

NO: R036

COUNCIL DATE: March 10, 2025

REGULAR COUNCIL

TO: **Mayor & Council** DATE: **February 26, 2025**
FROM: **General Manager, Planning & Development** FILE: **6630-01**
SUBJECT: **Tenant Improvement and Building Permit Improvements**

RECOMMENDATION

The Planning & Development Department recommends that Council:

1. Receive this report for information; and
2. Endorse the implementation of a modernized tenant improvement building permit process, including the Minor Tenant Improvement Program, as described in this report.

INTENT

The intent of this report is to respond to a Motion of Council directing staff to explore alternative approaches to expediting minor tenant improvement works, as well other opportunities to streamline, simplify and improve the building permit approval process for businesses.

BACKGROUND

On July 22, 2024, Council approved Resolution R24-1610, directing staff to:

“... provide a report to Council with recommendations regarding the commercial tenant improvement process including:

- a. a potential alternative permit-issuing process to expedite building permits for minor interior renovations in eligible commercial buildings, potentially including bylaw and/or policy amendments; and*
- b. any other improvements to streamline, improve and reduce complications for City of Surrey businesses during the commercial tenant improvement process.”*

In November 2024, Council endorsed Corporate Report R234; 2024 (attached as Appendix “I”) to reduce the timeline in approving tenant improvement building permits by simplifying and streamlining the approval process and to create an expedited process for less complex tenant improvement permits.

This included identified Development and Permit Approvals Targets, including a minimum 30% reduction in permit approval timelines, focusing on the overall customer experience. For tenant improvement building permits, the approval target was 12 weeks.

In 2024, the average approval experience for tenant improvement building permits was 18 weeks.

DISCUSSION

To simplify and streamline the approval process for tenant improvements, staff are proposing to:

- Modernize the approval process for all tenant improvement building permits; and
- Implement a Minor Tenant Improvement Program, with a targeted turn around of 2-3 business days.

Modernized Tenant Improvement Approvals

In modernizing the tenant improvement building permit approval process, staff will simplify and streamline the intake and approval of permits with dedicated review teams, simplified application requirements, parallel reviews, digital reviews and issuance of tenant improvement building permits.

Dedicated Review Teams

Currently, staff that review and issue building permits work on a wide array of building permit types. Applications for new industrial, commercial, institutional, and multi-family buildings are reviewed by the same staff that review tenant improvement building permit applications. This can create delays in the approval process for tenant improvement building permits, as the time required to review new larger buildings is longer than that for tenant improvement applications.

Establishing a team of staff whose priority is to focus on tenant improvement permits will provide increased efficiency and reduce delays caused by the time needed to complete more complex reviews.

Simplified Application Requirements

To simplify and provide clarity for tenant improvement permit applicants, staff will implement:

- A simplified submission checklist for building permit applicants, to easily understand what is needed to submit a complete application;
- An updated webpage for business owners, which includes a tenant improvement building permit guide that provides an understanding of the different requirements needed to renovate a business; and
- A simplified flat application fee, to reduce complexity on calculating application fees.

Parallel Reviews

The building permit approval process has traditionally been linear, with City staff waiting for other departments to finish their reviews before starting theirs. This method can reduce multiple reviews due to revisions but extends the overall approval timeline for applicants.

In the Modernized Approval Process, staff will initiate a concurrent review and approval process, where staff across different departments will review applications at the same time, resulting in a decreased overall review timeline.

Digital Reviews

The Building Division has consistently heard from building permit applicants that having complete digital applications will reduce the cost of creating a permit application (by eliminating the printing of drawings) and save time (by eliminating additional travel needed to coordinate and submit paper applications and drawings).

The Building Division has already implemented digital permitting for electrical, plumbing, and sign permits. The intake, processing, review, and issuance of digital building permits will now be implemented.

Minor Tenant Improvement Program

Some tenant improvement building permit applications have less complexity than others, which can require a less extensive plan review and be supported with on-site reviews by City inspectors. To expedite these building permits for minor commercial interior renovations, staff will establish a Minor Tenant Improvement Program based upon a project's complexity of work. The targeted review timeline for these minor tenant improvement permits will be 2-3 business days.

To define which projects will be eligible for the Minor Tenant Improvement Program, staff will assess the scope of work to identify which reviews can be shifted onsite by inspectors, as well as which applications have reduced levels of complexity allowing them to be reviewed quickly. Examples of projects that could be eligible for the Minor Tenant Improvement Program are small medical offices and coffee shops, warehouse racking permits, minor floor layout changes in professional offices, special event tents and stages, and restoration permits where no changes are being proposed.

Next Steps

Pending Council's endorsement, staff will begin implementation of the modernized approval process for tenant improvement permits and the formation of a Minor Tenant Improvement Program. This will include related fee bylaws updates which anticipated to be brought to Council for adoption in spring of 2025.

The modernized approval process framework established for tenant improvement permits can be leveraged in other permit types for additional efficiencies and faster approvals. Staff seek to leverage learnings from the tenant improvement implementation in other permitting types, starting in mid-2025.

CONCLUSION

Following the adoption of Resolution R24-1610, staff have reviewed current policies and practices relating to the processing and approval of tenant improvement building permit applications and now recommend the implementation of a modernized tenant improvement building permit process and the establishment of the Minor Tenant Improvement Program. Implementing these programs will achieve the objectives of streamlining, improving, and simplifying the commercial tenant improvement process.

Ron Gill, MA, MCIP, RPP
General Manager, Planning & Development

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Appendix "I": Corporate Report R234; 2024

CORPORATE REPORT

NO: R234

COUNCIL DATE: November 18, 2024

REGULAR COUNCIL

TO: Mayor & Council

DATE: November 14, 2024

FROM: Acting General Manager, Planning & Development FILE: 1855-03 (HAF)

SUBJECT: Introduction of Development and Permit Approvals Targets

RECOMMENDATION

The Planning & Development Department recommends that Council:

1. Receive this report for information; and
2. Endorse staff to implement Development and Permit Approval Targets and the necessary process improvements to reduce development application and building permit issuance timelines by a minimum of 30% as shown in Appendix "I".

INTENT

The intent of this report is to propose Development and Permit Approval Targets aimed at reducing approval timelines by a minimum of 30%, and to provide Council with an overview of the land development approval process key improvement areas, including the impact of deficiencies on these target timelines.

BACKGROUND

In 2021, the City launched the Guaranteed Permitting Timeline ("GPT") Program, focusing on processing times for simple rezonings, rezonings with development permits ("DPs"), single-family building permits, and tenant improvement building permits. This program focusses specifically on timelines that are fully within the City's control.

In December 2023, as part of the approved Housing Accelerator Fund ("HAF") Action Plan, Initiative #2 set a goal to expand the GPT Program and improve processing times for a wider range of development types, including townhouses, low-rise, and high-rise projects.

In 2024, under the Surrey Excels strategic framework, the City set ambitious goals to reduce development application and building permit approval times by a minimum of 30%. The current GPT Program timelines are updated weekly and available on the City's website at www.surrey.ca/permittimelines.

Since the introduction of the HAF, several key process enhancements have been implemented to further reduce approval timelines, including:

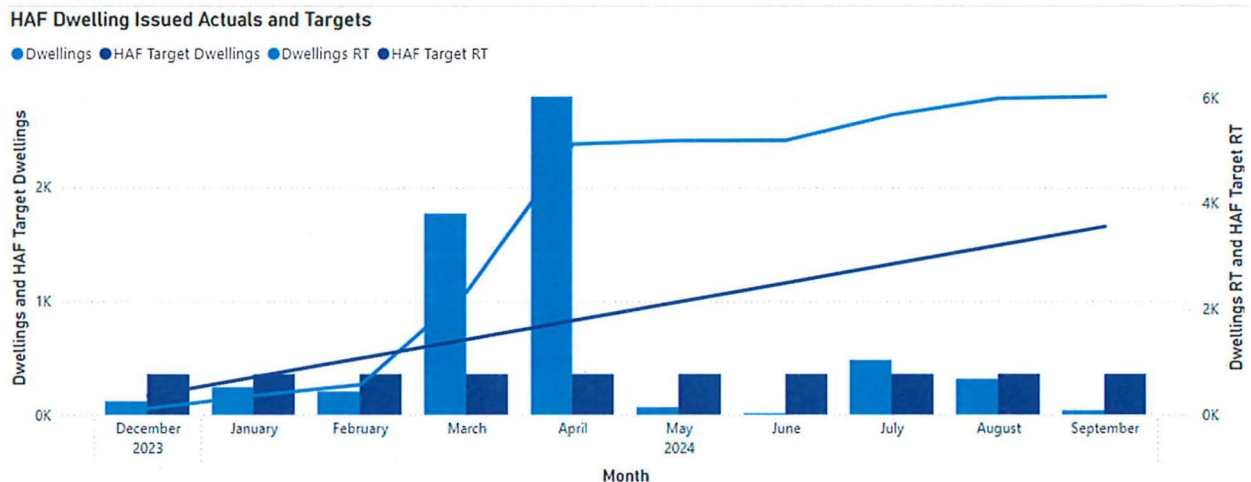
- *Contract Award to Archistar*: Implemented an automated rule-based zoning bylaw compliance tool to streamline zoning reviews.
- *Revamped Permitting Portal*: Improved the Online Development Inquiry system, adding online trade permitting and inspection request capabilities.
- *Stormwater Drainage Policy Revisions*: Updated policies for single-family lots to simplify stormwater drainage requirements.
- *Incentive Programs*: Launched the Rapid Transit and Non-Market Rental Housing Incentive Programs to accelerate these priority developments.
- *Development Inquiry Assistance Tool*: Enhanced support for zoning and development inquiries.
- *Pilot Program for Early Permit Submission*: Introduced a pilot allowing early building permit submissions for single-family homes before subdivision approval.
- *Advisory Design Panel Process Updates*: Revised the process to expedite project approvals for projects requiring design review.

DISCUSSION

Housing Delivery Target

Through the HAF commitment, the City set an ambitious target to increase housing starts by 27% via building permit issuance. To date, the City has exceeded this goal, with building permit data showing 84% above target, and with 2024 expecting to set a new record for housing starts, surpassing the prior record set in 2019.

Table 1 – HAF Housing: Delivered and Targeted



While housing starts have increased significantly, concerns remain around development and permit approval times, highlighting the need for a more comprehensive approach to further streamline processes.

The Guaranteed Permitting Timeline Program

The GPT Program, introduced in 2021, sought to improve the speed and predictability of the land development approval process, reinforcing the City's commitment to developers and addressing housing accessibility and affordability in Surrey.

The intent of the GPT Program was to provide developers confidence that the City will strive to meet permit processing targets in partnership with applicants; however, while the GPT Program effectively manages processes within the City's control, feedback has shown that the overall development application approval experience—measured from application date to approval—remains lengthy. Figures 1 and 2 below illustrate key milestones for single-family development (for rezoning approvals and building permit issuance) and show that, in most cases, the overall applicant experience is significantly longer than the GPT Program commitment, largely due to application deficiencies.

Figure 1: Single-Family Rezoning GPT and Applicant Experience

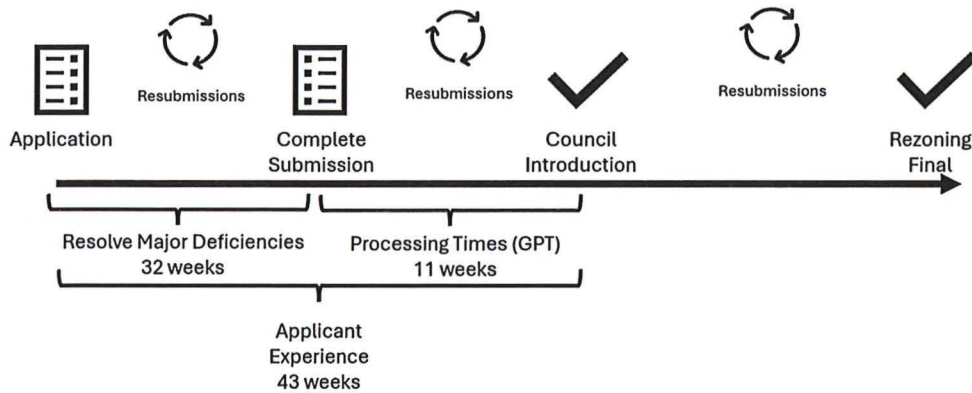
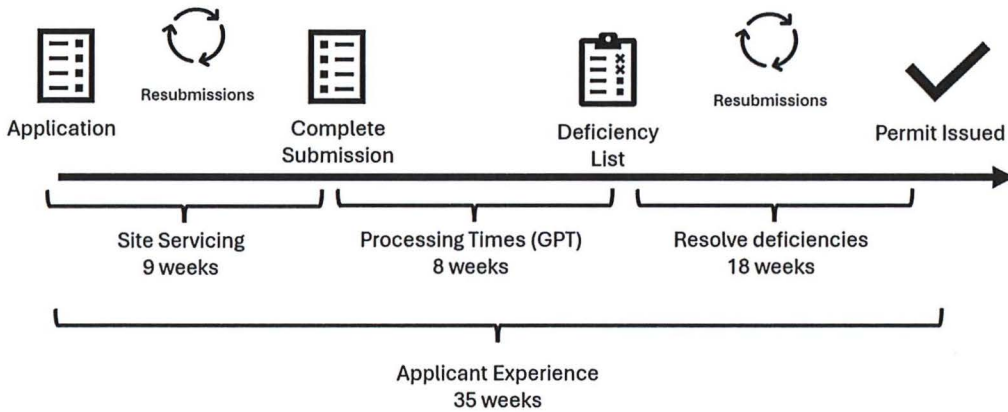


Figure 2: Single-Family Building Permit GPT and Applicant Experience



Impact of Deficiencies

Since 2021, the City has experienced a substantial decrease in the quality of submissions, including single-family building permit applications, with over 80% of applications containing the types of deficiencies that are considered significant. An analysis of common deficiencies in single-family building permit applications revealed that issues around compliance with the Zoning By-law are the most common, particularly relating to building height, setbacks, and upper floor massing. Rezoning applications also suffer from prolonged negotiation periods, as applicants and staff work to achieve supportable applications.

The impact of deficiencies on applications cannot be understated. This problem has led to added pressures on staff to perform multiple reviews on the same applications which, in turn, limits staff's ability to commence reviews on new applications, thereby delaying the overall application review process for multiple applications in the queue. The cumulative impact includes delayed development approvals and permit issuances, not only for the projects containing deficiencies but for all applications, and a general slowing down of the process for all customers.

Process Improvement and Reporting

In order to ensure meaningful, effective, and sustained reduction to the development and permitting processes, staff have shifted focus to improving the applicant experience in its entirety (the total time from application submission to approval). The new approach will measure the complete applicant experience, from submission to formal approval—including continued tracking of the GPT as a milestone datapoint within the City's control—while focusing to influence larger factors outside its control to drive down approval times by a minimum of 30%.

Significant analysis has been conducted with an objective of gaining a thorough understanding of the current applicant experience and, in particular, the bottlenecks in the City's processes that detrimentally impact application timelines for development and permit applications.

Next Steps

Process Improvement and Reporting

In early 2025, staff will update the City's permit timelines on the website to reflect the expanded applicant experience approval times.

Achieving a minimum 30% reduction in development and permit approval times will require a collaborative approach, addressing application deficiencies through enhanced policies and procedures, and identifying applicant submission timelines.

Several process improvement opportunities have been identified as part of the HAF, such as:

- Expanding the use of Professional Reliance and Implementation of the Certified Professional Program review recommendations.
- Formalizing pre-application practices to ensure smoother reviews.
- Updating application checklists to clarify minimum submission requirements.
- Continued implementation of technology for digital permitting and process automation.

While these enhancements are expected to improve efficiency, the full benefits of the process improvements on the applicant experience will be realized over time. As practices become embedded, applicants can expect more consistent and streamlined interactions, but gradual adjustments may occur as new processes are fine-tuned and refined.

As part of the ongoing commitment to enhancing the applicant experience, managers will regularly review timelines to ensure they align with the program's objectives. This will include assessing and, if needed, adjusting timelines to maintain the program's intent. When new application types are introduced, new Development and Permit Approval Targets may be required to accurately reflect the processing needs. These minor adjustments to the target timelines will be introduced, as needed, by the General Manager of Planning & Development, to ensure consistency and transparency for all stakeholders. This approach will allow for adaptive management while staying true to the program's goals of efficiency and enhanced service delivery.

In addition, further process improvements established through the Development Approval Process Improvement Task Force will be introduced into the improvement roadmap for inclusion. These improvements will build on the Development and Permit Approval Targets, supporting an efficient, effective, and responsive service for applicants. The targets will be adjusted over time, as new process improvements contribute to even further timeline reductions.

Council will receive semi-annual progress reports to track trends and performance of these new Development and Permit Approval Targets.

CONCLUSION

This initiative, funded by the HAF, is the result of significant staff analysis and represents a key milestone in the City's Action Plan to improve development processes. It is recommended that Council endorse the proposed Development and Permit Approval Targets, as outlined in Appendix "I", to set a renewed vision for enhanced efficiency and service delivery. These targets are expected to further improve housing accessibility in Surrey, soon to be BC's largest city.



Ron Gill, MA, MCIP, RPP
Acting General Manager, Planning & Development

Appendix "I" Development and Permit Approvals: Current and Proposed Targets

[https://surreybc.sharepoint.com/sites/pdgmadministration/document library/corporate reports/future/introduction of development and permit approval targets/cr & app 1 introduction of development and permit approval targets.docx](https://surreybc.sharepoint.com/sites/pdgmadministration/document%20library/corporate%20reports/future/introduction%20of%20development%20and%20permit%20approval%20targets/cr%20&%20app%201%20introduction%20of%20development%20and%20permit%20approval%20targets.docx)

Appendices available upon request.