

### Density Subclassing Scenarios

This document presents illustrative scenarios of how the two proposed approaches to density-based subclassing could be applied in practice, and the resulting impacts. If Council wishes to proceed with an approach to density subclassing, decisions regarding the number of subclasses to be created, the thresholds that would define each subclass, and tax rate differentials would be brought forward in a subsequent report along with the results from broader public engagement and more robust analysis.

In both scenarios presented here, residential properties are divided into a “High Density Residential” subclass and a “General Residential” subclass, and the tax rate for High Density Residential is set 10 per cent lower than the rate for General Residential. Residential properties with no dwellings that may be considered accessories to another property, such as separately titled parking stalls or accessory structures in a condominium development, are considered to fall into the same subclass as the associated dwelling.

The tables included at the end of this attachment demonstrate the shares of dwellings, residential assessment and residential property taxes that result from the two subclassing options. Edmonton’s current subclassing structure (i.e. the Other Residential subclass with a 15 per cent higher rate) is presented for comparison, along with a scenario that includes no subclassing (i.e. a single residential tax rate).

While information on the number of dwelling units is available for most residential properties, this information is generally not used in the assessment process other than to apply the Other Residential subclass. This means that Edmonton’s data on dwelling units is not updated or reviewed regularly for many properties, and is assumed or unavailable for others. This analysis should be viewed as broadly indicative of the potential impacts of the scenarios presented, but with limited precision and substantial uncertainty. If Council wishes to pursue one of these approaches, Administration will enhance and confirm this data, and will provide more substantive analysis to support the next steps in establishing a new subclass structure.

### Dwelling Count Approach Scenario

In this scenario the High Density Residential subclass is defined as properties with four or more dwelling units on a unit of land (titled lot, condominium parcel, or bareland condominium unit). For example, this subclass would include nearly all apartment buildings, condominium buildings, collective dwellings, and most row houses and townhouses. The General Residential subclass comprises all other residential properties, which are mostly single detached houses, duplexes, and triplexes.

A High Density Residential subclass defined this way would capture 45.8 per cent of the dwelling units in the City and 23.9 per cent of the total residential assessment, which would account for 22 per cent of the total residential property tax.

### Dwelling Density Ratio Scenario

In this scenario a high density subclass is defined as all residential properties with a dwelling density ratio greater than 50, which equates to 1 dwelling unit per 0.02 hectares (200 m<sup>2</sup>) of land. This would include nearly all apartment and condominium buildings in the city, but would not include most row houses and town houses. The General Residential subclass comprises all other residential properties.

A High Density Residential subclass defined in this way would capture 37.8 per cent of the dwelling units in the City and 18.5 of the total residential assessment, which would account for 17 per cent of the total residential property tax.

### Observations

- In the current subclassing structure, one subclass (Residential) is significantly larger than the other (Other Residential). In both density-based scenarios, the two subclasses are closer in size, particularly in terms of the share of dwelling units each captures.
- This Dwelling Density Ratio Scenario places most row houses and townhouses in the General Residential subclass, along with a small number of low rise apartment and condominium buildings. The Dwelling Count Scenario places nearly all of these properties in the High Density subclass.
- While both density-based scenarios would increase the share of taxes for most detached houses, duplexes and triplexes, the more significant impact to these properties is from the elimination of the Other Residential subclass.

## Share of Dwelling Units by Property Type and Subclass

Property Type	Current Subclassing Structure		Single Rate Scenario	Dwelling Count Scenario		Dwelling Density Ratio Scenario	
	Residential	Other Residential	No subclassing	General Residential	High Density	General Residential	High Density
Single detached, duplexes, triplexes	56.9%	0.4%	57.3%	53.9%	3.4%	52.6%	4.5%
Row houses, town houses	6.5%	2.1%	8.6%	0.2%	8.4%	6.7%	1.9%
Low rise apartments	0.0%	12.0%	12.0%	0.0%	12.0%	0.1%	12.0%
Low rise condos	10.2%	0.0%	10.2%	0.0%	10.2%	0.3%	10.0%
Highrise apartments	0.0%	3.8%	3.8%	0.0%	3.8%	0.0%	3.8%
Highrise condos	3.4%	0.0%	3.4%	0.0%	3.4%	0.0%	3.2%
Collective dwellings and co-ops	0.4%	1.8%	2.2%	0.0%	2.2%	0.3%	1.9%
Other*	2.4%	0.2%	2.6%	0.1%	2.5%	2.0%	0.6%
<b>Subtotal</b>	<b>79.7%</b>	<b>20.3%</b>	<b>100.0%</b>	<b>54.2%</b>	<b>45.8%</b>	<b>62.2%</b>	<b>37.8%</b>
<b>Total</b>	<b>100.0%</b>		<b>100.0%</b>	<b>100.0%</b>		<b>100.0%</b>	

\*Includes parking stalls, accessory structures and common areas in condominium developments; parking lots for multi-residential properties; carriage home and residential bare land condominiums; residences on commercial properties; derelict residential buildings; residential land; farm-associated residential properties; religious residences; and mobile home parks that are not co-ops.

## Share of Residential Assessment by Property Type and Subclass

Property Type	Current Subclassing Structure		Single Rate Scenario	Dwelling Count Scenario		Dwelling Density Ratio Scenario	
	Residential	Other Residential	No subclassing	General Residential	High Density	General Residential	High Density
Single detached, duplexes, triplexes	73.9%	0.3%	74.2%	73.2%	0.9%	73.0%	1.4%
Row houses, town houses	4.3%	0.8%	5.2%	0.3%	4.9%	3.8%	1.4%
Low rise apartments	0.0%	5.5%	5.5%	0.1%	5.4%	0.2%	5.4%
Low rise condos	4.8%	0.0%	4.8%	0.0%	4.8%	0.2%	4.7%
Highrise apartments	0.0%	2.8%	2.8%	0.2%	2.6%	0.2%	2.5%
Highrise condos	2.4%	0.0%	2.4%	0.0%	2.4%	0.0%	2.1%
Collective dwellings and co-ops	0.2%	0.8%	1.0%	0.4%	0.6%	0.6%	0.4%
Other*	3.4%	0.7%	4.1%	1.9%	2.2%	3.6%	0.6%
<b>Subtotal</b>	<b>89.1%</b>	<b>10.9%</b>	<b>100.0%</b>	<b>76.1%</b>	<b>23.9%</b>	<b>81.5%</b>	<b>18.5%</b>
<b>Total</b>	<b>100.0%</b>		<b>100.0%</b>	<b>100.0%</b>		<b>100.0%</b>	

\*Includes parking stalls, accessory structures and common areas in condominium developments; parking lots for multi-residential properties; carriage home and residential bare land condominiums; residences on commercial properties; derelict residential buildings; residential land; farm-associated residential properties; religious residences; and mobile home parks that are not co-ops.

## Share of Residential Property Tax by Property Type and Subclass

Property Type	Current Subclassing Structure		Single Rate Scenario	Dwelling Count Scenario		Dwelling Density Ratio Scenario	
	Residential	Other Residential	No subclassing	General Residential	High Density	General Residential	High Density
Single detached, duplexes, triplexes	72.7%	0.3%	74.2%	75.0%	0.8%	74.4%	1.2%
Row houses, town houses	4.3%	0.9%	5.2%	0.3%	4.5%	3.9%	1.3%
Low rise apartments	0.0%	6.2%	5.5%	0.1%	5.0%	0.2%	4.9%
Low rise condos	4.8%	0.0%	4.8%	0.0%	4.5%	0.2%	4.3%
Highrise apartments	0.0%	3.2%	2.8%	0.2%	2.4%	0.2%	2.3%
Highrise condos	2.3%	0.0%	2.4%	0.0%	2.2%	0.0%	2.0%
Collective dwellings and co-ops	0.2%	0.9%	1.0%	0.4%	0.6%	0.6%	0.4%
Other*	3.4%	0.8%	4.1%	2.0%	2.1%	3.6%	0.5%
<b>Subtotal</b>	<b>87.7%</b>	<b>12.3%</b>	<b>100.0%</b>	<b>78.0%</b>	<b>22.0%</b>	<b>83.0%</b>	<b>17.0%</b>
<b>Total</b>	<b>100.0%</b>		<b>100.0%</b>	<b>100.0%</b>		<b>100.0%</b>	

\*Includes parking stalls, accessory structures and common areas in condominium developments; parking lots for multi-residential properties; carriage home and residential bare land condominiums; residences on commercial properties; derelict residential buildings; residential land; farm-associated residential properties; religious residences; and mobile home parks that are not co-ops.