

LETTER OF INTENT

The purpose of this letter is to explain, in detail, the intention for the property or location.
(New development, tenant improvements, bylaw variances, renovations/alterations, Business Licence, etc.)

Name of Applicant: Shaz Bhargwani - 2094401 Alberta LTD

Site Address: 4311 49th ave Red Deer T4N 5Y7

Type of Application:

Building Permit

Business Licence

Development Permit

Other


I/We intend to:

Convert the tower portion of Baymont Inn and
Suites into Residential rental units. 109 units will be
made available with their own entry and elevators
as per drawings. The tower portion will create a separate
title for a condo plan to be submitted shortly.
Individual units will not be condominiumized
but the entire tower will be.

Exteriors will be completed as per
drawings.

Note: we require a variance on the dwelling
size.

Mar 16 2020
Date


Signature of Applicant

Purpose

The purpose of this report is to outline the benefits of permitting a variance for unit sizes for this development. This report will also provide information summarizing the project while also showcasing the ways in which this project will benefit downtown Red Deer. I ask that the city consider allowing a variance to the size requirement and allow conversions of commercial buildings such as offices or hotels into residential units to attain the incentives before using the allocated funds for the façade improvement.

About

This project is a full conversion/redevelopment of a portion of a hotel to self-contained residential dwellings for long term rental. The tower portion of the Baymont Inn and Suites will be separated and thus will operate as a separate entity to provide a new type of all-inclusive living in the downtown core. All 109 units and amenity spaces will go through a major revamp both to the exterior and interior to meet current residential code. These modifications will include the installation of electrical panels to each unit as well as a complete re-working of the existing wiring to accommodate for the addition of kitchens. Plumbing will be brought up to code to add an additional sink to every room. The HVAC is also being upgraded for the ventilation of the new cooking facilities. Additionally, the fire alarm system will be upgraded and the entire tower will be sprinklered to ensure the safety of the residents. Although the units will be relatively smaller, they will feature a contemporary look with higher end finishes. Including Quartz counter and vanity tops, premium flooring, trendy barn doors, LED lighting as well as stainless steel appliances. With this development, our mission is to bring forth something innovative and unique to the Red Deer housing market.

Unlike typical apartments which include variable expenses for utilities and conveniences such as cable and internet, this project aims to be all-inclusive thus minimizing any additional costs. The rent for these units will not only include heat, but will include the following:

- Electricity
- Air conditioning
- Cable
- Internet
- Parking
- Access to amenities:
 - Fitness centre
 - Meeting room
 - Game and movie rooms
 - Party room

Renderings



Bachelor Suite Perspective
BAYMONT - INN TOWER MODERNIZATION
04.08.2020



Bachelor Suite Perspective
BAYMONT - INN TOWER MODERNIZATION
04.08.2020



Bachelor Suite Perspective
BAYMONT - INN TOWER MODERNIZATION
04.08.2020





One Bedroom Perspective
BAYMONT - INN TOWER MODERNIZATION
04.08.2020



Benefits

Benefits to downtown

It is without a doubt that this project meets the goals of the new downtown initiatives, by introducing new units in a creative way. These new living spaces will come about in a relatively quick and efficient way and meet the increasing demands for smaller units while eliminating underutilized hotel rooms in an over supplied market.

As previously noted, this project will create 109 units, with 103 of the units being studios and 6 of them as one bedroom suites. At a very conservative assumption of 10% vacancy, and at the worst case scenario of one person living in each unit, it will lead to an influx of 99 more individuals residing in the core. These 99 individuals will range from students, couples, trade workers and seniors to name the few. These residents will bring about a more vibrant environment to the downtown area as they will spend their free time visiting local businesses and recreational facilities such as local parks.

As we already know, the long term neglect of investment in the downtown area has resulted in an extremely volatile and unwelcoming atmosphere for not only investors but also residents and thus the requirement for new incentives to make it more appealing. As noted above, the project will attract a variety of individuals to the downtown area that will inherently revive the local businesses.

Need for Smaller Units in Red Deer

There are a number of market characteristics that point to the need for smaller units in the downtown core. The first being the CMHC statistics for rental housing in Red Deer. Attached below is a snapshot showing the vacancy rates in Red Deer for various types of housing.

Private Apartment Vacancy Rates (%)

	OCT-16		OCT-17		OCT-18		OCT-19	
Bachelor	7.0	b	9.5	b	8.6	a	6.8	c
1 Bedroom	12.7	a	13.0	a	9.3	a	10.5	a
2 Bedroom	14.7	a	13.1	a	8.3	a	10.0	a
3 Bedroom +	10.3	c	18.0	a	5.6	b	7.1	b
Total	13.6	a	13.1	a	8.6	a	9.9	a

As the above statistics show, bachelor units have experienced a dramatic decrease in vacancy rates over the last year while all other vacancies have increased. This evidently showcases the increasing need and demand for smaller units.

The second vital statistic to note is that 38% of rental households are spending above their affordability threshold as shown on the housing census of 2016. This census also shows that the median individual income in Red Deer was \$41,109 in 2015, this number is about \$36,000 after taxes. Even if we take the median income from 5 years ago during better economic times and the "rule of thumb" that a household shall not spend more than 30% of their income on housing then we can conclude that number to be about \$1,000/month.

This project is estimated to be priced between \$800-850 for the studios and between \$1000-1050 for the one bedroom suits, the bigger of which would most likely be taken my couples or small families. It is important to once again note that the rent includes all utilities, amenities, cable, internet and parking. Taking that into account, the residents will truly be able to live under their affordability criteria while still allowing us to be priced as a premium product in the Red Deer market according to CMHC statistics of the average rent for bachelor suites.

Last but not least, from observation, many of the more premium units with similar finishes in Red Deer have been on wait listed for a long period of time. This forces people to live in one or two bedroom units with roommates to make ends meet due to the lack of options available.

In conclusion, given the information discussed, I would ask that the MPC allow the smaller unit sizes for this project. It is evident that there is a need for these smaller units.