



Taxation of Vacant Residential and Non- Residential Lands Policy

POLICY NUMBER: 232-FN-23

Approval Date: February 13, 2024	Revise Date:
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Supersedes:	Review Date:

1.0 Policy Intent

The City of Cold Lake may encourage development of vacant residential and vacant non-residential lands through the use of a differential rate of municipal property taxation on applicable lands in the City of Cold Lake.

2.0 Purpose

The purpose of this Policy is to establish guidelines and criteria to determine which properties will be assigned the assessment subclasses Vacant Residential and Vacant Non-Residential as established by Bylaw No. 822-FN-23.

3.0 Policy Statement

- 3.1 The City of Cold Lake recognizes that differential tax rates can be utilized to incentivize or disincentivize certain behaviors including land banking and development in the City. In this regard, a separate tax assessment subclass for vacant residential and vacant non-residential properties has been established.
- 3.2 The City of Cold Lake shall establish the criteria for the application of a tax assessment subclasses which can be utilized to implement a differential tax rate for the vacant residential and vacant non-residential properties in the City that are identified by this policy.

4.0 Managerial Guidelines

Definitions:

- 4.1 “Assessor” – Any of the accredited assessment staff as employed by the City of Cold Lake.
- 4.2 “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.

- 4.3 “Developable” – Refers to the property not requiring further subdivision prior to being suitable for development.
- 4.4 “Fully Serviced” – Refers to the property having utilities exist immediately adjacent to the property; for greater clarity, it does not require the property to have utility connections physically installed into the property.
- 4.5 “Physical Condition Date” - The statutory date prescribed within the *Municipal Government Act, RSA 2000, c M-26* for use by the Assessor in determining what buildings and/or improvements existed on a property as of December 31st of each calendar year.
- 4.6 “Vacant” – The term “vacant” for the purposes of this policy shall refer to any residential and non-residential property which the Assessor has deemed to be undeveloped and not having any notable physical construction on site, as of a given statutory date.
- 4.7 “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.
- 4.8 “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.

4.9 **Roles and Responsibilities**

4.9.1 **City of Cold Lake**

The City of Cold Lake is responsible for:

- 4.9.1.1 the annual approval of tax rates for all tax subclasses which will appear within the annual Tax Rate Bylaw.
- 4.9.1.2 the approval of the bylaw as required under *Municipal Government Act, RSA 2000, c M-26* Section 297(2) for the creation of the Vacant Residential assessment sub-class
- 4.9.1.3 the approval of the bylaw as required under *Municipal Government Act, RSA 2000, c M-26* Section 297(2.1) for the creation of the Vacant Non-Residential assessment sub-class

4.9.2 **Assessor**

The Assessor is responsible for:

- 4.9.2.1 the annual determination of which properties will be assigned the assessment class for Vacant Residential and Vacant Non-Residential properties. Discretion resides with the Assessor to review, inspect, and determine which vacant lands meet the criteria as outlined in this policy, and to assess those properties accordingly.

4.10 **Applicable Properties**

The properties that meet the following criteria will be assigned the assessment subclasses – Vacant Residential and Vacant Non-Residential – as established by Bylaw No. 822-FN-23:

4.10.1 **Vacant Status:** Properties must be vacant as determined by the Assessor:

4.10.1.1 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;

4.10.1.2 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 complaint process.

4.10.2 **Land Use Classification:** Properties must have one of the following land use classifications (zonings):

RE – Residential Estate District
 R1A – Residential (Single Detached) District
 R1B – Residential (Single Detached – Small Lot) District
 R2 – Residential (Duplex) District
 R3 – Medium Density Residential District
 R4 – High Density Residential District
 RMX –Residential Mixed-Use District
 C1 – Central Commercial District
 C2 – Arterial Commercial District
 LC – Lakeshore Commercial District
 BI – Business Industrial District
 GI – General Industrial District

4.10.3 **Remained Vacant Status:** Properties must have remained vacant as described by either of the following circumstances:

4.10.3.1 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
2024	December 31, 2023	2016 or earlier
2025	December 31, 2024	2017 or earlier
2026	December 31, 2025	2018 or earlier
2027	December 31, 2026	2019 or earlier

Example 1: A vacant R1-zoned lot remains vacant as of December 31, 2023 as confirmed by the Assessor. If its year of subdivision is 2016 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 2024 tax year and all subsequent tax years until such time as the lot begins development.

Example 2: A vacant R1-zoned lot remains vacant as of December 31, 2023 as confirmed by the Assessor. Its year of subdivision is 2017. It has chronologically remained vacant for six years. Therefore, it is not subject to the “Vacant Lands Tax Rate” until the 2025 tax year.

- 4.10.3.2 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 3: 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.

- 4.10.4 **Fully Serviced and Developable:** Properties must be considered to be fully serviced and developable. In situations where servicing and/or developability are in question, discretion is given to the Chief Administrative Officer or designate as to whether this criterion is satisfied.

4.11 **Excluded Properties**

Properties exhibiting any of the criteria below are intended to be excluded from the assessment subclasses – Vacant Residential and Vacant Non-Residential – as established by Bylaw No. 822-FN-23:

- 4.11.1 Properties whereby the property owner holds title to an adjacent improved property, and whereby the vacant lot in question has been integrated into the enjoyment and/or use of the primary improved property. Typically, these properties are landscaped, treed, and fenced and are contiguous with the adjacent lot where the primary residence or business is located.

- 4.11.2 Properties that are classified by the Assessor as “class 3 - farm land” as per *Municipal Government Act, RSA 2000, c M-26* Section 297(c).

- 4.11.3 Properties that have the following land use:

- 4.11.3.1 P1 – Parks District
- 4.11.3.2 P2 – Community Services District
- 4.11.3.3 P3 – Utility District
- 4.11.3.4 FD – Future Development District

4.12 **Municipal Vacant Residential and Vacant Non-Residential Tax Rate**

- 4.12.1 The Vacant Lands Tax Rate, and all other tax rates, for general municipal purposes shall be set by City Council annually taking into consideration Policy No. 226-FN-22, Tax Rate Principles Policy.

4.13 **Reversion from Vacant Residential and Vacant Non-Residential Tax Rate**

- 4.13.1 A property which has been assigned the assessment class Vacant Residential or Vacant Non-Residential will revert back to the assessment class Residential or Non-Residential (as applicable) under the following scenario:

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

- 4.13.2 For clarity, a property which is assigned the assessment class Vacant Residential or Vacant Non-Residential will not revert back to the regular municipal tax rate under the following scenarios:

- 4.13.2.1 The property owner has been issued a development permit by the City in respect of the property on or before December 31st of the assessment year in question.
- 4.13.2.2 The property owner has been issued a building permit by the City 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 most likely imminent.
- 4.13.2.3 The property is sold and title is transferred to a new owner. Change in ownership does not affect the vacant status provisions.
- 4.13.2.4 The property is subdivided, consolidated, amended, or legally altered in a manner that at the discretion of the CAO or designate, has not materially changed the nature of the property, nor the vacant status of the lot.

Example 4: 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 5: An existing R1 lot has remained vacant for ten years. The property owner then subdivides the existing 1,000m² 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.

4.14 Tax Rebate Program(s)

4.14.1 Council may establish one or more tax rebate program(s) to incentivize property owners of Vacant Residential or Vacant Non-Residential properties (as established by Bylaw No. 822-FN-23) to sell and/or develop their properties.

4.14.2 For clarity, a property which is assigned the assessment class Vacant Residential or Vacant Non-Residential will not revert back to the assessment class Residential or Non-Residential (as applicable) by virtue of the fact that that property qualifies for a tax rebate.

5.0 References

6.0 Persons Affected

7.0 Revision/Review History

Feb. 26, 2024

Date

Feb. 28, 2024

Date

Chief Administrative Officer



Mayor