



## THE CORPORATION OF THE CITY OF VERNON

### **MEMORANDUM**

**TO:** W. Pearce, Chief Administrative Officer **FILE:** 6750-01

**PC:** K. Flick, Director, Community Infrastructure & Development **DATE:** November 16, 2022

**FROM:** J. Perrott, Manager, Economic Development & Tourism

**SUBJECT:** **2022 THIRD QUARTER ECONOMIC & TOURISM INDICATORS UPDATE**

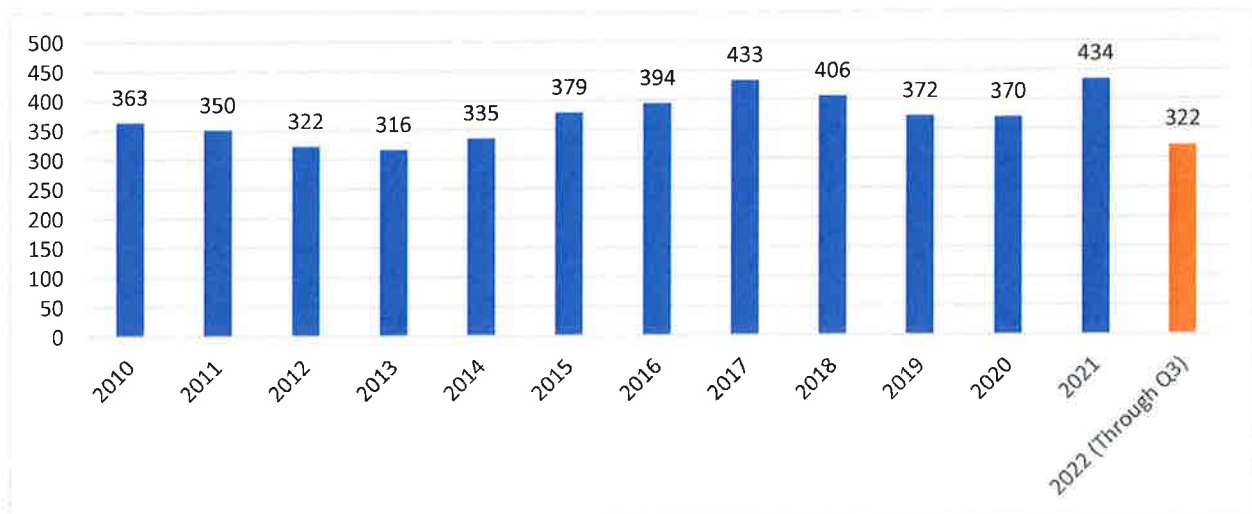
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The purpose of the memorandum is to provide Council with an update of economic and tourism indicators for the third quarter of 2022, which help to provide a picture of economic activity within the City of Vernon. Data for this memorandum is sourced from internal City departments and a mix of external publicly available data and subscription services obtained and analysed by the Economic Development and Tourism Department.

#### DEVELOPMENT & REAL ESTATE ACTIVITY

In the third quarter of 2022, 42 building permits were approved (Figure 1), bringing the annual building permit total to 322. While the pace of building permit approvals is tracking at a similar pace to previous years, 2022 has seen more multi-family projects and fewer single-family homes compared to previous years (Figure 3). This shift has put 2022 on pace for a record setting number of approved residential units.

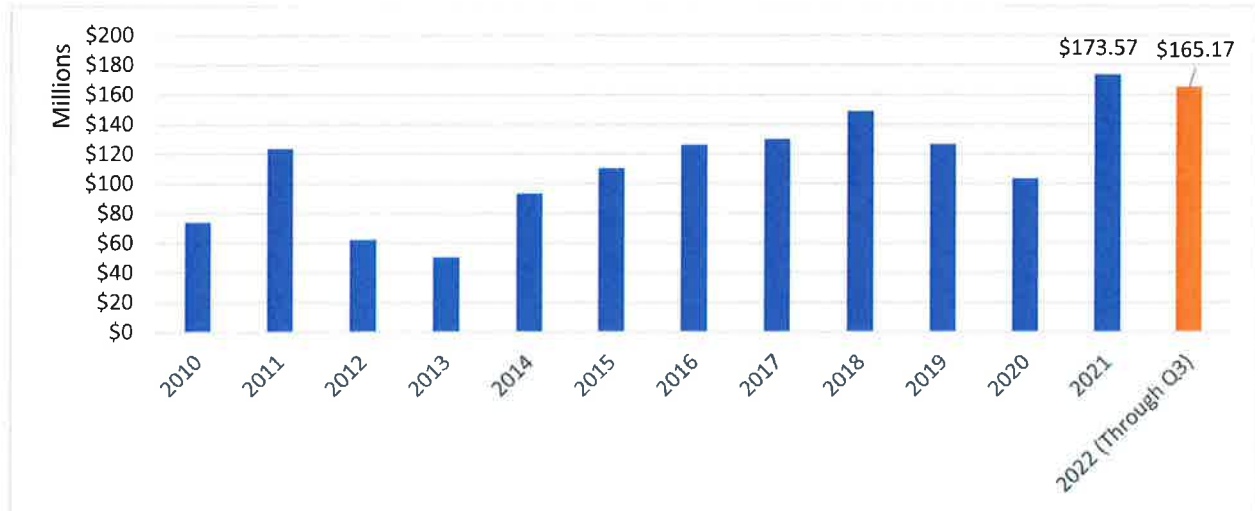
Figure 1: Building Permit Volumes



In the third quarter of 2022, building permits representing construction values of \$61.37 million were approved (Figure 2), bringing the total year to date value to more than \$165 million - just \$8.4 million below the current annual record of \$173.57 million in 2021. This increase in building permit values can be attributed to a combination of inflationary

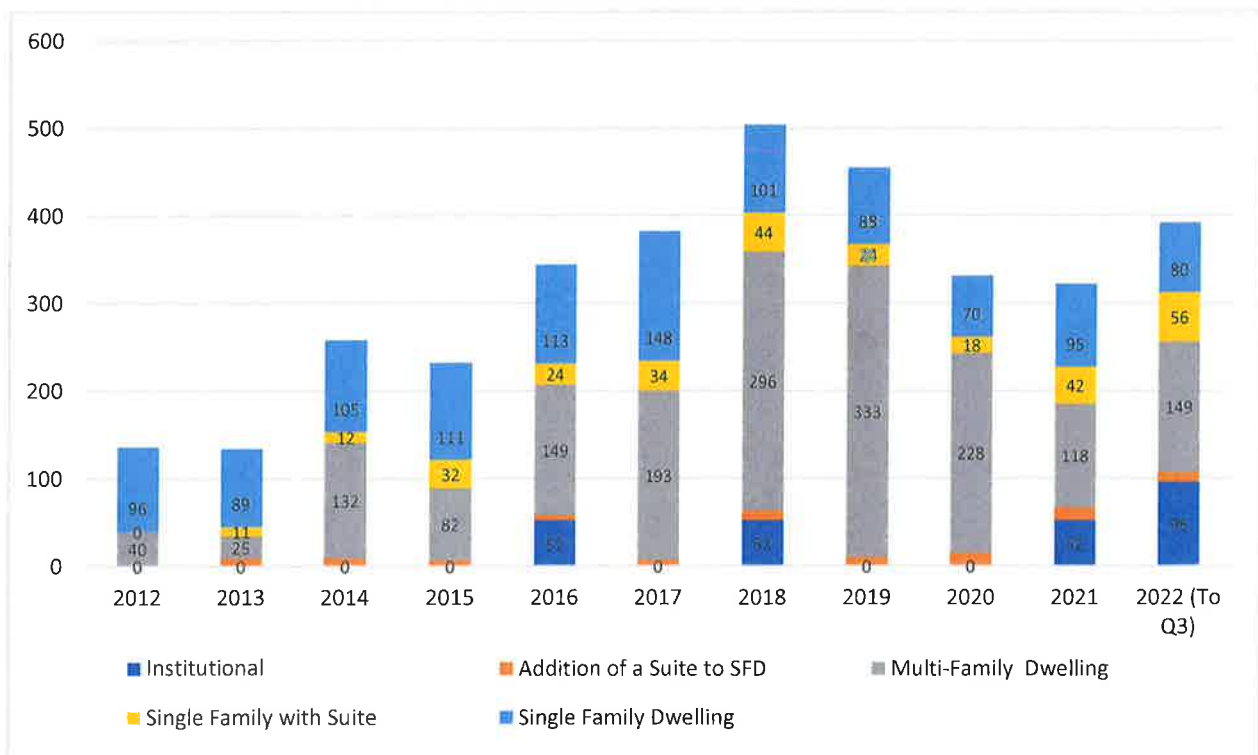
pressures on construction costs (both materials and labour) as well as an increase in the number of multi-family permits that are generally higher in value per permit than single family permits.

Figure 2: Building Permit Values



Through the end of the third quarter, 392 residential units were approved for construction (Figure 3) – exceeding the total units approved for construction in 2017, 2020, and 2021. Higher density residential units (multi-family units and single family dwellings with suites) continue to outpace single family permits by more than two to one.

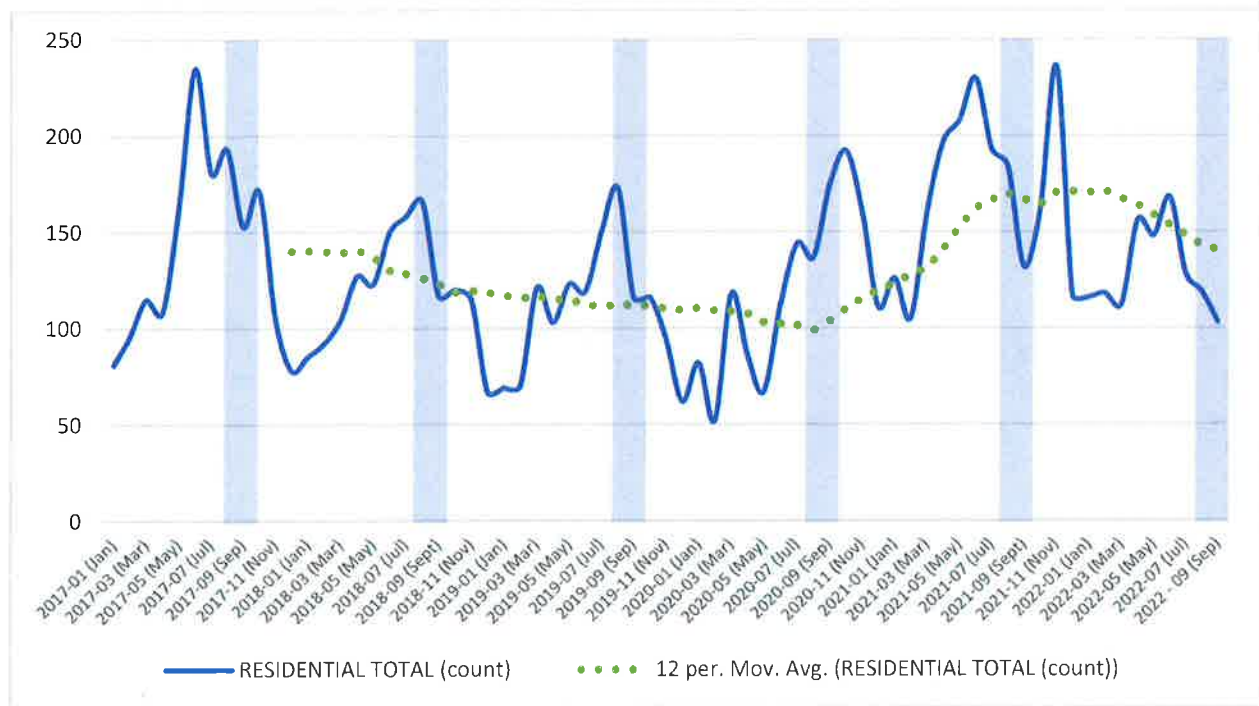
Figure 3: Approved Residential Units by Type



A detailed summary of development cost charges collected, application summary, permit summary and land use application summary through to the end of the third quarter 2022 can be found as Appendix 1 at the end of this memorandum.

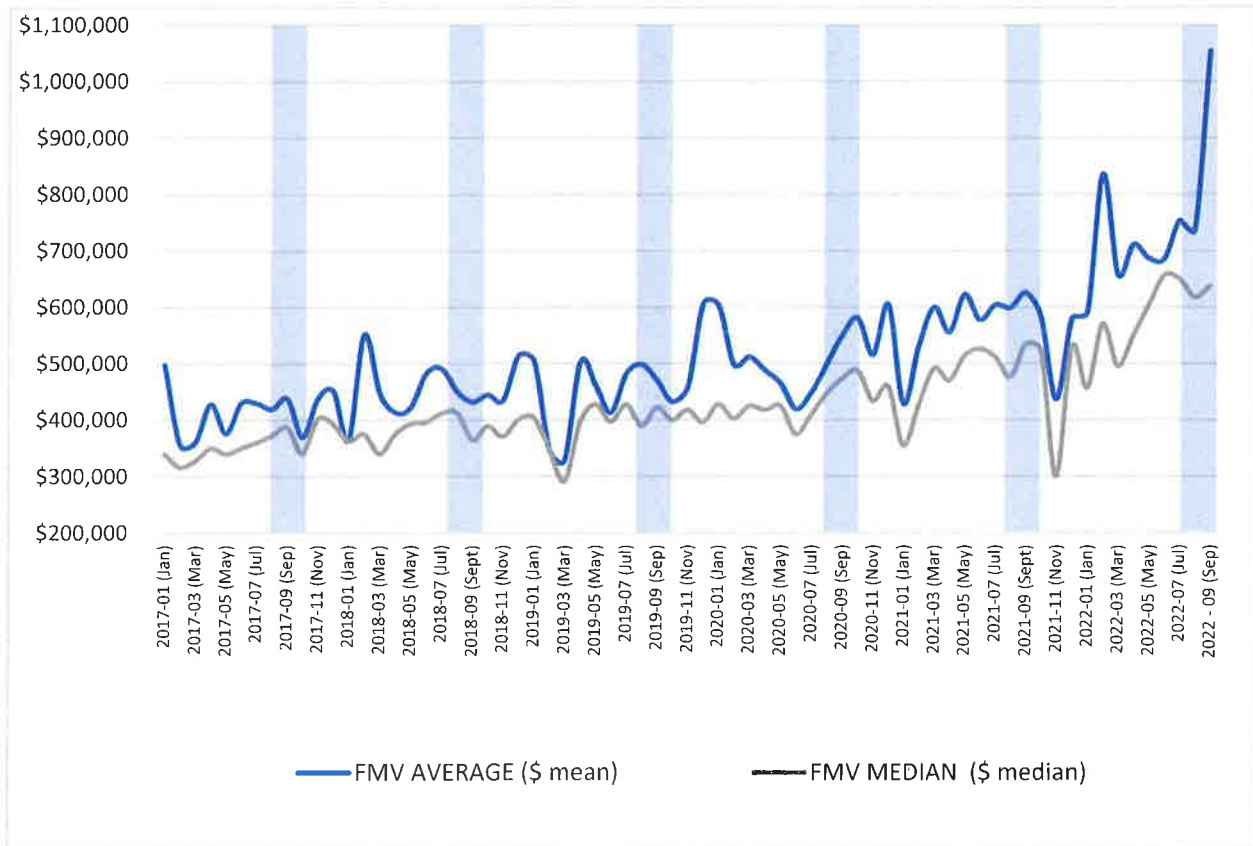
Reviewing Real Estate market information, sourced from the Province's Open Data web portal for Q3 shows that overall market transaction volumes (Figure 4) declined in the quarter and market transaction volumes were below the 12-month moving average. In comparing to previous third quarters, general market activity softened during this period following transaction volume peaks during the second quarter of most years. Additionally, this reduction in transaction volume would reflect consumer caution as a result of Bank of Canada interest rate increases announced on June 1, July 13, and September 7, which totalled 225 basis points.

Figure 4: Residential Real Estate Market Transactions



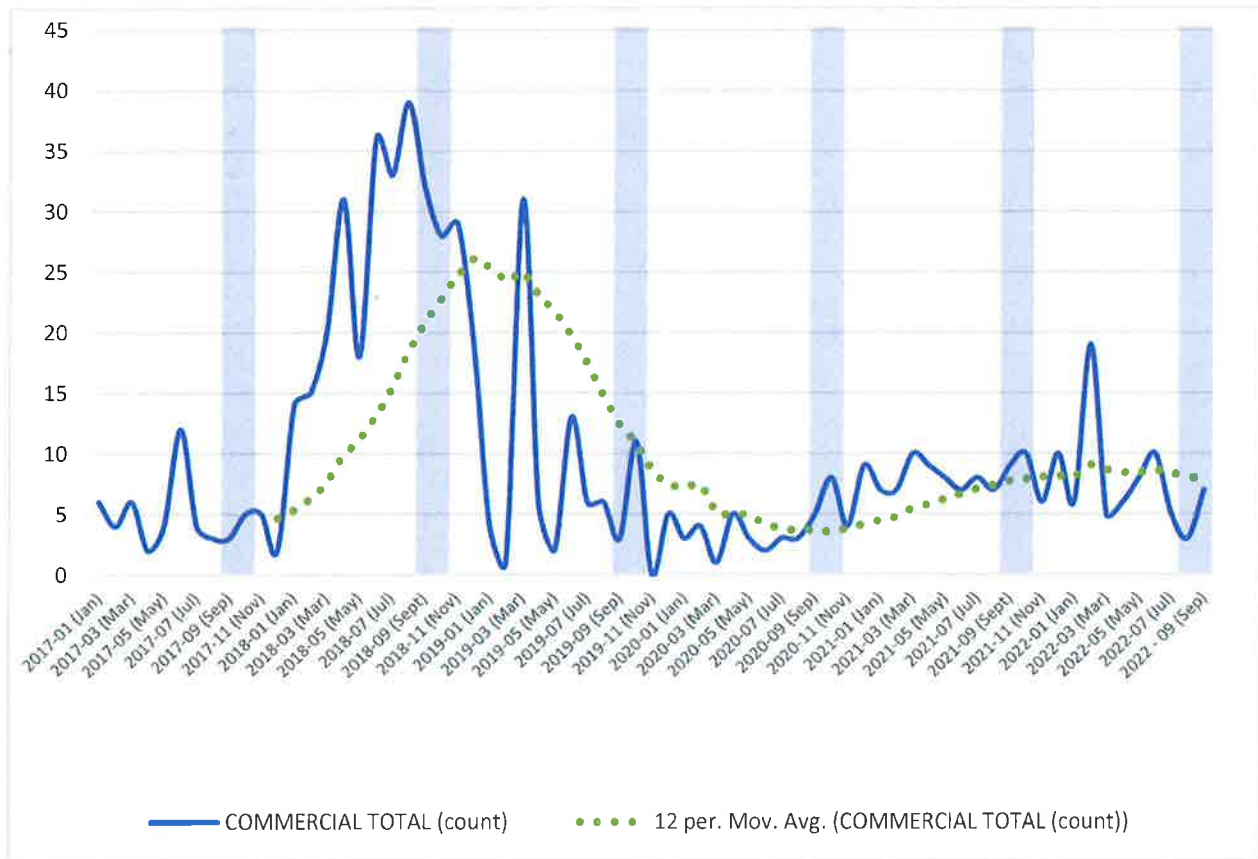
Fair Market Average price (Figure 5) saw an increase during the last quarter with a particularly large jump (40%) in September likely due to a number of significant property transactions (i.e. multi-million-dollar properties) within the community that would surge on the Fair Market Average. In the third quarter, Fair Market Median prices generally stabilized at \$635,000, an increase of 5% over the previous quarter average of \$603,000.

Figure 5: Fair Market vs. Median Average



While commercial real estate transaction volumes (Figure 6) picked up in the third quarter following a slower second quarter, transaction volumes remained below the 12-month rolling average. It's unclear at the time of this memorandum how the increased Bank of Canada interest rates will impact investment activity in the coming year as commercial and industrial projects purchased for leasing may be able to overcome these additional financing costs through higher lease rates. However, significant demand for commercial and industrial projects within the Okanagan, combined with limited new inventory in the region, positions Vernon well for investment despite these headwinds.

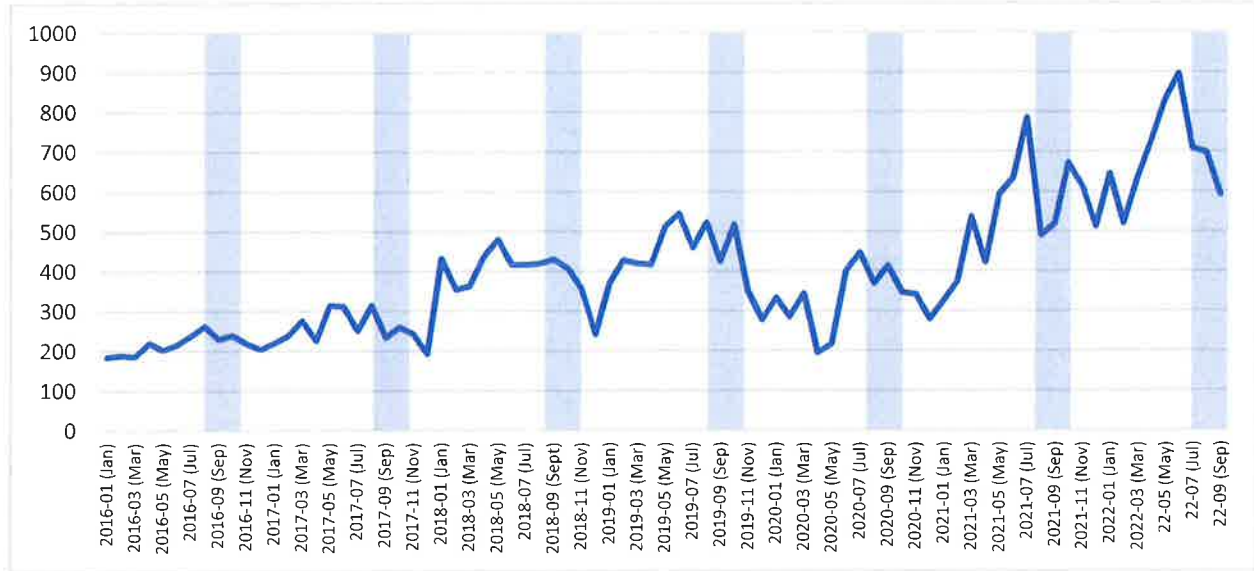
Figure 6: Commercial Real Estate Market Transactions



## JOB POSTING ACTIVITY

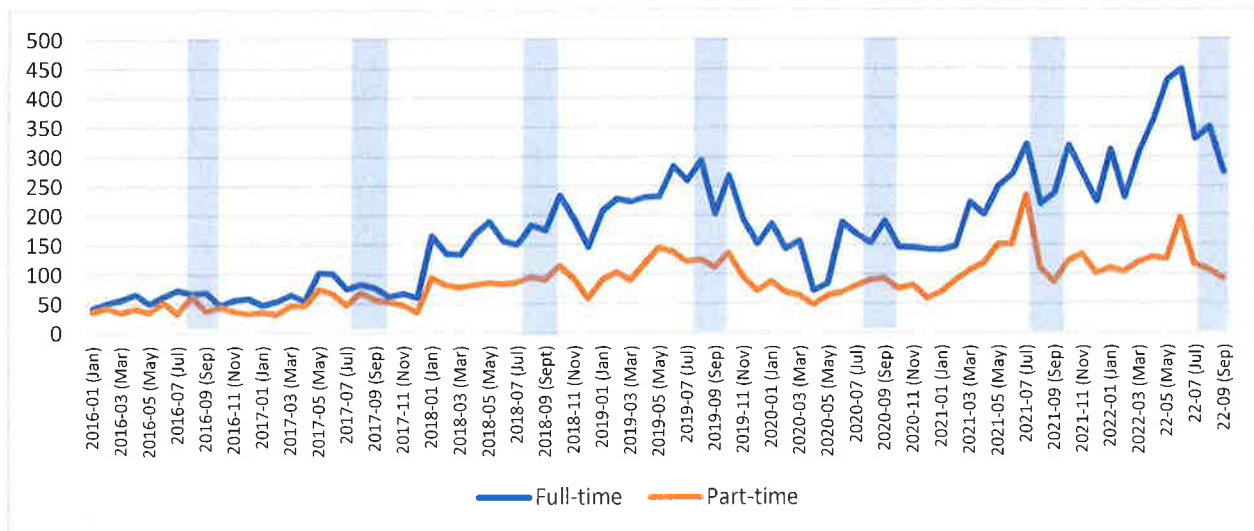
Job posting activity tempered in the third quarter of 2022 following a peak of nearly 900 job postings in July 2022 (Figure 7). This peak in the second quarter was driven by strong seasonal demand by businesses involved in the Retail Trade, Accommodation and Food Services, Health Care and Social Assistance industry sectors. Despite this slowdown in hiring demand, the third quarter averaged 666 job postings – an increase of 10% over the 2021 average of 598 job postings.

Figure 7: Monthly Job Postings



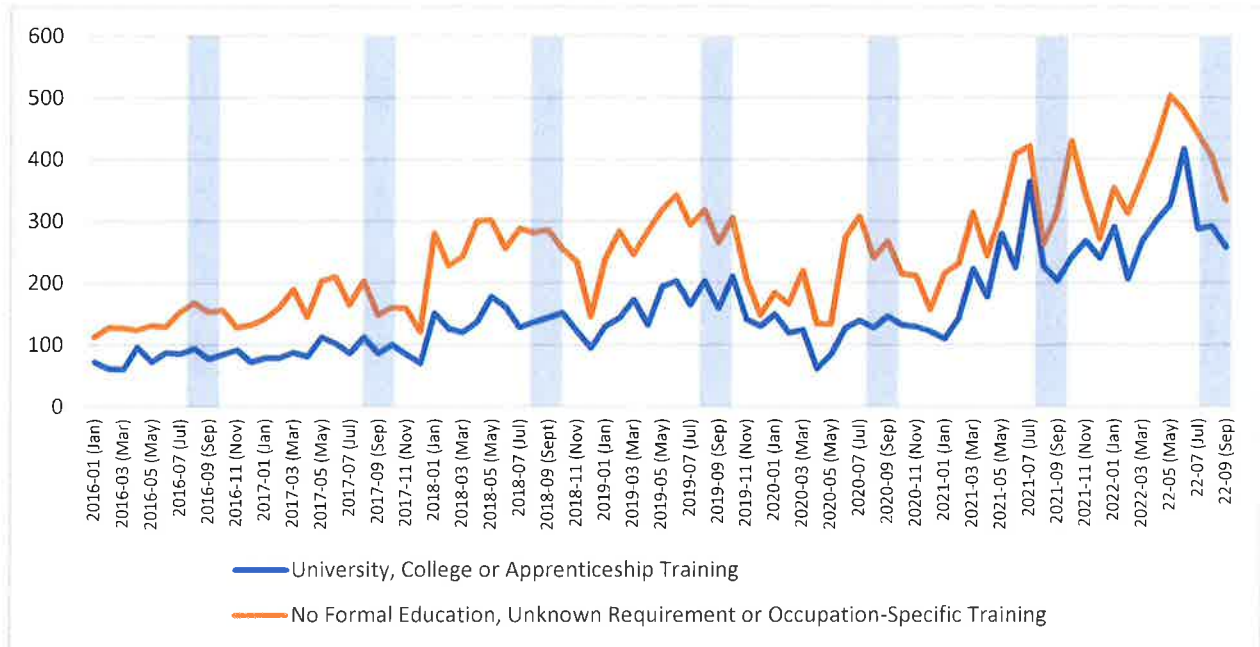
Full-time postings softened dramatically (Figure 8) compared to part-time postings during the third quarter and defied previous trends which saw rebounds in both full and part-time postings in the final month of the third quarter in previous years.

Figure 8: Full-time vs Part-time Job Postings



Looking at monthly job postings by skill level (Figure 9), both skilled and unskilled/unspecified posting volumes trended downward. However, postings that required some level of post-secondary training (university, college, or apprenticeship training) saw a much smaller reduction compared to unskilled/unspecified job postings. Those industries that saw consistent posting volumes throughout 2022, and would likely require some post-secondary training include: Manufacturing, Finance and Insurance, Educational Services, and Public Administration. Industries like Retail Trade and/or Accommodation and Food Sector Industries would mostly likely not require post-secondary training as part of their job posting.

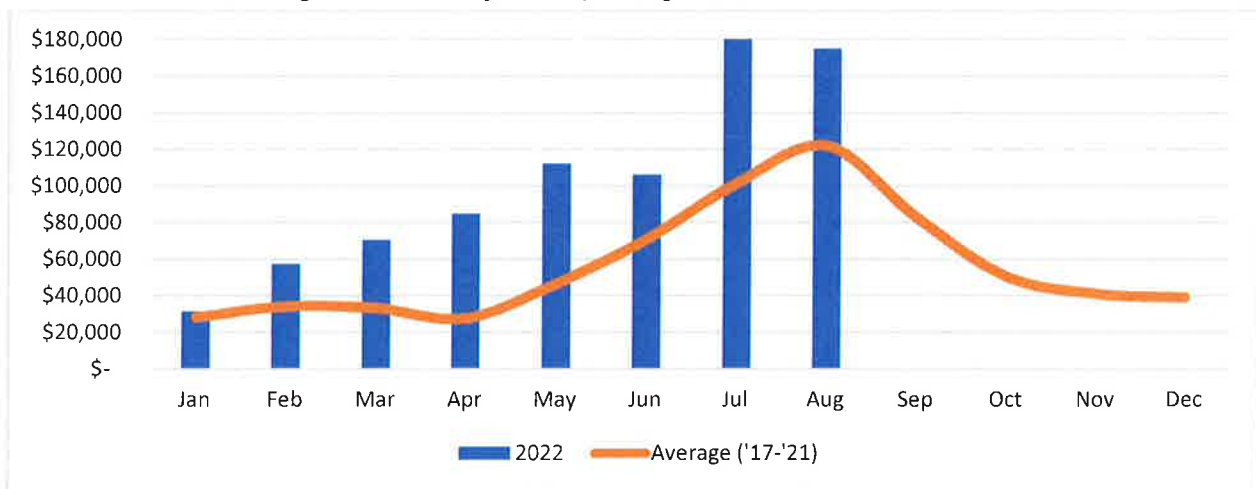
Figure 9: Monthly Job Postings by Skill Level



## TOURISM ACTIVITY

Overnight visitation to Vernon, as measured by the collection and remittance of the Municipal Regional District Tax (MRDT) (Figure 10) by qualifying accommodation providers within the City of Vernon, indicate a very strong year with seven of eight months exceeding the previous five-year monthly average. This growth in MRDT collection can be contributed to a combination of increased visitation, more use of overnight accommodation, and increased overnight hotel room rates (price). Through the end of August, more than \$867,000 has been remitted to the City – nearly 94% of total MRDT remittance to the City for 2021. Should the final four months match the five-year average remittance levels, Tourism Vernon should collect more than \$1.1 million for the year - a new benchmark.

Figure 10: Monthly Municipal Regional District Tax Collection



Using MRDT remittances, Administration estimates accommodation revenues generated within the community. Through the end of August, accommodation providers are estimated to have generated more than \$29 million (Figure 11) in revenues with six of the last eight months above the five-year monthly average. Similar to the MRDT year end estimates, should the final four months generate the five-year monthly averages, Administration estimates that local accommodation providers could generate more than \$39 million in revenues – about 9% more than the previous record in 2017.

Figure 11: Estimated Monthly Accommodation Revenues



## **DEVELOPMENT APPROVAL PROCESS REVIEW**

The Development Approvals Working Group (DAWG) held its latest meeting on October 20, 2022. Members were provided updates on a number of implementation items (Appendix 2) and asked about the impact that these improvements have had on their experience with processing development applications in the last quarter. General feedback from DAWG members was positive with several members indicating that they are seeing improvements in both processing times and communication.

DAWG members were also asked for insights into local market conditions based on the economic indicators being monitored by Administration. General insights provided by members on the current environment included:

- That this slow down was similar to previous cycles, but underlying market demand and area housing needs will continue to drive activity in the industry.
- That this slower period allows them to catch up on pre-planning and subdivision work in anticipation for the next upswing in consumer demand.
- That while many buyers are still keen to purchase, they are in the holding pattern to see when both construction prices and interest rates will stabilize before finalizing their purchase.
- That there is increased interest in Vernon by institutional developers and investors who have the financial capacity to move forward on larger projects independent of interest rates.

The next DAWG meeting is anticipated for mid-December 2022.

### **RECOMMENDATION:**

THAT Council receive for information the memorandum titled "2022 Third Quarter Economic & Tourism Indicators Update" dated November 16, 2022 and respectfully submitted by the Manager, Economic Development & Tourism.

Respectfully submitted:



John Perrott  
Manager, Economic Development & Tourism

Appendix 1: Detailed Development Activity Data

Appendix 2: Development Approvals Process Review Implementation

## APPENDIX 1

### Detailed Development Activity Data

Figure 1: Building Permit Issuance Summary Comparison (Annually, to the end of Q3)

Type of Application	2018		2019		2020		2021		2022	
	To Q3	To Q3	To Q3	To Q3	To Q3	To Q3	To Q3	To Q3	To Q3	To Q3
<b>Single Family Dwelling</b>										
New	100	\$41,361,800	69	\$26,616,152	57	\$28,700,114	78	\$44,442,874	99	\$63,552,368
Addition/Reno/Upgrade/Suite	54	\$3,291,411	73	\$2,907,607	75	\$4,747,384	73	\$5,697,324	65	\$5,011,664
<b>Multi-Family Dwelling</b>										
New	41	\$48,176,564	34	\$42,080,780	23	\$22,773,714	30	\$27,772,373	37	\$43,918,764
Addition/Reno/Upgrade	5	\$700,800	2	\$1,615,000	2	\$3,531,360	3	\$45,000	2	\$1,425,600
<b>Commercial</b>										
New	2	\$1,245,000	1	\$1,190,000	2	\$2,530,000	7	\$3,156,808	3	\$3,610,000
Addition/Reno/Upgrade	35	\$6,101,476	42	\$9,742,000	33	\$9,055,969	24	\$26,220,713	30	\$6,075,000
<b>Industrial</b>										
New	2	\$1,540,000	3	\$2,450,000	1	\$3,250,000	0	\$0	5	\$17,235,800
Addition/Reno/Upgrade	2	\$18,000	1	\$9,500	3	\$185,000	3	\$103,500	0	\$0
<b>Institutional</b>										
New	1	\$2,513,000	0	\$0	0	\$0	1	\$100,000	3	\$17,950,000
Addition/Reno/Upgrade	5	\$10,077,500	2	\$150,000	3	\$485,000	4	\$11,666,389	6	\$4,316,000
<b>Other</b>										
Total Other	77	\$1,815,688	51	\$1,337,900	81	\$1,154,899	87	\$1,547,861	70	\$2,130,860
<b>Total # of BP's</b>	<b>324</b>		<b>278</b>		<b>280</b>		<b>310</b>		<b>320</b>	
<b>Total Value of BP's</b>		<b>\$116,841,239</b>		<b>\$88,098,939</b>		<b>\$76,413,440</b>		<b>\$120,752,842</b>		<b>\$165,226,056</b>

Figure 2: Application Summary (Q3 and YTD)

	2018		2019		2020		2021		2022	
	Q3	YTD	Q3	YTD	Q3	YTD	Q3	YTD	Q3	YTD
Land Use Applications	56	163	47	148	51	156	51	188	40	161
Building Permits	110	324	80	278	112	280	113	310	138	320
Miscellaneous Applications	102	331	133	380	146	346	146	477	139	446
<b>Total</b>	<b>268</b>	<b>818</b>	<b>260</b>	<b>806</b>	<b>309</b>	<b>782</b>	<b>310</b>	<b>975</b>	<b>317</b>	<b>927</b>

Figure 3: Building Permit Issuance Summary – Q3 Only

	2018		2019		2020		2021		2022	
	Q3 #	Q3 - Value	Q3 #	Q3 - Value	Q3 #	Q3 - Value	Q3 #	Q3 - Value	Q3 #	Q3 - Value
<b>Single Family Dwelling</b>										
New	33	\$13,216,000	20	\$4,283,000	24	\$11,151,107	31	\$17,960,074	36	\$26,216,636
Addition/Reno/Upgrade/Suite	21	\$911,702	24	\$763,265	32	\$2,327,902	23	\$2,062,346	31	\$1,748,514
<b>Multi-Family Dwelling</b>										
New	11	\$6,684,500	7	\$3,964,000	7	\$4,411,077	13	\$15,787,348	19	\$17,645,000
Addition/Reno/Upgrade	3	\$459,800	0	\$0	1	\$5,000	0	\$0	2	\$1,425,600
<b>Commercial</b>										
New	0	\$0	0	\$0	1	\$2,000,000	5	\$828,000	2	\$2,860,000
Addition/Reno/Upgrade	13	\$3,147,550	12	\$1,522,000	12	\$2,362,889	6	\$1,260,760	15	\$3,848,000
<b>Industrial</b>										
New	0	\$0	0	\$0	0	\$0	0	\$0	1	\$3,162,500
Addition/Reno/Upgrade	0	\$0	1	\$9,500	2	\$155,000	0	\$0	0	\$0
<b>Institutional</b>										
New	1	\$2,513,000	0	\$0	0	\$0	1	\$100,000	1	\$2,900,000
Addition/Reno/Upgrade	2	\$2,475,000	1	\$150,000	2	\$450,000	1	\$9,900,000	4	\$891,000
<b>Other</b>										
Total Other	26	\$848,310	15	\$422,000	31	\$840,500	33	\$484,678	27	\$734,000
<b>Total # of BPs</b>	<b>110</b>		<b>80</b>		<b>112</b>		<b>113</b>		<b>138</b>	
<b>Total Value of BPs</b>		<b>\$30,255,862</b>		<b>\$11,104,265</b>		<b>\$23,703,475</b>		<b>\$48,383,206</b>		<b>\$61,431,250</b>

**Figure 4: Land Use Application Summary**

Type of Application	2018		2019		2020		2021		2022	
	Q3	YTD	Q3	YTD	Q3	YTD	Q3	YTD	Q3	YTD
ALR Exclusion	0	0	1	1	0	1	1	1	0	0
Boundary Extension	0	0	0	0	0	0	0	0	0	0
Board of Variance	1	1	0	0	1	4	1	4	0	1
Cannabis Retail Licensing	-	-	2	21	0	0	0	0	0	0
Development Permit	10	39	18	34	15	37	16	51	13	40
Development Variance Permit	8	22	2	13	17	33	7	33	12	34
Heritage Revitalization / Alteration	0	0	0	4	1	8	0	3	0	2
Liquor Licensing	5	17	7	16	1	7	5	11	1	15
LUC Amendment / Discharge	0	1	1	1	0	3	2	6	0	0
OCP Amendment	0	4	0	3	0	1	1	3	1	8
Revitalization Tax Exemption	1	2	3	5	1	2	1	3	0	0
Rezoning	15	29	4	16	4	15	2	13	3	14
Subdivision	5	23	5	14	1	18	4	22	2	21
Tree Removal Permit	11	25	4	20	10	27	11	38	8	26
<b>Total Applications</b>	<b>56</b>	<b>163</b>	<b>47</b>	<b>148</b>	<b>51</b>	<b>156</b>	<b>51</b>	<b>188</b>	<b>40</b>	<b>161</b>

**Figure 5: Miscellaneous Application Summary**

Type of Application	2018		2019		2020		2021		2022	
	Q3	YTD	Q3	YTD	Q3	YTD	Q3	YTD	Q3	YTD
External Referrals	3	4	2	5	0	3	0	0	0	0
Hoarding	17	73	21	65	31	54	33	78	23	73
Property Info Request	40	122	57	163	90	201	79	302	91	288
Sidewalk / Blvd Area use	0	0	0	1	0	0	0	0	0	0
Sign Permit	42	132	53	146	25	88	34	97	25	85
<b>Total Applications</b>	<b>102</b>	<b>331</b>	<b>133</b>	<b>380</b>	<b>146</b>	<b>346</b>	<b>146</b>	<b>477</b>	<b>139</b>	<b>446</b>

**Figure 6: Development Cost Charges**

Type of DCC	2018	2019	2020	2021	2022			
	Year End	Year End	Year End	Year End	Q1	Q2	Q3	YTD
Sanitary Disposal	\$278,738	\$393,090	\$149,055	\$572	n/a	n/a	n/a	
Sanitary Collection	\$183,994	\$209,148	\$361,293	\$374,305	\$118,724	\$80,584	\$106,711	\$306,019
Sanitary Treatment	\$140,138	\$197,232	\$126,691	\$88,224	\$22,369	\$24,288	\$40,436	\$87,093
Water Facilities	\$481,633	\$645,658	\$393,351	\$292,403	\$104,909	\$83,664	\$113,144	\$301,717
Transportation	\$864,306	\$3,022,155	\$1,169,473	\$1,620,279	\$167,518	\$138,230	\$787,006	\$1,092,754
Stormwater	\$119,222	\$108,322	\$213,128	\$220,597	\$61,383	\$77,924	\$63,819	\$203,127
Parks & Open Space (CoV, 2019)	n/a	\$13,225	\$381,979	\$383,923	\$36,651	\$84,793	\$192,950	\$314,394
Parks & Open Space (RDNO)	\$1,059,353	\$1,472,767	\$255,463	\$229,837.74	\$54,011	\$51,260	\$120,319	\$225,591
<b>Total Value of DCCs</b>	<b>\$3,127,384</b>	<b>\$6,061,597</b>	<b>\$3,050,433</b>	<b>\$3,210,141</b>	<b>\$565,565</b>	<b>\$540,743</b>	<b>\$1,424,385</b>	<b>\$2,530,695</b>

\* Note: Coldstream Sewer DCCs are included in the figures.

## DEVELOPMENT APPROVAL PROCESS REVIEW IMPLEMENTATION TRACKING

(Updated: November 1, 2022)

Recommendation	Lead	Expected Completion	Status
1. That a Development Liaison Working Group comprised of industry representatives, municipal staff representatives and a RDNO regional staff representative be created to establish an ongoing dialogue between the City and the development industry	Manager, Ec Dev & Tourism/ Director	2021	<b>COMPLETE</b> (group is called Development Approvals Working Group, or DAWG)
2. That consideration be given to adjusting staffing to address concerns raised in this Study	Council	2021	<b>COMPLETE</b>
3. That the new Development Application Form (Appendix C) be finalized and implemented for Planning applications with clear submission requirements	Current Planning	2021	<b>COMPLETE</b> (draft presented to DAWG for review June 22; went live September 2022)
4. Finalize and release the public Building Permit Process Guide (Appendix A)	Building	2021	Guide currently under development
5. Finalize and use the Internal BP Process Chart (Appendix B)	Building	2021	Chart currently under development
6. That electronic plan submissions be made possible	Building	2021/2022	<b>COMPLETE</b>
7. That all work groups involved in the development approval process use the City's electronic permit system	CID Managers	2021	In process
8. That the permit system be enhanced to provide automatic / online access to the status of applications for applicants	Building	2021/2022	<b>COMPLETE:</b> <ul style="list-style-type: none"> <li>• Building Permits</li> <li>• Development Variance Permits</li> <li>• Property Information Requests</li> </ul> In process: Development Permits

9.That the permit system be enhanced to provide annual reporting of project approval times	Building	2021/2022	In process
10.Provide as much information as possible online	Building	2021/2022	In process
11.That staff resources be applied to the introduction of an enhanced permit system including electronic applications and automated status updates and provision of online application materials	Building	2021/2022	<b>COMPLETE</b>
12.That the pre-application stage of all forms of development approval be given a higher priority to ensure that applicants have the information they require to submit a complete application. The reallocation of resources or new resources may be required to achieve this	Current Planning	2021/2022	<b>COMPLETE</b>
13.That pre-application meetings be held to provide guidance to applicants with input from all relevant departments. Submission requirements should be specified and documented at this stage with staff offering flexibility to suit the nature of the application	Current Planning	2021/2022	<b>COMPLETE</b>
14.That a higher level of "gatekeeping" be introduced and emphasized to ensure that applications received are complete. This needs to be complimented by increased support for applicants at the pre-application stage	Current Planning	2021/2022	<b>COMPLETE</b>
15.That the most efficient manner of processing applications be determined in consultation with applicants, including the concurrent processing of applications whenever possible	Current Planning	2021/2022	<b>COMPLETE</b>
16.Place more emphasis on the pre-application process and gatekeeping to assist with the smooth processing of applications once received	Current Planning	2021/2022	<b>COMPLETE</b>
17.That staffing be adjusted, as necessary, to enhance the pre-application process and application	Current Planning	2021/2022	<b>COMPLETE</b>

gatekeeping as outlined in this Study			
18. That development applications have clear project leads with the ability to guide staff input, including input from the Development Review Group	Current Planning	2021/2022	<b>COMPLETE</b>
19. That the RDNO utilities group be better integrated into the development approval process, including building permit and planning applications	Current Planning	2021/2022	<b>COMPLETE</b>
20. That the Fire Department be better integrated into the development approval process, including building permit and planning applications	Current Planning	2021/2022	In process
21. That other opportunities be explored to increase the ability for DP applications to be processed as Minor DP applications	Current Planning	2021/2022	In process; amendments to OCP DP/Minor DVP thresholds adopted (#32 and #33)
22. That training be provided to managers and staff to cultivate the desired organizational "culture"	CID Managers	2021	<b>ONGOING</b>
23. Establish clear expectations for staff response times to enquiries from the public	CID Managers	2021	<b>COMPLETE</b>
24. Engage in succession planning to support staff retention and maintain continuity in the workplace	CID Managers	2022	In process
25. That tentative schedules, including major milestones, be provided to applicants for most planning applications. While such schedules cannot be guaranteed and cannot be taken as a firm commitment, they are very useful for applicants and staff. Several schedules can be provided to demonstrate alternative timing, depending upon shifting circumstances	Current Planning	2022	In process
26. That application timelines be monitored and reported annually	Current Planning	2021	<b>ONGOING</b>
27. Ensure that new regulations that impact development are vetted to	Development Review	2021 and ongoing	<b>ONGOING</b> through DAWG

ensure that their impact on development is reasonable and can be implemented in an efficient manner	Working Group		
28. That the Board of Variance Bylaw #4875 be amended and the July 12, 204 Board of Variance Policy be rescinded to allow the BoV to handle more "minor" variances based upon "hardship" using its discretion, as per the Local Government Act and that the requirement for staff referrals and a written staff report be deleted	Current Planning	2021	<b>COMPLETE</b> (amendments adopted September 6, 2022)
29. That clauses in the Zoning Bylaw that require regular amendment be revised to avoid the need for DVPs	Current Planning	2022	In process; amendments will be brought forward for Council consideration as identified
30. That Zones in the Zoning Bylaw be revised to include development standards all permitted building forms to avoid the need for DVPs	Current Planning	2023	In process; requires approval by Council
31. That the Development Permit categories within the OCP be revised to more clearly categorize the Development Permit purposes and that the application forms be revised to clearly distinguish between the types of Development Permit applications as well as Guidelines and submission requirements	Long Range Planning and Sustainability	2021	Requires approval by Council; OCP amendments to be considered during the OCP review
32. That the Development Permit exemption criteria (OCP page 143) be increased from \$50,000 to \$200,000	Long Range Planning and Sustainability	2021	<b>COMPLETE</b> (OCP amendments adopted)
33. That the Minor Development Permit criteria (OCP page 149) be increased from \$50,000 to \$200,000	Long Range Planning and Sustainability	2021	<b>COMPLETE</b> (OCP amendments adopted)
34. That the servicing requirements threshold in section 7.01 of the Subdivision & Development Control Bylaw # 3843 be revised to increase	Engineering Development Services	2021	<b>COMPLETE</b> (Bylaw amendments adopted)

the amount from \$50,000 to \$200,000			
35. That consideration be given to reducing the percent of building construction value limit from 10% to 5%	Engineering Development Services	2021	<b>COMPLETE</b> (Bylaw amendments adopted)
36. That reductions to the servicing requirements for smaller corner sites be considered	Engineering Development Services	2021	Amendments reducing building construction value from 10% to 5% may address this issue; to be monitored and brought forward to Council if necessary
37. That Vernon be competitive with the marketplace in terms of salaries and benefits	Council		Requires approval by Council
38. That consideration be given to revising the Vernon Fees and Charges Bylaw #3909 to better reflect the actual costs of processing applications	Current Planning	2021	In Process
39. That consideration be given to revising the Vernon Fees and Charges Bylaw #3909 to set fees for the following four years	Current Planning	2021	Requires approval by Council
40. That the practice of charging partial fees for planning applications be replaced with full upfront fees, with a refund policy for applications that do not proceed	Current Planning	2021	<b>COMPLETE</b>