

**Planning & Development Department  
Development Advisory Committee  
Meeting Notes for October 22, 2009**

**Members:**

Clarence Arychuk  
Jeff Fisher  
Steve Forrest  
Jake Friesen  
Deana Grinnell  
Ragbir Gurm  
Avtar Johl  
Scott Olson  
Gopal Sahota  
Greg Sewell  
Kevin Shoemaker  
Luciano Zago

**City Staff:**

Jeff Arason  
Jean Lamontagne  
Sam Lau  
Judy McLeod  
Mary Beth Rondeau  
Fay Keng Wong

**Regrets:**

Bill Kruger  
Michael Mortensen  
Amy Spencer-Chubey

**1. Acceptance of Previous Minutes**

The minutes of the meeting of September 24, 2009 were received as circulated.

**2. 2008 DCC Report – Jeff Arason**

Jeff Arason, Special Projects Manager in the Engineering Department, presented the 2008 DCC Report. A copy of his presentation is attached. Bill 27 requires each City to complete and publish an annual DCC report. The current report summarizes the City's 2008 DCC Program, DCC waivers and reductions, municipal assist factor contributions and inter-fund transfers.

DCCs fund the growth components of the Servicing Plan. To adequately finance the costs of implementing this plan, the City reviewed and revised its DCC rates in 2008. From June 2006 to March 15, 2008, DCCs were collected based on the rates established in By-law 15973 (excluding projects that meet grandfathering requirements). From March 15, 2008 to present, DCCs are being collected at rates established in By-law 16494 (excluding projects that meet grandfathering requirements). The City applies the practices and principles of the Province's DCC Best Practice Guide.

The 2008 DCC Financial Transactions chart does not identify DCCs that were allocated to projects, but have yet to be spent, or the Municipal Assist Factor (MAF) contributions.

The Engineering Department seeks to maintain an unallocated budget of approximately 10% to ensure that there is adequate funding for any necessary refunds and urgent priorities which

develop. Sanitary sewer was the exception in 2008. Parkland also had over \$30 million unallocated.

There was only one internal transfer between DCC reserve accounts. Almost \$2.8 million was transferred from the Parkland DCC reserve account to the Park Development DCC reserve account, to transfer the interest earned on reserve account to the Park Development DCC account. This is authorized in Section 935(3)(b) of the Local Government Act (RS Chap. 323). Parks tend not to have a definitive process because their program changes. The City does not have a Parkland Development DCC fund like other municipalities.

The City is in the process of finalizing its report, and over the next week it will be submitting to the Province and distributed.

The City seeks to complete annual DCC adjustments, if necessary, by March 15th. The City's process is now becoming a recommended Best Practice for DCC programs by the Province. Last December, Engineering met with the DAC in December to solicit their opinions on options given the economic climate. Based on the feedback received, the DAC requested that the City not adjust the DCC rates based on the concern that:

- Demand for new housing has dropped, and increasing DCC rates may result in a further reduction of new home starts.
- Land and construction prices were falling, and were expected to continue to fall in 2009, therefore, there may be opportunities to reduce the rates in the New Year.

There are some disadvantages to deferring a new Servicing Plan and DCC rate revisions. It means no new projects are added, which could limit growth in certain areas, less funding for projects and DCC reimbursements, and unfunded infrastructure elements.

In keeping with Council's direction to stimulate economic development while ensuring a user pay approach for infrastructure-required for growth, Council adopted the approach of delaying 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.

After six months staff observed a number of changes, and again sought opinion from the DAC this past June. Options for discussion included:

- Option 1 – Introduce a new but somewhat constrained (3% to 5% unfunded) servicing plan now and slightly reduce DCC rates, then review in 12 to 16 months.
- Option 2 – Wait another 6 months to see how unit prices adjust. There would be 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, would then increase rates and a new constrained servicing plan.

Engineering staff are now planning to complete another review of our tender results, and Servicing Plan requirements, and are working to bring forward a new 10-Year Servicing Plan and

DCC Rates for discussion at the next DAC meeting. The earliest that this could be taken to Council for changes in DCC rates would be December 14, 2009.

Questions and Comments from the DAC:

- Greg Sewell asked if the City has noticed any prices dropping. Jeff commented that work has not been done on this yet and he will get back to the DAC on this later.

### **3. Bridgeview / South Westminster Development Opportunities RFP – Jeff Arason**

Jeff Arason distributed a brochure and made a presentation on the Economic Investment Action Plan. A copy of his presentation is attached. This year the City approved the Economic Investment Action Plan, which includes the following elements: capital spending to create construction and permanent jobs; Mayor's Advisory Committee on Investment and Job Creation; business retention and expansion program; establishing economic investment zones; streamlining approval processes; and infrastructure pre-servicing of business lands.

To encourage new investment in the Bridgeview / South Westminster Economic Investment Zone, the City completed a review of opportunities for infrastructure pre-servicing works, as a lack of existing infrastructure has been a reported concern.

Through this process, a number of potential projects have been identified. In an effort to gauge land owner interest in redevelopment, a public open house was held in June. Based on the opinions expressed at this meeting and received through a questionnaire, it seems only a small number of property owners in the Bridgeview / South Westminster area expressed support for this initiative.

To ensure that infrastructure pre-servicing funds are used to maximum effect in relation to encouraging new investment in the Bridgeview / South Westminster Economic Investment Zone, Council supported the issuance of a Request for Proposals (RFP). This process seeks to identify land owners and developers who are interested and who have the means to redevelop lots. This will improve the likelihood that redevelopment will occur.

The City issued the RFP about two weeks ago and is hoping to receive proposals in the next couple of weeks. Jeff asked the DAC members if they are aware of any opportunities for the City to help with development. There can be an extension if more time is needed. Questions about the RFP can be directed to Jeff.

Questions and Comments from the DAC:

- Clarence Arychuk commented that things in South Westminster are in a holding pattern because traffic is very restricted due to the South Fraser Perimeter Road works. There is a lack of access, making it hard for people to redevelop until the uncertainty is resolved.
- Scott Olson commented that many property owners in that area do not have visions similar to Surrey. What do the owners want? Jeff Fisher commented that some want home-based businesses, truck parking, or other uses that are not consistent with the NCP for their area. A lot of property owners who have very small lots need their land assembled before redevelopment and they do not know the process to pursue this nor do they even know their neighbours.
- Scott commented that the challenge is to get property owners to see realistic options, but Jeff Fisher added that many people have overinflated ideas about their property value.
- Avtar Johl asked if the City will pay money up front to developers. Jeff Arason commented that if there is interest, the City can coordinate the land assembly process (e.g. approach the neighbours). The City's role is more facilitating rather than funding projects.
- Clarence asked about the role of the Surrey City Development Corporation (SCDC). Jeff commented that the SCDC is active in Bridgeview, but this is open to others, not just the SCDC.
- Avtar asked if the City has received any proposals yet. Jeff A. and Jean Lamontagne commented no, but there have been a lot of inquiries.

#### **4. City Centre Plan Update – Mary Beth Rondeau**

Mary Beth Rondeau, Acting City Architect, presented an update on the status of the City Centre Plan Update planning process. City staff are currently working on the plan area's neighbourhoods and Phillips Farevaag Smallenberg has been hired as a landscape and public realm consultant for the City Centre Green Network.

City staff has built a 3D model for the City Centre using the numbers from the City Centre Plan Update and factoring in projected office uses. The presentation compared Vancouver's Downtown South area, but that area was 20% the size of City Centre. During the development boom period of 2001 to 2007, only about 1000 units were constructed in the City Centre. This is less than what the market consultants are projecting.

Questions and Comments from the DAC:

- Avtar asked if any studies have been done on the glass high rise building type. Surrey may want to look at different solutions.
- Luciano Zago asked about other housing choices if people do not want high rise development. Mary Beth commented that some developers have been amending plans

to replace higher densities with townhouses because the market wants them, and this variety is being supported by the City. City Centre may take on more of a Kitsilano form in some parts, rather than a Yaletown form. The key is to get an enhanced public realm and amenity network to create identity. Councillor Hunt added that variety is needed.

- Clarence noted the City Centre needs a community where there is life on the street.
- Deana Grinnell commented that high rises can be made affordable. The plan needs to be responsive to land economics, and should provide the opportunity to build high rises or townhouses, depending on the cycle of the economy.
- Kevin Shoemaker commented that for the next while, the economics do not work for towers. What has to be done is to focus on one part of the City Centre (e.g. one neighbourhood) that will show what Surrey envisions for the rest of the City Centre. Liveability is important. It is refreshing to see that the plan is not too “tower centred”.
- Raghbir Gurm noted the importance of moving City Hall, and all of the things that go with it. He asked about the timeline. Jean estimates 2013 to 2015.
- Clarence commented that the City Centre has main components of a downtown (tax centre, hospital, university campus, etc.) but they are too spread out.
- Jeff F. commented that Vancouver’s challenge was that they could not build floor plates that would attract office uses because of the constraints of its road network which created small sites. For example, Calgary or Toronto style office floor plates cannot fit in Vancouver. Surrey should consider this.
- Luciano asked what kind of uses are in the City Centre and where are people working. Mary Beth commented that residential uses are generally around the outside. Jean commented that the market consultant has advised right now three storey buildings, rather than high rises, are in demand. In the short term, how do we get people to develop here?
- Gopal Sahota commented that three story buildings are not moving as fast as one would like. Towers are not leasing like they use to. If they do have space, they sub-lease.
- Jean commented that Staff are trying to determine what will be the “there” in City Centre. It has a lot of assets. How can we make it attractive for development?
- Mary Beth commented that 3.5 FAR tends to result in tower development. 2.5 FAR falls in the 4-6 storey range. The question is should we be receptive to whatever comes along or should we reduce density on a site-by-site basis? For example, for a site with 3.5 FAR, do a 4-6 storey building.
- Kevin commented that the plan should be broken down into smaller neighbourhoods.
- Deana suggested protecting a few zones for height and making the rest different.
- Luciano noted that Vancouver’s West End is very livable and has a mix.
- Avtar commented that he would prefer to see a range of densities and design.
- Deana noted that the length of time holding the land should be considered because BC Assessment assesses towers at higher rates. This might be a benefit of providing for lower densities.
- Jean advised that staff are continuing to work on the City Centre, and will report back.

## 5. Comments on the Market – All DAC Members

- Jean presented a graph showing Building Permit activity, and noted that applications are picking up.
- Avtar commented that there are a lot of builders that were not able to sell, but now things are picking up.
- Luciano commented that price is still important. People who are selling affordable housing have been doing well. The pressure of HST will be interesting.
- Jeff F. commented that sales are going strong. He expressed optimism that the Province is working on transition measures for the HST recommended by UDI, and is receptive to moving the threshold up. He does not want to see the Ontario model where the transition was just announced and did not provide time for adjustments to disclosure statements. There needs to be a “grandfathering” period.
- Avtar commented that there was a lot of pent up demand for lots which is dissipating supply. RF-9C is still hot. The market been very good.
- Gopal commented that re-sales having been going strong. People are selling and getting into new homes. Houses in the \$400,000 to \$550,000 range are very hard to find.
- Raghbir commented that September was a good month, but October has slowed down. There is money for good projects. Lenders are in the market. While there has been adjustment in building prices, this is not so with land prices. There is no land to buy at a reasonable price so opportunity to find new projects is difficult.
- Greg Sewell commented that single family units in Morgan Heights have done quite well. There was a flurry of activity last month but a lot of these units were sold at reduced rates. It looks like there is now a shortage of lots. There are infrastructure challenges for Grandview Heights NCP #2. Jean commented at the next DAC meeting, Staff will provide an update on the status of NCPs.
- Steve Forrest commented that Adera saw progressive sales since July. Most of its UBC units were picked up by Asian buyers. Purchasers of townhouses in Surrey are looking for affordability. The HST will come into play. Occupancy before July 1<sup>st</sup> is attractive.
- Deana commented that Southport is ParkLane Homes’ only project in Surrey and it has sold out. ParkLane Homes also has a development in Walnut Grove. Sales there have been a little slower than hoped. They have been doing well in niche markets.
- Scott commented that this was the best September in the last 10 years. There are about 8800 active listings and 2640 new listings. It is a very stable market. He is wondering if HST is playing a role in this. Average days on market are dropping. First time buyers are 32% of the market, which is very good. A copy of Scott’s Fraser Valley Real Estate Board – MLS Statistics is attached.
- Kevin commented that Polygon Homes opened its concrete towers during Golden Week. There has been a demographic change among its buyers. A large number from mainland China have been buying due to new legislation. Polygon’s sales staff have received requests for Feng Shui design.

## **6. Other Business**

- Jeff Fisher asked if Metro Vancouver will complete its Regional Growth Strategy by the end of the year. Councillor Hunt commented that the RGS will go to the November Committee meeting with a public hearing likely in January 2010. Judy McLeod commented that the report will likely be released at the end of the month, but it is still making its rounds as it is being reviewed by the municipalities.
- Deana asked about Metro Vancouver's Regional Growth Strategy vote, with Vancouver and Surrey being the majority? Councillor Hunt commented that if both cities did agree, then things would pass, but if not, the other municipalities with less representation could team together against the municipality with larger representation.
- Kevin asked what is different in this draft. Judy commented that there are more designations. The Urban designation is now broken down into several new designations, including an Industrial and a Mixed Employment designation. It will mean more regional control over land use decisions in a number of areas. Now if a municipality wants to change the use from industrial to mixed-use, it has to reflect this change in the regional context statement.

## **7. Next Meeting (November 26, 2009)**

The meeting adjourned at 4:31 pm.

The next meeting is scheduled for November 26, 2009.