



Dear UDI Member:

Our June Member edition of the UDI Newsletter brings you:

- A reminder to submit your projects for the UDI Awards for Excellence
- An introduction to the 2014-2015 UDI Board, under the leadership of our new Chair David Porte of Porte Development Corporation
- A Provincial/Municipal Policy Update, and
- A recap of Bob Rennie's Address to the UDI Membership.

See you at upcoming UDI events!

UDI Awards for Excellence - Call for Entries



The UDI Awards for Excellence recognize those in the development industry whose projects have made an exceptional impact on our urban landscape. The 2014 Awards gala event will be held on November 26, 2014 at the Hyatt Regency Hotel.

Deadline for submissions: 5pm, Thursday, August 14, 2014.

UDI Awards for Excellence 2014

2014 - 2015 UDI Board



UDI Chair David Porte

Welcome Board members: Chris Evans ([Onni](#)), Dan Turner ([PCI Development Corp.](#)), Joe Olivier ([RBC Royal Bank of Canada](#)), Colin Bosa ([Bosa Properties](#)), Beau Jarvis ([Wesgroup Properties](#)) and U40 Chair Houtan Rafii ([Beedie Living](#)), under the leadership of our new UDI Chair David Porte ([Porte Development Corporation](#)).

We are also grateful for the commitment and contributions from our previous Chair Brian McCauley ([Concert Properties](#)), and the following UDI members who stepped down from the Board this year: Peeter Wesik ([Wesgroup Properties](#)), Norm Couttie ([Adera Development Corporation](#)), Andrew Grant ([PCI Development Corp.](#)), Bruce Clarke (formerly with [HSBC](#)) and Derek Lee ([Prospero International Realty Inc.](#)).

UDI Policy Update

Real Estate Development Marketing Act (REDMA)

UDI is pleased to announce that several improvements and clarifications to *REDMA* have been passed with Bill 17, *Miscellaneous Statutes Amendment Act, 2014*, receiving Royal Assent on May 29th. For a list of the amendments, see the [UDI Legal Update on Bill 17 - Real Estate Marketing Act \(REDMA\)](#).

UDI will keep members informed of any further changes to *REDMA* through regulation (e.g. the definition of “developer”) and Policy Statements issued by the Superintendent of Real Estate.

In September, UDI is organizing a special Breakfast Seminar with a panel of legal experts to update members on the Bill 17 changes to *REDMA*, and recent Court decisions under the Act.

Thank you to Edward Wilson of *Lawson Lundell LLP* and Mark Lewis of *Borden Ladner Gervais LLP* for providing UDI members this important industry information.

[Link to Legislation](#) (starts at section 56).

[Bill 17 Information Bulletin](#)

Development Cost Charges (DCCs)

The passage of Bill 17 also brings positive changes to DCCs. Development Cost Charges can be paid at the Subdivision or Building Permit stage. In the past when new DCC Bylaws were adopted, developers who submitted a Subdivision or Building Permit application to a municipality were exempt from paying the new rates if their Subdivision or Building Permit was approved within a year. This was unbalanced for developers who had to pay DCCs at Building Permit because these permits are released near the end of the development review process.

UDI has been working through the Province's Development Finance Review Committee to bring more fairness for developers who pay DCCs at the Building Permit stage. With the passage of Bill 17, developers, who have submitted a Rezoning, Development Permit or Building Permit Application for a building to a municipality, are exempt from paying the new rates if they receive the Building Permit for the building within a year. The changes also apply to Development Cost Levies in the City of Vancouver.

[Link to Legislation](#) (see sections 45 and 48).

Modern Building Regulatory System

For almost 25 years, the Province has done reviews of B.C.'s building regulatory system. Two years ago, the Province released White Papers on a *Modern Building Regulatory System* and *Certification of Local Government Building Officials*. Several proposals were put forward in the Papers. The Government received feedback from UDI, other stakeholders and local governments, and they have responded to the feedback through two updated papers. The current proposals include:

- a "Provincial review of commonly-proposed alternative solutions (including building products) for inclusion in the Building Code";

- a “*Provincial review and approval of Code variances (i.e., innovative proposals that are not Code-compliant)*”;
- Not proceeding with an online portal (with access to all provincial codes, standards and regulations);
- Not proceeding with a provincial levy on construction (which UDI opposed);
- Establishing a Uniform Building Code, in which the Government sets building standards across B.C. (there would be a two-year transition period for municipalities to ensure their local bylaws comply with the provincial standards);
- The Province issuing technical bulletins and binding interpretations/directives regarding the *Building Code*;
- Conducting random assessments of complex buildings under construction;
- Establishing a Stakeholder Advisory Body to advise the Government on building regulatory system issues; and
- Having mandatory qualification requirements for municipal building officials, including having exams and continuing professional development.

UDI will continue to update members on the progress of this initiative.

[Modern Building Regulatory System: 2014 Update](#)

[Qualification of Local Government Building Officials: 2014 Update](#)

CRA position on Mixed Use Project Cost Allocations

The CRA has recently challenged how certain costs are allocated amongst the various components of a mixed-use project in computing income for tax purposes. The costs in question are those that may not be identifiable to a specific component of the project such as most soft costs, CACs and other similar unidentifiable costs. Specifically, the CRA is rejecting the method prescribed by accounting standards (RealPac) which is the “net yield method” in favor of an allocation based on square footage. The latter results in a larger percentage of costs being allocated to components of the mixed-use project that are not being sold immediately (i.e. commercial/rental components) causing higher income taxes to be paid on the sale of the residential units.

There is no clear statutory framework and little jurisprudence on the specific issue of cost allocation in a mixed-use real estate development project. The courts have hinted that the identification of a standard industry practice could help inform the policy for cost allocation.

UDI would like to provide a factual representation to the CRA with respect to what is the standard

industry practice is in allocating unidentifiable costs.

If your company is involved in mixed-use development projects, we want to hear from you. What is the methodology your company uses to allocate unidentifiable costs to various components of the project (i.e. are these costs being allocated based on the “net yield method”, based on square footage, or some other method)?

Please email Gavin Duffus (gduffus@udi.org) with your response. Your information will be treated confidentially.

City of Vancouver Public Art Program

UDI members recently received a preliminary consultation on potential proposals for changes to developer contributions for the City of Vancouver Public Art Program. Developers are charged \$1.81 per square foot on rezonings for public art. The amount that is charged will not be changed, but the City would like to improve how they are leveraging the funds. Staff would like some of the money to be invested in public art at key strategic locations. To do this, staff are contemplating:

- Removing the 60/40 option in which 60% of public art budgets are allocated to private-site art work, with the balance (a minimum 40%) allocated to the City's Public Art Reserve;
- For developers that are providing public art on site, increasing the percentage that goes to the City from 2% to 10% (some of the money would be used for the City-wide art program); and
- Reducing the amount developers pay for public art by 20%, if they opt to provide 100% of the public art fee to the City.

If you have feedback or questions on these preliminary proposals, please contact Bryan Newson, City of Vancouver, Public Art Program Manager, at 604-871-6002 or bryan.newson@vancouver.ca.

City of Vancouver Development Cost Levy Rates

The City of Vancouver has proposed new inflation adjusted Development Cost Levy (DCL) rates to come into effect on September 30, 2014. This year's proposed rate adjustment represents an average 2.0% rate increase across DCL Districts. Please see the attached bulletin.

[City of Vancouver Bulletin on DCLs](#)

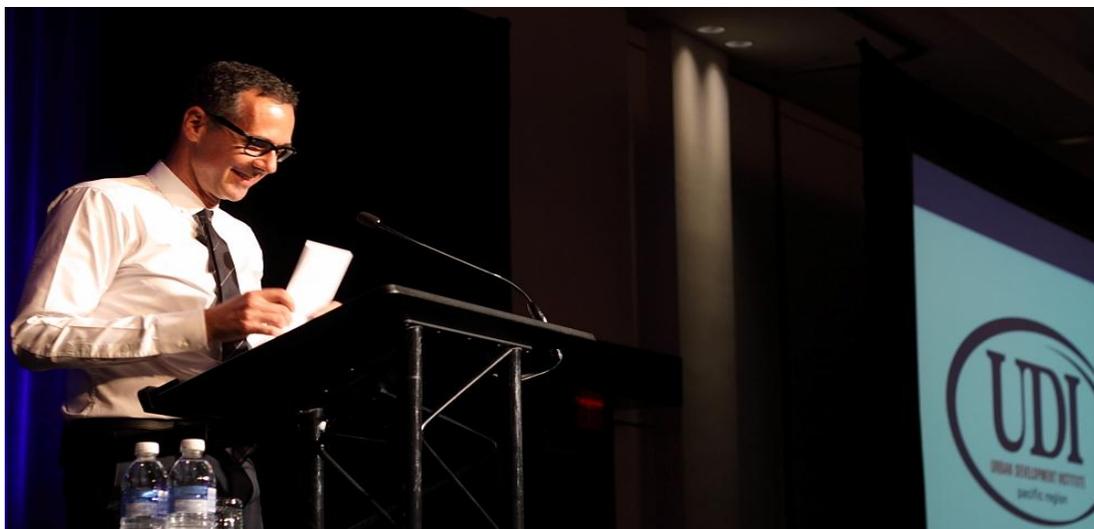
New Westminister Density Bonusing Program

In May, UDI met with New Westminister staff on Phase 2 of the Density Bonusing Program - high density residential and mixed use zones in the Downtown area - and sent a follow up [letter](#) of feedback. The consultation process has since ended, however it possible to contact City staff with any feedback you wish to provide.

[City of New Westminister Density Bonusing Program website](#)

[City of New Westminister Density Bonusing Program Presentation to UDI](#)

Recap of Bob Rennie Lunch



Watch Bob's speech on [UDI's YouTube channel](#) | Browse event photos on [UDI's Facebook page](#)

Media Coverage:

[Boomers sitting on \\$163-billion in real estate holdings](#) - *The Globe and Mail*

[Bob Rennie speaks about housing affordability, the wealth of seniors, immigration, and David Suzuki](#)
- *The Georgia Straight*

[Realtor Bob Rennie Delivers Provocative UDI Speech](#) - *BC Business*

[Metro Vancouver baby boomers sitting on \\$163 billion of property](#) - *The Vancouver Sun*

Industry Events



- [City of Vancouver Urban Design Awards](#) - September 15 (Submission Deadline: July 14)
- [Invest New West Economic Forum](#) - October 2
- [Surrey New City Design Awards](#) - October 22 (Submission Deadline: July 22)
- [Quest 2014 Innovation to Implementation](#) - December 1-3 (Submission Deadline: June 13)

Upcoming Events

Vancouver

June

25

[Bus Tour and Breakfast -
Discover Surrey City Centre](#)

July

15

[U40 Summer Social](#)

Fraser Valley

June

[Lunch - Fraser Valley Market
Outlook](#)



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