

# Surrey mayor unveils radical economic development plan

BY KELLY SINOSKI, VANCOUVER SUN MARCH 12, 2009 10:01 AM



Surrey Mayor Dianne Watts

**Photograph by:** Stuart Davis, Vancouver Sun file

METRO VANCOUVER -- Surrey Mayor Dianne Watts on Wednesday unveiled a radical new concept to create tax-free economic zones in the city in a bid to attract developers and generate jobs during the recession.

The stimulus plan designates the City Centre and Bridgeview-South Westminster neighbourhoods as areas where major new projects won't have to pay property taxes for three years.

The city also intends to cut development cost charges by 33 per cent and defer payment until later in the building process, as well as reduce building permit fees by 50 per cent.

These new incentives would apply to projects worth more than \$10 million that are under construction before the end of 2010.

A typical \$20-million project would save about three to four per cent in costs.

"Right now when we have challenging economic times, investors are pulling back and not moving forward on projects," Watts said. "We're getting nothing now; if we can ignite that investment piece now, we're that much further ahead."

Watts said the strategy is a “new and innovative approach to attracting investment and creating jobs and the first in B.C.”

In announcing the plan to business leaders at her annual State of the City speech, Watts said no country has escaped the effects of the global recession nor is immune to the faltering financial markets around the world.

Surrey has already lost jobs across various sectors of the economy and the situation will only get worse, she said.

Another key element of the action plan is the city’s \$465-million capital works program, which is expected to create more than 4,000 jobs over the next three years, she said. Surrey will also continue to press the federal government for infrastructure funding.

“What we want is to make sure we can create an environment where you still invest and create infrastructure and jobs so that by the time the buildings get built, we’ll be through the bad times,” she said.

Michael Geller, one of the people appointed to the mayor’s advisory committee on investment and job creation, said the City Centre area will see a mix of residential and commercial, while Bridgeview, a neighbourhood at the end of the Pattullo Bridge, will likely see commercial development.

High-density residential development applications for City Centre, valued at more than \$50 million, will receive similar tax breaks. As well, the city will pump millions into improved transportation access to the area near the South Fraser Perimeter Road.

To make all these initiatives move faster, the mayor said, the city will cut red tape and spend up to \$10 million to ensure that city hall is “building-permit ready.”

Maureen Enser, executive director of the Urban Development Institute, lauded Watts’ strategy as a “progressive” move that should be adopted by other municipalities, many of which are now increasing development cost charges despite the tight economy.

For every million dollars spent on construction, Enser said, 15 jobs are created. The developments Watts is trying to attract are multi-million projects, which will lead to hundreds of good-paying jobs in the city and more taxes from people living and working in Surrey.

“It’s a big sign to the entrance to Surrey saying ‘we’re open for business,’” Enser said.

“[Watts] understands this is not the time to make it more difficult to do business; she’s saying ‘come to our community’ because we want to have long-term jobs.”

Langley businessman Ralph Berezan, who is planning a multimillion-dollar development near the King George SkyTrain station, said the tax incentives will be big help.

Although his project is expected to be developed over 20 years, he said the new incentives will allow him to build a commercial office tower on the site immediately.

“We’d probably still proceed because I believe strongly in that City Centre program but this helps,” Berezan said. “That’s Dianne for you. She’s a leader ... she’s saying, ‘Hey let’s go.’”

“It’s excellent. It’s time a few other other cities took the message.”

Geller said other developers are waiting in the wings to invest in Surrey. While Watts was giving her address, he said, developers were participating in a forum hosted by the Urban Land Institute in Surrey.

“People are beginning to realize there are potential opportunities out there,” he said.

Surrey’s deputy city manager Dan Bottrill agreed there is a lot of interest in developing the city. The aim of the strategy, he said, is to speak to those investors and try to reduce some of the challenges they’re facing, whether it is timing, red tape or development cost charges.

The action plan will complement projects already being initiated by the provincial and federal stimulus programs, including the Port Mann Bridge expansion and the South Fraser Perimeter Road.

“There’s always been a lot of interest but in the tough economic climate right now it’s tough for people to say, ‘Let’s do it,’” Bottrill said. “It’s all about cash flow for the developers and making it easier.”

Enser said Watts has started a new trend that she expects will take off. She noted that developers will gravitate to cities that offer the best incentives and Surrey — and to a smaller extent, Langley — is now on the leading edge.

“You can bet these municipalities who put out the welcome mat will get the business,” she said.

“Whoever’s first is going to reap the benefits.”

Langley Mayor Peter Fassbender said his city has already taken steps to defer development charges and introduce density bonuses and has looked at similar strategies to what Surrey is proposing in terms of tax incentives.

“We’re taking down a lot of red tape to ensure developers can get their projects in and out of the ground as soon as possible,” Fassbender said.

“We’re looking at the entire suite of options that are available to use to make it as attractive as possible to developers.”

Vancouver Mayor Gregor Robertson is also expected to outline his plans to “build the city into the creative economic capital of the world” in his inaugural address to the Vancouver Board of Trade today.

He couldn’t be reached Wednesday to discuss his plans, but Enser said he told the Urban Development Institute that he also wants to sit down with developers to “talk about getting new investment in the city.”

Meanwhile, Watts said she would like to see her strategy presented to Metro Vancouver to see if all municipalities would be willing to work together on a similar plan.

Besides the tax incentives, Watts said the city will partner with community organizations, including the Surrey Board of Trade, to create a business retention and expansion program aimed at helping small business, the "backbone of the city's economy," get through the crisis.

"Taken together, these changes are targeted at giving Surrey a distinctive edge in attracting business investment and new jobs both during and after these challenging economic times," Watts said.

Fassbender agreed that all municipalities can benefit from increasing development in these tight times.

"Development is not a bad word in my view," he said. "They're the ones who are going to continue to drive the economic stimulus in our economy. We have to make it attractive and affordable to them."

Burnaby Mayor Derek Corrigan said Surrey might get a temporary advantage, but the move will pit municipalities against one another. He said his city already has some of the lowest development cost charges and has no plans to cut or defer them.

"We've been a popular place for development so we're not in a position where we're trying to encourage developers in what we see is a race to the bottom. It's very discouraging," he said.

"There's going to be some resentment when developers who have already developed a bit in Surrey see the guys coming next getting a tax holiday."

[ksinoski@vancouver.sun.com](mailto:ksinoski@vancouver.sun.com)

With files from Marisa Babic, Surrey Now

© Copyright (c) The Vancouver Sun