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27 February 2024

The City of Calgary

Attn: Infrastructure and Planning Committee

Re: Amendments to the Beltline Area Redevelopment Plan (ARP) and Land Use Bylaw 1P2007, IP2024-0152 -- concerns / refinements to proposed incentive Policy 4.1.11.c regarding qualifying location within building criteria for three- or more bedroom dwelling units

Dear Council Members of the Infrastructure and Planning Committee,

Truman recognizes the good work of Administration and generally supports the package of proposed ARP amendments per IP2024-0152.

While we fully support and Truman is in fact encouraged by the incentive policies to include three- or more bedroom dwelling units in its proposed and emergent development applications, there are problematic real-world implementation mechanics with a proposed *Specific Policy* (4.1.11.c, as highlighted in an attachment to this letter), which we believe can be easily remedied with gentle refinement by way of an amendment made by Council prior to adoption, by bylaw, of proposed amendments to the ARP.

We recognize that this feedback comes late in the Administration process, but for us the devil has just emerged in the details through real-world Development Permit application review. This letter expands on the context of our concerns, our proposed remedy, and rationale.

General context

The less-than-optimal *Specific Policy* wording has become apparent to us because of an active, mature high-rise Development Permit (DP2023-05777) application by Truman.

Beyond this active DP, the proposed *Specific Policy* is in conflict with the schematic design / intended incentive density policy use for two other emerging Beltline-based high-rise Development Permit applications by Truman.

Contextually relevant, Truman is among the leading multi-family developer-builders in the Greater Downtown, with buildings under construction, progressing through approvals, and recent land acquisitions expected to deliver at least 1,500 new homes in this part of Calgary over the next several years.

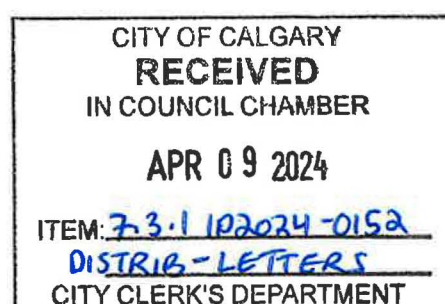
To be clear, Truman is encouraged and prepared to include three- or more bedroom dwelling units as a greater part of its developments' unit mix because of proposed Policy 4.1.11, with the exception of sub-policy (c).

Our understanding of Policy 4.1.11.c

We understand Administration's primary policy goal is to encourage / incentivize the development of a greater number of three- or more bedroom units within the boundary of the Beltline. This policy encourages the creation of more housing options that can accommodate larger households and/or families in the Greater Downtown.

Three- or more bedroom dwelling units are a minority dwelling unit type delivered to market in the Beltline (currently estimated by Administration to compose 0.8 percent of the area's total housing supply), because of the relatively higher cost to construct and, ultimately, the higher cost for the market to rent and/or buy these same units. As such, for developer-builders, there is a disincentive through lower market demand and higher risk to construct these larger and more costly dwelling units.

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Beyond Administration's primary goal, Truman has recently come to understand through an active DP's review against the proposed ARP policies that Administration has more nuanced goals with the *Specific Policy*--where there is a secondary goal to encourage the same three- or more bedroom dwelling units be affordable by clustering them in the lower half of a building. We understand, in crafting the *Specific Policy*, Administration has assumed a significant unit pricing differential on lower versus higher floor locations within a high-rise building.

For Truman, the relative cost difference of a three- or more bedroom unit based on its location, by floor, within a building is a more minor consideration for the small segment of the market seeking these housing options. For developer-builders, the primary driver of base cost for multi-bedroom apartment-style dwelling units (regardless of tenure) is a factor of unit size by cost per square foot to construct (i.e., the larger the unit size, the greater the base cost in setting a price for market). Three- or more bedroom apartment-style dwelling units are typically unattractive market choices simply because of the high cost, and these units are always a relatively expensive housing option (no matter where they are located, by floor, within a high-rise building). When households are seeking three-or more bedroom housing they consider their market options, and they most often gravitate to at-grade attached or single detached housing options before renting or purchasing a multi-bedroom apartment style unit for a similar cost (and often a smaller unit size with reduced amenities, like access to a private garden space).

A real-world Development Permit (DP2023-05777) context

In September 2023, Truman was given the impression by Administration that the general intent and discretionary "should" aspect of the draft proposed *Specific Policy* regarding the location of three- or more bedroom dwelling units in a building could be relaxed, so long as these units were not considered extra-large or luxury penthouse units on the highest floors of a building; however, that discretion no longer appears possible.

Below we highlight key real-world implementation considerations related proposed policy 4.1.11 (as highlighted in an attachment to this letter):

- The proposed policy encourages, and seeks to incentivize, all developments to provide a minimum of 10 percent three- or more bedroom dwelling units within a building's unit mix. In fact, a previous version of this draft policy sought to make this a mandatory requirement.
- The use of the proposed incentive policy that excludes three- or more bedroom dwelling units from Gross Floor Area is limited to a maximum of 15 percent of total dwellings within the building unit mix.
- DP2023-05777 proposes 23 three-bedroom units (8.4 percent of a total of 273 dwelling units).
- Because 12 of the 23 three-bedroom dwelling units within DP2023-05777 are not located within the lower half of the building or at grade, they're disqualified by location. This reduces the qualifying and policy incentivized three-bedroom units by more than half to 4.0 percent of the total dwelling units proposed per the DP.
- In the case of DP2023-05777, distribution of the proposed three-bedroom units is a market-driven choice and the relative size and distribution of these units does not include unit any extra-large or luxury penthouse-floor-located units.

Given the above, Truman and our planning-design team finds the *Specific Policy* cumbersome, somewhat arbitrary, and ultimately presenting a diluting effect to the primary goal of encouraging greater housing diversity in the Beltline.

For Truman, this *Specific Policy* creates a disincentive to achieving the more fulsome utilization of the incentive otherwise encouraged by Policy 4.1.11. Without revision to the *Specific Policy*, Administration's goal to encourage a minimum of 10 percent three- or more bedroom units (units that are also to be located in the lower half of the a building to realize the incentive opportunity) is very likely unachievable in most new developments.



If Administration's secondary affordability goal must be met in conjunction with the primary goal of encouraging three- or more bedroom dwelling units, we suggest that unit size, over location within building, is a better general indicator of relative affordability for larger multi-bedroom apartment-style units (regardless of tenure). Further, we believe that three- or more bedroom units that are extra-large in size (beyond typical market size averages) or luxury penthouse-floor-located units could be disqualified given their high-income household target market relationship.

Greater Downtown policy context

We also note that harmonizing any new three- or more bedroom unit incentive density policies within the Greater Downtown is prudent to create more universal, equitable and successful application across the Greater Downtown geography. There are no within building location criteria for three- or more bedroom unit incentive density qualification within Part 13 of the Land Use Bylaw.

Our recommendation

We recommend that Council either remove or refine the *Specific Policy*. We have shared potential policy language with both Administration and members of Council through the Infrastructure and Planning Committee. We understand that Administration would need to review and prepare any final wording for a revised policy should it be tabled for consideration by the whole of Council.

Below is our recommendation for amendment through one of two options, as it relates specifically to Policy 4.1.11.c:

1. **Option 1 (removal):** remove the sub-policy location criteria within building for qualifying three- or more bedroom dwelling units.
2. **Option 2 (revision):** revise the sub-policy and focus on a refined unit location and limiting size criteria for qualifying three- or more bedroom units to meet the secondary goal of encouraging relatively more affordable three- or more bedroom units.

Proposed revised sub-policy 4.1.11.c: Qualifying three- or more-bedroom units should include at-grade townhouse-style units of any size, or be an above-grade unit under 130 square metres in size and not be located on the top floor a building.

Should you wish to discuss this matter, we would be happy to meet. Please contact David White, Principal of CivicWorks, directly at 403.852.8291 or david@civicworks.ca.

Thank you for your time and consideration,

George Trutina
President, Truman

- c. should consider amenities for passive and active recreation, water features and trellises as part of the design; and
- d. could be used as public or publicly accessible sport facilities (e.g. tennis or basketball courts), where feasible.

4.1.9 Developments Abutting a Public Lane

1. Developments that abut a public lane should provide active uses along the lane elevation, where feasible and appropriate.
 - a. Where feasible, these activities could be coordinated on both sides of the lane (e.g. a mews).
 - b. Examples may include dwelling units, amenity spaces, porte-cochère or lobby entrances, vehicle drop-offs and, where appropriate, small-scale commercial uses.
 - c. Through further study, specific locations may be identified where more detailed requirements for lane-oriented uses and the detailed design and construction of the lane right-of-way will be developed.

4.1.10 Surface Parking and Lay-by Facilities

1. Surface parking and lay-by facilities should be accessed from a rear lane or located between a building face and a property line abutting a rear lane.
2. Vehicular surface parking and lay-by facilities shall not have access directly from a public street

frontage or be located between the building face and a property line that abuts a public street, except in the case of a hotel, health care facility or assembly use.

3. Quality accessible entrances should be located at the rear of buildings or a quality accessible path of travel should be provided to the front entrance.

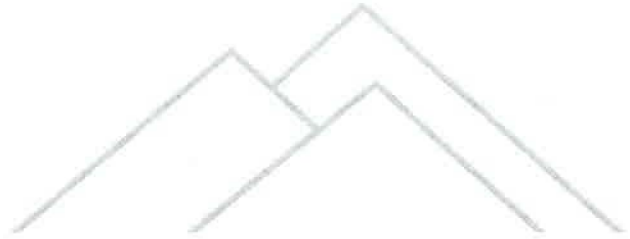
4.1.11 Creating Housing Options in Beltline

1. All new residential and mixed-use developments are encouraged to provide a minimum of 10 per cent of the dwelling units as three or more bedrooms, in order to achieve a balanced mix of unit types and sizes, and support the creation of more housing options in Beltline. The intent of this three- or more bedroom incentive policy is to be used in conjunction with and not replace the established Density Bonus framework in **Chapter 5** of this Plan.
 - a. The Development Authority shall exclude the gross floor area for three- or more bedroom units from the gross floor area ratio calculation at the time of Development Permit, up to a maximum of 15 per cent of the total units proposed.
 - b. Any three- or more bedroom units proposed above the 15 per cent shall be included in the FAR calculation as part of a bylaw check.
 - c. Three- or more bedroom units should be located within the lower half of the building or at grade.
2. All new residential and mixed-use developments are encouraged to provide a balanced mix of unit types

(one-, two-, three- or more bedrooms) and sizes to ensure a variety of housing options in Beltline.

4.1.12 Parking Structures

1. All parking structures shall be located below grade.
 - a. In certain exceptional cases, above-grade parking may be considered where it has been demonstrated to be impractical to locate all parking below grade, or where providing above-grade parking can be beneficial to meeting other objectives of this Plan.
2. Where a parking structure is proposed to be located above grade, the following design guidelines shall be applied to determine the appropriateness of allowing for the above-grade parking:
 - a. the parking structure shall be limited to two levels in Primarily Residential areas;
 - b. at grade level, the parking structure shall be screened from public streets with residential or other active uses;
 - c. at grade level, the parking structure shall be screened from public streets with active uses with sufficient depth to function as leasable commercial floor area or as residential dwelling units;
 - d. portions of parking structures above grade level shall be screened from public streets with active uses and/or architectural treatments that make the parking levels indistinguishable from the rest of the building facade; and



March 21, 2024

Delivered by Email

The City of Calgary
P.O. Box 2100, Station "M"
Calgary, Alberta T2P 2M5

Attention: Mayor & Members of Council

Dear Members of Council:

RE: Amendments to the Beltline Area Redevelopment Plan and Land Use Bylaw 1P2007, IP2024-0152

I am writing on behalf of Building Industry and Land Development Calgary Region (BILD) to address a matter of importance concerning Policy 4.1.11: Creating housing options in Beltline.

First and foremost, we commend the initiative outlined in Policy 4.1.11, which encourages new residential and mixed-use developments to include a diversity of dwelling units including three or more bedrooms. This policy underscores the importance of fostering a diverse range of housing options within the Beltline area, aligning with our shared goal of creating inclusive and vibrant communities.

However, I wish to draw your attention to a matter that has been brought to our attention by several concerned members of our organization, subsequent to our original letter of Feb 9, 2024. It pertains to the exclusionary clause for three or more bedroom units, particularly the requirement that such units be located within the lower half of the building or at grade. While a rationale behind this requirement was presented, we have received encouragement from BILD members, who undertake the types of developments in the Beltline to which Policy 4.1.11 would apply to, to advocate for relief from the exclusionary clause for three or more bedrooms, irrespective of their location within the building. Our members believe that the fundamental aim of Policy 4.1.11 is to promote housing choice and diversity, and they feel that this aim should take precedence over strict adherence to the exclusionary clause locational requirement. There is a clear and strong consensus within BILD that increasing housing choice within established areas, such as Beltline, is paramount.

The issue of discretionary relaxation for three or more bedroom units situated in the upper half of the building presents a significant challenge for developers seeking approval from the Development Authority. This requirement introduces a layer of uncertainty for applicants, as it imposes constraints on the design and layout of the building. Developers face the risk of investing time, resources, and effort into the design

We encourage you to visit bildcr.com for industry updates

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p: 403.235.1911 • e: info@bildcr.com • w: bildcr.com

process, only to face potential rejection by the Authority. This uncertainty not only complicates the planning stage but also adds a level of unpredictability to the entire development process. Developers must navigate this landscape cautiously, weighing the potential benefits of relaxation against the risk of non-approval. Such challenges underscore the need for clear and certain guidelines and transparent communication between developers and the Development Authority to streamline the approval process and mitigate uncertainties for all stakeholders involved.

We firmly believe that the inclusion of three bedroom units should be incentivized without overly burdensome restrictions. It shouldn't go unnoted that to date, less than 2% of all constructed units in Beltline and Downtown are 3 bedrooms – it is mutually desirable to improve those numbers and appropriately crafted incentives like this are one way to achieve a positive outcome. We urge you to consider revising the policy to remove any restrictions in the placement of three bedroom units, thereby ensuring that the objectives of Policy 4.1.11 are fully realized.

Furthermore, on behalf of BILD, we would like to thank Morgan Huber, Project Lead, for his work in bringing the Beltline Area Redevelopment Plan: Part 1 (ARP) to completion. Again, we value the working relationship and transparency fostered by Mr. Huber throughout the process.

In conclusion, we reaffirm our support for the overarching goals of Policy 4.1.11 and commend the efforts to promote housing diversity within the Beltline area.

We are confident that with a minor amendment to 4.1.11(c), through the removal or refinement as proposed by BILD on behalf of several of our members, the greater proposed policy (4.1.11) will serve as a catalyst for positive change and contribute to the creation of thriving, inclusive communities.

Thank you for considering our perspective on this matter. We look forward to further dialogue and collaboration to ensure that the housing needs of our community are effectively addressed.

Sincerely,
BILD Calgary Region



Brian R. Hahn
CEO BILD CR



Trico Communities Inc.

March 21, 2024

The City of Calgary

Attn: Councillor Courtney Walcott, Ward 8

Re: Amendments to the Beltline Area Redevelopment Plan (ARP) and Land Use Bylaw 1P2007, IP2024-0152—proposed incentive Policy 4.1.11.c regarding qualifying location within building criteria for three or more bedroom dwelling units

Dear Councillor Walcott,

Trico Communities Inc. currently owns three development parcels in the Downtown and Beltline areas; specifically (as we refer to them) Victoria Park (614 – 12 Avenue SE), Riverview West (316 Macleod Trail SE) and 736 - 4 Avenue SW. All three site developments will be tailored to mixed use.

We have reviewed and recognize the overall good work of Administration and generally support the package of proposed ARP amendments per IP2024-0152.

However, through recent dialogue with industry members regarding proposed amendments, we have concerns about the effectiveness and potential unintended disincentive of *Policy 4.1.11.c (Specific Policy)* regarding qualifying location within building criteria for three- or more bedroom dwelling units.

As has been suggested by other industry members, we believe this matter can be remedied with refinement by way of an amendment made by Council prior to adoption, by bylaw, of proposed amendments to the Beltline ARP—to be considered by Council at a Public Hearing on April 9th.

We understand Administration's primary goal with *Policy 4.1.11 – Creating Housing Options in Beltline* is to encourage and incentivize the development of a greater number of three- or more bedroom units within the boundary of the Beltline. This policy encourages the creation of more housing options that can accommodate larger households and/or families in the Greater Downtown.

Three- or more bedroom dwelling units are a minority dwelling unit type delivered to market in the Beltline because of the relatively higher cost to construct and, ultimately, the higher cost for the market to rent and/or buy these same units. As such, for developer-builders, there is a disincentive through lower market demand and higher risk to construct these larger and more costly dwelling units.

Beyond Administration's primary goal, we understand that the *Specific Policy* attempts to encourage the same three- or more bedroom dwelling units be affordable by clustering them in



Trico Communities Inc.

the lower half of a building, by design. We understand, in crafting the *Specific Policy*, Administration has assumed a significant unit pricing differential on lower versus higher floor locations within a high-rise building.

Based on our experience we disagree with this Administration's assumed affordability outcome and note that while there is market pricing variation by floor it is relatively nominal given the relative absolute and higher market cost of three- or more bedroom units.

Further, the most efficient building designs have repetitive floorplates so if three- or more bedroom units are provided on the lower half of the building, they will likely also be provided on the upper half, by design.

Isolating the qualification of three- or more bedroom units to the lower half of a building creates a direct disincentive to providing similar units in the top half of the building. This will have the net effect of lowering the uptake of utilizing the policy incentive and therefore the number of these unit types that could otherwise be delivered to the market.

If Administration's secondary affordability goal must be met in conjunction with the primary goal of encouraging three- or more bedroom dwelling units, we suggest that unit size, over location within building, is a better general indicator of relative affordability for larger multi-bedroom apartment-style units. Further, we believe that three-or more bedroom units that are extra-large in size (beyond typical market size averages) or luxury penthouse-floor-located units could be disqualified given their high-income household target market relationship.

We recommend that Council either remove or refine the *Specific Policy*.

If you would like to discuss this matter, please contact me directly at 403-287-9300 Ext 312 or patrickchiu@tricohomes.com.

Thank you for your time and consideration.

Sincerely,

Patrick Chiu
President, Trico Communities

Cc.

Morgan Huber, Senior Planner, Community Planning
Mel Bishoff, Coordinator—South, Community Planning
Scott Lockwood, Manager—South, Community Planning

March 15, 2024

The City of Calgary

Attn: Councillor Courtney Walcott, Ward 8

Re: Amendments to the Beltline Area Redevelopment Plan (ARP) and Land Use Bylaw 1P2007, IP2024-0152—proposed incentive Policy 4.1.11.c regarding qualifying location within building criteria for three- or more bedroom dwelling units

Dear Councillor Walcott,

At Triovest, we believe strongly in urban development in Calgary's high-density neighbourhoods of the Beltline and Greater Downtown Area. We are actively working on the pre-development of three sites, representing approximately 1500 homes. Provided there is some relief on interest rates, Triovest has a goal of advancing at least one or more projects towards construction this year.

We have reviewed and appreciate the work Administration is doing with the proposed ARP amendments per IP2024-0152. We recognize that ARP amendments are complex pieces of policy, with many stakeholders at the table who have differing opinions on how to achieve the best outcomes. However, we have become aware potential changes that make us concerned about the effectiveness or potential unintended disincentive of *Policy 4.1.11.c (Specific Policy)* regarding qualifying location within building criteria for three- or more bedroom dwelling units.

We understand Administration's primary goal with *Policy 4.1.11 – Creating Housing Options in Beltline* is to encourage and incentivize the development of a greater number of three- or more bedroom units within the boundary of the Beltline. This policy encourages the creation of more housing options that can accommodate larger households and/or families in the Greater Downtown, which we see as a great way to increase the household formation size in the Beltline.

Three- or more bedroom dwelling units are a minority dwelling unit type delivered to market in the Beltline because of the higher cost per square foot to construct, lower rental rate per square foot, and the limited demand from the market. Because of these obstacles, there is a significant disincentive to construct these larger and more costly dwelling units, and the location within the building is of little relevance. Inner city developers face significant competition from suburban markets that offer larger three-bedroom units for less money, thus there is little upside to introduce a low demand product type instead of proven units (ie studio/one bed/two beds). Our data indicates that less than 2% of all constructed units in the Beltline and Downtown are 3 bedrooms; this is not by chance.

Beyond Administration's primary goal, we understand that the *Specific Policy* attempts to encourage the same three- or more bedroom dwelling units be affordable by clustering them in the lower half of a building. We understand, in crafting the *Specific Policy*, Administration has assumed a significant unit pricing differential on lower versus higher floor locations within a high-rise building. We disagree with the assumed outcome and note that while there is some degree of variation in the price per unit, per floor, it is generally a small amount and inconsequential to the overall rent. The absolute rental rate that a consumer can pay is not governed by the location of a unit in the building but is a fixed number that is relative to their income. Unfortunately, in today's high interest rate environment, the cost to break even on a 3-bedroom unit is higher than the average rent that could be achieved in the market (in general, we believe the required rental rate for efficient 3-bedroom units to be somewhat accretive to be around \$2.80psf, which would translate into a monthly rent of \$2730 for 975sf unit). According to CMHC, the actual median rental rate in the Beltline for three-bedroom apartment is \$2350/month, which again suggests that the construction of these units is a loss for all developers. Further to that

Triovest

obstacle, limiting the flexibility of a developer to put these units where it makes the most sense to them, creates yet another disincentive to providing three-bedroom units. We strongly believe that the market ought to dictate the location of the units, not policy.

If affordability concerns must also be addressed, we suggest that unit size, instead of location within the building, is a better general indicator of relative affordability for larger multi-bedroom apartment-style units. Like others in the industry, we believe that three-or more bedroom units that are extra-large in size (beyond typical market size averages) or luxury penthouse-floor-located units should be disqualified. If administration really wanted to encourage further construction, reducing permit fees or development cost charges on the total GFA of three-bedroom units would help by lowering the cost of construction, which would help lower the required break even rent closer to market rates.

As has been suggested by other industry members, we believe this matter should be remedied with refinement by way of an amendment made by Council prior to the adoption of proposed amendments to the Beltline ARP which are to be considered by Council at a Public Hearing on April 9th.

If you would like to discuss this matter, please contact me directly at amacdonald@triovest.com.

Thank you for your time and consideration.

Sincerely,

Aaron Macdonald
Director, Development

Cc.
Kathy Oberg, President, B&A Studios
Morgan Huber, Senior Planner, Community Planning
Mel Bishoff, Coordinator—South, Community Planning
Scott Lockwood, Manager—South, Community Planning



March 3, 2024

RE: Amendments to the Beltline ARP: Qualifying locations for 3+ bedroom units

Dear Councilor Walcott,

Through this letter, I wish to provide some experience-based commentary on the proposed amendments to the Beltline ARP, specifically regarding sub policy 4.1.11.1c. The commentary below stems from my direct experiences in the multifamily real estate industry and my experience as a former member of the Calgary Planning Commission.

I am encouraged by the work being undertaken by administration to update this ARP and am particularly supportive of including clauses that support the inclusion of additional housing options for current and future Calgarians. Three (or more) bedroom units currently make up a minute percentage of the housing units available within the Beltline community. This has been historically linked to the increased construction cost (as it relates to larger square footage) and the resulting increased market value of the units (for sale or for rent) in order to recuperate the associated costs for the larger units. This dichotomy has resulted in decreased delivery of 3+ bedroom units due to the lower market demand of the higher price point units, and the higher risk of carrying the higher priced inventory. Any policy amendments that would act as true, functional incentives will help to increase the number of 3+ bedroom units delivered into the market.

In a typical multifamily revenue model, pricing escalates in a linear fashion as you move from the units on the lowest floor to the units at the top of the building. This model reflects both the increased construction costs as a building gets taller, and the increased demand for better views from higher floors. While there is typically a small premium charged on units on higher floors, the increase is both predictable and directly correlated to market factors: cost and demand. In my experience, the floor-to-floor price increase (i.e. the differential between two adjacent floors), when applied to the cost of a 3+ bedroom unit, would typically fall in the 0.0015%-0.0045% range. If we extrapolate this over the entire height of a 20 storey tower, the price increase from the base unit would fall somewhere in the 2.6% to 7.0% range. While these floor-to-floor revenue increases do have some impact on the final price of the unit, they represent a very minor value of the overall price within the market.

Based on my years of experience in the multifamily market, I find the wording in sub policy 4.1.11.1c. of the proposed Beltline ARP amendments to be misinformed at best and completely ineffective at worst. Isolating the qualification of 3+ bedroom units to the lower half of a building creates a direct disincentive to provide similar units in the top half of the building, where the market price would only be nominally higher. This will have the net effect of lowering the number of these units that could be delivered to the market. The most efficient building designs (from a structural perspective) have repetitive floorplates so if 3+ bedroom units are provided on the lower half of the building, they will likely also be provided on the upper half. Excluding 3+ bedroom units in the upper half of a building from the qualification criteria simply makes no logical sense.

I believe that the current wording of policy 4.1.11 will actually work quite well to incentivize the delivery of additional 3+ bedroom units if subsection 1.c. is simply removed.

#401, 3007 - 14th Street SW
Calgary, Alberta T2T 3V6

certus Developments Inc.

Please note that the scenarios mentioned above do not take into account extremely large, above market penthouse or sub-penthouse suites. These units are typically sold or rented far above market rates and should obviously not be included in the 3+ bedroom unit criteria we are discussing.

I wish to once again recognize the great work being done by administration on the updates to the Beltline ARP. Including specific policies to increase the number of 3+ bedroom units being built is a strong step in the right direction but the wording of these policies must be crafted correctly if they are going to truly function as incentives and have an impact on the unit mix delivered to the market.

I would be happy to discuss this item further with your office or with members of administration.

Yours truly,



Joel Tiedemann
Director of Development
CERTUS DEVELOPMENTS INC.



2024-04-08

The City of Calgary
Attn: Councillor Courtney Walcott, Ward 8

Re: Amendments to the Beltline Area Redevelopment Plan (ARP) and Land Use Bylaw 1P2007, IP2024-0152—proposed incentive Policy 4.1.11.c regarding qualifying location within building criteria for three- or more bedroom dwelling units

Dear Councillor Walcott,

Graywood Group is a Toronto-based developer currently working on a number of projects in the City of Calgary. We recently completed Theodore Condominiums in Kensington, and are currently constructing First and Park Condominiums in Eau Claire, as well as the master-planned Fish Creek Exchange community near the Fish Creek Lacombe C-Train station in Shawnee Slopes.

We have reviewed and recognize the overall good work of Administration and generally support the package of proposed ARP amendments. We do, however, have some concern about the effectiveness and potential unintended disincentive of Policy 4.1.11.c (Specific Policy) which specifies the location of three or more bedroom dwelling units within buildings. We believe this matter can be remedied with refinement by way of an amendment made by Council prior to adoption, by bylaw, of proposed amendments to the Beltline ARP—to be considered by Council at a Public Hearing on April 9th.

We understand Administration's primary goal with Policy 4.1.11 – Creating Housing Options in Beltline is to encourage and incentivize the development of a greater number of three- or more bedroom units within the boundary of the Beltline. This policy encourages the creation of more housing options that can accommodate larger households and/or families in the Greater Downtown.

Beyond Administration's primary goal, we understand that the Specific Policy attempts to encourage the same three or more bedroom dwelling units be affordable by clustering them in the lower half of a building, by design. We understand, in crafting the Specific Policy, Administration has assumed a significant unit pricing differential on lower versus higher floor locations within a high-rise building. Further, the most efficient building designs have repetitive floorplates so if three- or more bedroom units are provided on the lower half of the building, they will likely also be provided on the upper half, by design.

We fear that isolating three- or more bedroom units to the lower half of a building could create a disincentive to providing similar units in the top half of the building. This could have the net effect of lowering the uptake of utilizing

the policy incentive and therefore the number of these unit types that could otherwise be delivered to the market.

If Administration's secondary affordability goal must be met in conjunction with the primary goal of encouraging three- or more bedroom dwelling units, we suggest that unit size, over location within building, is a better general indicator of relative affordability for larger multi-bedroom apartment-style units. Further, we believe that three-or more bedroom units that are extra-large in size (beyond typical market size averages) or luxury penthouse-floor-located units could be disqualified given their high-income household target market relationship.

We recommend that Council rethink and refine the Specific Policy.

Thank you for your time and consideration.

Sincerely,

Nigel Terpstra

Director, Development
Graywood Group

Cc.

Morgan Huber, Senior Planner, Community Planning
Mel Bishoff, Coordinator—South, Community Planning
Scott Lockwood, Manager—South, Community Planning



April 5, 2024

The City of Calgary

Attn: Councillor Courtney Walcott, Ward 8

Re: Amendments to the Beltline Area Redevelopment Plan (ARP) and Land Use Bylaw 1P2007, IP2024-0152—proposed incentive Policy 4.1.11.c regarding qualifying location within building criteria for three- or more bedroom dwelling units

Dear Councillor Walcott,

Cidex Group of Companies has a long history of residential development throughout Calgary. We are well versed in the intricacies of design, marketing, and constructability within the Beltline, Greater Downtown, and City Centre. Projects such as Aura, Arch on 9th, West Village Towers, Office to residential conversions, and upcoming midrise project along 4th Ave are testament that we believe there is a strong demand for residential housing in these areas. Cidex has included three -bedroom units in most of our projects as we understand the benefits to our tenants and community. However, restrictions on locations and number of 3-bedroom units raises our concern on affordability and access to the greater community.

We have reviewed and recognize the overall good work of Administration and generally support the package of proposed ARP amendments per IP2024-0152.

However, through recent dialogue with industry members regarding proposed amendments, we have concerns about the effectiveness and potential unintended disincentive of *Policy 4.1.11.c (Specific Policy)* regarding qualifying location within building criteria for three- or more bedroom dwelling units.

As has been suggested by other industry members, we believe this matter can be remedied with refinement by way of an amendment made by Council prior to adoption, by bylaw, of proposed amendments to the Beltline ARP—to be considered by Council at a Public Hearing on April 9th.

We understand Administration's primary goal with *Policy 4.1.11 – Creating Housing Options in Beltline* is to encourage and incentivize the development of a greater number of three- or more bedroom units within the boundary of the Beltline. This policy encourages the creation of more housing options that can accommodate larger households and/or families in the Greater Downtown.

Three- or more bedroom dwelling units are a minority dwelling unit type delivered to market in the Beltline because of the relatively higher cost to construct and, ultimately, the higher cost for the market to rent and/or buy these same units. As such, for developer-builders, there is a disincentive through lower market demand and higher risk to construct these larger and more costly dwelling units.

Beyond Administration's primary goal, we understand that the *Specific Policy* attempts to encourage the same three- or more bedroom dwelling units be affordable by clustering them in the lower half of a building, by design. We understand, in crafting the *Specific Policy*, Administration has assumed a significant unit pricing differential on lower versus higher floor locations within a high-rise building.

Based on our experience we disagree with this Administration's assumed affordability outcome and note that while there is market pricing variation by floor it is relatively nominal given the relative absolute and higher market cost of three- or more bedroom units.



Further, the most efficient building designs have repetitive floorplates so if three- or more bedroom units are provided on the lower half of the building, they will likely also be provided on the upper half, by design.

Isolating the qualification of three- or more bedroom units to the lower half of a building creates a direct disincentive to providing similar units in the top half of the building. This will have the net effect of lowering the uptake of utilizing the policy incentive and therefore the number of these unit types that could otherwise be delivered to the market.

Lastly, with three-bed units, the city typically requires two parking stalls that come at an increased cost of approximately \$70,000 per stall, this contradicts their mandate on affordability and has the potential to reduce three -bed bonusing incentives even further.

If Administration's secondary affordability goal must be met in conjunction with the primary goal of encouraging three- or more bedroom dwelling units, we suggest that unit size, over location within building, is a better general indicator of relative affordability for larger multi-bedroom apartment-style units. Further, we believe that three-or more bedroom units that are extra-large in size (beyond typical market size averages) or luxury penthouse-floor-located units could be disqualified given their high-income household target market relationship.

We recommend that Council either remove or refine the *Specific Policy*.

If you would like to discuss this matter, please contact me directly at (403) 245-6996 or sarah.itani@cidexgroup.com

Thank you for your time and consideration.

Sincerely,

DocuSigned by:

775B43417934435...
Sarah Itani
VP Development
Cidex Group of Companies

Cc.
Morgan Huber, Senior Planner, Community Planning
Mel Bishoff, Coordinator—South, Community Planning
Scott Lockwood, Manager—South, Community Planning

Sunday, April 7, 2024 at 11:32:39 Mountain Daylight Time

Subject: Amendments to Beltline ARP - proposed incentive policy 4.1.11.c regarding three bedroom units
Date: Wednesday, April 3, 2024 at 9:48:37 AM Mountain Daylight Saving Time
From: Edan Lindenbach <edan.lindenbach@jemm.ca>
To: Courtney Walcott <courtney.walcott@calgary.ca>
Attachments: PastedGraphic-5.tiff

Good Morning Councillor Walcott,

It has come to JEMM's attention that council will be reviewing the above noted policy at the public hearing on April 9th.

While JEMM is not currently active in the belt line and we have no plans to be in the near-term, it is relevant to us as inner-city development partners engaged in facing the housing crisis together with all stakeholders, as well as the tendency for policy to ripple outward from the Beltline.

We understand that your office has received several letters from industry whom are actively invested in building high-density housing in the belt line, and we support their advocacy for amendments to this policy to achieve the desired outcome of more 3-bedroom units to be constructed at an affordable rental rate for end-users. We fully agree that the unit size is the big factor that influences rental rate, instead of the location within the building. We furthermore agree that a reduction in permit/development fees would help reduce project costs and thus reduce the rental rate required to make those units viable to construct.

We remain committed to facing the complex issues surrounding housing delivery and affordability in our inner-city neighbourhoods, and welcome further discussions.

Thank you,
Edan

Edan Lindenbach
Principal & CEO
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