



Financial and Corporate Services

Pending LRT Lines and City-wide Transit Routes - Assessment Growth Options

Edmonton

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Why this information is coming to Committee

MOTION - October 2020

That Administration report back to Committee on options, including but not limited to linear Community Revitalization Levies for capturing a portion of assessment growth along pending LRT lines and city-wide transit routes to cover a portion of their construction and operating costs based on catalyst effects and localised benefit.

Decision Point

- Does Council want Administration to track growth based on area to support future budget decisions?

Market Value vs. Assessment (Real) Growth

- Capturing growth is possible, but growth revenue is already accounted for within the budget
 - ◆ Serves as an accounting tool rather than a revenue generating tool
- Incentivizing growth within areas possible, but increasing aggregate City-wide growth over the long-term less certain
 - ◆ Growth primarily driven by market demand. Construction in one area absorbs demand making other projects less viable
 - ◆ Incentive tools may hasten timelines for projects, but oversupply can impact future year's growth

Tax Increment Financing (TIF)

- Diverts taxes from general revenue, requiring the rest of the tax base to make up for the diversion
- Similar outcomes achieved without TIF by allocating a portion of the City budget for projects instead
- Approach used in other jurisdictions often due to restrictions placed on their property tax system

Community Revitalization Levy (CRL)

- A form of TIF that must be approved by the province.
- Diverts all revenue above assessment baseline (including what would otherwise be collected for provincial education property tax).
- Effectively increases all Albertans' education property taxes since incremental CRL growth is not used to cover that portion of the province's requisition.
- Since 2014, province has declined to create new CRL areas.

Investment may promote construction in a specific area of the City but may result in less construction in other areas of the City.

Administration is able to report where growth takes place in the City but pre-allocating future growth revenue affects other budget prioritization processes.

Questions?

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Market Value vs. Assessment (Real) Growth

MARKET VALUE

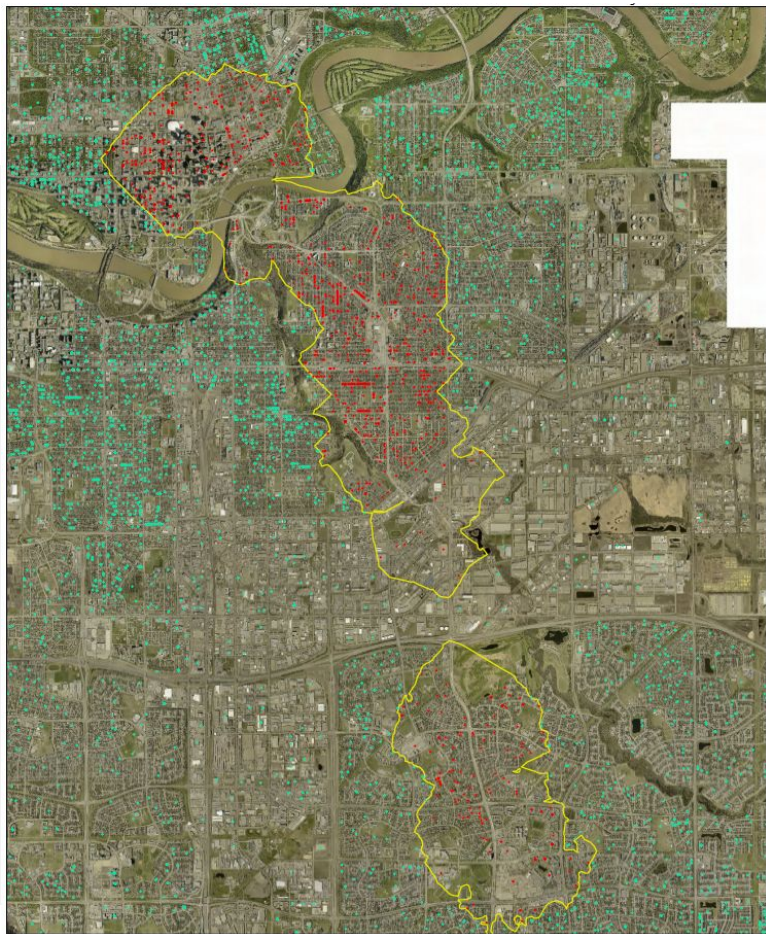
Market value changes from property supply and demand.

Market value increases do not affect City revenues.

REAL GROWTH

Real growth is the result of physical or legal property changes.

Real growth increases do affect City revenues.



Growth Around Valley Line Stations South of the River

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|------------------|---------|---------|---------|---------|---------|
| LRT Area Growth | \$0.3M | \$0 | \$1.0M | \$1.0M | \$0 |
| Citywide Growth | \$32.3M | \$30.7M | \$27.6M | \$31.3M | \$43.4M |
| Percent of Total | 1.0% | 0% | 3.5% | 3.2% | 0% |