

**Infrastructure Services Briefing to
Community Development Committee
2024 October 30**

**ISC: UNRESTRICTED
CD2024-1210**

Response to Motion Arising from Local Improvements Report CD2024-1210

PURPOSE OF BRIEFING

Responding to the Motion Arising from the Local Improvements Report CD2024-0129, Administration was asked to review how Local Improvements are assessed on individual properties and return to the Community Development Committee no later than Q4 2024 with options and recommendations to address the growing complexity of built forms in our new and redeveloping communities. The following outlines those options and recommends that imposing a tax rate based on each unit of frontage remains the most effective method as it has the fewest issues and is generally considered the fairest option compared to alternative options, with minimal concerns from the general public.

SUPPORTING INFORMATION

The Local Improvement program is implemented pursuant to the Municipal Government Act (“MGA”). According to the MGA, a uniform tax rate must be applied to all parcels of land in respect of which the local improvement tax will be imposed. The uniform tax rate does not consider assigning different values to a perceived benefit and the uniform tax rate must be imposed based on one of the four options below:

- (1) the assessment prepared in accordance with Part 9 of the MGA,
- (2) each parcel of land,
- (3) each unit of frontage (*current City practice*), or
- (4) each unit of area.

A summary of advantages and disadvantages of each option, can be found below:

Option 1 - Imposing a local improvement tax based on assessment:

Advantages:

The local improvement tax for property owners would be proportional to their property’s assessed values. This means that the owner of a property with a higher assessed value would pay more than an owner with a lower assessed value within the same local improvement plan.

Disadvantages:

The disproportionate allocation of the tax could be considered unfair.

While assessed values change annually based on market and condition factors, the local improvement tax on each property, once imposed, does not change except for limited scenarios (e.g., subdivision or consolidation) as set out in the MGA. This may be perceived as unfair.

This option presents challenges when consolidation or subdivision occurs. These potential changes create unpredictability, uncertainty, and inequity, requiring adjustments to the local improvement tax for all property owners. This would be unpredictable for property owners and difficult for Administration to execute.

Option 2 - Imposing a local improvement tax based on each parcel of land:

Advantages:

The local improvement tax is the same for every parcel, regardless of size, shape or layout.

Disadvantages:

The local improvement tax imposed and allocated to the affected parcels under this option could create a perception of unfairness based on the same for every parcel, regardless of size, shape, or layout.

Changes to the number of parcels within a project over the tax term, due to subdivision or consolidation presents challenges. The City would need to review and establish a new uniform tax rate for every property in the local improvement plan.

When consolidation or subdivision occurs, each parcel subject to the local improvement tax will be affected, as the total number of parcels changes. Consequently, the remaining local improvement tax would need to be redistributed among the new total number of parcels for remainder of the term.

If a property owner fully pays off the tax prior to end of the term and then consolidation occurs, their share of the local improvement tax could increase due to a reduced number of parcels. If a property owner has paid off the tax in full before the end of the term and subdivision occurs, a refund would need to be issued. This situation could potentially arise every year that subdivision or consolidation occurs until the end of the project tax term. As a result, a property owner might think the entire cost was fully paid, only to be assigned additional costs or refunds later in the tax term.

Option 3 - Impose a local improvement tax based on each unit of frontage (*current City practice*):

Advantages:

The local improvement plan considers the length of properties that abut the local improvement. The City utilizes a calculation adjustment for irregular lot shapes (Attachment 1).

When subdivision or consolidation occurs, and the local improvement tax is based on each unit of frontage there would be no impact to the remaining properties. The uniform tax rate remains consistent per metre. The local improvement tax would only be revised to update the changes to the frontage of the impacted properties. This process involves redistributing the frontage for the properties where the subdivision or consolidation occurred, rather than affecting all properties included in the local improvement plan.

Disadvantages:

Some lots have significantly different frontages compared their neighbors due to variations in overall lot size. Typically, each property owner pays according to their frontage unless the property is irregular. The calculation adjustment occurs only in instances where the parcel is considered irregular, accounting for these differences by providing a value in proportion to the other properties. (Attachment 1).

Option 4 - Imposing a local improvement tax based on each unit of area:

Advantages:

Each property owner would have a uniform tax rate applied to the area of their parcel.

Disadvantages:

The wide variance in parcel sizes could result in differing local improvement taxes for property owners, even if the community looks very similar.

For many years, the local improvement tax based on each unit of frontage has been the primary method used in the Local Improvement program. This approach has the fewest issues and is generally considered the fairest option compared to alternative options, with minimal concerns from the general public. Based on the foregoing, administration will continue to impose the local improvement tax based on unit of frontage.

ATTACHMENT(S)

1. Attach 1 – Local Improvements Brochure – CD2024-1210

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General Manager Michael Thompson concurs with the information in this Briefing.