

COVER Vernon sets the pace as investors and tourists discover the fast-tracking mainline of B.C.'s interior

Innovation drives North Okanagan

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Vernon, the "capital city" of the North Okanagan, is using the leverage of low-cost civic financing and a unique fast track rezoning process to help property owners develop land in the 112-year old city of 32,000.

In an example of what may be the most progressive measure, the city recently accepted a proposal from city landowners that led to the development of a successful big-box power centre.

"We are using some of the strengths that we have on borrowing money on world markets to bring land into full production in the community," explained **Sean Harvey**, the youthful second-term mayor of Vernon.

In the most recent case, the city, working with a dozen landowners, borrowed \$15 million on a 15-year term at low interest rates to cover the bulk of servicing costs for a commercial business park. The landowners, who are responsible for paying back the loan, then used the money to pave the streets and install sewer, water and street lighting for the Anderson business park.

"The benefits to the community is that we have an expanded commercial land base and the creation of what will be 2,500 to 3,000 jobs when it builds out," Harvey explained. The benefits to the landowners, he added, is that it allows them to develop their land far more efficiently and quickly. "[The owners] have to pay the money back," the mayor explained, "but at a much lower interest rate."

The typical lending rate for a B.C. municipality is prime less about 1.25 per cent, or about 75 per cent below the cost of a conventional private developer loan.

The city put up \$800,000 extra to oversize some of the services to handle future growth, but "the property owners paid for the majority of the development."

The investment strategy has paid off big time. Since the 110-acre Anderson business park was formed, **Home Depot**, the **Real Canadian Superstore** and **Kal Tire** have committed to opening retail outlets in the park. Much of the rest of the site has already leased up to smaller operators.

As the mayor notes, each of the new stores



Photo: Tim Fitzgerald

Vernon Mayor Sean Harvey is using innovative financing and a unique fast-track zoning approval process to spur city developments: so far it seems to work just fine

will be paying taxes and the business park is subject to Vernon's development cost charges, which will allow the city to make future income to cover the cost of civic improvements.

The city used a similar financing program to encourage the successful refurbishing of Vernon's historic downtown.

Fast track zoning

But the low-cost civic loans are not the only incentive that is helping to "solidify Vernon as a retail hub for the North Okanagan and beyond," according to **Dave Forai**, Greater Vernon's economic development manager.

Vernon has also pioneered a plan known as the Fast Track with Equivalencies program. Basically, the program allows a property rezoning to take place within four to six weeks, compared to four to six months in less progressive municipalities.

"What usually happens in a rezoning process is that the developer has to spend a lot of money, sometimes hundreds of thousands of dollars upfront doing a lot of planning and work in the hopes that they will get rezoning," Harvey explained, "but often financing for a project is contingent on the developer getting rezoning approval."

Under Vernon's Fast Track process, the developer gets a rapid "yes or no" from the city on

whether it is an acceptable land use. If the zoning is approved, "the developer can get on with the financing and getting the project off the ground," the mayor explained.

Once approval for the land use is given, the developer then goes through the public hearing process and environmental studies to make sure the development meets city standards. However, with the zoning approved, financing for the project and other planning can begin.

The process was used recently in the devel-

opment of the **Outback**, an exclusive master-planned 196-unit residential resort on about 60 acres along Okanagan Lake near Ellison Provincial Park.

With the zoning approval in place, studies such as traffic flow and environmental impact are being completed as well as a series of community input sessions.

However, the developer has already arranged financing and 36 of the first 50 lakefront cottages sold in less than four hours of being put on the market this summer, according to **James Askew**, president of **RareEarth Project Marketing Ltd.** of Vancouver, which is handling Outback sales.

Prices averaged \$600,000 per cottage and ranged up to \$1.8 million, considered record prices for the area, according to Askew.

Askew praised Vernon's fast track approval system. "Without it we wouldn't have come to market for at least another year," said Askew who is involved in resort projects across B.C.

Industrial

Forai notes that light industrial land is available in limited quantities in the Greater Vernon area. In-service properties include several parcels throughout the region at an average cost of \$90,000 per acre. Serviced industrial property is available in limited quantity in Vernon, **Spallumcheen Industrial Park** (15 kilometres north of Vernon) and in **Lumby Industrial Park** (24 kilometres east of Vernon) at an average cost of \$125,000.

Housing

As the startling sales and price at the Outback indicates, however, it is residential that is leading the real estate market in Vernon and the North Okanagan.

Canada Mortgage and Housing Corp. reports there were 347 housing starts in Vernon in the first nine months of this year, a 40 per cent hike from 248 homes during the same period in 2003.

"It's on track to see the highest level since the mid-1990s," said CMHC market analyst **Paul Fabri**.

The most recent statistics show there were 42 housing starts in Vernon in September, about the same as in the same month last year.

According to CMHC, the influx in activity is a direct result of low interest rates and population growth. The North Okanagan economy is more diversified and creating more jobs, Fabri explained.

He added that many people are also turning to new home construction because they can't

find the house they want. Low mortgage rates and a shortage of new homes after nearly a decade of slow starts is boosting demand.

And there's no end of the building boom in sight. CMHC expects the rapid construction pace to continue at least until the snow flies.

Silver Star

And even when the snow starts, the pace will quicken at **Silver Star**, the leading ski destination in the North Okanagan.

At least nine residential developments are under way at the mountain resort, where sales of condominiums and chalets are hitting record levels. Construction this year totals \$150 million and includes 50 new condominium and hotel suites in the village and the opening of 100 building lots.

Concert Properties, for instance, is launching the fourth phase of **Creekside**, where a one-bedroom suite sells for around \$240,000 and the first phases have sold out. According to Concert, buyers are coming not only from the local market, but also from Australia, the U.K. and even Hong Kong. Last year, as reported here, potential buyers stood in line for hours for the first chance to buy at the second phase of Creekside.

Resale condos at Silver Star start in the \$120,000 range and ascend to more than \$400,000. There are approximately 3,500 hotel and condominium suites at the resort now.

With 2,725 acres of skiable terrain, Silver Star Mountain has been recognized as North America's "Best Family Resort" and one of the world's top-three ski areas in U.S. ski magazine rankings. This season, Silver Star will have expanded ski lift facilities and open the first phase of the **Snowbird Lodge**, which offers hotel suite investments.

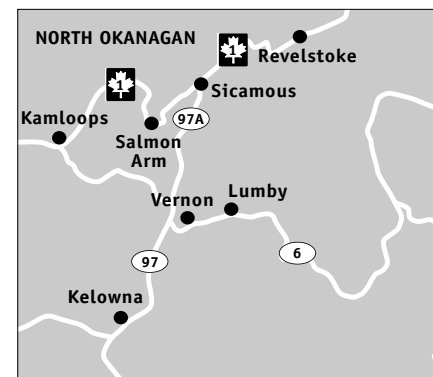
A boon to the resort this year is the start of direct jet service between Vancouver to Kelowna by **Air Canada**.

As of December 17, Air Canada will replace its Dash 8 service with an A320 jet on its 11:15 a.m. departure from Vancouver. The A320 holds up to 140 passengers.

The region

The North Okanagan also encompasses the small communities of Enderby, Cherryville, Armstrong and Lumby. The main industries here are forestry, manufacturing, tourism, hospitality and agriculture. The North Okanagan features three of the Valley's premier Canadian wineries and Kalamalka Lake, named one of the top-10 most beautiful lakes in the world by *National Geographic Magazine*.

Quick facts



North Okanagan

Main centre Vernon, pop. 34,000

Average house price \$215,000

Ski resort condo \$240,000

Industrial acreage \$90,000-\$125,000 per acre

Employment Forestry, agriculture, tourism

Lumby, population 1,800, is about 25 kilometres east of Vernon and the second biggest centre in the North Okanagan.

Revelstoke

The community of Revelstoke is also now counted as part of the North Okanagan region by the **Okanagan Mainline Real Estate Board**.

At Revelstoke, the buzz is all about the potential of the **Mt. McKenzie Ski Resort**, which has been in the planning process for 20 years. The \$500-million development hinges now on land leases and access from the Crown and local cat-ski and heli-ski operators. Under a master plan presented to the province, the first lifts are to be running by the 2005-'06 season. If it does proceed, it would be the first Kootenay lift ski resort west of Vernon.

Revelstoke realtor **Uldus Bokis** of **Royal LePage** said some Calgary and Vancouver investors are positioning in the town as an announcement on Mt. McKenzie nears. He points to the recent sale of the 6.4-acre old city yards site and two other acreage parcels. There has also been interest in small apartment blocks in the city, where asking prices are around \$40,000 per door. The typical house price in Revelstoke has spiked about 25 per cent from 2003, Bokis estimates, to around \$155,000, but there are some detached listings below \$130,000.

Across the North Okanagan, the average house price — highly weighted by Vernon — is now \$215,022, up 20 per cent from 2003. ♦