

## BYLAW 20580

### Residential Assessment and Supplementary Assessment Subclass Bylaw - Amendment No. 1 to Bylaw 19519

#### Recommendation

That Bylaw 20580 be given the appropriate readings.

#### Purpose

To establish a new assessment and tax subclass for derelict residential property within mature neighbourhoods.

#### Readings

Bylaw 20580 is ready for three readings.

A majority vote of City Council on all three readings is required for passage.

If Council wishes to give three readings during a single meeting, then prior to moving third reading, Council must unanimously agree "That Bylaw 20580 be considered for third reading."

## REPORT

Following discussion at the October 25, 2022, Community and Public Services Committee (Financial and Corporate Services report FCS01244 Derelict Residential and Non-Residential Properties - Grant Program and Draft Policy), Council funded a service package to develop a derelict residential subclass within a defined area as part of the 2023-2026 Operating budget.

On March 20, 2023, Administration presented Financial and Corporate Services report FCS01565 New Program with Bylaw Adjustments - Development of a Derelict Residential Subclass, which included a draft definition of a Mature Area Derelict Residential subclass. Based on the discussions at Community and Public Services Committee, Administration is proposing a definition of the subclass that is slightly modified from the version presented in March. The definition has been modified to confirm that properties abandoned while in the process of construction or demolition fall within the subclass. Establishing the subclass requires an

## **BYLAW 20580 - Residential Assessment and Supplementary Assessment Subclass Bylaw - Amendment No. 1 to Bylaw 19519**

amendment to Bylaw 19519 - Residential Assessment and Supplementary Assessment Subclass Bylaw.

The definition proposed for the subclass is as follows:

“Mature Area Derelict Residential” means a subclass of property classified as Class 1 - residential, as set out in section 297 of the Act [*Municipal Government Act*], which is a property that:

- i) Falls within the geographic area that is displayed in colour on Schedule “A”; and
- ii) Contains a fully or partially constructed improvement, designed to have a residential living area, where the improvement shows serious signs of neglect, is dilapidated, falling into significant disrepair, or is uninhabitable, including but not limited to improvements:
  - A) That are deserted, or abandoned;
  - B) Which are partially or fully boarded up or secured;
  - C) Which have been issued an order indicating the property is unfit for habitation;
  - D) Which were abandoned while in the process of being constructed without construction being complete; or
  - E) Which were abandoned while in the process of demolition without demolition being complete.

The geographic area proposed for the subclass is the same as the area currently known as the Mature Neighbourhoods Overlay, with some slight modifications for consistency and to ensure the area can be defined unambiguously to a legally defensible standard. For example, the Mature Neighbourhood Overlay excludes Downtown and half of the Athlone neighbourhood. Both of these areas are included in the proposed subclass map. Similarly, River Valley neighbourhoods were added to the derelict subclass map to more clearly demarcate the boundaries of the mature area. Beyond Downtown and Athlone, these additional areas are largely industrial and including them impacts a small number of residential properties.

Assessors have completed visual inspections of all residential properties within the proposed area, and, as of August 31, 2023, 274 properties have been identified as derelict, including 29 properties currently in the Other Residential (multifamily) subclass. Assessors are continuing to review this initial list and will conduct a secondary inspection of all candidate properties in December 2023 if the bylaw is passed.

Any properties found to be derelict as of December 31, 2023 will be formally notified they fall within the subclass when property owners receive their assessment notice in January; a letter will be included with their notice to explain the subclass and potential tax implications. If the bylaw is passed, the City will begin communications in fall 2023 to raise awareness of the subclass among derelict owners and the general public. This will include a letter sent in October to the owners of properties identified as potentially derelict, though there is not significant lead time before sending these letters before assessments are distributed in January.

Properties that fall within this subclass will be determined based on their physical condition as of December 31. Assessment values and associated assessment classes issued in a given taxation

## **BYLAW 20580 - Residential Assessment and Supplementary Assessment Subclass Bylaw - Amendment No. 1 to Bylaw 19519**

year are legislatively required to be based on the market value and condition from the previous year. This means that properties that are remediated during 2024 will continue to be taxed within the derelict subclass until the end of the 2024 taxation year.

### **Community Insight**

More than 50 internal and external stakeholders were engaged in the development of the Problem Properties Initiative, which has been the primary driver for a potential tax subclass for derelict properties. Some community members expressed concern that increased taxes may be insufficient to address the issue, though these engagements focused on the broader problem properties issue and were not specific to derelict properties.

Several community members also spoke to the April 11, 2022 Community Services report CS00896 Problem Properties Initiative Update. The feedback gathered was clear that the City should consider all available tools and utilize a coordinated, multifaceted approach to address these properties.

### **Budget/Financial Implications**

Derelict properties are a subset of problem properties, which also increase costs for the City. A case study of problem properties conducted over four years from 2017 to 2020<sup>1</sup> reviewed the costs associated with problem properties, and a subset of nine properties within the study included those that were vacant or derelict. Over the four years, these nine properties incurred an estimated \$109,711 in costs for bylaw inspections and enforcement, fire inspections and suppression, safety codes and development compliance inspections, and police inspections and responses.

The 274 properties identified as potentially derelict were levied \$699,151.92 in municipal taxes in 2023. If the subclass were in place in 2023 and consisted of these properties, the combined municipal taxes would have been \$1,664,184.68. The taxes for these properties combined would have increased by \$965,032.76.

### **Legal Implications**

Section 297 of the *Municipal Government Act* allows municipalities to establish residential subclasses on any basis it considers appropriate. Bylaw 20580 establishes a new residential subclass that is defined by both geographic area and physical condition of the property which is consistent with Section 297. Each different tax class allows a different tax rate to be set for that class of property. Classifications may be appealed to the Assessment Review Board.

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<sup>1</sup> April 11, 2022 Community and Public Services Committee report CS00896, Problem Properties Initiative Update.

## **BYLAW 20580 - Residential Assessment and Supplementary Assessment Subclass Bylaw - Amendment No. 1 to Bylaw 19519**

### **Attachments**

1. Bylaw 20580 - Residential Assessment and Supplementary Assessment Subclass Bylaw - Amendment No. 1 to Bylaw 19519
2. Bylaw 19519 - Residential Assessment and Supplementary Assessment Subclass Bylaw (Redline version)

### **Others Reviewing the Report**

- M. Plouffe, Chief People Officer and City Solicitor