

## More than a facelift

Apartment to condo conversions offer good value, good location.

By Marty Hope  
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It's never been easy to find affordable housing in the inner city, especially for first-time buyers. But condo conversions offer a glimmer of hope. Older apartment buildings - often concrete rather than wood structures - gutted, renovated and resold as condos have the advantage of prime, inner-city locations. And because they're not being built new, there's no GST to add on to Calgary's already steep prices.

For buyers, that's a heady combination. Who cares that there's no ensuite when the location means you can walk to work?

Sam Boguslavsky is giving this market a try with his four-year-old housing development company, Sable Developments Inc.

"I know where my place is in the housing market, it's right here providing housing for first-time buyers - in the inner-city," says the company president from a show suite in the renovated Cameron Heights condominium in the Mount Royal area.

On his return to Calgary from six years with an oil and gas company that had a play operating in Siberia, Boguslavsky and his wife Lorraine began investigating and retrofitting opportunities available in the core area.

"There were a couple of trends we recognized, including re-urbanization of Calgary's downtown areas and a movement back into this part of the city. We also saw the emergence of condominiums as a lifestyle choice, and economic and demographic factors that were affecting first-time buyers," he says.

Many of the successful conversion projects have taken place in the 17th Avenue S.W. area. They include the The Manhattan, located on upper 17th Avenue; and the pre-First World War Anderson Apartment building (renamed Anderson Estates), located at 804 18th Avenue S.W.



Sable's entry into the condo conversion market in 1997 was one year after the conversion segment peaked. Figures from Canada Mortgage and Housing Corp. show that 1,056 units went from rental to condominium in 1996 and a year later slipped under 800, before increasing again in the next two years. Last year, 729 units were converted.

"To some extent, the low levels of new condo construction provided an opening for conversions from 1996 to 1998. But when new construction took off, the number of conversions declined," says Richard Coriveau, a CMHC analyst.

Boguslavsky focused on the strong demand for affordable housing in established inner city areas.

Simply put, Sable's niche involves buying structurally-sound inner-city rental properties, doing an in-depth renovation of suites, common areas and parking structures and then turning them out to buyers at affordable prices.

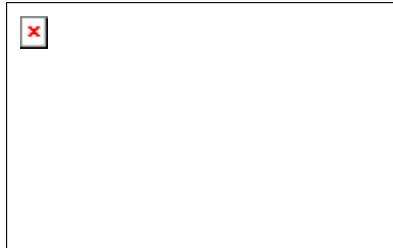
"What we look for are apartment properties that meet stringent criteria - typically concrete construction, with a good mix of one- and two-bedroom apartments. Every property then undergoes a thorough structural inspection prior to the completion of our purchase, then comes the renovation of everything from paint to mechanical systems and everything between," Boguslavsky says.

He also says Sable is able to purchase these types of buildings below the cost of building a similar structure.

This latest project, the five-storey, 24-unit building in Lower Mount Royal, is a work in progress. The 30-year-old elevatored building, the focus of a joint-venture deal with Vista International, has 19 one-bedroom and five two-bedroom units with two show suites.

With the renovation well underway, Boguslavsky says he spends about \$20,000 to upgrade each unit. Included in the renovation are hardwood, ceramic tile and carpeted floors, new energy-efficient windows and doors, maple cabinets, upgraded wiring, plumbing, security system, heating system and appliances (including stacked washer and dryer).

"What we don't do is buy a 30-year-old building and then sell a 30-year-old building. We take every suite right back to studs and start rebuilding it," says company vice-president Tim Sommer.



"we have to - we're competing with new product, so our project has to be done properly and with all the modern amenities."

About one-third of this building will be available for occupancy on June 1, Sommer says. As well, about 25 percent of the units have already been purchased, with area renters showing the most interest.



Because the target market is first-time buyers, and the bulk of those are coming from rental accommodation, price point is important.

"We have to make it worthwhile to leave rental and get into ownership," Boguslavsky says.

The suites in the building measure from 500 to 850 square feet and are priced from \$93,500 to \$156,900. Condo fees range between \$141 and \$262 per month and include a parking stall. Because the building is a renovation, there is no GST.

Since founding the company in 1997, Boguslavsky has bought and restyled The Pillars, Riviera Place and Royal Terrace. Cameron Heights is the fourth project, and the plans are well advanced for another Mount Royal area retrofit beginning in May.

"Our business plan calls for a couple of hundred units a year for the next five years," Boguslavsky says.

-Marty Hope

 [back](#)

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