

CITY OF CHESTERMERE

POLICY HANDBOOK

EFFECTIVE DATE: October 15, 2019		SECTION: Finance	POLICY: 450
APPROVED BY: COUNCIL	APPROVED DATE: October 15, 2019	TITLE OF POLICY: Taxation of Vacant Residential and Vacant Non-residential Lands	
REVIEW DATE: n/a	AMENDMENT DATE: n/a	PAGE NO.: 1 of 5	
POLICIES AMENDED / RESCINDED: n/a		POLICY TYPE: Council	

PURPOSE

When water services, sewer services, or both have been built to the lot lines and parcels of land have not been materially improved, the issue is that all other developed lots are cross-subsidizing the vacant lots. To establish policy for the taxation of vacant residential lands and vacant non-residential that remain undeveloped three (3) years after registration of the plan of subdivision, which would assist in addressing this inequity.

DEFINITIONS

“Assessor” means any of the accredited assessment personnel employed or hired by the City of Chestermere.

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

“City” means the City of Chestermere.

“Non-residential Vacant Lands Tax Rate” means the reference given to the higher rate of taxation given to those non-residential properties which are deemed affected by this policy.

“Physical Condition Date” means 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.

“Principal Building” as defined in the City of Chestermere Land Use Bylaw No. 022-10, as amended from time to time.

“Residential Vacant Lands Tax Rate” means the reference given to the higher rate of taxation given to those residential properties which are deemed affected by this policy.

“Vacant” for the purposes of this Policy, means any property that does not have a Principal Building constructed or existing on site, as of a given statutory date.

“Year of Subdivision” – means 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.

POLICY STATEMENT

The City of Chestermere will encourage development of vacant 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.

1. General

- a) Residential lands which have physically existed, as defined by the “Year of Subdivision”, and have remained vacant between that time period and less than three (3) years, are subject to the general municipal residential tax rate, and are unaffected by this policy.
- b) Residential lands which have physically existed, as defined by the “Year of Subdivision”, and have remained vacant three (3) or more years, are subject to the “Residential Vacant Lands Tax Rate”.
- c) Non-residential lands which have physically existed, as defined by the “Year of Subdivision”, and have remained vacant between that time period and less than three (3) years, are subject to the general municipal non-residential tax rate, and are unaffected by this policy.
- d) Non-residential lands which have physically existed, as defined by the “Year of Subdivision”, and have remained vacant three (3) or more years, are subject to the “Non-residential Vacant Lands Tax Rate”.

2. Applicable Residential Properties

Only those properties which meet one (1) of the following two (2) criteria will be subject to the “Residential Vacant Lands Tax Rate”:

- a) Properties which have been subdivided for three (3) or more years following the Year of Subdivision and no Principal Building has been constructed or exists.
- b) Properties which were formerly improved, but the Principal Building has been demolished and have remained vacant for more than one (1) calendar year subsequent to the demolition.

3. Excluded Residential Properties

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

- a) Properties on which a Principal Building is located.
- b) 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 subclass for the purposes of applying a different tax rate.

4. Applicable Non-residential Properties

Only those properties which meet one (1) of the following two (2) criteria will be subject to the “Non-residential Vacant Lands Tax Rate”:

- a) Properties which have been subdivided for three (3) or more years following the Year of Subdivision and no Principal Building has been constructed or exists.
- b) Properties which formerly had a Principal Building, but the improvements have been demolished and have remained without a Principal Building for more than one (1) calendar year subsequent to the demolition.

5. Excluded Non-residential properties

The following properties exhibiting the criterion below are intended to be excluded from this policy:

- a) Properties on which a Principal Building is located.

6. Applicable Municipal Tax

The tax rate for general municipal purposes shall be set annually by Council through the Tax Rate Bylaw. The following general formulas shall apply:

- a) Residential Vacant Lands Tax Rate = General Municipal Residential Tax Rate x 1.5
- b) The Residential 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) Non-residential Vacant Lands Tax Rate = General Municipal Residential Tax Rate x 3.5
- d) The Non-residential 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.

7. 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.

8. Reversion to General Municipal Tax Rate

A property which is taxed at the "Residential Vacant Lands Tax Rate" or the "Non-residential Vacant Lands Tax Rate" will revert back to the respective general municipal tax rate under the following scenario:

- a) Physical construction of Principal Building has been completed prior to December 31st of the tax year in question.

A property which is taxed at the "Residential Vacant Lands Tax Rate" or the "Non-residential Vacant Lands Tax Rate" will not revert back to the respective general municipal tax rate under the following scenarios:

- b) The property owner has been issued a development permit by the City of Chestermere 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 Chestermere 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 scenario 8. a) above may occur on or before December 31st of the assessment year.
- 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 or section 4 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.

RESPONSIBILITIES

Assessment Department

- Is responsible for the annual determination of which vacant residential properties will be subject to the "Residential 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.
- Is responsible for the annual determination of which vacant non-residential properties will be subject to the "Non-residential Vacant Lands Tax Rate". Discretion resides with the Assessor to review, inspect, and determine which vacant non-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 "Residential Vacant Lands Tax Rate" and "non-Residential 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 for the creation of a residential assessment sub-class, and a non-residential assessment sub-class which facilitates the taxation of that sub-class at a higher rate of taxation.

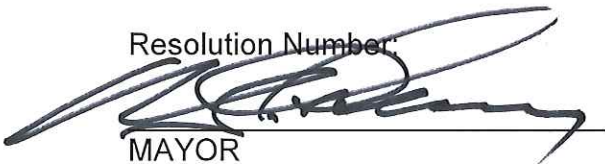
REFERENCES

Bylaw 011-19

For Council Policies:

Adopted by Council: *October 15, 2019*

Resolution Number:


MAYOR


CAO

For Administrative Policies:

Approved by CAO:


CAO