

The Corporation of the City of Kawartha Lakes

Council Report

Report Number CORP2018-002

Date: February 13, 2018

Time: 2:00 p.m.

Place: Council Chambers

Ward Community Identifier: all

Subject: Property Tax Treatment of Vacant Residential Land

Author Name and Title: Jennifer Stover, Director of Corporate Services

Recommendation(s):

That Report CORP2018-002, Property Tax Treatment of Vacant Residential Land, be received;

That the Ministry of Finance be notified of the City's interest in encouraging the development of vacant residential land that has been draft plan approved through a higher tax rate;

That upon approval by the Ministry, staff report back to Council with the program specifics and consultation plan.

Department Head:_____

Financial/Legal/HR/Other:_____

Chief Administrative Officer:_____

Background:

In 2017, the Province released the Ontario Fair Housing Plan which introduced a number of measures to address affordable housing, housing supply, and bring stability to the real estate market.

One of the outcomes of this plan, aimed at increasing housing supply, is the opportunity for municipalities to levy a higher property tax rate on vacant land that has been approved for residential development.

Interested municipalities are required to notify the Minister of Finance by way of Council resolution along with the details of their proposed approach, and plan for consulting with the development industry, by March 1, 2018.

Rationale:

Residential land is taxed at the same rate, regardless of whether a dwelling unit exists or the property is vacant. The assessed value of land however changes as the land transitions from being an active farm, to a land awaiting development, and finally to a residential lot in a subdivision. Vacant land will be assessed at a lower value per acre than a subdivided parcel, and as a result will pay less taxes.

The City has made significant infrastructure investments to support the development of vacant land, most notably with the construction of the Northwest trunk sanitary sewer in 2015. While this +/- \$20M investment is expected to provide servicing for approximately 6,200 residential units, with an estimated population growth of 14,250 persons (Source: CKL Municipal Act Capital Charge Study: Northwest Sanitary Sewer Development Area, 2015), limited development has occurred within this catchment area to date.

The objective of imposing a higher tax levy on vacant residential land with planning approvals will be to encourage development, or to encourage landowners to forego their approvals. In the latter situation, servicing allocation will be redistributed to landowners who are ready to proceed with development. Either option will have the effect of increasing housing supply. Currently, there are approximately 1,875 residential units with development approvals and servicing allocation within Lindsay, Bobcaygeon and Fenelon Falls.

Subject to Council's endorsement of this initiative, Staff will continue to assess the inventory of vacant residential land to determine the appropriate criteria for applying the higher tax levy. All affected landowners will be notified and consulted to determine a fair and reasonable approach for taxation. In addition, a fulsome plan will be developed to document the process for administering the

program including the criteria for applicability, a registry of land, timing for the increase, and the process for notifying MPAC.

Other Alternatives Considered:

Status quo is an option. This would not encourage landowners to develop, nor would it provide the City with additional tax revenue.

Financial/Operation Impacts:

The primary reason for proceeding with this initiative is to incent landowners to develop vacant residential lands where planning approvals are in place. Where lands are not developed, the City would realize an increase in property tax revenue.

Relationship of Recommendation(s) To The 2016-2019 Strategic Plan:

The recommendations within this report directly align with one of the Goals, namely:

- Goal 1 – A Vibrant and Growing Economy

Consultations:

Manager of Planning
Ministry of Finance

Attachments:

Letter from the Ministry of Finance dated December 22, 2017



Attachment A to
Report CORP2018-00

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Department Head: Jennifer Stover