

Letter from Members of the Redevelopment Industry

December 20, 2017,

City of Calgary SPC for Planning and Urban Development (PUD)
And City of Calgary Members of Council
The City of Calgary
PO Box 2100, Station M
Calgary, AB
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Re: SPC-PUD – Jan 15, 2018 – Industry/City Work Plan Update

Dear Members of SPC for Planning and Urban Development and Council,

We would like to start off by thanking Lesley Kalmakoff for the significant effort she has put in to the Established Areas Working Group to date. We would also like to thank Administration for providing us with a detailed summary of the city/industry year-end work plan report for 2017. While this report accurately summarizes the ongoing projects and the work that has been completed to support re-development in the established areas, the industry representatives participating in this group wish to express concern with the lack of material changes, specifically in relation to the reduction/removal of barriers to re-development.

Currently, much of the work plan is focused on increased investment, scoping and future planning. Since the inception of this working group, discussions regarding cost reductions, which would have the immediate impact of encouraging development, continue to be postponed. While the industry appreciates that long-term planning is vital to building a great city, we feel that this working group needs to focus on short-term, tangible items that are barriers for launching new developments.

This letter by no means discounts the value of having industry involved in discussions around various areas of long term policy development, but it is not enough. It also does not ignore the progress made on improvements made on response times and approval processes as well as significant efforts in community engagement and transparency. However, if the City and industry are collectively committed to reaching the MDP goal of achieving 50% of city growth within the developed areas, then significant short-term solutions need to be found.

As active members in the development industry, we know that within the established areas market there is a significant supply of land with approved land use, as well as many developments being contemplated at varying stages. The work plan for the Established Areas Working Group needs to focus on identifying ways to encourage these developments to start as quickly as possible.

Below is a non-comprehensive list of items that we feel are currently creating barriers to re-development, that could be addressed with no impact to the City's bottom line in 2018.

- 1. Adjustment of development and permit fees to reflect the true cost to the City** – The established areas working group has compiled a comprehensive list of the fees associated to new developments but the work should not stop there. Some of these fees have been identified as having a high cost relative to the value returned. For example, the building permit fee for a high-density residential or commercial development is approximately equivalent to the fee a developer would pay to an architect who designs the building, co-ordinates the other consultants, inspects construction progress and takes on the liability for the entire project. Using building cost to determine this fee does not match the value returned in services provided by the city. Given the constrained nature of the current real estate market, project fees play a

huge role when assessing the viability of new projects. The reduction of fees wherever possible, could play an immediate role in eliminating a barrier to redevelopment.

2. Reduce or Tier Securities – This is a project that has been in discussion for a year with very little progress actually being made. Tiering options that recognize financial covenant and track record of the developer involved have been suggested. If this is genuinely something that the City will entertain, we need to proceed to implementation. Otherwise, we should remove it from the list, so that the group can focus on other projects.

3. Eliminate the fee associated to density bonusing – Eliminating this fee would provide hundreds of thousands of dollars in relief and would have a significant impact on the feasibility of many new developments. Quick movement on this item could encourage many planned developments to start this year, which equates millions of dollars in economic activity at no cost to the city. This adjustment would have the end goal of pushing projects forward to add density and vibrancy to Calgary's established areas.

4. Comprehensive policy planning and implementation – City initiated local area planning needs to ensure all barriers to redevelopment have been considered, including providing appropriate infrastructure capacity, and removing other impediments. One quick win with no cost to the city would be the elimination of bylawed ROWs that are no longer required, which we are appreciative has been added to the 2018 work plan. There are a number of potential development sites within the established area that could see re-development in the short term if these historical ROWs were simply removed. The result of this work would be local area plans that would truly ensure the feasibility of re-development in the short term. Furthermore, planning for the intensification of the established areas needs to go beyond land use and streetscape beautification to include timely detailed analysis and planning for both underground and shallow utilities.

For the Established Areas Working Group, these are the kinds of meaningful changes that we should be investigating and implementing. The evaluation of these types of changes needs to happen efficiently and effectively with active participation from the key departments if we truly want to spur development in the established areas. 2018 will be a critical year in the continued economic recovery of Calgary. Without concrete and meaningful changes, the pace of redevelopment in the established areas will continue to struggle.

We appreciate the ongoing work from both City Administration and industry members on this initiative and we recommend that the work plan be adjusted to reflect these objectives. Establishing specific deadlines for decisions and implementation of these items will also help ensure we achieve results in a timely manner.

Respectfully submitted,

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