
TO: CITY MANAGER **DATE:** 2020 September 23

FROM: DIRECTOR PLANNING AND BUILDING

SUBJECT: PROPOSED RESPONSE AND RECOVERY MEASURES TO ASSIST CONSTRUCTION AND DEVELOPMENT INDUSTRY

PURPOSE: To propose measures to assist in COVID-19 response and recovery for the construction industry in Burnaby.

RECOMMENDATION

1. **THAT** Council approve the amenity density bonus deferment measures outlined in Section 3.0 of this report.

REPORT

1.0 BACKGROUND

Under the Province's State of Emergency Order, the construction industry was listed as one of the limited essential services that was to remain in operation throughout the COVID-19 pandemic. As defined by the Province, "essential services are those daily services essential to preserving life, health, public safety and basic societal functioning. They are the services British Columbians come to rely on in their daily lives". While approved construction remains ongoing, fewer projects are able to advance through the development permitting process due to COVID-19 related impacts, and financial restrictions imposed by lenders. The purpose of this report is to propose measures to reduce financial barriers to completing development applications in accordance with Council adopted land use policy.

The City of Burnaby has assisted in business recovery, for those that have been affected by COVID-19 restrictions, including permitting patio encroachments onto City road rights-of-way, and the use of on-site parking areas for retail display and outdoor seating for food and beverage establishments. Similar to these initiatives, the following construction industry measures are intended to assist in keeping approved construction projects active in Burnaby.

2.0 POLICY SECTION

The advancement of the proposed amenity bonus deferment measures aligns with the following goals and sub-goals of the Corporate Strategic Plan:

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- **A Connected Community**
 - Social connection – Enhance social connections throughout Burnaby.
 - Partnership – Work collaboratively with businesses, educational institutions, associations, other communities and governments.

- **A Healthy Community**
 - Healthy Environment – Enhance our environmental health, resilience and sustainability.

- **A Dynamic Community**
 - Economic opportunity – Foster an environment that attracts new and supports existing jobs, businesses and industries.

3.0 PROPOSED DEFERMENT MEASURES

The construction and development industry in Burnaby is a major contributor to our local economy providing jobs and services, as well as contributing toward the provision of local infrastructure and amenities. Through the development approval process, rezoning applicants are required to provide all the necessary architectural and technical documents for review by the City, and pay all required fees and charges related to the development applications, which include, but are not limited to:

- Rezoning, Preliminary Plan Approval, and Building Permit fees;
- Engineering Servicing Costs and related fees;
- Legal Document Preparation and Registration fees;
- Applicable Amenity Density Bonus and Housing Fund charges; and,
- Development Cost Charges.

In the circumstance of rezoning, these fees and charges have traditionally been paid prior to Final Adoption of the Rezoning Bylaw. In the past, this practice was appropriate and achievable, as financial institutions and other lenders had confidence in Burnaby’s development approval process, and the ability to sell/lease commercial and residential projects prior to marketing. However, as a result of market volatility caused by COVID-19, financial institutions are requiring above 60% of residential units to be pre-sold prior to obtaining construction financing, with sales only permitted once the Rezoning Bylaw has been enacted. Therefore, applicants must raise private capital to fund pre-development municipal costs and charges, which can be in the tens of millions of dollars, and may not be easily, or affordably obtained. The outcome is that fewer projects are advancing to Rezoning Final Adoption in 2020 as compared to past years, resulting in a reduction in fees and charges to the City, and a slowdown in construction related activity.

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To assist applicants in advancing projects to the Building Permit stage, it is proposed that Council approve the deferment of amenity density bonus payments post Final Adoption, to the issuance of Preliminary Plan Approval. Of the fees and charges noted above, the amenity density bonus changes are by far the highest, and pose the most significant barrier for the advancement of Building Permits.

In response to various development situations, two measures for deferred payment are proposed in this report:

Measure #1 – Multi-Phased Master Plan Sites

For master plan sites with specific phases of development, to assist in the completion of the master plan and/or initial phases of development, the deferment of amenity density bonus determination and payment of amenity density bonus funds to prior to Preliminary Plan Approval issuance is proposed, provided the following restrictions are secured by way of a Section 219 Covenant registered on title for the relevant development lots:

- No Preliminary Plan Approval (PPA)
- No Building Permit (BP) issuance
- No further subdivision or stratification
- No Marketing
- No Separate Sale

The purpose of these covenants is to ensure that no further development is approved or sold on the development site without determining and paying the required amenity density bonus. This allows applicants to complete their rezoning and subdivision applications and wait until market conditions are appropriate to advance sale. The process was pursued and approved for Rezoning Reference #13-07 (Sears Metrotown Master Plan and Phase I) in order to facilitate early rezoning of the site. This measure is appropriate for master plan sites as there are several subsequent phases that require separate future site specific rezoning approval. The benefit to this approach is that the City can obtain all necessary services and fees related to the subdivision of land including obtaining necessary road, cycle and pedestrian infrastructure.

Measure #2 – Single Phase Sites

For developments that are a single phase that wish to advance marketing of a site immediately after Final Adoption, to assist in completing the rezoning application and limiting pre-development financing obligations, the deferment of amenity density bonus payment to Preliminary Plan Approval is proposed, provided that the value of the amenity density bonus is determined prior to Final Adoption. With the value established, the City would charge an interest fee of 2% above the Prime Rate per annum, to be remitted quarterly until the full amenity bonus amount is paid. The following restrictions would be secured by way of a Section 219 Covenant registered on title prior to Final Adoption of the Rezoning Bylaw:

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- No Preliminary Plan Approval (PPA)
- No Building Permit (BP) issuance
- No further subdivision or stratification

The purpose of these covenants is to ensure payment of the agreed upon amenity density bonus prior to issuance of PPA and Building Permit or further subdivision or stratification. This allows applicants to complete their rezoning and subdivision, and initiate marketing of their developments prior to paying the required amenity density bonus. Such a measure was most recently pursued and approved for Rezoning Reference #14-19 (Sun Towers Metrotown) and has been applied on select other sites across the city since 2010. This measure is appropriate for single phase sites where the developer does not wish to defer marketing to a later date.

Both deferment measures protect the City and its amenity density bonus process, while providing response and recovery options for the construction and development industry. And although these measures have been used in some select circumstances, it is desirable to have Council endorsement for their more general and consistent use. The proposed changes in procedure are intended to provide the necessary financial relief to enable development applications and construction to proceed in the uncertain economic climate caused by the COVID-19 pandemic. Further to this proposal, staff are working with applicants on administrative measures to review efficiencies in the design and planning process throughout the rezoning process to assist in advancing supportable applications through to completion in a timelier manner.

4.0 CONCLUSION

The measures outlined in this report are proposed to assist in business recovery for the construction and development industry as a result of impacts related to COVID-19. Proposed measures include the deferral of amenity density bonus payments post Rezoning Final Adoption to enable applicants to obtain the necessary financing to make these payments. It is recommended that Council approve these measures to take effect immediately and to act concurrently with other COVID-19 business recovery measures implemented by the City.



E. W. Kozak, Director
PLANNING AND BUILDING

JBS:tn

cc: Director Corporate Services
Director Finance
Chief Building Inspector

Director Engineering
Director Public Safety and Community Services
City Solicitor