



## CITY COUNCIL AGENDA REPORT

**Subject: COUNCIL MOTION – TAXATION OF VACANT  
RESIDENTIAL LAND**

On July 14, 2014 Mayor Crouse provided notice in accordance with Section 23 of Procedure Bylaw 35/2009 that he intended to bring forward the following motion:

*In order for Council to debate the motion, the motion must be formally moved.*

(Mayor Crouse)

“That Administration bring forward a bylaw and/or policy for Council’s consideration in Q-2, 2015 that would allow for taxation beginning in 2016 of vacant residential lands that have remained undeveloped for more than 5 years.”

### **Attachments:**

1. Administrative Backgrounder

Originating Department(s):	H. Fredeen
Author(s):	H. Fredeen, Legislative Officer
City Manager Signature:	Date:

**Administrative Backgrounder  
Taxation of Vacant Residential Land**

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**BACKGROUND:**

Administration’s Understanding of Intent of Motion:

It is Administration’s understanding that this motion if passed, is intended to create and tax a sub-class of residential property at a municipal tax rate higher than the standard municipal residential tax rate.

Legislative Ability to Assign Tax Classes & Rates:

Sections 297 and 354 of the Municipal Government Act deals with this topic. Council may, by bylaw, establish sub-classes of property for assessment purposes. MGA section 297(2)(a) allows council to split the residential assessment class into sub-classes “on any basis it considers appropriate”.

In summary, the Municipal Government Act, via sections 297 and 354, does allow for a council to establish a separate tax rate for vacant residential land.

Previous Resolutions by Council Related to this Motion

C354-2012 , was approved by Council on July 3, 2012. The text of which is provided below,

“That for the purposes of the 2022 taxation year and beyond, Council directs administration to draft and formulate within the Tax Rate Bylaw, an assessable class of property and associated tax rate, that will effectively tax all vacant undeveloped lands within the "annexation area", (as defined in Order in Council 38/2007) at a taxation rate that is twice the residential municipal rate of taxation in use for 2022 and beyond.”

In 2021, it would be advisable that this resolution be reviewed with possible opportunity to consolidate with the proposed motion, as there may be instances where overlap would occur.

Operational or Organizational Impacts If Motion is Approved:

If the motion is approved, the following additional administrative steps would have to be taken in preparation for the 2016 taxation year.

1. City council would instruct administration to amend the composition of the 2016 Tax Rate Bylaw document to create, define, and include a separate assessment sub-class of property named as "Other Residential", as per section 297(2)(a) of the Municipal Government Act ("MGA").
2. City council would instruct administration to prepare a municipal tax rate for the property subclass defined as "Other Residential", as per section 354(3) of the MGA. The municipal tax rate would be at a specified percentage differential, as compared to the standard "Residential" property class municipal tax rate.

Financial Implications of Motion:

The creation of a new subclass and tax rate for "Other Residential" will not result in additional tax revenues. It will serve as a tax levy redistribution mechanism only. Placing a higher tax rate on a subset of vacant residential properties will serve to slightly shift the burden of municipal taxation from the remainder of the residential assessment class.

Policy & Bylaw Considerations:

The following concepts would be recommended to be included in any policy and bylaw formulation:

1. The policy and bylaw would affect only those vacant lots which are:
  - a. Zoned R1, R2, R3, R3A, R4.
  - b. Deemed to have physically existed for a period of five or more years without having been developed.
2. The Assessment Department would be responsible to determine, on an annual basis, which existing lots fit the above criteria. Year of subdivision (the year that the property was subdivided and registered at Land Titles) would be established by the Assessment Department, and would serve as the "start point" of the five year grace period time frame. Physical condition as of each December 31<sup>st</sup>, (coinciding with Provincial legislation for assessment preparation), would be used as the date to establish if any development had yet started.

3. Council would have to contemplate what higher percentage rate of taxation they wish to levy upon the affected properties. There are few municipal comparators from which to base a precedent. It is advisable that the higher rate of taxation be established as: Residential municipal tax rate + 20%, or residential municipal tax rate + 30%, etc., with the rate not to exceed the non-residential tax rate (which is currently 43% higher than the residential municipal tax rate).
4. The specified tax rate would be incorporated into the annual Tax Rate Bylaw. The total taxable assessment to the affected properties would be also be required to be separated and notated within the Tax Rate Bylaw, as its own distinct assessment sub-class.
5. Council would have to determine if they desire the developmental “trigger” which would return an affected parcel back to the regular rate of residential taxation to be either the:
  - a. Issuance of Development Permit
  - b. Issuance of Building Permit
  - c. Start of actual physical construction

Number of Affected Properties if the Motion is Passed:

At present, there are approximately 484 lots which are vacant and zoned either R1, R2, R3, R3A, or R4. Of this total, 35 lots have remained vacant for a period of five years or greater. The breakdown of vacant residential lots, using assessment information current to July 15, 2014 is as follows:

Land Use	Total Vacant Lots	Vacant for a Period of 5+ years
R1	407	34
R2	73	0
R3	1	0
R3A	2	1
R4	1	0
Totals	484	35

Report Date	July 22, 2014
Committee/Department	Assessment & Taxation
General Manager Review	Patrick Draper