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March 15, 2024

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

Re: March 20, 2024, Executive Committee - Item 7.2 – Downtown Residential Development Property Tax Options, Item 7.3 – 2024 Community Revitalization Levy Update, and Item 7.4 - Residential Incentive Program Options

Dear Executive Committee and Members of Edmonton City Council,

The Urban Development Institute – Edmonton Metro (UDI-EM) represents 180+ member companies that are instrumental in developing commercial, industrial, residential, and institutional projects in both greenfield and infill contexts and have been successfully building communities to house 1 million residents across Edmonton's diverse neighbourhoods for the last 100 years. Our industry develops land and real estate to accommodate people in all types of housing, inclusive of high-density communities found in Edmonton's Centre City.

Upon review of these reports, we are discouraged that no material progress has been made since this item was last discussed at the Urban Planning Committee in the fall and disappointed that our expertise, which was requested by both Committee and Administration, was not thoroughly integrated and considered. The issues that our industry raised in our direct communication with Administration in August of 2023 and summarized in our [position letter to Urban Planning Committee on October 27, 2023](#) remain substantively unaddressed. For instance, industry stakeholders have emphasized the necessity of a \$100 sq./ft. investment to stimulate new projects in the downtown area, a figure consistent with the City of Calgary's highly successful program. However, the proposal put forth in these reports suggests reducing this recommended investment to less than half. The

reasoning behind this recommendation lacks clarity and seems to diverge from the Council's intended objective of enhancing downtown development viability and expediting housing construction. Additionally, it lacks support from proven proforma testing within the industry.

As the Community Revitalization Levy (CRL) is a tool enabled by the Government of Alberta, it was disheartening to learn that no engagement has been undertaken with provincial leadership to identify opportunities to leverage and build on the CRL. Another strategic opportunity that is absent from Administration's report is how housing incentives, tax deferrals, and the CRL, can be further supported or integrated as part of the federal Housing Accelerator Fund (HAF), which is a [significant part of the HAF program in Calgary](#). Building new housing units in alignment with mass transit that adds to downtown vibrancy and significantly increases a high-density tax base is a win-win solution that should be adopted in Edmonton.

The goal and vision for a thriving socially and economically prosperous downtown is clearly shared by Council, Administration, and the public and private sector. While that is true, these reports unfortunately fail to advance a clear vision and ambitious path to spur new development downtown when it is needed most. The lack of confidence, enthusiasm, and creativity to foster a business attraction magnet in our most important neighbourhood from a municipal assessment and fiscal sustainability perspective is a major missed opportunity and may work at cross purposes to the tremendous work already achieved by the city around regulation and policy. The recommendation presented also conflicts with Edmonton's declaration of a housing and homelessness emergency just two months ago and does not address the situation with any sense of urgency or priority. From a fiscal stewardship perspective, these reports miss another critical opportunity to mitigate risk. As outlined in an op-ed we published October 2023, [investing in our downtown will keep property taxes low](#) for all Edmontonians.

It is the real estate development industry's expert opinion that one of the most effective and achievable methods of enlivening the downtown core is to support sustained residential growth and investment over the long term, and to focus on financial options to incentivize development to ensure that housing gets built in the near term. The downtown area faces major structural

risks related to asset devaluation that will have a negative impact on taxation city-wide – now is the time to address this challenge head-on.

Path forward

There are several clear opportunities in terms of moving this process forward in a positive direction, including but not limited to:

- Working with the Province to extend the CLR as Calgary has successfully achieved for its Rivers District.
- Advancing formal requests for funding to support the downtown through annual budget submissions to the Province.
- Leveraging the Housing Accelerator Fund to expedite the construction of new housing units downtown.
- Reprioritizing project spending based on municipal return on investments realized.

Industry stands ready and willing to advance collaborative solutions that will materially impact the success of Downtown Edmonton, which represents less than one percent of the total land base and almost 10% of the taxes generated (although this factor is rapidly declining as assessment values fall). We underscore that there is a collective sense of urgency to advance positive outcomes downtown.

Recommended Next Steps

We recommend that this report be referred back to Administration to provide solutions that align with industry feedback in terms of fiscal levers and the appropriate level of investment required to ignite change. Proposed wording for a motion could be:

“That Administration return with a clear recommendation to catalyze and speed-up residential construction downtown, including mechanisms to incent development and support business investment over the coming 18 months. Due Q3 2024.”

This issue is of outmost importance to industry and community alike. We are committed to working with Council and Administration to ensure that Downtown Edmonton can achieve the outcomes that all of us want and need for our city.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kalen Anderson', with a stylized, cursive script.

Kalen Anderson, RPP/MCIP
Chief Executive Officer, UDI-EM

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