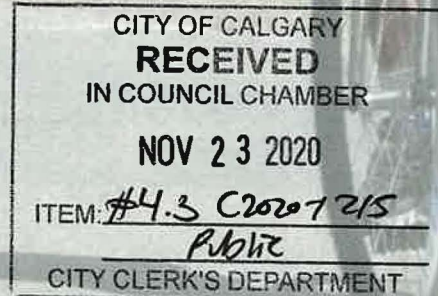


The Case for a 2% Cost of Living Increase in the City Budget

... and to use the funds for climate action and active transportation infrastructure

Dr. Noel Keough
Associate Professor
School of Architecture Planning And Landscape
University of Calgary

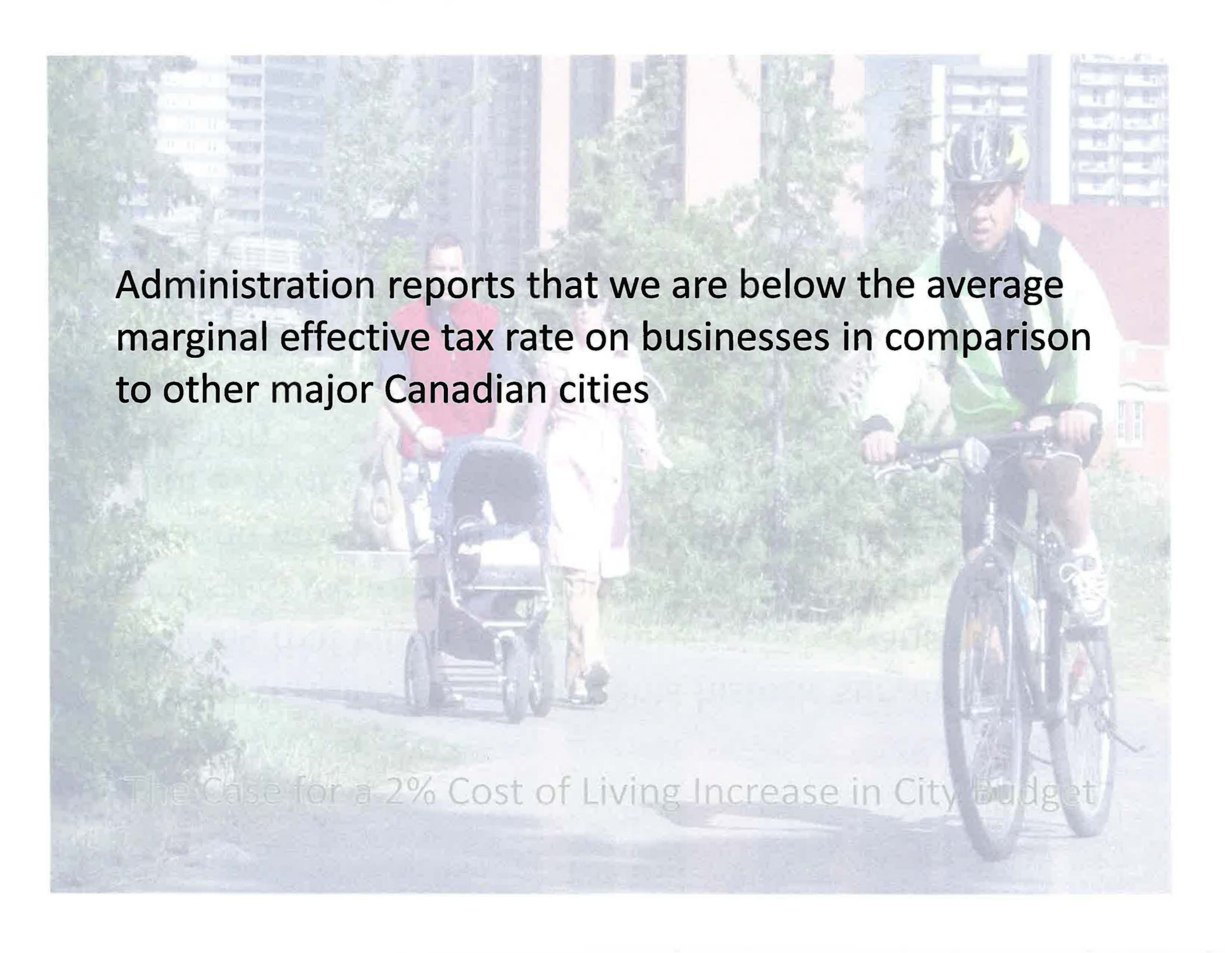




On November 9 City Administration delivered the presentation *Mid-Cycle Adjustments to the One Calgary 2019-22 Service Plan and Budgets* to a Special Council Meeting.

In our assessment the information presented does not support administration's proposed property tax reductions but rather makes a strong case for property tax increases in line with the increase in cost of living

The Case for a 2% Cost of Living Increase in City Budget

A photograph of a park-like setting with a paved path. In the foreground, a man wearing a yellow and black helmet and a high-visibility vest is riding a bicycle towards the camera. In the background, a man in a red shirt is pushing a stroller, and a woman in a light-colored coat is walking alongside him. The background is filled with green trees and a city skyline with tall buildings under a clear sky.

Administration reports that we are below the average marginal effective tax rate on businesses in comparison to other major Canadian cities

The Case for a 2% Cost of Living Increase in City Budget



Administration's report presents historic survey data showing that when asked in surveys Calgarians are consistently in favour of 'increasing taxes at current inflation rate to maintain services at current levels'. With 52% of Calgarians supporting that statement in Fall 2020.

This preference is more pronounced now than at any time since 2009

The Case for a 2% Cost of Living Increase in City Budget

According to Altus Group: Canadian Property Tax Rate Benchmark Report

Calgary has the third lowest estimated residential property taxes per \$1000.00 of assessment (\$8.98/1000)

Given the price differential of homes in Toronto and Vancouver, Calgary likely has the lowest property taxes in the country

The rate per \$1000 is lower today than it was in 2003



Administration's proposed reduction in property tax would mean a savings of about \$17 dollars a year for the average single detached home.

That's less than a 1.50/month. Or 5 cents a day

A cost of living increase of 2% would mean \$41 per year for the average household

That's 3 dollars 28 cents a month or 11 cents a day

The Case for a 2% Cost of Living Increase in City Budget

Budget Blind Spots

Public Health costs of a car-dominated city

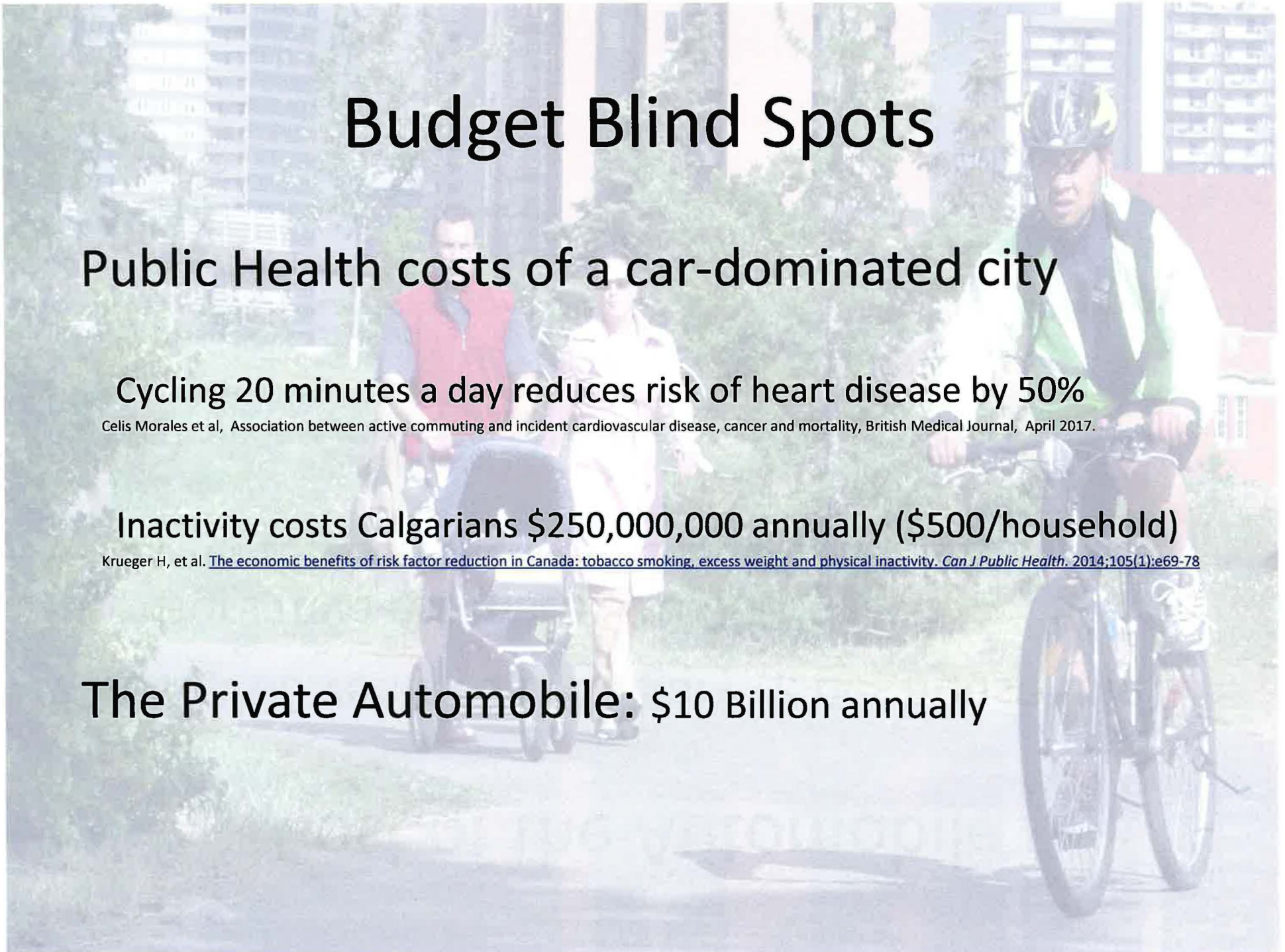
Cycling 20 minutes a day reduces risk of heart disease by 50%

Celis Morales et al, Association between active commuting and incident cardiovascular disease, cancer and mortality, British Medical Journal, April 2017.

Inactivity costs Calgarians \$250,000,000 annually (\$500/household)

Krueger H, et al. [The economic benefits of risk factor reduction in Canada: tobacco smoking, excess weight and physical inactivity. Can J Public Health. 2014;105\(1\):e69-78](#)

The Private Automobile: \$10 Billion annually



Cost of the Automobile

1,000,000 vehicles in Calgary (2 per household)

Conservative estimate \$10,000/year

using CAA (<https://carcosts.caa.ca>) and Ratehub (<https://www.ratehub.ca/about-ratehub>)

2019 - 23 Capital Budget (annual average): *A City That Moves*

411 million

2021 Operating Budget: *A City That Moves*

745 million

Annual cost to own and operate vehicles

10,000 million

From *Affordable Living: Housing + Transportation* a research report by Sustainable Calgary

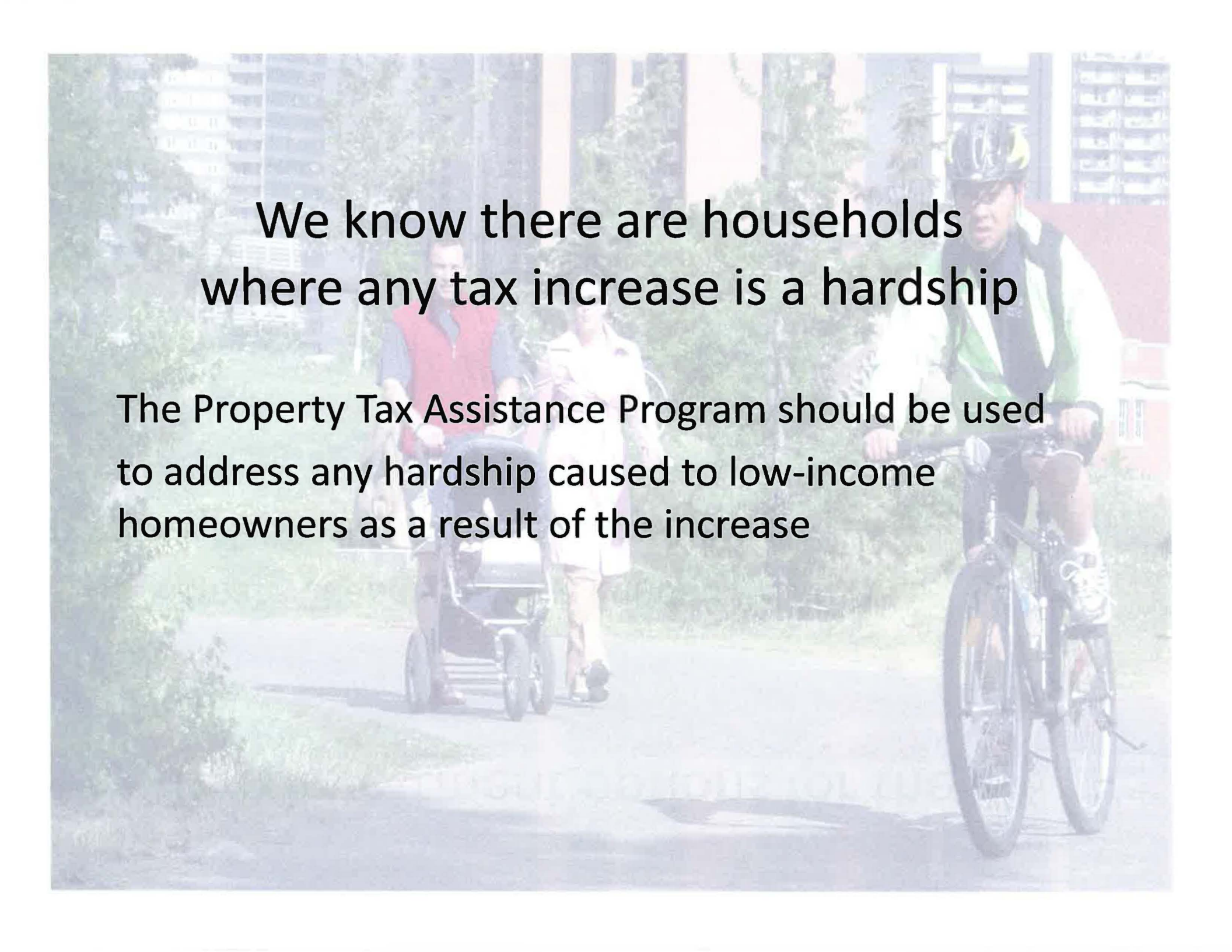
Affordable Neighbourhoods (Census Tracts) with and without the Car

Vehicle Scenario	Annual Income	# of Affordable Census Tracts	Percent of Total Tracts	Increase in Affordable Tracts	Percent Change
With Car	\$50,000	1	0.5%	17	1700%
Car Free		18	8.9%		
With Car	\$60,000	5	2.4%	43	860%
Car Free		48	23.8%		
With Car	\$80,000	54	26.7%	93	172%
Car Free		147	72.8%		
With Car	\$100,000	112	55.4%	72	64%
Car Free		184	91.1%		

From *Affordable Living: Housing + Transportation* a research report by Sustainable Calgary



The most significant changes in housing choice and affordability occur at the lowest annual income levels.

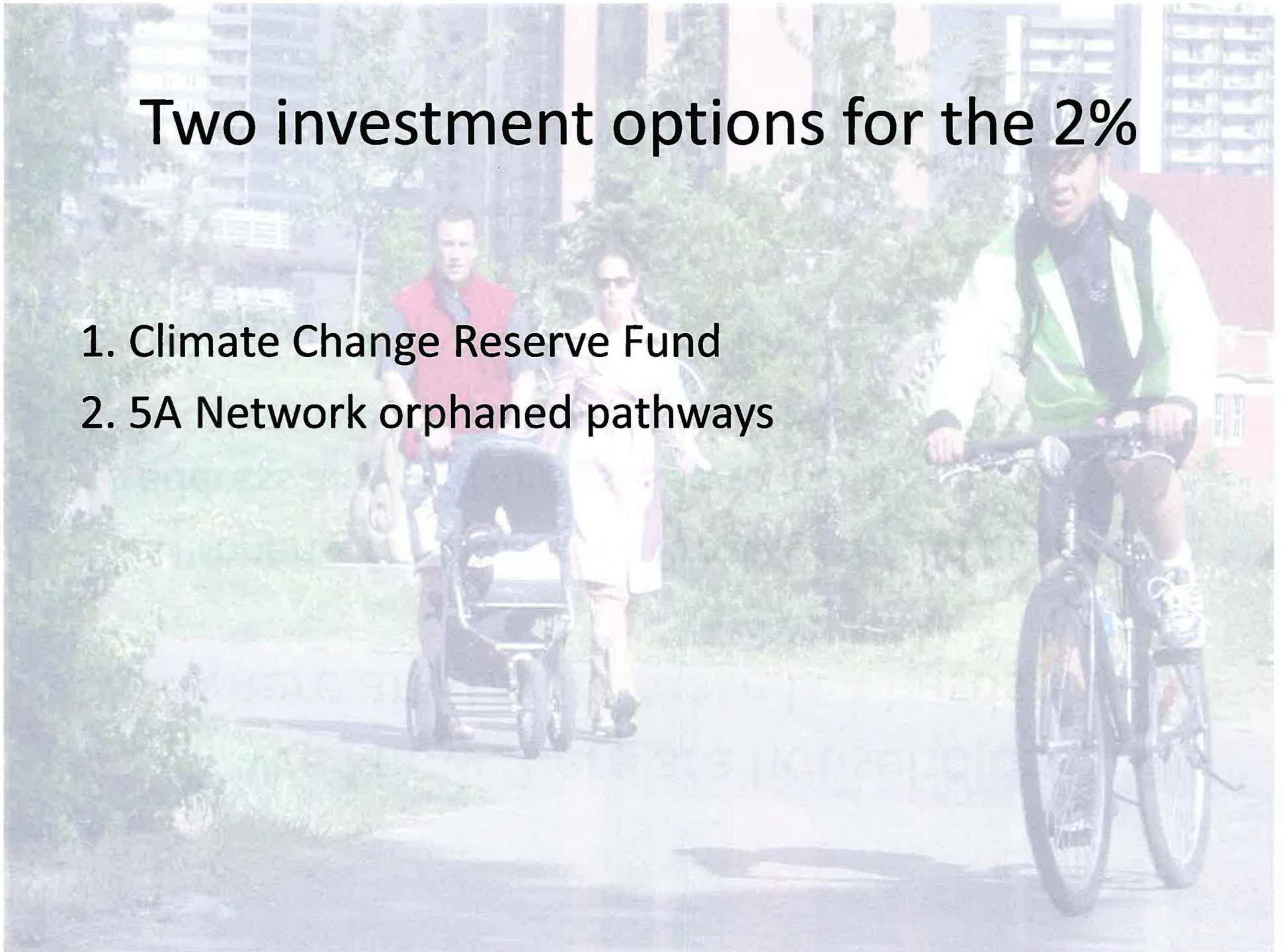
A photograph of a family walking and a cyclist on a paved path. In the background, a man in a red vest and a woman in a white shirt are walking towards the camera. The man is pushing a black stroller. In the foreground, a man wearing a green and white cycling jersey, a black helmet, and sunglasses is riding a black bicycle towards the camera. The path is surrounded by green trees and bushes, with a multi-story apartment building visible in the background under a clear sky.

**We know there are households
where any tax increase is a hardship**

**The Property Tax Assistance Program should be used
to address any hardship caused to low-income
homeowners as a result of the increase**

Two investment options for the 2%

1. Climate Change Reserve Fund
2. 5A Network orphaned pathways



The Case for a 2% Cost of Living Increase in the City Budget

... and to use the funds for climate action and active transportation infrastructure

0%

Council Target

-0.67%

Administration Proposal



2%

Citizen Preference



2%

\$3.28 per month

For the average household

\$41/year

For the average household

Revenue generated: \$20,000,000.00

Some supporting calculations.....

- \$1.008 Billion in residential property tax revenue
- (Source: One Calgary 2019-2020 Service Plans and Budgets)
- 490,000 households (Source: 2019 City Census)
- $\$1 \text{ Billion} / 490,000 = \$2041/\text{year}/\text{household}$ on average
- 2% tax increase:
- $\$2041 \times .02 = \$40.82/\text{household}/\text{yr} = \$3.36/\text{m} = 11 \text{ cents}/\text{day}$