

MINUTES

Development Advisory Committee

File: **360-20 (DAC)**
Date: **February 28, 2013**
Time: **2:30 p.m.**
Location: **Planning Room 1,
Surrey City Hall**

Members:

Maginnis Cocivera
Jeff Fisher
Steve Forrest
Deana Grinnell
Roger Jawanda
Brad Jones
Chris Kay
Curranne Labercane
Ron Marr
David Porte
Gopal Sahota
Mark Sakai
Charan Sethi
Jeff Skinner
Guy Young

City Staff:

Rémi Dubé
George Fujii
Stephen Godwin
Nicholas Lai
Don Luymes
Judith Robertson
Fay Keng Wong

Regrets:

Jean Lamontagne

1. Acceptance of Previous Minutes

The notes of the November 22, 2012 meeting were accepted as distributed.

2. Letters of Credit and Security Bonds (Jeff Fisher, Urban Development Institute)

- Jeff Fisher presented on the issue of letters of credit and security bonds. A copy of his presentation is attached.
- Policies regarding letters of credit vary between municipalities. Letters of credit can be up to 120% of the cost of works and the time frame is long (a 1 year maintenance period).
- It is difficult for developers to obtain sign-off on completed works so they can receive their money back, and there seems to be a lack of consistency in how the policy is applied. High development costs and the tying up of equity (particularly for larger projects) result. Some companies have up to \$20 million tied up in letters of credit.
- The Urban Development Institute (UDI) received some proposals on how this issue can be addressed. The Performance Based Program is based on the number of projects a developer has, their scope, and performance. The better a developer performs on these criteria, the more benefits they will receive, such as lower letters of credit (percentage reduction based on the criteria met), bundled securities (not requiring a letter of credit when a well-performing developer already has letters of credit for other works), ongoing rolling letters of credit, and bonding (as an alternative option to a letter of credit).
- Other potential solutions include having specific timelines for sign-off, identifying staff who can sign-off, and allowing more partial signoffs (especially for maintenance periods).
- UDI would like to establish a subcommittee and also work with the Metro Engineers Committee and/or the Province on a best practices guide.

Comments:

- Chris Kay commented that reducing the letter of credit amount would be a huge incentive to developers.
- Deana Grinnell commented that a timeline would help for maintenance periods. For her company, the amount of inspection, getting the bonds back, administrating the end of the line items, etc., is a burden.
- Brad Jones commented that having to go through different departments is a challenge.
- Maginnis Cocivera commented that when submitting the landscape bonds and getting everything in during the end, there are a number of inspections and deficiencies. A focus on the end of the line items is important. The issue depends on the project, the day, when the letter of credit is. It would help if a smaller amount could be held back for, say, a curb crack.
- Ron Marr commented that developers would really support reducing million dollar bonds. If the process is improved, it would make it easier for managers. The end result would not change, but the time would improve and it would be worth it.
- Chris Kay added that the role of the first inspector is important. Rémi Dubé asked what if something gets damaged in between the first and second inspection? We can understand the need for flexibility, but there are limits to as to how much we want to let go. For example, the City has a list of projects where \$5000 charges would not be enough.
- Deana Grinnell commented that if bonds will be aggregated, the risk of doing so has to be determined. Is there a way to more accurately guess how much there is to insure?
- Jeff Fisher asked if there are any objections to the Performance Based Program method.
- Don Luymes commented that there is a risk of preferential treatment.
- Ron Marr commented that part of the complication of bundling the bonds is that developers have to start changing the way they do the industry.
- Rémi Dubé asked, when developers get the information from the City, is it not clear as to what the information is? Maginnis Cocivera commented that it is not always perfectly clear, but the delay is also because the bank is involved. The bank has to check with headquarters located in Toronto.
- Jeff Fisher asked if the industry committee ever consulted with Metro Vancouver. Rémi Dubé responded that someone from the City's inspection group might get involved. Don Luymes will liaise with Rémi Dubé and George Fujii.

3. Biodiversity Conservation Strategy Update (Don Luymes, Manager of Community Planning; and Stephen Godwin, Drainage & Environment)

- Don Luymes and Stephen Godwin provided an update on the Biodiversity Conservation Strategy. A copy of their presentation is attached.
- The importance of corridors and their connectivity are emphasized in this plan and will help maintain habitat diversity.
- Each of the corridors are given a priority (Primary or Secondary), then a width, and then opportunities (recommendations).
- There is a working group of key City staff and there has been a fair amount of consultation, including a presentation to Council, to environmental groups, and to local jurisdictions (Metro Vancouver, etc.). Staff is currently working on a draft report and Planning has been working on the implementation strategy. A Public Open House may take place just after

Spring Break. After all this feedback, there will be a shirtsleeve session with Council, then a final document targeted for May.

Comments:

- Ron Marr asked what the corridors will look like. Don Luymes and Stephen Godwin responded that the corridor width will vary according to wildlife. Different areas will have different wildlife. For example, urban areas will have different capacities and requirements than non-urban areas. Primary corridors are wider and tend to connect larger habitat areas.
- Deana Grinnell commented that she participated in one of the consultations on behalf of the DAC. A lot of people from the conservation community attended. Certainty (developers knowing what to expect) is important. How will the Biodiversity Conservation Strategy be implemented? Don Luymes responded that there will be a direct relationship to recent NCPs and to NCPs that are in process. For older, established neighbourhoods, opportunities such as density bonusing will be looked at and threaded in. There has been a strong call for incorporating parkland acquisitions in the Biodiversity Conservation Strategy. NCPs will really be focused on.
- David Porte commented that developers will naturally focus development on areas that are not environmentally sensitive, but will existing / built out areas be required to achieve biodiversity targets / environmental protection, too, such as having to give up land? The challenge with something like this is that the existing residents should be accountable rather than having the environmental costs go only to new development. Don Luymes responded that much of the environmental protection in existing areas have involved creeks/riparian areas. For some areas, the lots are so large that it may be worth it to preserve environmentally sensitive areas and there may be an opportunity to do a secondary plan.
- David Porte asked if DCC fees will expand. Don responded DCC fees already exist and are built into the NCPs.
- Jeff Fisher asked what is the proposed greenspace levy for the acquisition of land in Grandview Heights NCP #4? Don responded about \$8000 per unit.
- David Porte commented that he is happy that there is some clarity on this now.
- Maginnis Cocivera asked if a map showing all the biodiversity strategy classifications has been created. Stephen Godwin responded that it is still being drafted and a more finalized version will be presented at the Public Open House.
- Maginnis Cocivera asked what kinds of mechanisms developers have who bought land before the creation of this strategy. Don responded that there are particular circumstances and we do not know yet.
- Steve Forrest asked how well has this study shown that wildlife crosses in certain areas? Stephen Godwin responded that we know that they are there now and, fortunately, wildlife happen to cross at night when there is less traffic. The Biodiversity Conservation Strategy may show infrastructure recommendations (e.g. widen medians in certain places, sizes of detention ponds, wildlife signs, culverts, etc.). There are ways to minimize risks of roadkill instances.
- Gopal Sahota asked when is the Public Hearing? Stephen Godwin responded that it is being targeted for right after Spring Break. Depending on the feedback and Council, adjustments to the plan may range from minimal to a lot, and will determine when it will be totally finalized.

- Jeff Skinner asked if developers will be made aware of this plan? Don Luymes responded, yes, during the pre-application stage. Stephen Godwin added that the Biodiversity Conservation Strategy map pares down the Ecosystem Management Study (EMS) and looks at all the future NCP areas.
- Ron Marr commented that the costs (levies, school sites, extra regulations, reducing grades on detention ponds, quasi-engineering changes, etc.) add up, but the selling price has not increased accordingly. A lot of money is spent on environmental issues. Don Luymes responded that development is different now than before. For example, there is a lot of development in RF-9 where not one tree is saved versus larger lots in the past. The cost of purchasing land is expensive.
- Ron Marr asked if we can compare the costs to the costs charged to other developments, such as in East Clayton. Don Luymes and Rémi Dubé responded that East Clayton would not be comparable because Council does not want to repeat elements done in East Clayton.

4. OCP Update (Don Luymes, Manager of Community Planning)

- Don Luymes provided an update on the OCP Review. A copy of his presentation is attached.
- The OCP is getting closer to being ready for public review.
- NCPs will be approved as usual by Council resolution, but after an NCP is approved, the City will amend the OCP with the NCP land use designations instead of piecemeal approvals with individual applications.
- The densities were adjusted for each of the town centres.
- It is anticipated that the document will be presented to Council in June.

Comments:

- Jeff Fisher asked if the OCP's regional context statement will align with Metro Vancouver's Regional Growth Strategy? Don Luymes responded that it will, but there are one or two small areas that need to be amended. The finalized document will be brought to a future DAC meeting.
- David Porte commented that the updated OCP seems very progressive, great. Will the change from industrial to mixed use change the property assessment? Don Luymes responded that BC assessment likely looks at the wider context, zoning, so the assessment may remain as previous.
- Deana Grinnell asked about environmental development permits. Don responded that there will be one Development Permit but it will reveal the requirements that need to be met.

5. Comments on the Market (All Members)

- Chris Kay. The market is slow. There is a bit of a rush to get the first time homeowners bonus. A lot of problems on the financing side. Sales are finishing for Clayton Rise. Townline also has The Grove. The Clayton area is shaping up.
- Ron Marr. The market is slow. Current single family starts are 30% below the long term trend line and 50% below the peak. Immigration and population growth has declined and impacted the market. Prices have declined. New homes, particularly larger, single family

homes in more expensive neighbourhoods are quite dependent on offshore buyers, who have disappeared. Prices in Vancouver's West side and Richmond have gone down. A lot of infill is going on in Coquitlam.

- Deana Grinnell. ParkLane Homes has a townhouse project in Guildford. The market is really slow – not that people are not coming in, but deals have to be nurtured. People buying in Guildford like the convenience of the highway. Buyers are an interesting mix, from the Philippines, Europe, Asia.
- Mark Sakai. New DAC member representing the Greater Vancouver Home Builders' Association. Has been building custom homes for 10 years and longer than that with his family business.
- Gopal Sahota. New home sales are a lot slower, possibly because people are waiting until HST is gone. The resale market is quite slow. Land prices have not been dropping. Have had some sales that were sold over value. In the United States, areas that are doing really well are Atlanta, Naples (Florida), San Diego, Arizona. These markets are driven by Canadian buyers.
- Guy Young. Qualico's single family homes in Burke Mountain and Morgan Heights have done really well. Some buyers are from Richmond, but most are offshore buyers from Asia. The buyers are attracted to the relatively cheap prices and good schools. Their development on 170 St and Fraser Hwy (The Links), which is in a much more price sensitive market, is doing average.
- Maginnis Cocivera. The opening for Polygon's townhouse project at 32 Ave and 152 St is coming up in June. The HST, provincial election, and homebuyers grant are factors. People are saying that the interest rate might rise by the end of the year. Europe is trending down.
- Steve Forrest. Anthem has one townhouse project in Fleetwood, Anthem's first wood-frame project. Great traffic has come through their sales centre, but not a lot of sales. A lot of competitors are decreasing their prices. Land values are not coming down. If you pay 10% over assessed value, it should be ok. Anthem has a couple of other projects. Their Burnaby project sold in a couple of months. Calgary is booming. Optimistic that United States is doing well.
- Brad Jones. Adera has a project in South Surrey. Market has been slower, buyers price/financing sensitive.
- David Porte. The market is pretty slow, but it is not something we have not seen before. Project in West Panorama is quite slow. Project in City Centre, where buyers are price sensitive. There are no longer a lot of people buying right away with cash.
- Jeff Skinner. Mosaic does not currently have anything in the market south of the Fraser. There is traffic through their sales centre (mostly offshore buyers from Asia), but not necessarily buying. Freehold duplex product is selling well. People like larger side-by-side garages, a yard, a freehold title, and the price. Coquitlam is interested in doing more and in tracking the progress. Maginnis Cocivera commented that the major obstacle is municipal road requirements (roads are not wide enough for some municipalities).
- Roger Jawanda. From the consulting end, there are a lot of smaller projects, mostly driven by owners wanting to develop their properties. Some have to put a hold on developing because they cannot make the numbers work. Inquiries are low.
- Charan Sethi. Went to China for eight days to find out the economic climate. People he spoke with said that both the Canadian and Chinese governments have made it extremely difficult for them to settle here and also to extract their money from China due to changes in immigration policy. Since there is now an emphasis on densification at transit hubs, why does the City still have heavy requirements on parking? The City's parking requirement of

0.75 should decrease to match Metro Vancouver's requirement of 0.6. Parking spots will be vacant. The market is tough even with low prices. Banks are tough. Micro suites will be interesting, but they are an expensive experiment.

- Jeff Fisher. It is not just tough for people getting mortgages but it is tough for developers to get financing.

6. Next Scheduled Meeting – March 28, 2013

- If the DAC has any items to add to the next DAC meeting agenda, let City staff know.
- Possible agenda items for the next meeting include an update on the West Clayton NCPs, the Fleetwood Enclave Infill Area Concept Plan, and the RF Zone Review recommendations.
- Deana Grinnell asked if there will be an update on DCCs and the Environmental Review Committee (ERC) process. Judith Robertson responded that there are no changes to the engineering DCCs and Nicholas Lai responded that he is currently reading the report on the ERC process.
- The meeting adjourned at 4:44 pm.