



CITY OF RICHMOND

REPORT TO COMMITTEE

TO: Planning Committee **DATE:** March 24, 2000
FROM: A.L. (Rick) Bortolussi **FILE:**
 Manager, Building Approvals Department
RE: BUILDING PERMIT APPLICATION FEES
REQUEST FOR DEFERMENT - Ah-Ten Holdings Ltd.
6300 and 6388 Alder Street

STAFF RECOMMENDATION

That the request by Ah-Ten Holdings Limited to defer the forfeiting of the plans processing fees and cancellation of building permit application for phases 2, 3 and 4 of the townhouse project proposed for 6300 and 6388 Alder Street be denied.

A.L. (Rick) Bortolussi
Manager, Building Approvals Department

Att. 4

FOR ORIGINATING DIVISION USE ONLY		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER

STAFF REPORT

ORIGIN

On February 9, 2000, Building Approvals Department staff sent a letter to Mr. Thomas Meyer concerning his building permit application for a phased townhouse project at 6300 and 6388 Alder Street. This letter informed the applicant that the building permit applications were ready for issuance. **See Appendix "A"**. The letter also informed the applicant that under the conditions of Building Bylaw No. 6920, the plan processing fees may be forfeited and the applications may be cancelled should the full building permit and related fees not be paid within the time frames prescribed in the bylaw. Mr. Meyer submitted a letter to the Planning Committee requesting a deferment of permit fees. **See Appendix "B"**.

ANALYSIS

On April 7, 1999 a building permit application was received along with the plan processing fees for a 97 unit townhouse project comprising of 4 phases. On August 4, 1999, a letter was sent notifying the applicant that the permit for the first phase was ready for issuance subject to payment of applicable fees. **See Appendix "C"**. On August 6, 1999 building permits were issued for phase one, comprising of 27 townhouse units and an amenity building.

Recently, the department undertook a review of outstanding permit applications which have been reviewed by staff and the permits have not yet been obtained by the applicant. Part of this exercise is to ensure our permit applications are processed following the requirements contained in our Building Bylaw in addition to the intent of the Homeowner Protection Act pertaining to consumer protection. The department has entertained holding onto phased project applications for short periods of time, however applicants are notified that the preferred method of permit application submission is by separate building permit applications for each phase. In this particular application, the applicant made his choice of submitting an application and paying the plans processing fee for the full project knowing the potential financial impact.

Building Bylaw No. 6920 requires that when an application for a plan review is submitted, a non-refundable plan processing fee must be paid. The plan processing fee is a credit toward the building permit fee levied at the time of building permit issuance. Upon completion of the plan review, staff notify the applicant that the permit is ready for issuance and what are the applicable levied fees.

Building Bylaw No. 6920, states;

5.4.3 *A plan processing fee is forfeited to the City if the building permit has not been secured and paid for within 30 days of notification that the permit is ready for issuance.*

5.4.4 *An application for a plan review filed with the building inspector is cancelled and of no force and effect if a permit has not been secured and paid for by the owner within 60 days of notification that the permit is ready for issuance."*

The intent of having a time frame for the owner to obtain the permit is to ensure that the period of time between receipt of the building permit application and its issuance is not impacted by changes in other city bylaws or changes in provincial building codes and regulations. In this particular situation, should the application be cancelled, the applicant will have to comply with the new Provincial Homeowner Protection Act regulations pertaining to warranty coverage; reconstruction fund levies and provincial

builder licensing. In addition, it is not known whether the provincial regulation amendments proposed by the Barrett Commission might apply.

The Building Bylaw contains several opportunities for an applicant to delay the construction schedule for the actual construction start as well as the continuation of construction, once started. These include:

PRIOR TO PERMIT ISSUANCE

- 30 days following notification that the permit is ready for issuance, before the plan processing fee can be forfeited, and
- 60 days following notification that the permit is ready for issuance, before the building permit application can be cancelled.

AFTER PERMIT ISSUANCE

- 180 days before an issued building permit is expired, if construction has not commenced, however the applicant can request a further 180 day extension to commence construction, and
- construction must continue within a period of not less than 180 days from the date of the last inspection.

The applicant can take advantage of these time frames within the construction schedule to address economic conditions. There are no exemptions available under the requirements of the Building Bylaw for this applicant. When amendments are made to a bylaw, the benefits only apply to those building permit applications received after enactment of the amendments.

FINANCIAL IMPACT

The applicant was informed of the fees levied for the three additional phases for which permits have yet to be obtained. **They are noted in Appendix "D"**. Should the applications be cancelled the applicant could forfeit plan processing fees of \$8,51.00 for phase two; \$11,781.00 for phase three and \$7,792.00 for phase four or a total of \$28,024.00 should all be forfeited.

Should the building permit applications be cancelled, new applications would have to be made. These new applications would have to be in full compliance with the Provincial Homeowner Protection Act, including warranty coverage, provincial builder licensing and payment of applicable reconstruction levies.

CONCLUSION

An exemption under the bylaw is not available to the applicant. This is because, any amendment to the Building applies only to those building permit applications received after the amendments are resolved by Council. Staff have already provided the applicant with a "implied delay in permit issuance" of seven months by notifying the applicant in August that only the permit for phase one of the project was ready for issuance.

A.L. (Rick) Bortolussi
Manager, Building Approvals Department

ALB:alb

February 9, 2000

Via Fax: 683-7690

Mr. Thomas Meyer
Ah-Ten Holdings Limited
1200-1066 West Hastings Street
Vancouver, B.C. V6E 3X1

Dear Sirs:

**Re: 6300 and 6388 Alder Street, Richmond B.C.
Townhouse project**

Further to our letter of August 4, 1999, this is to advise you that the plan review for all four phases of this project had been completed and ready for issuance since that time. We also note that the permits for Phase I have already been issued.

With respect to your letter of January 25, 2000, we regret to inform you that while we understand the market conditions, we can not hold onto these applications indefinitely.

The Richmond Building Bylaw, No. 6420, Section 5.4.3 states: "A plan processing fee is forfeited to the City if the building permit has not been secured and paid for within 30 days of notification the permit is ready for issuance."

Section 5.4.4 further states that: "An application for a plan review filed with the building inspector is cancelled and of no force and effect if a permit has not been secured and paid for by the owner within 60 days of notification that the permit is ready for issuance."

Thus this letter is official notification that the above permit applications will forfeit their plan processing fees after 30 days and that the application will be cancelled within 60 days.

Please make arrangements to obtain the permits by March 10, 2000. **If the permits are to be picked up, please endeavour to be in the office BEFORE 3:00 pm to facilitate their issuance.**

Please also note that in the event of cancellation, the re-submitted project must comply to the requirements of the Homeowner Protection Office

If you have any questions, please contact Mark Torry at 276-4000, local 3445.

Yours truly,

Reviewed By

Mark Torry
Plan Checking Clerk 1
MT:mt

E.S. Nishi
Supervisor, Permits



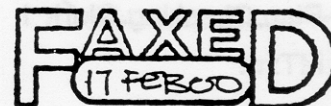
CITY OF RICHMOND
 7577 Elmbridge Way
 Richmond, B.C. V6X 2Z8

FAX COVER SHEET

February 16, 2000

TO: NAME/COMPANY: Thomas Meyer
 Ah-Ten Holdings Ltd
FAX NO. 683-7690

FROM: DEPARTMENT: URBAN DEVELOPMENT DIVISION
NAME: Mark Torry
 Plan Checking Clerk 1
FAX NO. (604) 276-4157



TOTAL NO. OF PAGES, INCLUDING COVER SHEET: 1

If you have any problems with this fax, contact: Mark Torry at 276-4000, l. 3445

MAILED ORIGINAL TO FOLLOW: No

MESSAGE: RE: 6300 ALDER STREET, 6388 ALDER STREET

In response to your request for the fee information, the following fees apply to your project (the remaining four phases):

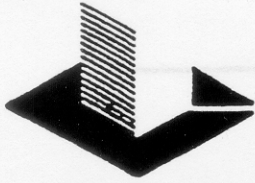
Building permit fees	\$28,410.00
Site services fees	\$4,104.00
Development Cost Charges (1/3 total)	\$64,310.16
Development Cost Charges (2/3 LOC)	\$128,620.34

Note that the above fees will not change.

Engineering services fees (for the on-site services):

For the month of February	\$35,240.00
For the month of March	\$33,180.00

For a grand total (in February) of	\$260,684.50
(in March) of	\$258,624.50



CRESSEY
DEVELOPMENT CORPORATION

	INIT
✓ JRM	
✓ AB	
DAW	
AS	
KY	

8360-01

March 1, 2000

Malcolm Brodie, Chair
Bill McNulty, Vice Chair
Linda Barnes
Lin Greenwell
Harold Steves
Planning Committee of Council
City of Richmond
7577 Elmbridge Way
Richmond, B.C.
V6X 2Z8

Dear Members,

**RE: THE HAMPTONS
TOWNHOUSE DEVELOPMENT ON ALBERTA ROAD IN RICHMOND, B.C.**

Further to my correspondence with the City of Richmond and my discussion with Rick Bortolussi, Manager of Building Approvals Department, this letter is to apply for a deferment to pay the cost for the building permits and the associated fees for the phases 2 to 4 of the above mentioned development.

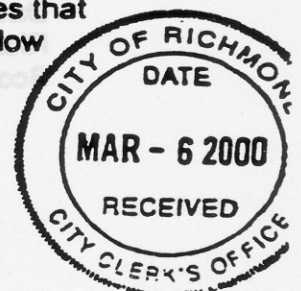
In April 1999 we applied for a building permit for all four phases of a townhouse development of 97 units on Alberta Road in Richmond. The permit was granted on August 6, 1999.

From the outset it was our strategy to build the development in four phases limiting the start to phase one primarily to:

- Test the strength of the residential housing market, and
- Prevent the accumulation of a large inventory of unsold townhouses.

Construction started on the first phase after paying all fees, DDC's etc. with an anticipated completion of the 27 units by the end of March of this year. The sales centre opened on November 6, 1999 with a pre-sale campaign currently under way.

We anticipated the housing market to be better and the absorption rates to be stronger than what we are experiencing thus far, with only 6 units sold to date. This indicates that the Richmond housing market has not yet recovered and is still soft. Should the slow rate of absorption continue any potential margins will be very slim or non-existent.



As prudent developers, we are aware of the inherent risk involved in providing residential housing. One way to mitigate disaster is to calculate cash flow to balance cost and revenue (debt management).

The permit fees and its associated cost related to the next three phases of this project would amount to approximately \$247,000. This would have to be added to the carrying costs of the unsold inventory, a premature expense further increasing the cost of the development.

It is our intention to continue with the next phases as demand arises. It is also our intention to continue with the adjoining sites as the need develops, in other words: **we are committed for the long term.**

As it is increasingly more difficult to operate profitably in the present economic climate in this Province we need "all the help we can get" to continue our efforts to implement this project including a deferment of additional cost of permits that are premature to the process at this stage.

Hence we would respectfully submit to you to defer the above described payments and to not have to pay the building permit fees for the phases 2 to 4 with all associated charges as above specified until such time that we are ready to commence construction with the respective phases.

Surely all members of Council are aware that it has become increasingly difficult to conduct business in this Province for reasons aforementioned. We would therefore very much appreciate Council's help in providing an environment conducive to a better business climate.

Please contact the undersigned should you have any questions.

Yours very truly
CRESSEY DEVELOPMENT CORPORATION


Thomas Meyer

TM/

c.c.: Mayor Greg Halsey-Brandt
George Duncan, Administrator
David McLellan, General Manager, Urban Development Division
Rick Bortolussi, Manager, Building Approval Dept.
Scott Cressey, Cressey Development Corporation

August 4, 1999

Mr. Thomas Meyer
Ah-Ten Holdings Ltd.
1066 West Hastings Street, #1200
Vancouver, B.C. V6E 3X1

Dear Sir:

**Re: 6388 Alder Street, Richmond, B.C.
Phase 1 Townhouses and Amenity building
Permit No. 99162740 & 99162914**

This letter is to advise you that your application for a plan review has been completed. A building permit will be issued subject to:

1. A Servicing Agreement to be registered with the City of Richmond (contact Erland Carlson at 276-4084).
2. A Business licence for Cressey Developments Corporation.
3. Payment of all applicable fees, which are estimated as follows for this project:

A.	Building Approvals Department		
	1. Based on \$2,631,053.00		\$22,175.00
	2. On site services (includes catch basins, sumps, storm sewer, firelines, etc.)		4,860.00
	Minus application fee		-11,088.00
		Total 1.	\$15,947.00
B.	Urban Development (Subject to Change)		
	1. Off site services (For August)		
	Recycling Rates		1,296.00
	Water Rates		6,980.31
	Sewer Rates		1,432.08
		Total 2.	\$9,708.39

2.	Development Cost Charges		
	1st Installment	3a	\$24,805.35
	Letter of Credit	(Letter of Credit is to be valid for 13 months from the date the building permit is issued.)	\$49,610.70
		Total	3. \$74,416.05
C.	Grand Total		
	Total using Deferred DCC's	\$50,460.74	\$100,071.44

1+2+3 = 100,071.44

1+2+3a = 50,460.74 + Letter of Credit

Please make arrangements to obtain this permit, or advise us of your intentions by August 16, 1999. **If the permit is to be picked up, please endeavour to be in the office BEFORE 3:00 p.m. to facilitate the issuance.** Permits not issued may be subject to revised fees, or bylaw changes as they are adopted. The plan processing fee is forfeited after 30 days of notification that the permit is ready for issuance, and the application may be cancelled within 60 days of notification.

The granting of this permit does not relieve the applicant, occupier or owner, from conforming to the requirements of every pertinent bylaw and regulation enforced within the City.

Should you require any further assistance, contact Tracey Lieuwen at 276-4000, local 3416.

Yours truly,

Reviewed By

Tracey Lieuwen
Plan Checking Clerk 1

E.S. Nishi
Supervisor, Permits

TL:tl

pc: B. Venturas, Urban Development
S. Sharma, Revenue

APPENDIX "D"

6300 and 6388 ALDER STREET BUILDING PERMIT FEES

PHASE 2	MARCH	APRIL
Building Permit Fees:	\$ 8,450.00	\$ 8,450.00
Site Services Fees:	\$ 1,248.00	\$ 1,248.00
Engineering Services Fees:	\$ 9,954.00	\$ 9,303.00
1/3 DCC:	\$ 19,293.05	\$ 19,293.05
2/3 DCC:	\$ 38,586.10	\$ 38,586.10
TOTAL PHASE 2	\$ 77,531.15	\$ 76,880.15
PHASE 3		
Building Permit Fees:	\$ 12,168.00	\$ 12,168.00
Site Services Fees:	\$ 1,652.00	\$ 1,652.00
Engineering Services Fees:	\$ 14,220.00	\$ 13,240.00
1/3 DCC:	\$ 27,561.50	\$ 27,561.50
2/3 DCC:	\$ 55,123.00	\$ 55,123.00
TOTAL PHASE 3	\$110,724.50	\$109,744.50
PHASE 4		
Building Permit Fees:	\$ 7,792.00	\$ 7,792.00
Site Services Fees:	\$ 1,204.00	\$ 1,204.00
Engineering Services Fees:	\$ 9,006.00	\$ 8,417.00
1/3 DCC:	\$ 17,455.61	\$ 17,455.61
2/3 DCC:	\$ 34,911.24	\$ 34,911.24
TOTAL PHASE 4	<u>\$ 70,368.85</u>	<u>\$ 69,779.85</u>
TOTAL PHASES 2, 3 & 4	\$258,624.50	\$256,404.50