



Corporate *NO: C002*

Report *COUNCIL DATE: April 9, 2001*

COUNCIL-IN-COMMITTEE

TO:	Mayor & Council	DATE:	April 5, 2001
FROM:	General Manager, Planning & Development	FILE:	2350-004/1
SUBJECT:	Sustainable Aspects of the East Clayton Neighbourhood Concept Plan (NCP) and Implications for the First Development Application		

RECOMMENDATION

It is recommended that Council:

1. Direct staff to work with BWF Developments Ltd. or another willing developer on a pilot project in the East Clayton area with a minimum of 100 lots and a maximum of 200 lots toward achieving the sustainable aspects of the approved development concept for East Clayton, particularly the components of the plan pertaining to:
 - (a) Minimizing the prominence of garages along the street and maximizing the variety of house sizes and types;
 - (b) Providing “greener” streets, street interconnectivity and adequate neighbourhood park space; and
 - (c) Implementing more sustainable drainage servicing (see related report from the General Manager of Engineering); and
2. Authorize staff to expedite the “pilot project” in East Clayton in conjunction with a willing developer on the basis of Option 3;
3. Commit to providing financial assistance to a maximum of \$1250 per lot to be cost shared with the GVRD to support the implementation of the sustainability aspects of the pilot project subject to \$1250 per lot being provided from each of the Provincial and Federal governments for a total of \$3750 per lot to assist the developer in implementing the sustainable aspects of the pilot project (The City contribution will be funded from DCCs and the drainage utility).
4. Authorize the Mayor to forward a letter to the appropriate GVRD, Provincial and Federal authorities requesting their financial assistance and requesting that confirmation of such commitment be forwarded to the City within one month.

INTENT

The intent of this report is:

1. To provide background information and an up-date on the implementation of sustainable development principles in East Clayton and to provide comments respecting a preliminary rezoning/subdivision proposal submitted by BFW Developments Ltd.;
2. To seek Council's direction with respect to implementing the sustainable development principles in the review of rezoning/subdivision applications within the East Clayton NCP area; and
3. To recommend a strategy for the City to continue its role as a leader of sustainable initiatives in Canada, in balance with the needs of the development industry in this initiative.

This report is to be considered in conjunction with a companion report from the General Manager of Engineering which addresses alternative drainage standards for achieving the sustainability principles.

BACKGROUND

On January 25, 1999 City Council approved the General Land Use Concept, Servicing Strategy and Master Drainage Plan for the entire Clayton area as a basis for preparing a more detailed Neighbourhood Concept Plan for East Clayton. As part of that approval, City Council instructed staff to explore the application of the seven sustainable development principles previously presented to Council, along with alternative standards and practices during the detailed planning process for the East Clayton community.

In April, 1999 City Council received a report which outlined the challenges and opportunities associated with the application of sustainable principles and practices in East Clayton.

On November 8, 1999 City Council approved in principle the development concept component of the East Clayton Neighbourhood Concept Plan (NCP), a copy of which is attached to this report in Appendix A. This plan, developed in conjunction with a citizen advisory group, numerous government agencies and the public, is premised upon the seven principles of sustainability and has received general acceptance among the various

stakeholders. The plan was formulated through an intensive, interactive and inclusive public planning process during which only one major issue (the future requirement for the 196 Street arterial road) was highly debated. While some concerns regarding the details of a natural drainage system were raised (because they are unknown and untried), it was agreed during the process that these details would be worked out with developers through an actual development project.

On October 16, 2000 City Council considered an informational report and a delegation (Patrick Condon) regarding the status of the East Clayton NCP with a view to advising Council of the outstanding issues associated with the NCP.

Recently, City staff received a preliminary rezoning/subdivision proposal for about 47 acres of land in East Clayton from BFW Development Ltd. Although there has been no formal application submitted, staff received it as a welcomed and long-awaited project to demonstrate how the sustainable development principles could be applied. Several meetings with these representatives have been held to discuss the various issues. Unfortunately and disappointingly the proposal is not consistent with the approved development concept for East Clayton, nor does it apply the sustainable development principles to a meaningful extent. A more detailed assessment of the proposal is given later in this report.

It is noted that a representative from BFW Developments was closely involved with the preparation of the East Clayton plan both as an owner on the Citizen Advisory Committee, and as a developer on the Design Team, from which the preliminary development concept was formulated.

It is important to note also that Surrey to date has received international acclaim as being in the forefront of sustainable community initiatives, as a result of the countless hours of hard work and great efforts devoted by many participants and citizens in the preparation of the sustainable East Clayton NCP. Considerable support and recognition has been received and will continue as the City communicates its East Clayton experience – including the major challenges – to local and international practitioners and public audiences.

DISCUSSION

The Development Proposals

After the preliminary land use concept plan was endorsed by Council, it was considered important and necessary to test and demonstrate how the sustainability principles could be applied to a real case development project. The Project Team was expecting the developer, who has actively participated all along in the design and consultation process, to submit the first development proposal as the demonstration project, which would set an example for others to follow in pursuing sustainable developments. BFW Developments Ltd. has now put forward very preliminary proposals (without a formal development application) for two separate developments in East Clayton as follows:

1. A phased residential development on about 19 hectares (47 acres) which proposes 3,000 - 5,000-square foot lots with predominantly front access to garages. The proposal is at a lower density than designated in the NCP land use plan and contains only half of the park space identified in the NCP. A copy of the proposal is attached (Appendix B) along with a summary chart of City staff's analysis of the proposal and BFW's response (Appendix C).
2. A reduction of the land area identified for business park and a proposal to change the designation of lands under their ownership from business park and live/work development to multi-family (15 – 25 units per acre). BFW's proposal for a change to multiple residential land use will reduce local community employment opportunities which is an important element in a sustainable development.

Main Issues Associated with the Residential Proposal

The general issues associated with BFW's preliminary residential proposal in the context of the East Clayton NCP are summarized below. A more detailed analysis is presented in Appendix C.

1. The sustainable principles endorsed by City Council (see Appendix C for a list of the principles) are not supported by the proposed subdivision layout and phasing plan (i.e., variation of lot sizes and housing types, rear lanes, tree canopies, connectivity of street system, etc);

2. The overall residential density for East Clayton will not be achieved under this proposal, which may impact the provision of amenities, the viability of public transportation and the mix of tenures, age and income levels;

3. The proposal is basically a conventional single-family project consisting of reduced lot sizes which is not consistent with the expressed objectives of the NCP pertaining to physical form, character, affordability and density;

4. Departure from the inter-connected grid system (which facilitates the dispersion of local traffic and facilitates pedestrian movement) and the carefully designed residential blocks in terms of length, orientation and lanes will impact on the validity of the traffic study, street cross-section design, and drainage/servicing strategies;

5. The elimination of many lanes, together with the frequency and number of front driveways will reduce the areas available for street tree planting and on-street parking (which was intended to act as traffic calming devices and to accommodate the increased parking demands due to higher density development envisioned in the NCP); and

6. The intended street friendly environment will be compromised by the strong presence of garage doors and cars parked on the reduced front driveways.

It is the opinion of City staff that many of these issues can be alleviated through adjustments to the proposed project along with some measures to reduce the risk associated with the “first” development in the area. Some possible remediation factors may include, among others:

- Financial incentives or grants from senior governments to the development to reduce risk, particularly for the initial project since this project will act to demonstrate the viability of the sustainable standards;
- A defined and focused effort between the City, other approval authorities and the developer on a pilot project (i.e., BFW's proposed 363 dwelling units - a smaller project would involve less risk);
- Guaranteed faster approval processes for the pilot project;
- Involving the developer and his consultants in the preparation of the alternative street and drainage standards; and/or

- Canvassing other developers to participate in a pilot project (several have expressed interest).

BFW representatives have indicated to City staff that, mainly for economic reasons, they do not wish to pursue the type of development planned for the area. They have rejected the idea of subdivisions with rear lanes on the basis that this is not what the market wants.

East Clayton is collectively envisaged as an alternative to conventional subdivisions. The general land use plan for Clayton and the more detailed NCP for East Clayton were approved within the framework of Surrey's Official Community Plan, particularly in response to Surrey's commitments to build complete communities that are less automobile-oriented, provide opportunities to work, shop and play near home, and that are environmentally self-sustaining.

The proponent's position regarding issues of sustainability in East Clayton is outlined in a recent submission to City staff. A copy of this position paper is attached to this report in Appendix D.

Challenges to Achieving Sustainable Developments in Surrey

Preparing to implement the innovative proposals in the East Clayton NCP has unveiled many challenges for the City, the development industry and other government agencies involved in preparing the plan. Particular challenges facing the various participants include:

- As evidenced by BFW's preliminary proposal, the matter of facilitating developer "buy-in" to the sustainable initiatives continues to be a challenge – it is a challenge for developers to design, build and market an innovative and yet profitable first development project and to evaluate the risk and confirm the costs in an uncertain market;
- There are considerable challenges for the City – especially in its endeavours to implement effective infrastructure with manageable operation and maintenance costs as well as monitoring the performance of infrastructure to reduce the need for built in safety factors in future stages;
- Senior governments must support local initiatives like East Clayton so that society's overall quality of life is improved through sustainable development on the regional and national scale; and
- Other challenges identified through the NCP process include: soil conditions (which limit drainage design options) the remote location of East Clayton which is not conducive to transit, fragmented land ownership, the unfavourable economic and market situation (timing) and the prevalence of specialization in the development industry (i.e., single family versus multi-family developers).

Benefits of Achieving Sustainable Development in Surrey

Despite the challenges and extra efforts required to continue with the implementation of the East Clayton NCP, Surrey and its development community can work together within a positive climate to realize many of the benefits available through carefully designed sustainable development projects. Some of these benefits are:

- Sound stormwater management (see Engineering report);
- Reduced local vehicle trips (cleaner air and if replicated, less transportation infrastructure);
- Protection of the natural environment;
- Enhanced livability and quality of life for East Clayton residents;

- Safer, walkable neighbourhoods and creation of stronger, healthier and complete communities;
- Possible lower servicing costs in the long run;
- Energy savings; and
- Confirmation of Surrey's leadership role in promoting sustainable development.

What is Needed to Achieve Sustainable Development in Surrey

Council has expressed a clear desire to promote more sustainable development and create the highest quality living environment for Surrey residents. What then, can be done to facilitate and ultimately achieve these goals? The East Clayton experience has served to be invaluable for identifying the barriers and providing insight. Some of the potential courses of action may include:

- A collaborative approach with a developer on a small scale pilot project with direct involvement by the developer;
- Sharing of risk (senior levels of government and agencies need to provide financial assistance to make the first projects viable by allowing design and construction to proceed while reducing the level of risk for both the developer and the City) thereby enabling a first project to proceed to demonstrate the viability of the sustainable development standards;
- The experience should be documented to ensure that barriers and inefficiencies can be overcome and not repeated;
- Homebuyers/consumers need to be educated about the sustainable components of the product and the neighbourhood; and
- Community stewardship must be fostered and maintained.

OPTIONS

It is staff's opinion that the subdivision and development plan, as is currently proposed by BFW Developments Ltd., falls too far short of achieving the sustainable development principles. The proposal is basically a conventional small lot subdivision plan. However, staff also believe that if the proponent is willing to adjust the proposal, a compromise may be attainable where the developer's needs are balanced with the objective of the City (and other agencies and participants) to achieve a more sustainable development project in East Clayton.

With the above background and discussion of issues and opportunities, there are several courses of action Council may consider to accommodate the first development project(s) in East Clayton. These options, along with their implications, are summarized below:

Option No. 1: Permit Development to Proceed as per the Status Quo (Conventional)

Pros

- Would likely be welcomed by some developers under the current condition of the market.
- "Business as usual" approach to

Cons

- Ignores previously attained public support and expectations associated with the East Clayton NCP.

land development.

- Although the perception may be that this option would allow for immediate development, in fact it would require the entire NCP to be revisited in terms of road locations, densities, servicing, amenities, etc., which may even delay the process.

- No innovation or additional contributions to environmental objectives.

- All the potential positive effects available through sustainable developments would not be recognized.

Option No. 2: Re-affirm Council's Desire to Achieve Fully Sustainable Developments in Accordance with the East Clayton NCP

Pros

- Consistent with public planning process and expectations of plan participants and governments.
- Reinforces Surrey's image as a leader in innovation and as a responsible planning authority.
- Will contribute to the betterment of both the City and society as a whole (see above, "Benefits of Achieving Sustainable Development in Surrey").
- Benefits of more sustainable infrastructure are foreseeable (in the medium/long term).

Cons

- Resistance from some developers.
- May be some delays in development approvals due to new standards and design.
- First projects may be more costly due to requirement to incorporate larger safety factors.
- First projects will require monitoring (i.e., to determine success) which needs funding.
- The City may incur some extra costs to engage special expertise.
- Benefits resulting from the application of the sustainability principles in alternative infrastructure, higher densities and mixed housing forms, etc. may not be evident in the short term.

Option No. 3: Allow the First Project to Proceed with Significant but not Necessarily Full Achievement of Sustainability to Gain Experience and to Form the Basis for Full Implementation in Subsequent Phases

Pros

Cons

- Significant improvements and alternatives to conventional development will accrue.
- Should be more palatable to some developers.
- May accommodate development sooner.
- Although less than full, significant benefits should be realized.
- Experience will be gained from the first project.
- Full implementation of sustainability is likely in the future.
- Some difficulty in measuring the idea of “partially” or “somewhat” sustainable.
- Cost/benefit issues need to be confirmed.
- Opens up NCP to a level of uncertainty.
- To some extent undermines perceived commitment by Surrey to principles and implementation.

The following additional factors should be considered in evaluating the above options:

- 1) There ample areas designated for residential development in Surrey for the foreseeable future. The 2000 annual review of the OCP revealed that under a moderate growth scenario (i.e., 3,000 dwelling units per year), the City has enough development capacity in existing Urban and NCP areas to accommodate the projected residential growth for the next 7 to 12 years. Surrey's existing approved NCP areas are expected to provide for over 16,000 housing units. In addition, lower than projected growth over the past three years will potentially extend the amount of time it will take to reach capacity within the City's planned growth areas (existing Urban and NCP areas);
- 2) The current less than ideal market conditions may be contributing to a large extent to the reluctance of developers to take risks related to trying innovative products to lead the market;
- 3) Initial development ideas in East Clayton have pertained to residential development and to date have involved only one development company. Other development companies support and have expressed interest in pursuing sustainability, but as is the case in many NCPs, the usual off-site costs combined with a slow market are restricting strong activity in the area; and
- 4) One of the primary reasons cited by BFW Developments for their reluctance to proceed with a development proposal in the East Clayton area on the basis of sustainable standards is related to costs. They have quoted the additional costs per lot at between \$5000 and \$7000 per lot to implement the sustainable standards.

Possible Approach for Reducing Risk for the Developer of the first project:

It appears that a significant part of the developer's reluctance to proceeding with development on the basis of the sustainable standards relates to the additional expense that will be experienced by the first project due to the “safety factor” which needs to be built into these projects so that if the sustainable systems do not function as effectively as expected that there are back up systems in place. This relates primarily to the sustainable approaches associated with the drainage system design. Given the significant benefits that can potentially accrue to society through the application of the sustainability principles, it is important that a pilot project be developed to demonstrate the viability of the sustainable standards. To encourage a developer to design and construct a pilot project based on sustainable

development standards, it appears that some financial assistance will be necessary. Based on the estimate provided by BFW Developments, an amount in the order of \$5000 per lot appears to be necessary to sufficiently reduce the risk to the developer to proceed with a pilot project.

It is recognized that sustainability is not exclusively a City issue but rather is consistent with directions being taken regionally, provincially, nationally and internationally to deal with environmental sustainability. On this basis, although the City has a part to play in ensuring the general welfare of the society is protected and enhanced through the development and application of new approaches in land development, the Surrey experience will be applicable at each of a regional, provincial, national and international level. Therefore, it seems reasonable that if risk sharing is to be considered by way of financial assistance then such assistance should involve not only local funding but also regional, provincial and federal funding.

On this basis, it is recommended that Council authorize a financial contribution of up to \$1250 per lot to a pilot project in the East Clayton area to be designed and constructed on the basis of sustainability standards with a minimum size of 100 lots and a maximum size of 200 lots all to the satisfaction of the City and that staff negotiate with the GVRD to bear up to 50% of this contribution per lot. It is further recommended that the City/GVRD contribution only be available if a matching contribution is made by each of the Provincial and Federal governments. If all four levels of government agree to this level of funding, it will potentially provide assistance of up to \$3750 per lot in support of designing and constructing the sustainability infrastructure. This would represent 75% of the \$5000 per lot identified by the developer. It is recommended that the remaining \$1250 per lot be left as the developer's responsibility.

If Council decides to commit itself financially to a pilot project in East Clayton as is recommended above, it is further recommended that the Mayor forward a letter to the appropriate Regional, Provincial and Federal authorities formally requesting that they make a financial commitment matching that of the City/GVRD. This request would need to stipulate a deadline so that the process is not held up indefinitely waiting for a response.

CONCLUSION

The City of Surrey along with the East Clayton property owners and many other stakeholders have worked over the past few years to achieve an NCP for East Clayton that is based upon “complete community” and sustainability principles.

While there are some aspects of the “sustainable” practices that have received resistance from one development company, it is the opinion of City staff that most of the objectives identified in the East Clayton NCP are achievable.

Given that there is ample urban land available in the existing urban areas and the approved NCP areas to accommodate projected growth in the City for the foreseeable future using conventional standards, and given the potentially significant benefits to the City, the Region, the Province and the nation by moving toward more sustainable development practices, it is recommended that, in accordance with Option 3 above, Council affirm its commitment to achieving more sustainable development within the City and on this basis, direct that City staff work with land development applicants in the East Clayton area toward determining how the sustainable development ideas contained within the East Clayton NCP can be implemented to achieve the first sustainable

development project in East Clayton. It is further recommended that the City commit to provide financial assistance on shared basis with the GVRD up to \$1250 per lot provided that each of the Provincial and Federal governments providing matching amounts all of which would be used to implement a pilot project in East Clayton involving no less than 100 lots and up to 200 lots.

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Appendices:

Appendix A: East Clayton Neighbourhood Concept Plan (Development Concept)

Appendix B: Preliminary Subdivision Layout (BFW Development Ltd., January 29, 2001)

Appendix C: Summary Chart: City of Surrey Staff's Analysis and BFW's Response

Appendix D: Letter and Attachment from BFW Developments Ltd. on Issues of Sustainability (March 8, 2001)

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