

Industrial developers face rising fees: NAIOP

Just five of 20 municipalities have lowered their costs in past two years, study says

BY BRIAN MORTON, VANCOUVER SUN NOVEMBER 14, 2011



When it comes to municipal approvals for new industrial projects, Burnaby is cheapest. Burnaby Mayor Derek Corrigan runs the city from this bright office at city hall.

Photograph by: Larry Wright, BURNABY NOW

When it comes to municipal approvals for new industrial projects, Burnaby is cheapest and Chilliwack and Abbotsford take the shortest time.

But the overall picture throughout the region is still higher fees and a lengthy process, according to an industrial development cost study by the Vancouver chapter of the National Association of Industrial Office Properties (NAIOP).

“Generally, the trend [in fees] is up this year,” Graeme Silvera, NAIOP’s development issues and government relations chair, said in an interview about their recently released fall 2011 ‘Report Card’. “Out of 20 cities [in Metro Vancouver and the Fraser Valley] surveyed, five lowered their costs, three held increases to around the rate of inflation and the rest had increases.”

Silvera said their latest survey asked each municipality to identify costs and processing times for a new two-storey, 100,000-square-foot industrial warehouse distribution building on 5.5 acres requiring both subdivision and rezoning. The mock development scenario also included a 15,000-square-foot office component.

According to the survey, Burnaby was the cheapest place to get the project approved at \$170,000. That compared with Richmond, which charged the most (\$1.03 million), followed by Langley City (\$598,000) and Vancouver (\$591,000).

Other municipalities included Surrey (\$535,000), Coquitlam (\$434,000) and New Westminister (\$272,000).

Total approval times – from application date to building permit – varied widely, with Chilliwack and Abbotsford recording the least time for approval, 90 days. The approvals process took the longest in Vancouver and New Westminister (270 days), while in Coquitlam it took 210 days, Burnaby 150 days, Richmond 120 days and Surrey 120 days.

Silvera said that while less developed municipalities with higher infrastructure costs typically charge higher fees, that's increasingly not the case.

"I find it curious that municipalities that are fully built out seem to have the highest DCCs [development cost charges], so that could mean DCCs are being used as a bit of a revenue source."

Among other things, NAIOP – which represents developers and owners of industrial, office and commercial real estate — concluded that North Vancouver city and Chilliwack were the most improved by cutting municipal development costs, Delta was the most fiscally responsible by limiting cost increases over 10 years to just above the average rate of inflation, and Abbotsford was the most business friendly because of tax incentive programs.

However, the report also noted that 11 municipalities posted fee increases over the annual inflation rate, with two — Vancouver and New Westminister — posting cost hikes of nearly 50 per cent over the two-year period.

"Industrial vacancy rates are hovering around two to three per cent, which is extremely low," Silvera said. "The demand is there for more industrial development, but it's so difficult to get anything done."

Silvera noted that NAIOP asked both Vancouver mayoral candidates how they would encourage industrial growth.

Non-Partisan Association candidate Suzanne Anton responded, he said, but Vision Vancouver Mayor Gregor Robertson didn't.

Meanwhile, Jeff Fisher, deputy executive-director of the Urban Development Institute, said fees, development cost charges and community amenity contributions are an ongoing issue for housing developers by contributing to rising costs for homeowners.

"We need to minimize new fees, charges and taxes on housing [and] we need to streamline processing times," Fisher said in a recent speech to the Union of B.C. Municipalities.

"In addition to taxes, fees and DCCs, which continue to rise, municipalities are beginning to require voluntary community amenity contributions for rezonings of multi-family projects."

In an interview, Fisher added that further complicating the issue is that community amenity

contributions fees change with each project.

“It varies and there’s so many factors involved,” he said.

A 2010 Canada Mortgage and Housing Corp. study concluded that while government-imposed charges accounted for between 12 and 19 per cent of the median selling price of a single detached house in Surrey, Vancouver and Burnaby in 2009, the single biggest charge was the federal goods and services tax.

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