:
Amy Spencer-Chubey
Andy Aadmi
Aubrey Kelly
Avtar Johl
Bill Kruger
Charan Sethi
Clarence Arychuk
David Porte
Deana Grinnell
Greg Sewell
Herb Locke
Jake Friesen
Jas Sandhu
Kevin Shoemaker
Steve Forrest
Steve Kurrein
Ted Dawson
Tom Miller

City Staff:
Vincent Lalonde, Engineering
Jeff Arason, Engineering
Judy McLeod, Planning & Development
Judith Robertson, Planning & Development
Donna Jones, Economic Development
Owen Croy, Parks, Recreation & Culture
Sam Lau, Engineering
Tiina Mack, Parks Recreation & Culture
Theresa Kidd, Planning & Development

1. Minutes of Previous Meeting

The minutes of the meeting of September 25, 2008 were received as circulated.

2. 10 year Plan & DCC Rate Revisions

Jeff Arason and Vince Lalonde provided a power point presentation (attached) on proposals for the DCC 10 Year Servicing Plan (2009-2018) and associated DCC Rate options. They noted that the City has prepared a Draft 10-year Servicing Plan which establishes a program of municipal engineering infrastructure works and services to meet the needs of the OCP and NCPs approved by council. The Plan identifies the costs to provide transportation, drainage, water and sewer services for both the existing and projected population growth expected to occur over the next 10 years. The presentation provided details on how the rates are arrived at.

It was noted that based on support from the development community, in 2006 the City proceeded with adoption of the full 10-year Servicing Plan and substantially increased rates. As the economic climate is now much different, staff is seeking input on how to proceed at this time.

Four (4) options were presented to the Committee for discussion:

- 1) Maintain the 10-Year Servicing Plan Program and DCC rates do not change. No new projects would be added which could limit growth and there would be less funding from projects and DCC reimbursements.
- 2) Keep the 10 year plan plus a minor inflationary increase (2.6%). No new projects would be added but there would be more funding for DCC reimbursements.
- 3) Proceed with the new 10 year plan and DCC rates increase (approx \$1,514 per new home). New projects would be added to support growth and there would be more funding for reimbursements.
- 4) Proceed with a new plan but reduce the size of the servicing plan and amount of change to the DCC rates. Some new projects would be added to support growth, but with a \$34 million reduction from Option 3.

The original timeline was to take the proposed plan to a Shirt Sleeve Council Session and Public Open House in December 2008 and seek Council's initial approval (1st-3rd readings) on January 19, 2009. With Provincial submission and approval complete in January, final Council Approval (4th reading) could be completed in February 2009 and the by-law would become effective in March. Given the economic climate, it was determined that it would be preferable to discuss the options with DAC prior to undertaking the next steps.

Open discussion and feedback from the Committee.

- Avtar Johl suggested holding off for a few months to assess the economy-is inflation going up or down?
- David Porte asked what input the DAC will have? Are members able to vote or is the City soliciting opinions only? Vince Lalonde replied that the DAC doesn't need to vote but the City feels strongly that there are 4 viable options, with pros and cons to each. The City is open to comments and will report back if we find commonalities. It would be preferable to reach a consensus.
- Kevin Shoemaker asked about the duration of the revised Plan and DCC rates. Vince responded that the City would prefer to revise the rates yearly. There is no legislative requirement to change the plan, but it would just mean less projects and potentially slowing development. Kevin supported seeing what happens in the next while and would like to see what key components are in the new plan. He asked if there was an option to do nothing. Vince noted that even under that scenario, there are inflationary increases, and some need to catch up for previous expenses in places such as Campbell Heights. Costs have increased since 2006 due to an increase in land acquisitions and some catch up as well.
- Amy Spencer-Chubey stated that option #1 is the best viable solution in these economic times.
- Clarence Arychuk expressed concern regarding Option #1 and under funding the model. .
- David Porte noted that we are already 2 years into the 10 year plan and asked what percentage of the plan remains? Jeff advised that this would be approximately 70% or a little less. The city is on track with building approximately one tenth of its 10 Year Plan annually. There was one year of "grandfathering" in a time of inflation, but the City is on track and if there are no new projects added, could be ok.

- Steve Kurrien noted that it seems to make sense to leave the plan be and review it in another year. Also, he noted that the Parks, Recreation and Culture 10 Year Strategic Plan includes approximately \$124 million in new projects. Tiina Mack noted that over the next 10 years there will be a need for about \$24 to \$28 million of spending. It is important to be able to establish new parks in the newly developing areas. While the City has tried to land bank in advance, it is more expensive to acquire land in denser areas of the city. Parks DCCs have not been increased since 2002. The charts show an aggregate increase and Parks are a component.
- Steve Kurrien noted that what we are calling inflation has two components, increased costs and some catch-up, which makes the term confusing.
- Several members observed that transportation and material costs seem to be coming down. Projects are being extended as the products are not moving as fast.
- Avtar Johl expressed the concern that most tenders are done in the spring. He is concerned that with increasing DCC rates, the market will not be able to bear it.
- Several members expressed appreciation for being able to review and comment of these options.
- There was also discussion about the issue of smaller square footage of units. If units are getting smaller, the city is collecting less DCCs per person. The Best Practices Guide recommends charging DCCs per square foot, not per unit.

Vince Lalonde summed up the discussion by saying that most comments indicated that land costs and construction costs will fall, but we should come back in 1 year and review this again. Vince noted that the drawback with not doing an annual plan is that some projects may not get included in the updated 10 Year Plan and would have to be held off for at least a year. The City wants to be diligent about its promise to update the Plan and DCCs each March 15. If the city proceeds with a revised plan, the preference of the members appeared to be for Option 4, with a reduced increase to support some growth.

Vince advised that they will take the comments from DAC to a Shirt Sleeve session of Council on December 15. There will not be time for an open house in December. He advised that he and Jeff will come back to the DAC meeting in January for further discussion.

3. Latecomer Agreements

Sam Lau, Engineering Department, advised that on November 28, 2008, Council approved a recommendation that will be in effect as of January 1, 2009. As of January 1, 2009 there will be a 15 year cost recovery period for Front Ender and Latecomer agreements, which will not be retro-active.

4. Comments on the market (all members)

- Bill Kruger stated that things are not desperate yet, but next year with less applications coming in, the consulting business is expecting it to be a lot slower in 2009.
- Jas Sandhu advised that commercial sales are dead right now. There is a big gap in buyers' expectations in revenue property, even with price adjustments. There has been a 10% reduction from the peak, and office leasing is slow.

- Tom Miller noted that sales are slow, and there are a lot of price adjustments. He has also noticed a lot more distressed property sales.
- Steve Forrest advised that building permits are down 27% in the Lower Mainland. Affordable housing, there is not much market activity. Most developers will see more distressed situations-it's a tough market and hard to get financing. Single family is dead. They may have to take some RF9 lots back. The land is worth about \$180,000 and houses will sell for \$420,000-430,000 to get some activity. They are taking projects to drawing plan but will not proceed until the market starts to correct. They currently have 400 finished single family homes for sale in Surrey-only 35 sold in 2008. There are currently 1,200 homes under construction and 2,000 service lots in Surrey.
- Avtar Johl said that instead of getting calls about buying houses, he is getting calls about the market and is telling people that it is very slow, "melting". Even if people have A-1 credit, the credit is still not available for good interest rates. The market will go down for more than a year. Consumers are scared which also brings the market down.
- Amy Spencer-Chubey said that on a positive note, renovators are happy right now.
- Aubrey Kelly noted that he did not think we will see the strength in the market that we have seen in his lifetime again. If prices were dropped \$50,000 people still probably wouldn't be buying. There is just no market out there right now. His banker advised that we would see 8,000 housing starts for 2009 in the Lower Mainland, down from 20,000 this year. They are not taking on any high rise construction until the market changes.
- David Porte advised that Campbell Heights tenants and business owners are holding still, and nothing is moving.
- Clarence Arychuk observed that it is as slow as he has ever seen, there are days where the phone doesn't ring. There is a low supply of single family homes on the market so there is some optimism that once the inventory is gone, things will pick up again.
- Charan Sethi said that nothing is selling. They are trying to recover from the fire. He is finding that the trades people are more co-operative now and more flexible with their time, working to his schedule. Charan advised that bankers are now reassessing properties at time of closing, what the cost of the units should be.
- Greg Sewell advised that in Morgan Heights single family housing has stopped. Several houses are being built but the prices are falling. There are 150 lots in the Morgan area that are serviced and ready to go. He thought with the opening of the new Shopping Centre that things would pick up but that is not reflected in market sales.
- Kevin Shoemaker advised that November was a horrible month for them. Deals made out of desperation or need are the only homes moving right now. No concrete buildings will be built right now until the market changes. Projects that were tendered in September and October are not being re-tendered. It's a tight market and we need to review everything. On a positive note-interest rates are low right now and the directional signage in Grandview Heights looks good.
- Deana Grinnell concurred that the last couple of months have been brutal. Parklane has shifted it's marketing strategy. They have noticed that resale listings have come off the market now.
- Ted Dawson advised that at Mosaic, prices are down 10-20% and they are seeking cost cuts with their tenders. First time buyers are still there, they want to negotiate and feel that they are getting a good deal. They are looking forward to the next few years opportunities.

- Andy Aadmi asked how the Planning Department was responding. Judy McLeod advised that within the Planning and Development Department, some vacancies are not being filled at this time. Some work has been shifted within the department as applications are slow right now, and there is a considerable amount of longer term planning work to be done. This is a good time to ensure that plans are ready for when the market does improve.

5. Suggested agenda items for future DAC meetings

- 10 Year Plan & DCC Rate Revisions (January Meeting)
- Sustainability Checklist
- M.O.T. Highway 99 local road status-resolution.
- The status of NCP's in Grandview Heights.
- Access for City to remove signs on private land.
- An Update on the Registration of Lobbyist By-law.
- The issue of demolitions and infill in the Whalley and Newton areas. How will grade/average lot elevation be calculated?

6. Next Meeting and Adjournment

The next Committee meeting is scheduled on Thursday, January 22, 2009 at 2:30 pm.

The meeting was adjourned at 4:06 p.m.