

MINUTES

Development Advisory Committee

File: **360-20 (DAC)**
Date: **June 27, 2013**
Time: **2:30 p.m.**
Location: **Planning Room 1,
Surrey City Hall**

Members:

Clarence Arychuk
Chris Kay
Ron Marr
Mark Sakai
Jas Sandhu
Greg Sewell
Kevin Shoemaker
Jeff Skinner

Council:

Councillor Bruce Hayne

City Staff:

Nicholas Lai
Jean Lamontagne
Don Luymes
Fay Keng Wong

Guests:

Jim Cox, SCDC
Michael Goldberg, SCDC

Regrets:

Steve Forrest

1. New Council Representative

Councillor Bruce Hayne was introduced and will be the new Council representative on the DAC. This role was previously held by Councillor Marvin Hunt.

2. Acceptance of Previous Minutes

The notes of the May 23, 2013 meeting were accepted as distributed.

3. SCDC Update (Jim Cox, President, SCDC)

- Jim Cox presented on SCDC. SCDC was created in 2007. Its mission is to help advance the City's financial, social, business and community goals through the development of the City's surplus land holdings and through strategic acquisition of income producing properties ripe for redevelopment. Jim Cox joined SCDC in 2008.
- SCDC:
 - undertakes real estate development projects on city-owned sites which help achieve the City of Surrey's objectives;
 - acts as a catalyst and facilitator to accelerate beneficial development throughout the City;
 - partners with private sector partners on real estate development projects;
 - provides real estate consulting advice to help the City achieve its vision for the various neighbourhoods throughout the City; and
 - provides an annual dividend to the City of Surrey.
- SCDC initially started with City funds. It began to be profitable in 2011 and has paid the City back for its loan. SCDC will give a dividend of about \$4.5 million to the City this year. Money made so far is not a result of City land but, rather, a result of acquisitions.
- Projects include:
 - Surrey City Centre. (Bounded by 102 Ave, University Dr, 104 Ave, and City Parkway) As a component of the City's objective to create a vibrant and active pedestrian-friendly downtown, SCDC co-ordinated the preparation of the Civic Centre Master Plan and is now overseeing the design and construction of the New City Hall and Civic Plaza. The New City Hall is projected to be completed by Fall of 2013.

- 3 Civic Plaza. (Bounded by 102, University Dr, 104 Ave, and City Parkway) SCDC is in partnership with the Century Group and Patrick Cotter Architects on a major mixed-use building in the City Centre adjacent to the New City Hall. This project will combine retail, hotel, office and residential uses in a signature tower connected to the Surrey Central SkyTrain Station.
- Bridgeview Industrial. (Bounded by Bridgeview Dr and 115th Ave) SCDC is in the final stages for a brewery building in Bridgeview for Central City Brewing and Distilling Corporation. The site is nearing completion and will be finished by fall of 2013.
- Campbell Heights North. (Bounded by 32 Ave, 188 St, 40 Ave, and 192 St) SCDC is undertaking zoning, subdivision and servicing of this future business park. Zoning has been completed, subdivision of the first 44 acre phase is underway and servicing commenced in early 2012. Colliers International has been retained to market the project and the industrial lots from the first phase are now available for sale.
- “The Grove” in Clayton. (Bounded by 68th Ave and 194A St) SCDC is in joint venture with Townline Homes for the phased development of 141 townhouse units designed by Robert Ciccozzi Architecture. Site servicing began in late 2011 and construction and marketing in 2012.
- Cloverdale Mall. (Bounded by the Cloverdale Bypass and 57 Ave) SCDC, Townline Housing Solutions, and the Cloverdale Legion are working collaboratively for the redevelopment of the lands formerly occupied by the Cloverdale Plaza mall. This master-planned development, designed by Patrick Cotter Architect, will include several building forms, from condos to townhomes and mixed-use commercial-residential buildings, built in phases over several years. The first phase includes a new facility for the Cloverdale Legion, to be located on the ground level of a 5-storey multi-family residential mixed-use building. Once the Legion has relocated, their current building will be demolished and the land redeveloped as part of a subsequent phase of the overall master plan. Site servicing and development commenced in 2012.
- Firehall Site. (Bounded by 154 St and 32 Ave) SCDC is currently seeking approval to develop this 1.25 acres (5,059 sq. m.) site for residential purposes. The site is adjacent to Fire Hall No. 17.
- Southpointe 99. (Bounded by 31 Ave and Croydon Rd) SCDC is in joint venture with KNV Accountants to develop a 110,000 sq. ft (10,200 sq. m) office park in two phases near Highway 99 and 152 St. This state-of-the-LEED office design will provide environmentally sustainable buildings with employee-friendly health and fitness amenities.
- Semiahmoo Centre. (Bounded by 152 St and 19 Ave) SCDC is in joint venture with Reifel Cooke Group to develop 330,000 sq. ft (30,500 sq. m) of market and seniors residential with retail at grade, and an arts and culture facility. Rezoning was undertaken in late 2012.
- Newton Residential. (Bounded by 69 Ave, 138 St, 71A Ave, and King George Blvd) SCDC is currently investigating ideas submitted in the TownShift Ideas Competition which might achieve both the short term and long term objectives for this transit oriented town centre.
- Commercial Office Building. (Bounded by 104 Ave and City Parkway) SCDC is in partnership with Bosa Properties to develop a 175,000 sq. ft (16,000 sq. m) office building. Marketing is currently underway.

- SFU – Student Residences / Lecture Theatre. This is a 78 unit (234 bed) student residence tower with a lecture theatre and health related space located in the City Centre area. The project is in the design and development stages.
- SCDC's strategy is to build an income portfolio and to have income property.
- SCDC's projects get market rent but SCDC is able to take more of a market risk. SCDC requires that the tenant has other assets.
- SCDC's investment in Surrey City Centre has led to other developers investing in the area.
- SCDC has 9 Board of Directors (5 directors from the industry and 4 directors from the City). The Board can only approve up to \$5 million. Anything above that has to be approved by Council. The City finances SCDC by loaning them their equity.

Comments:

- Clarence Arychuk asked if requests for proposals go to both the public and SCDC. Jim Cox responded yes.
- Greg Sewell asked if the public feels more comfortable with a project knowing that SCDC is involved. Jim Cox responded that SCDC was able to work with the City's Arts Division in creating a public art work in the New City Hall, but SCDC faces the same concerns from the public as other developers. Generally, SCDC's partners lead. Sometimes developers are interested in buying City property and approach SCDC to ask if it wants to work with them.
- Chris Kay asked for an update on the New City Hall. Jim Cox responded that it is on time and on budget and will be finished in September. The only real issue that has come about is the design of the glass atrium but it will be finished by the end of September. City staff will be moving in over the course of a few weeks from late September to early October. Clarence asked if there will be parking. Jim Cox responded that there will be plenty of parking – about 850 stalls within 3 levels.
- Chris Kay asked how the sales have been for 3 Civic Plaza. Jim Cox responded that about 100 units have been sold out of a total of 340 units. Not great, but SCDC hopes it will have enough to start digging. At about \$500 / sq. ft, the prices are higher than any other in the area. The larger units have had great success. All the penthouses have been sold and for over a million dollars.
- Mark Sakai asked if 3 Civic Plaza will include any affordable housing or dedicated social housing, which is sometimes a derivative of market housing. Jim Cox responded that, because one of the City's objectives is to make City Centre a downtown, this project is market housing. Jean Lamontagne added that the City works with BC Housing to provide for social housing.

4. Comments on the Market (All Members)

- Clarence Arychuk. Nothing has changed. Single family inventory seems low but is probably keeping the prices up. Demand for lots is there but not for the end product (e.g. house). Hunter Laird is busy doing smaller things and is doing more business in Coquitlam, planning wise. Developers in Coquitlam are bringing projects to the PLA stage and then let others buy and construct.

- Chris Kay. Townline is working on “The Grove” with SCDC. Not much has changed. Traffic is down. Interest is still there, but most buyers cannot qualify for financing. The majority of the competition is single family.
- Mark Sakai. The Greater Vancouver Home Builders’ Association (GVHB) survey is being prepared and will go out to municipalities in August or September. GVHB is keeping track of the issue regarding Canada Post considering charging \$200/lot for mailboxes and approaching cities to charge the fee. Legal opinions have said that Canada Post cannot do this. GVHB is finding out how many municipalities have been approached and most have said they do not want to get involved.
- Jeff Skinner. Mosaic does not currently have any projects in Surrey. Started the year quite well. April slowed down with the HST transition and election. Things picked up after that. Still finding well positioned products doing well. Sites in Burke Mountain are doing well. Had a recent sale/lower prices which picked sales up again. A lot of new first time homeowners.
- Greg Sewell. In memory of his daughter and her boyfriend, a memorial golf course event will take place on August 14th at Hazelmere Golf Course. Proceeds will go to a memorial scholarship to BCIT. There will be golf, dinner, and a silent auction.
- Ron Marr. The market for existing single family homes has been flat for three years in the Fraser Valley. Sales are in the low end of the market. Sales in the high end (new homes) are down. The strongest area is in Cloverdale/Langley. New homes in Coquitlam, South Surrey, and White Rock are also doing well.
- Jas Sandhu. In terms of commercial, income producing properties are still in demand. On the land side, people are very cautious. Interest rates moved up slightly.
- Kevin Shoemaker. Polygon has a new project near 32 Ave and 152 St. 40 townhouse units to start. The development will ultimately have over 500 units. The Asian market is still active, but there is no longer the excitement of the past. Buyers are coming from Richmond. People are realizing they can get larger properties in Surrey.

5. Other Business

- Don Luymes provided brief updates:
 - OCP. The draft OCP document is on the website, the open house is tonight, and the stakeholder workshop is on July 11th. The City has to meet the July 29th regional context statement deadline. There may be another open house in September. Metro Vancouver will consider the regional context statement during this time. The OCP should be complete by October or November.
 - A report will go to Council on July 8th regarding significant changes to the RF and RF-9 Zones and the introduction of a new RF-10 Zone.
- Kevin Shoemaker commented that when his company has had the bank submit letters of credit to the City, they would be rejected for unknown reasons. Jean Lamontagne responded that this used to be handled by the Planning Department, but is now handled by the Finance Department which has a more stringent process. Maybe this should be discussed over a conference call as it is a matter of clarity regarding the template. Ron Marr commented that UDI was looking into this issue, but it may be better to keep it simple.
- Kevin Shoemaker also commented that it only takes one part of the process that can hold a project for months, particularly Engineering. It may be a staffing problem or the process,

but what is required of the consultants should be clarified. Jeff Skinner agreed. He has had some letters of credit stalled, as well, because of something minor or staffing shortage. Can the process be improved so developers do not get piecemeal information? These delays add up to millions of dollars in costs. Clarity and better communication is needed. Bring issues to the table early on, which will reduce stress and time.

- Jeff Skinner asked if there could be an update on the Environmental Review Committee (ERC) at a future DAC meeting. Jean Lamontagne responded that applicants that are not proposing 15 or 30 metres setbacks will have to do the full Riparian Areas Regulation (RAR) process which will be subject to a peer review. Jeff Skinner commented that to do that, developers would have to spend at least \$5000, which is a bigger deal for single family. Ending the ERC process will remove the creativity component. Ron Marr agreed that the ERC process should continue even if DFO is not at the table. Jean Lamontagne responded that the City does not have the jurisdiction, so it cannot make decisions and risk the liability. DFO staff indicated they now have a fixed timeline to review development applications through their new process.
- Mark Sakai asked Michael Goldberg's opinion on the market. Michael Goldberg commented that one of the problems we face is quoting the average or median. Vancouver has a remarkably stable economy. When the resource sector went down, the housing economy was still doing well and even after that it was still stable. There is no one major industry in the region. A lot of what we do is not obvious, such as tourism. The economy is very diverse. Stable is a good base. There have been big institutional investments. A lot of people are saying that they cannot afford cap rates, so they are not purchasing on their own because the risk is too great. We have a good opportunity on the development side. Cap rates are about as low as they will get.

6. Next Scheduled Meeting – July 25, 2013

- The meeting adjourned at 3:57 p.m.