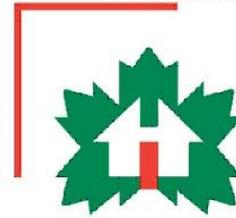


November 20, 2023

Mayor and Council
City of Edmonton
1 Sir Winston Churchill Square
Edmonton, Alberta T5J 2R7

**Canadian
Home Builders'
Association**



Re: 2024 Municipal Budget Adjustments

Dear Mayor and Council,

The Canadian Home Builders' Association-Edmonton Region (CHBA-ER) is a not-for-profit organization representing more than 400 member companies in the region. The residential construction industry in the Edmonton Region is a network of local businesses that represents more than 39,000 jobs, \$3 billion in annual wages, and \$6.4 billion in annual investment. For nearly 70 years CHBA-ER members have built the beautiful places Edmontonians call home.

As city-building partners, CHBA-ER takes pride in collaborating with City Administration on a variety of projects and initiatives that impact our industry. As you consider adjustments to the current budget, it is important to keep in mind the impact increased property taxes have on our city. The feasibility of building new homes and the affordability of these homes is directly impacted by municipal policies, taxes, and fees. Sufficient housing availability, choice, and affordability are integral to meeting the goals of the City Plan and maintaining Edmonton's competitive advantage.

Long-term planning and fiscal responsibility are paramount for Edmonton's continued growth and sustainability. Budget decisions should be considered through a lens of catalyzing Edmonton's economic drivers and maintaining its competitive advantage. This requires intentional focus and a collective understanding of the City's priorities and fiscal prudence in achieving them.

The residential construction industry relies on consistency and predictability wherever possible to balance the risk associated with external pressures such as interest rate increases, supply chain issues, and labour shortages. Market housing affordability is impacted by these pressures, and every dollar added to the price of a home is passed onto the end consumer.

The City of Edmonton's Planning and Development Business model outlines that permit fees will be established based on full cost recovery principles. Development and building permit fees are set up to cover the direct and indirect costs related to the planning and development business. It is important that permit fees cover the cost of service, and the current business model is established to maintain a healthy reserve fund to help support the volatility in the residential construction industry. As the policy states, the Planning and Development reserve was established to manage the long-term fiscal sustainability of the Planning and Development Business. The reserve is intended to stabilize the Planning and Development Business over long periods of time and is not to support any other activities, including tax-supported operations.

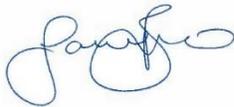
While there have been challenges with the Planning and Development reserve in the past, CHBA-ER believes the financial model of cost recovery permit fees and balancing the reserve to assist with market fluctuations is a

sound model. Revenue from Planning and Development should not be considered to fund tax-supported operations.

Edmonton City Council is aware of the affordability challenges facing Edmontonians, brought on by several factors, including COVID-19, inflation, and interest rates, among others. Increasing property taxes at the level proposed means that fewer people have access to homes in Edmonton and puts those seeking to enter the market further away from realizing that opportunity.

If you have any questions or would like to discuss the content of the letter, please feel free to contact me at 780-952-6363 or lbruno@chbaedmonton.ca.

Sincerely,



Laura Bruno, Chief Executive Officer
Canadian Home Builders' Association – Edmonton Region