

Letter of Support from Strategic Group

Strategic Group

Strategic Group owns, manages and develops commercial real estate. Currently, Strategic Group has 6 residential rental projects in construction, totaling approximately 1,000 units in Calgary and Edmonton.

It is challenging to make projects work financially in today's economic environment but one of the ways we are having successes is by shortening development timelines. We have a major focus on reducing carrying costs and delivering income earlier. Quick approvals have a significant impact on our projects' profitability.

Enterprise District

For the 6 projects Strategic Group has in construction, a 1-week delay would cost more than \$300,000 in carrying costs and lost income. The Enterprise District significantly improves projects' profitability by reducing these costs. The result is creating jobs sooner and generating income faster for Strategic and our commercial tenants.

Two examples of the Enterprise District's successes are Strategic's Cube and Barron projects as detailed below:

1. Cube Office Conversion

Timing

The City only required a BP, and they approved it in 4 weeks. Any other City I am familiar with would have required a DP and BP, taking 8 months or more for the approval.

Impact

We started detailed design in March 2018, submitted the BP in April and received approval in May. Construction then started in May 2018, and the first residential tenants moved in May 1st, 2019. Construction jobs were created sooner and resulted in the generation of income 8 months earlier.

With this office conversion, we reduced the current office vacancy while adding residential units to the City Centre, contributing to increased vibrancy.

2. Barron Office Conversion

Since the Barron Building has significant Heritage features incorporated into the land use, the Enterprise District was not applicable. However, the City Enterprise District philosophy on timing was adopted for the land use and DP approval.

Timing

Darren Lockhart and I discussed the date the Barron needed to be delivered and worked back to understand the timing required for approval. The conclusion was the approval was required within 3 months, and that is what the City delivered. This process would normally have taken a minimum of 8 months including the BP.

When I told our architect, we would have an approval in 3 months he told me it was impossible. Our City proved him wrong.

Impact

Although we are yet to set final occupancy dates, construction jobs have started, and revenues will occur 8-12 months earlier than a typical project.

Process in Edmonton

Strategic Group is completing 2 office to residential conversions in Edmonton. Edmonton has had a reputation of faster approvals than Calgary, but in the last few years this approval timing has been reversed for urban projects.

Edmonton Conversion Projects

A good example for slower approvals in Edmonton is our Capital office conversion project.

We spent more than 2 months resolving a waste and recycling issue on a DP, where this is not even considered in Calgary with the Enterprise District. The DP and BP took more than 9 months for approval.

Conclusion

The Enterprise District has been a game changer for the Development and Business Community stimulating investment, creating jobs faster for Calgarians and generating revenues earlier for Calgary businesses. I encourage City Council to renew the Enterprise District and continue to be a Municipal Leader in stimulating the development of Urban Cores.

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