

Report to Council



Date: July 25, 2022
To: Council
From: City Manager
Subject: 2022 Planning and Development Statistics – Q1 and Q2
Department: Planning and Development Services

Recommendation:

THAT Council receives, for information, the report from the Planning and Development Services department dated July 25, 2022, with information relating to Planning and Development Statistics;

Purpose:

This report updates Council on building and development statistics for the first and second quarter of year 2022.

Background:

In order to keep Council current with local development and construction trends, the Divisional Director of Planning and Development Services will bring quarterly reports forward for Council's information. As the structure of this report continues to develop, the goal is to improve the connection between Council's consideration of development applications on a weekly basis and the larger picture of development and housing goals in the Official Community Plan ("OCP").

Discussion:

Planning and Building Application Intake Statistics – First half of 2022

The first half of 2022, while strong from a development and permitting standpoint, has begun to show the impacts in response to changing macro-economic trends:

- a) Applications for development continue to be strong – above the 10-year average although not at record pace per 2021.
- b) Permitting for all types of housing continued throughout the City but with a strong focus on the City's Urban Core.

- c) Many development and building permit applications at various stages of the approvals process – potential to deliver approvals for thousands of additional housing units over the next several years.
- d) A decrease in the overall gross construction value (to date) compared to 2021. Directly related to larger economic trends.

Development Planning application volume remains extremely high despite several initiatives to create efficiencies, reduce file volume and streamline processes. The pace of application processing has been slightly reduced in late 2021 and 2022 due to transition, uncertainty and learning related to both the 2040 OCP adoption and the upcoming adoption of the City's new Zoning Bylaw. A transition back to normal, quick paced approval timelines will be forthcoming later in the year and into 2023.

The gross building permit value for 2021 exceeded \$1 Billion for the first time. For the first 6 months of 2022 the City's gross Building Permit value is \$688 million versus \$814 million for the same period in 2021. This translates into 19% reduction. There was a smaller change in the number of permits applied for when comparing the same 6-month period in 2021 and 2022 (12% permit reduction).

Staff continue to explore new and innovative ways to encourage new housing delivery into the market. Noting that, the City's development process annually permits roughly 2300 units (5-year average). To date in 2022, 1478 units have been issued Building Permits. Roughly 1100 of those permits are in the City's core area, which closely aligns with the OCP2040 growth strategy. The City is also engaged with our partners at the Province of BC in discussions related to further process streamlining opportunities, staff delegations of authority and housing approval targets.

Looking Ahead

A combination of higher interest rates, interest rate uncertainty, labour shortages, material cost increases and material availability will all be impacting the City's housing market and development approvals process in the months/years ahead – suggesting the importance of securing housing opportunities that are currently planned.

It is expected that both planning application, building permit volumes and construction values will continue to recede from record levels through 2022 and 2023. Demand for new forms of rental housing as well as strong development interest in the City's core area and specifically its urban centres is expected to increase as rising interest rates make home ownership more expensive. Noting this, some market condo projects that require heavy up-front investment may be placed on-hold until developers/builders can better predict the costs of construction and buyers have more certainty around interest rate increases.

Staff will continue to work on projects that facilitate the delivery of housing in an efficient manner. This includes delivering on some of the early goals of the OCP, namely the creation and implementation of an infill housing strategy (with fast-track processes) along with possible pilot projects of other tools including the delegation of minor variances to staff.

Considerations not applicable to this report:

Legal/Statutory Authority:

Legal/Statutory Procedural Requirements:

Existing Policy:

Financial/Budgetary Considerations:

External Agency/Public Comments:

Communications Comments:

Submitted by: R. Smith, Divisional Director of Planning and Development Services

Approved for inclusion:



D.Gilchrist, City Manager