

SOUTH ISLAND  
**PROSPERITY**  
**PARTNERSHIP**

# Rising Economy Taskforce

Real Estate, Development and  
Construction Committee Report

August 27, 2020



# Real Estate, Development and Construction Committee Report

## 1. ISSUE

The real estate, development and construction sectors play an integral role in Greater Victoria's economy — construction is one of the top employers, with 17,200 employees in 2018.<sup>36</sup> Both sectors saw some slowing in mid-March when B.C. declared a state of emergency, though early indications show these sectors are on the mend. In fact, real estate and construction were deemed essential services, so transactions and construction projects could continue while accommodating new safety measures. As we move forward, there may be opportunities for construction investment to act as a catalyst for economic growth.

These sectors are important in terms of jobs and wealth creation, but they also contribute to economic well-being in many other areas:

- Residential real estate provides housing for families and is the greatest source of savings for many of the region's residents.
- Commercial real estate creates jobs, along with spaces for retail, offices, and light industry.
- Institutional projects are necessary to support our community.
- Real estate business and investment provide a source of revenue for millions.
- Construction projects create jobs, as well as infrastructure and amenities that lead to a higher quality of life for the region's residents.

More crucially, the real estate, development and construction sectors are a mirror for economic activity in the region: they respond to net migration and job growth through changes in the need for housing, retail, and commercial spaces. This mirror tells us that retail is suffering, which leads to economic challenges and safety issues as businesses remain partially or fully closed.

COVID-19 has also exacerbated existing housing shortages and further increased construction costs. The Real Estate, Development and Construction Committee has prepared this report to highlight the urgency surrounding the need for clear policies, streamlined processes and ease of engagement with municipal governments for both the sector and the community. By addressing issues at the forefront of these sectors, we also address key issues, including livability and affordability, that affect the entire community's health and wellbeing.

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<sup>36</sup> Metropolitan Outlook, 2020

The following actions are implementable in the next 18 months and leverage existing initiatives where possible. They are inclusive and include measurable accountabilities for progress. These actions are aimed not only at shorter-term economic recovery but also at building a more diverse, sustainable, and resilient economy for tomorrow.

## 2. RECOMMENDATIONS & ACTIONS

### For Governments

#### **RECOMMENDATION A: Local, regional and provincial governments must prioritize policies that increase housing and rental stock.**

The housing shortage, in terms of ownership and rental, is a worsening issue in the Greater Victoria region. New policies must build from current and new community planning principles to increase housing availability and, at the same time, increase engagement among all housing partners. The Real Estate, Development & Construction Committee recommends the following:

- **Pursue regulatory efficiencies through digital platforms.** As a result of COVID-19, many communities successfully moved to online engagement and a virtual format for public hearings and committee meetings, including Community Association Land Use Committees. The Provincial government has a role in mandating the reforms that will be implemented at a local level. Giving people an option to attend in person, engage online, or submit in writing creates greater democratic involvement, increases public engagement and inclusion and increases transparency and efficiency. These digital practices should be continued after restrictions on gatherings and/or the state of emergency have been lifted.
- **Commit to an “open for business” mindset for new project work.** This mindset includes competitive municipal fee structures, reasonable application turnaround times and well-resourced planning departments. These initiatives increase development application fees and project volumes, which in turn bolster employment and enhance the property tax base. This enables municipalities to advance key strategic priorities regarding infrastructure, public space, affordable housing and more.
- **Standardize regulations and policies** across municipalities to improve efficiency for developers and builders. The Provincial government could play a role in setting housing targets for Municipal governments.
- **Improve collaboration on policy development among all government levels — federal, provincial, Capital Regional District (CRD) and municipal.** An industry working group should be formed to evaluate current and new policies/regulations for efficacy and to eliminate contradictions among policies. Policies created in siloed levels of government create layer upon layer of added costs. These costs are then passed onto the purchaser or renter, which increases the cost of housing.

- **Allow applicants for new developments to provide economic impact statements** as part of rezoning and/or development permit applications. This provides councils and community members with a better idea of the direct and indirect economic benefits to municipalities and the public associated with new development and construction (e.g., property tax lift, job creation, municipal fees).
- **Reduce the current housing approvals and qualifications systems bottleneck**, which has been created and worsened by the pandemic. For example:
  - Reduce the extent to which local governments prescribe the specifics of residential supply (e.g., unit size, tenure, affordability levels). Undue intervention can cause a housing supply mismatch and adversely impact the volume of supply and the overall affordability of housing.
  - Fast-track affordable housing and create incentives for projects by forgiving the Development Cost Charge (DCC) and the Community Amenity Contributions (CAC) for all development types.
  - Provide incentives for rental housing, such as lower application fees, fast track applications, tax holidays and lower DCCs.
  - Create a transparent, outcomes-driven triage system that allows for rapid approvals and qualifications in cases where projects meet the minimum standards assessment.
  - Do not require projects to go to a public hearing if they meet the Official Community Plan (OCP) requirements.

**RECOMMENDATION B: Local governments must preserve, expand and promote public spaces to increase community well being; and federal and provincial governments must support small business survival through targeted programs and benefits.**

Public spaces, including parks, downtown centres, and restaurants that everyone enjoys, should remain functional and beautiful while benefiting from new policies that increase public safety and the vitality of street-level businesses. It is vital to strengthen the connection between people and the places they share through placemaking<sup>37</sup> and implementing multi-modal transportation options. Nurturing these infrastructure values will not only create a more appealing, safe, and healthy community for everyone, it will help the property businesses to return to full capacity.

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<sup>37</sup> “More than just promoting better urban design, placemaking facilitates creative patterns of use, paying particular attention to the physical, cultural, and social identities that define a place and support its ongoing evolution.” <http://www.ppp.org>

The Real Estate, Development & Construction Committee recommends:

- **Track metrics on urban crime** (e.g., graffiti, theft and property damage) and then set measurable goals for accountability and improvement through policy changes, policing, and bylaw enforcement. Both the tracking and goals should be publicly available.
- **Support small businesses** by lowering commercial property taxes and extending the applicability period of the Canada Emergency Commercial Rent Assistance (CECRA) to reduce small business costs. Also, thoughtful tapering of the Canada Emergency Response Benefit (CERB) will help businesses to find staff and avoid closure. Vibrant and safe public spaces need thriving businesses, not empty buildings.
- **Continue and increase tactical urbanism<sup>38</sup> initiatives** (e.g., more permissive licensing for restaurants and wholesale pricing for liquor). Make permanent the temporarily expanded pedestrianization of streets, patios and parklets to accommodate the need for more space and seats. Doing so has a transformative impact on street vitality.

#### **For All Partners**

**RECOMMENDATION C: All partners in the trades sector must create and implement new strategies to enhance and diversify the workforce.**

Technology, climate change, globalization and changing population demographics<sup>39</sup> profoundly affect our tradesworkers, their job descriptions and the number of tradesworkers available to meet increasing demand. In fact, these influences are likely to have a much longer-term impact on the real estate, development and construction industries in Greater Victoria than COVID-19.

Solutions in this area require public-private partnerships, identified as one of the top three opportunities in the Situational Analysis survey (see survey details). The Real Estate, Development and Construction Committee recommends the following:

- **Forecast the medium- to long-term implications** of changing population demographics, which might be the direct and indirect consequences of a) forced reduction in project capacity as a region, b) reduction in sustainable, well-paying trades careers and c) upward pressure on construction costs — all of which may in turn compromise projects.
- **Enhance and expand apprenticeship work experiences and pre-apprentice training by** creating a liaison role between schools and employers.

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<sup>38</sup> “Tactical Urbanism is an approach to neighborhood building that uses short-term, low-cost, and scalable interventions and policies to catalyze long term change.” <http://www.TacticalUrbanismGuide.com>

<sup>39</sup> Generally, more workers are retiring with fewer new workers to replace them, and fewer journeypersons are available to train new workers.

- **Investigate barriers to the net in-migration of skilled workers.** These barriers include unaffordable housing.
- **Fast-track housing supply of all varieties,** not only to match the increased need for affordable homes but for the well-paid jobs these projects create in the construction and industrial industries, as well as the indirect jobs created in the service industries.
- **Examine how the real estate industry may support strong inbound demand** for housing from workers moving to the region.
- **Increase diversity** in the trades by instituting non-discrimination and workplace harassment policies, equitable practices, and widespread educational initiatives. Examples of initiatives include:
  - The Construction Workforce Equity Project’s Builders Code<sup>40</sup>, piloted in 2019 to ensure B.C.’s construction employers can more easily adopt and champion human-resources policies that guarantee the equal and fair treatment of women in B.C.’s industrial, commercial and institutional construction workforce.
  - Women in Construction<sup>41</sup>, a grassroots organization of the Vancouver Island Construction Association, focuses on increasing female participation.
  - The Coastal Community Social Procurement Initiative<sup>42</sup> supports local government social procurement through education, training, and coaching.

**For Industry**

**RECOMMENDATION D: Refresh and expand Greater Victoria’s brand into a regional networked brand portfolio.**

As B.C. gains a positive reputation for how it has managed the pandemic from a governance and public health and safety standpoint, an emerging opportunity exists to position Greater Victoria favourably within a new global context in which mid-sized city-regions around the world compete based on health, safety, governance, culture, quality of life and economic vibrancy.

The Committee recommends that SIPP and its partners coordinate a networked marketing portfolio and messaging campaign around why Greater Victoria is a desirable place to study, live, work, start a business and invest. The Committee further recommends that a collaborative brand family portfolio and creative campaign be developed with key partners to help refresh the brand as a thriving, globally-fluent

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<sup>40</sup> <https://www.builderscode.ca/#opening>

<sup>41</sup> <https://www.vicabc.ca/about-us/women-in-construction--wic/>

<sup>42</sup> <https://ccspi.ca/>

and diverse city region. The Provincial government should create similar messaging that would work for CreativeBC, Destination BC, Trade+Invest BC, InnovateBC and other channels.

The Real Estate, Development & Construction Committee recommends the following:

- **Highlight private-sector initiatives that nurture local businesses** as encouragement for new businesses to move here. Examples include publicly championing locally owned businesses and developments that exemplify the region's brand.
- **Create and promote incentive or profile boosting programs for landlords** who lease to local businesses.
- **Explore private-sector and/or SIPP-led opportunities for improving analytics** surrounding supply/demand mismatches in our built environment.

### **3. BACKGROUND**

#### **Rising Economy Taskforce Objective and Benefits**

The South Island Rising Economy Taskforce was established to bring together the South Island's diverse leadership to create a coordinated economic recovery plan that will:

- create recovery priorities for the region that are most inclusive and maximize positive impacts on the economy;
- identify opportunities for the region that are aligned to federal, provincial and municipal stimulus policies and funding;
- provide confidence to our region by demonstrating that recovery efforts are well-coordinated, progressing, and responsive to the evolving situation;
- help coordinate recovery activities for the region by helping stakeholders identify common interests and develop partnerships;
- ensure that the plan informs — and is informed by — broader planning and decision-making activities across government and non-government agencies.

#### **Sector Committees Objectives**

Each sector faces unique circumstances, which is why the Rising Economy Taskforce is broken into 11 sector-driven committees. The Committees will act as primary inputs for the Taskforce work. Included in their work are the following key topics:

- Identify opportunities and conducting a situational analysis of their specific sectors for both the short term (recovery) and long term (resilience);

- Provide recommendations to the Rising Economy Taskforce on focused actions that will best position the sectors to survive and thrive;
- Provide recommendations that include ideas, policies and actions, and identifying goals, measures and potential owners of these actions. These will be included in the Regional Economic Recovery Plan;
- Focus recommendations for recovery in the short and mid-term (<6 months) then pivoting to longer-term areas of focus (resilience).

### **Real Estate, Development & Construction Committee**

The Real Estate, Development & Construction Committee was selected to represent the breadth of knowledge and diversity of these sectors in the South Island region.

### **Committee Members**

- Suzanne Bradbury (Co-Chair), CEO, Fort Properties
- Emilie de Rosenroll (Co-Chair), CEO, South Island Prosperity Partnership
- Kathy Whitcher (Co-Chair), Executive Director, Urban Development Institute (UDI)
- Robert Jawl, Managing Director, Jawl Properties
- John Knappett, President, Knappett Construction
- Reed Kipp, CEO, Devon Properties
- Rory Kulmala, CEO, Vancouver Island Construction Association (VICA)
- Ed Geric, President & CEO, Mike Geric Construction
- My Phung, Principal/Appraiser, Phung Horwood
- David Corey, Executive Officer, Victoria Real Estate Board (VREB)
- Kaye Melliship, Executive Director, Greater Victoria Housing Society
- Tyler Dolan, Managing Director, Colliers International

### **Summary of Process and Research Findings**

The Real Estate, Development & Construction Committee was struck in May following the creation of the Rising Economy Taskforce in mid-April and met five times throughout June and July. The Committee customized the Situational Analysis Survey and administered the survey from a targeted group of respondents throughout the South Island region.



The committee reviewed and analyzed the survey results and used these to frame a SWOT/future-casting meeting. The last two meetings focused on the identification of key themes, ideas, and recommendations actions for insertion into this report.

*To request a copy of the survey findings, please contact South Island Prosperity Partnership at [office@southislandprosperity.ca](mailto:office@southislandprosperity.ca).*



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