



City of St. Albert
CITY COUNCIL POLICY

Taxation of Vacant Residential Lands

AUTHORITY	APPROVED	Res. No.	mm dd	REVISED	Res. No.	mm dd
City Council		C357-2015	08 17			

Purpose

To establish policy for the taxation of vacant residential lands which have remained undeveloped for a defined duration of time.

Policy

The City of St. Albert will encourage development of vacant residential lands through the use of a higher rate of municipal property taxation on those lands which have remained vacant for a defined duration of time.

Definitions

“Assessor” – Any of the accredited assessment staff as employed by the City of St. Albert.

“Assessment Class” – Refers to a property’s classification for assessment purposes, as determined and used by the Assessor in preparation of the annual Assessment Roll.

“Physical Condition Date” - The statutory date prescribed within the Municipal Government Act for use by the Assessor in determining what buildings and/or improvements existed on a property as of December 31st of each calendar year.

“Vacant” – The term “vacant” for the purposes of this policy shall refer to any property which the Assessor has deemed to be undeveloped and not having any notable physical construction on site, as of a given statutory date.

“Vacant Lands Tax Rate” – This shall be the reference given to the higher rate of taxation given to those properties which are deemed affected by this policy.

“Year of Subdivision” - The year in which a property was subdivided and registered at Land Titles Office. Year of subdivision is commonly denoted by the property’s legal description, which shows “plan number”. i.e. Plan number 072 1344 denotes a property was created by subdivision in 2007.

Responsibilities



Assessment Department

- Is responsible for the annual determination of which vacant residential properties will be subject to the “Vacant Lands Tax Rate”. Discretion resides with the Assessor to review, inspect, and determine which vacant residential lands meet the criteria as outlined in this policy, and to assess and tax those properties accordingly.

Council

- Is responsible for the annual approval of the “Vacant Lands Tax Rate” which will appear within the annual Tax Rate Bylaw.
- Is responsible for the approval of the bylaw as required under MGA section 297(2)(a) for the creation of a residential assessment sub-class, which facilitates the taxation of that sub-class at a higher rate of taxation.

Standards

1. General

- a) Residential lands which have physically existed, as defined by their “Year of Subdivision”, for less than seven years, and have remained vacant during that time period, are subject to the regular residential municipal tax rate, and are unaffected by this policy.
- b) Residential lands which have physically existed, as defined by their “Year of Subdivision”, for seven years or longer, and have remained vacant during that time period are subject to the “Vacant Lands Tax Rate”.

2. Applicable Properties

Only those properties which meet each of the following three (3) criteria will be subject to the “Vacant Lands Tax Rate”:

- i. Properties having one of the following land use classifications (zonings):
 - R1 – Low Density Residential
 - R2 – Low Density Residential
 - R3 – Medium Density Residential
 - R3A – Medium Density Residential
 - R4 – Medium/High Density Residential
 - DR – Downtown Residential
- ii. Properties described by either of the following circumstances:



- Properties which have remained vacant for a period of seven (7) years or greater since their time of final subdivision. The following schedule will apply:

Tax Year	Physical Condition Date	Year of Subdivision for use of Vacant Lands Tax Rate
2016	Dec 31, 2015	2008 or earlier
2017	Dec 31, 2016	2009 or earlier
2018	Dec 31, 2017	2010 or earlier
2019	Dec 31, 2018	2011 or earlier
2020	Dec 31, 2019	2012 or earlier

Example 1: A vacant R1-zoned lot remains vacant as of Dec 31, 2015 as confirmed by Assessment staff. If its year of subdivision is 2007 or earlier, then it has chronologically remained vacant for seven or more years. Therefore it is subject to the “Vacant Lands Tax Rate” for the 2016 tax year and all subsequent tax years until such time as the lot is developed.

Example 2: A vacant R1-zoned lot remains vacant as of Dec 31, 2015 as confirmed by Assessment staff. Its year of subdivision is 2009. It has chronologically remained vacant for six years. Therefore it is not subject to the “Vacant Lands Tax Rate” until the 2017 tax year.

- Properties which were formerly improved, but have had the improvements demolished and have remained vacant for a period of seven (7) years or greater since their time of demolition. In cases where properties become vacant as a result of demolition, the start date for counting years of vacant status will commence at December 31st of the year of demolition.

Example: A property has physically existed since 1962. The house on site was built in 1963 and demolished in 2014. 2014 becomes the start date of the vacant status period, not the year of subdivision; 1962.

- iii. Properties which are considered to be fully serviced and developable. In situations where servicing and/or developability are in question, discretion is given to the Assessor as to which residential “Assessment Class” the property will fall into, and if the “Vacant Lands Tax Rate” should apply.

3. Excluded Properties

The following properties exhibiting any of the criteria below are intended to be excluded from this policy:

- a) R1 zoned properties larger than 10.0 acres in area that are deemed by the Assessor to not yet be in their final and subdivided end use.



- b) R1 or R2 zoned properties, whereby the property owner holds title to an *adjacent* improved property, and whereby the vacant lot in question has been integrated into the yard space enjoyed by the primary improved property. Typically these properties are landscaped, treed, and fenced and are contiguous with the adjacent lot where the primary residence is located.
- c) Properties that are classified by the Assessor as “class 3 - farm land” as per MGA section 297(c). As per MGA section 297(2)(a), only those properties classified as residential (as opposed to farm land) can be contained within a sub-class for the purposes of applying a different tax rate.
- d) For clarity, properties that have the following land use are not subject to this policy:
 - UR – Urban Reserve
 - DC – Direct Control
 - MC – Mixed Commercial
 - BW – Boardwalk
 - DCMU – Direct Control Mixed Use
 - All land uses which are Commercial or Industrial in nature

4. Applicable Municipal Tax

The tax rate for general municipal purposes (excluding the Servus Place operating levy) shall be set by the City Assessor at a ratio of 1.25 as compared to the general residential municipal tax rate. The following general formula shall apply:

- a) Vacant Lands Tax Rate = General Municipal Residential Tax Rate x 1.25
- b) The Vacant Lands Tax Rate applies only to the land portion of the assessment. By the nature of this policy, no buildings and/or improvements can ever be taxed at the higher rate.
- c) The Vacant Lands Tax Rate shall not exceed the general municipal non-residential tax rate.

5. Determination of Vacant Status

For the purposes of this policy, the following criteria will be used by the Assessor to determine the “Assessment Classification” for the application of this policy:

- a) The legislated “Physical Condition Date” of December 31, shall be used as the date by which the Assessor annually determines the property’s status for assessment and tax purposes.
- b) In any instance where a property owner disputes their vacant status (their assessment classification) the remedy will be for the property owner to contact the Assessor, and if



the dispute is not resolved, the recourse available to the property owner is the Property Assessment Appeal process.

6. Reversion to Regular Residential Tax Rate

A property which is taxed at the “Vacant Lands Tax Rate” will revert back to the regular residential municipal tax rate under the following scenarios:

- a) Physical housing construction has commenced on or before December 31st of the tax year in question. Discretion remains with Assessor as to the confirmation of construction activity. The tax rate reversion will be enacted during the current tax year, by way of an assessment correction, and the Assessor will prorate the tax calculation to the nearest 1st of the month when construction was visibly evident.

A property which is taxed at the “Vacant Lands Tax Rate” will not revert back to the regular residential municipal tax rate under the following scenarios:

- b) The property owner has been issued a *development* permit by the City of St. Albert in respect of the property on or before December 31st of the assessment year in question.
- c) The property owner has been issued a *building* permit by the City of St. Albert in respect of the property on or before December 31st of the assessment year in question. However, issuance of a building permit will inform the Assessor that construction is imminent, and in most cases, scenario a) above will occur within a short period after the building permit is issued.
- d) The property is sold and title is transferred to a new owner. Change in ownership does not affect the vacant status provisions as referred to in section 2 above.
- e) The property is subdivided, consolidated, amended, or legally altered in a manner that at the discretion of the Assessor, has not materially changed the nature of the property, nor the vacant status of the lot.

Example 1: A property owner adds five feet of width to their vacant lot via lot consolidation, and the amended lot is registered at Land Titles and given a new legal description with a new plan number.

Example 2: An existing R1 lot has remained vacant for ten years. The property owner then subdivides the existing 1,000 m² R1 lot into two 500m² R2 lots. For the purposes of this policy, the vacant status does not “reset” because of the lot subdivision or change in land use.

