Issue Brief #3 - Innovative Approaches to Funding Growth

Summary

This Issue Brief explores new approaches to funding growth.

Key Questions

- What alternative financial tools could be used to pay for growth?
- What other considerations come into play when considering growth costs?

What alternative financial tools could be used to pay for growth?

As infrastructure needs continue to evolve, the objective should be to complement existing funding mechanisms while ensuring that infrastructure investments continue to support growth, affordability, and economic competitiveness across the Edmonton Metropolitan Region in the most efficient manner possible. Alternative financial tools may provide greater flexibility, improve coordination, accelerate housing delivery, and make more effective use of public and private capital. Municipalities, the Province of Alberta, and the development industry can work together to explore opportunities to improve how growth-related infrastructure is funded and delivered.

Regional Infrastructure Cost Sharing	Some infrastructure provides benefits beyond municipal boundaries. Regional cost-sharing approaches may improve efficiency for projects such as: • Major transportation networks; • Regional servicing systems; • Economic development infrastructure.
Improved Asset and Infrastructure Planning	Better coordination between municipalities, utilities, developers, and builders can reduce costs by: • Aligning construction schedules; • Avoiding duplicated infrastructure; • Improving lifecycle planning; • Maximizing existing capacity.
Land-Based Contributions and City Land Leverage	Where the City owns strategically located land, the land itself can be used as part of the value proposition through long-term leases, nominal land transfers, land swaps, joint ventures, or phased development agreements. This can reduce upfront capital requirements while enabling public amenities to be integrated with market, affordable, commercial, or community uses.
Availability Payments, Lease Payments, and Service Purchase Agreements	Rather than funding the full capital cost upfront, municipalities may structure predictable long-term payments tied to facility availability, leased space, or purchased service capacity such as ice time, transit access, childcare, or community program space. These models require clear value-for-money testing because long-term payments may still affect debt capacity and operating budgets.

Public-Private Partnerships (P3s)	P3 models can allow municipalities to leverage private-sector expertise, financing, and innovation for complex infrastructure projects.
Grants, Matching Funds, and Infrastructure Bank Financing	Growth infrastructure can be paired with provincial, federal, regional, philanthropic, or non-profit contributions. Where projects generate revenue or unlock housing supply, municipalities may also explore structured financing through institutions such as the Canada Infrastructure Bank, while ensuring any financing lowers overall cost or risk compared with traditional municipal borrowing.

What other considerations come into play when considering growth costs?

Alternative financing should be paired with practical city-building opportunities that create value beyond a single asset. Edmonton's "City Building Expressions of Interest" process identified interest in partnerships involving libraries, fire stations, transit facilities, arenas, affordable and market housing, commercial development, and multi-purpose facilities. These concepts can help deliver public infrastructure while also unlocking housing, employment, recreation, and community-serving uses on or near City-owned land.

Mixed-use and Co-located Facilities	Libraries, fire halls, recreation spaces, transit hubs, affordable housing, market housing, childcare, health, commercial, and civic uses can be combined where operational requirements are compatible. Co-location can reduce land consumption, share parking and servicing, improve access to amenities, and create stronger community hubs.
City Land as a Catalyst	City-owned land can be used to attract partner investment, reduce delivery costs, and support complete communities. Options include ground leases, nominal leases, land contributions, surplus land disposition, joint development, and using adjacent developable parcels to cross-subsidize public infrastructure.
Hub and Transit-Oriented Development	Transit centres, civic facilities, recreation assets, and other public investments can anchor higher-density development. Placing public amenities near growth areas, transit, and existing infrastructure can support housing supply while improving the long-term productivity of municipal capital investments.
Alternative Arena and Recreation Access Models	Rather than relying only on City-owned facilities, the City can evaluate capital grant matching, long-term purchase of ice or recreation time, partner-owned facilities with public access commitments, or hybrid models that secure community access while limiting long-term municipal asset obligations.
Procurement and Partnership Design	A competitive procurement process should invite innovation while protecting public objectives. Evaluation criteria should consider total lifecycle cost, risk allocation, housing outcomes, public access, climate resilience, operating impacts, value-for-money, and whether the proposal reduces the City's required capital investment.

The Government of Alberta has also shown increasing interest in exploring more alternative financing tools for municipal infrastructure. This growing focus creates an opportunity to expand the range of solutions available to address the costs of growth, while ensuring that infrastructure can be funded and delivered in ways that support housing affordability, economic competitiveness, and long-term municipal sustainability.

The cost of growth is also influenced by a range of factors, including infrastructure design standards, development timing, density, regulatory requirements, servicing expectations, and approval processes. These factors are interconnected and can have a significant cumulative impact on housing affordability, development feasibility, and investment decisions. A balanced approach to growth planning requires careful consideration of both fiscal sustainability and the need to rapidly deliver a diverse supply of attainable housing for current and future residents. As a city building community, we should be more strategic about how we grow and expand infrastructure to be as efficient and cost-effective as possible for individual owners and ratepayers overall.

Right-Sizing Infrastructure	Infrastructure should be designed to meet realistic community needs while allowing for future growth. Overbuilding can create unnecessary: • Upfront capital costs; • Maintenance obligations; • Long-term financial pressures. Underbuilding can limit growth and require costly upgrades. The objective should be infrastructure that is appropriately scaled, adaptable, and financially sustainable.
Growth Sequencing	The order and timing of development significantly influence infrastructure costs. Strategic sequencing helps: • Maximize existing infrastructure capacity; • Reduce premature investment; • Coordinate utility expansion; • Efficiently supply market demand; • Improve municipal financial planning.
Cumulative Cost Impacts	Growth costs should be evaluated collectively rather than through individual policy decisions. The combined impact of the following can significantly influence the affordability and feasibility of new housing: • Off-site levies; • Servicing standards; • Regulatory requirements; • Permit and Licencing fees • Approval timelines; • Construction policies. A comprehensive approach ensures policies support both fiscal sustainability and housing affordability.

Sources

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