

What We Heard - Summary

1. Engagement Approach/Overview

Background

Since 2022, Administration has been engaging extensively with the development industry regarding the necessity and structure of downtown residential incentive programs. This consultation is a key part of the ongoing, broad efforts to redevelop the downtown area.

Relevant engagement was presented to Council as part of the following reports:

- UPE01864 Office Tower Conversions
- UPE01836 Downtown CRL Financial Incentives Funding Program
- UPE02298 Residential Incentive Program Options
- UPE02445 / UPE03001 Downtown CRL Extension
- UPE03036 Downtown Student Housing Incentive

In addition to these specific engagement opportunities, interested parties continue to provide feedback to administration on broader downtown efforts, including in development of the 2025 Downtown Action Plan and the Downtown Investment Plan (developed by BILD and the Downtown Revitalization Committee).

The Attainable Housing Incentive is a catalyst project included in the Downtown CRL Plan. Brought to Council in June in 2025, it was developed with significant input from interested parties. Relevant highlights from the What We Heard Report for Council Report UPE02445 include:

- Clear need for new housing incentive program.
- Incentives must prioritize investment in the downtown and Quarters over anywhere else in Edmonton.
- Current financing conditions are the biggest barrier to development.
- Rents are currently not high enough in a relative sense - typically, downtowns are able to charge a premium for rent which is not the case in Downtown Edmonton.
- Construction costs are high, as well as demolition and abatement.
- City's constrained ability to directly incentivize development due to limitations imposed by both the Municipal Government Act and the CRL Guidelines.

In June 2025, there was strong support from industry for the Attainable Housing program included in the Downtown CRL Plan extension.

Attainable Housing Incentive Program - Engagement

Engagement for this report built upon prior discussions with industry. This approach sought to continue the conversations heard to date and avoid engagement fatigue/duplication. Given the recent establishment of program parameters, the focus was narrowed to the technical design and application process with subject matter experts within the residential development industry.

Feedback was captured through formal and informal conversations between City staff and development industry representatives between October 2025 and January 2026. This included two in-person sessions with Building Industry and Land Development (BILD) Edmonton Metro's Downtown and Major Redevelopment Committee. Administration met with the committee and shared a draft of the program guide. BILD compiled feedback from its member firms, which has been used to inform the program design, including the separate rental thresholds for larger units, and transitioning to a first-come, first-served model.

Development experts offered feedback beyond the technical aspects of the Attainable Housing Incentive, suggesting a more aggressive strategy to stimulate development. They proposed that a blanket tax exemption, rather than a grant, would be a better tool to achieve this goal, providing:

- **Increased Certainty and Simplicity:** A shift away from unpredictable grant programs toward clearer, more reliable incentives that reduce administrative burden (red tape reduction) and save time/effort.
- **Targeted High Impact:** A focus on fewer, higher-funded programs aimed at the immediate transformation of vacant lots and surface parking lots. This is expected to positively influence public perception of downtown.
- **Clear Market Advantage:** The incentive should clearly define and market the competitive advantage of developing downtown to potential investors.

In response to this feedback received, the alternate approach of providing a more comprehensive downtown tax exemption has been included in the report for consideration.

2. Program Feedback

Current Residential Development Market Feedback

- It is very challenging for developers to invest in today's market, worse than during COVID.
- Development costs have outpaced achievable revenues.
- Construction costs, particularly for high-rise concrete projects continue to increase.
- Market rents are not adjusting to escalating construction and financing costs.
- Underlying causes limiting demand include safety and security, limited amenities, insufficient public realm and infrastructure investment.
- Property taxes on rental buildings have increased and materially affect long-term feasibility.
- Hard to get financing - underwriters are not supporting projects in downtown Edmonton.

Feedback on Attainable Housing Program as described in the CRL Plan

- Grant isn't attractive enough to meaningfully change project feasibility or deliver the scale of downtown residential development the city is seeking.
- The program may help projects that are near shovel ready to process.
- Would be more effective if the entire building got a tax rebate once a minimum percentage of attainable units were provided.
- Rent increases should be tied to CPI, rather than waiting for recalculation of median renter income.
- It would be better for the 10 year exemption period to start after occupancy, rather than during construction.
- 30% median renter income calculation is going to encourage development of small units, one-bedrooms and studios, as those can be rented at those rates.
- May disincentivize two and three bedroom units.
- The program should offer greater flexibility in affordability metrics and unit mix requirements.
- An exemption program (where taxes are not owed) is preferred to a rebate program like this (where taxes are paid and then rebated) as they would be better for cashflow management.

Feedback on incentive programs in general

- Consider targeting the incentive to a specific area. Keep it focused, don't spread the development thinly across too wide an area.
- Getting certainty on a grant early in the development process, before going too far down the path of designing the building is most helpful.

- Don't want subjective, qualitative eligibility criteria - adds uncertainty as developers don't know if they will qualify, be selected or understand how decisions are made.
- Grants that provide upfront capital (such as the recent Student Housing Incentive) are more helpful than tax rebates.
- Stacking multiple incentives (eg. Infrastructure, brownfield) is helpful.
 - However, applying for multiple incentive programs is an administrative burden and adds uncertainty.
- A tax exemption bylaw would be preferred to the CRL's Attainable Housing program.
- Any incentive program should begin with a minimum two-year commitment.
- Consistent, reliable programs build confidence and long-term market response.

Feedback on Downtown

- The City also needs to address the demand side and desire to live downtown. Once more people desire to live downtown, demand grows and rents can increase.
- Strategically couple public investment and private investment in specific areas to achieve maximum effect.
- A successful downtown depends on a diversity of housing forms and tenures being available.
- Downtown vibrancy starts with people - if there's more housing, then retail and office will follow.