

Derelict Residential and Non-Residential Properties

**Community and Public Services Committee -
October 25/28, 2022**

Item 7.5

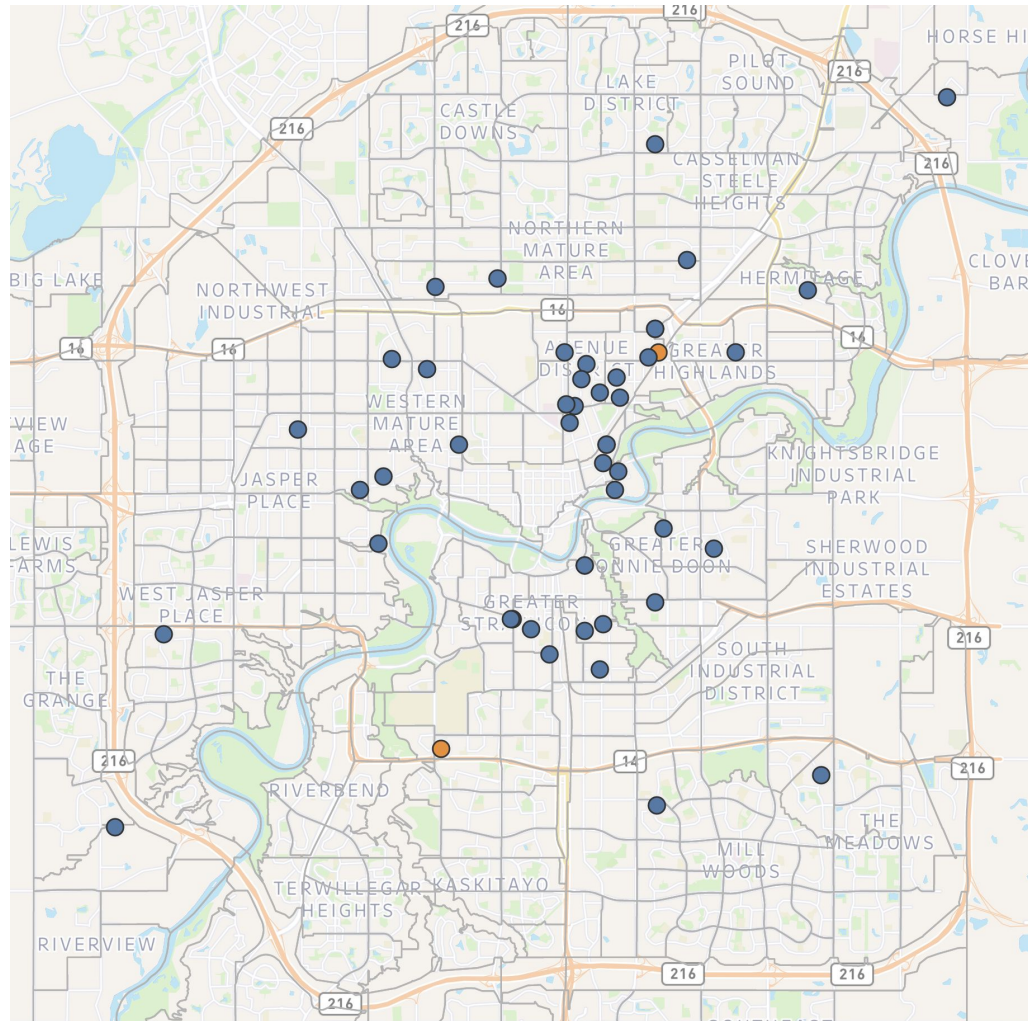
Report Purpose

- Committee seeking options to address derelict properties through tax subclassing
- Consider how an off-setting grant program could incentivize redevelopment
- Propose an approach for increasing demolitions, including through tax forfeiture

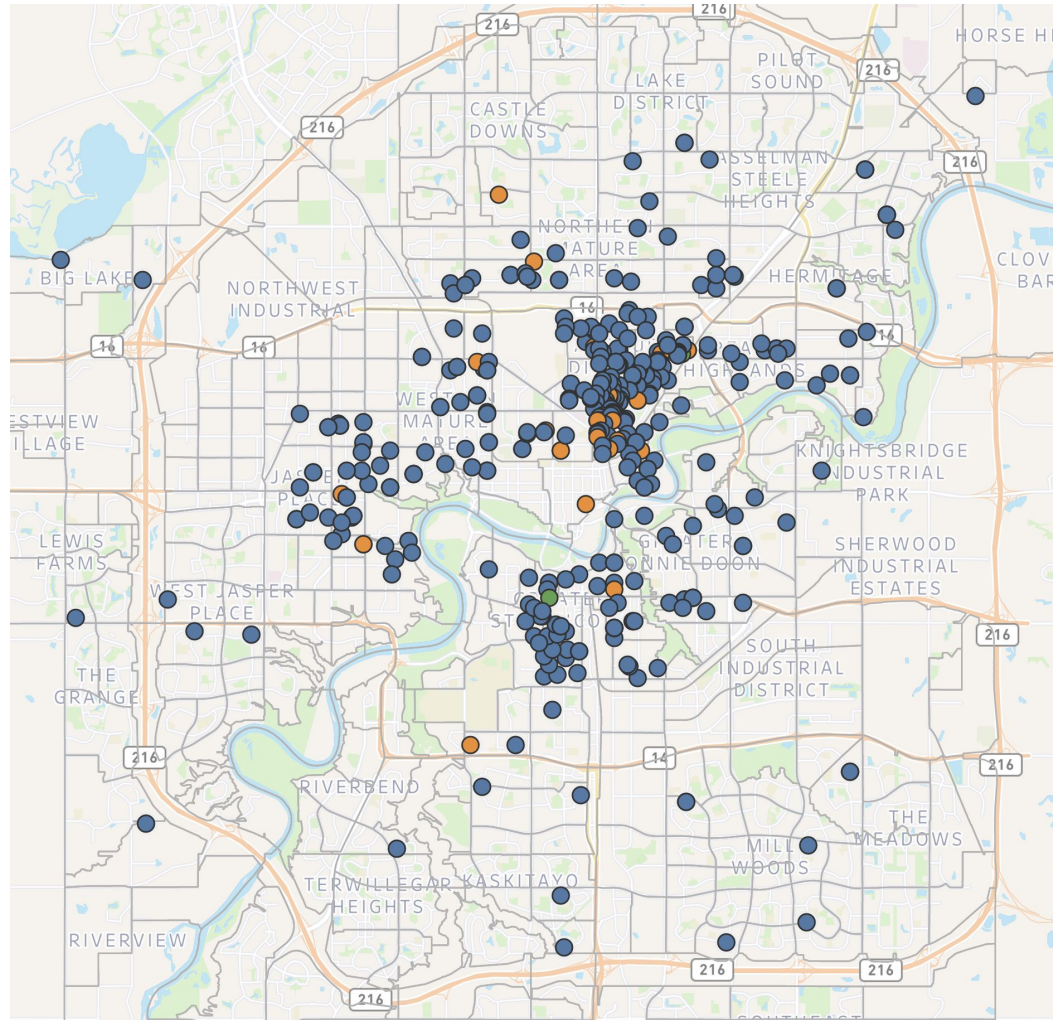
Residential Derelict Subclasses

- **Narrow** option based on AHS orders deeming properties unfit for habitation.
 - ◆ Will capture few properties, and some may not appear derelict
 - ◆ Requires 1 FTE
- **Broad** option based on state of physical disrepair
 - ◆ Will capture more properties, including some that may be in the process of redevelopment
 - ◆ Requires up to 4 FTEs
- Could be taxed at the non-residential rate (about 3x higher)

Properties Identified by Assessment and Taxation under the Broad Definition



Properties
Identified Using
Additional Data
Sources
(may or may
not meet the
the broad
definition)



Condition Date and Subclass Limitations

- The MGA requires that all properties are assessed based on their condition **as of December 31**
 - ◆ This includes the application of any subclasses
- The class and/or subclass determine the tax rate for the year
- For example:
 - ◆ A property identified as derelict in January is charged the residential rate until the following year
 - ◆ A derelict property that is improved or demolished in March is charged the derelict rate for the entire year

Non-Residential Derelict Subclass

- City Charter requires that a non-residential property is unoccupied for one year
- No straightforward way to verify unoccupancy
- Legislation limits how the tax rate could be set to no more than five times the lowest residential rate
- Currently the Taxation Assessment Collections System is not able administer a higher tax rate than the general non-residential tax rate.

Grant Program

- A derelict subclass must be applied for a full year, based on the condition as of December 31.
- Program could grant back additional taxes paid after property is redeveloped.
- For example:
 - ◆ Derelict subclass applied in January, increasing taxes all year
 - ◆ Property redeveloped in June
 - ◆ Grant refunds additional taxes from July - December



Increasing Demolitions

- Few derelict properties become available through the tax forfeiture process
- Community Property Safety Team (CPST) pilot began in April 2022:
 - ◆ 8 properties demolished by owners
 - ◆ 2 properties renovated and legally occupied
 - ◆ 29 properties secured
- New committee, new process to streamline demolitions

Questions?