



**Urban Development
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October 27, 2023

Urban Planning Committee
City of Edmonton
1 Sir Winston Churchill Square
Edmonton, AB T5J 4R7

**Re: October 31, 2023, Urban Planning Committee Items: 7.1 - Downtown
Community Revitalization Levy (CRL) Financial Incentives Funding
Program & 7.2 - Office Tower Conversions**

Dear Urban Planning Committee and Members of Edmonton City Council,

UDI – Edmonton Metro is a non-profit organization that represents more than 170 companies in the real estate development industry. Collectively, our members contribute millions of dollars to the City of Edmonton through their residential, commercial, and industrial developments, and steward meaningful improvements to the built environment and the communities we experience each day. As your city building partners, we appreciate the opportunity to provide ongoing expertise and perspectives on municipal policies and programs and remain committed to collaboratively implementing The City Plan.

Downtown is the heartbeat of our city and represents the urban centre of the Edmonton Metropolitan Region. However, our downtown area is currently facing major challenges – from increasing office and retail vacancy rates to the lack of investment momentum and private sector financial viability for new residential projects. Without action, we will see ongoing significant devaluation in our commercial real estate market, which will erode tax revenues for the entire city.

Edmonton's office vacancy rate was hovering around 24% in Q2 of 2023 and currently remains one of the highest in the nation. While downtown accounts for less than 1% of Edmonton's land size, it contributes almost 10% in property taxes. This means that a continued devaluation of assets downtown

will result in an inevitable increase in property taxes for all other parts of the city to make up the difference. To mitigate this situation and ensure that Edmonton's downtown is a vibrant, high-density, and mixed-use area, significant support, and investment from the public, private, and community sectors is required.

While the situation downtown is complex and there is no single solution to addressing these issues, attracting an increased number of people living downtown is a significant step in the right direction. To achieve this, the real estate development industry is supportive of a targeted system of incentives to see residential units built downtown, which will both increase housing supply and reduce office vacancies that are negatively pulling down the financial viability of the core and subsequently the whole city's tax base.

We recommend that City Council direct administration to explore a Downtown Edmonton Housing Accelerator program that would consist of a \$100/square foot incentive applied over a multi-year period, which could potentially bring thousands of new residential units to market. Industry would work in support of the City, appealing to other orders of government in prioritizing funding for such a program. A housing incentive program would draw down vacancy rates and excess space – such as empty surface lots – and add a much-needed population injection into the core. Attracting more residents downtown will support existing businesses, promote transit ridership, stabilize the tax base, and increase the return on important infrastructure investments.

Whether office conversion or new residential development, there are currently multiple “shovel ready” developments ready to begin construction. However, these developments are not economically viable without meaningful incentives, which would be in line with what other Canadian cities, most notably Calgary, are successfully advancing. Access to a Downtown Edmonton Housing Accelerator program is a bold move – in the right place and at the right time – to ensure construction will begin in a timely manner.

City Council can show great leadership by focusing on pragmatic and timely solutions to the problems that face our community. Targeted efforts to stimulate more redevelopment downtown is just one such path to success. It is critical to take these steps now. Moving forward, we would be happy to work together with City Council and Administration on this important initiative.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kalen Anderson', with a long horizontal flourish extending to the right.

Kalen Anderson, RPP/MCIP
Executive Director, UDI-EM

Copy: Office of the City Clerk
Andre Corbould, City Manager
Kim Petrin, a/ Deputy City Manager, Urban Planning and Economy
Alisa Laliberte, Branch Manager, Economic Investment Services
Brett Latchford, Director, Strategy and Emerging Economy
Jenn Brown, Chair, UDI-EM Nodes and Corridors Committee