



RPT 2024-279

TITLE: Vacant Land Tax Inquiry – 1210 and 1240 6th Ave NE

DATE: September 6, 2024

TO: Executive Committee

PUBLIC: X

INCAMERA:

RECOMMENDATION:

That RPT 2024-279 be received as information and filed.

EXECUTIVE SUMMARY:

The owner of 1210 and 1240 6th St NE submitted a letter to City Council, CORR 2024-32, regarding the vacant land tax that was levied on his property. In reviewing the property, it was identified that it is comprised of multiple lots that are not consolidated or tied. Because of this, the lots that do not have any buildings on them are classified as “vacant” and the vacant land tax is automatically applied. This is not uncommon, and Administration has worked with several residents, consolidating or tying their lots together so that they are taxed appropriately. In this case, a parcel tie application has been submitted and is expected to be completed shortly, which will remove the vacant land tax for this property.

PROPOSED APPROACH AND RATIONALE:

The application of the vacant land tax (a taxation sub-class to the residential land classification) is not as straightforward as it seems because a considerable number of residential lots in Prince Albert are not legally connected, meaning someone’s property may be made up of multiple individual lots that are not tied or consolidated.

From an Assessment perspective, residential land (not including multi-unit residential) is classified as improved (there is some sort of building or structure on the land) or unimproved. Unimproved or *vacant residential land* is what is taxed the additional \$800. In the example noted above, a person may own three lots. On two of the lots are the house and garage and the third lot is their side yard. If the lots are not legally connected, again through consolidation or a parcel tie, that lot forming their side yard is considered an unimproved or *vacant residential lot* and is taxed accordingly. Context is not necessarily something that is recorded by Assessment, it isn’t feasible, so even though the homeowner may see their property as one parcel, they may own three.

This is not uncommon. The legal configuration of residential land in the city varies depending on when it was originally subdivided or if modern construction has taken place. The rules governing

how land can be used and built upon have changed over time and we no longer allow for construction to occur over a property line unless the land is legally connected, consolidated or tied. This was not the case in the past and Administration has worked with several people, at least a half dozen so far, who have older properties that are made up of multiple lots that are not legally connected and have been charged the vacant land tax when they are not actually “vacant”.

The most realistic solution is to tie the homeowner’s lots, which is a relatively simple and inexpensive process, costing approximately \$300. If someone were to consolidate their lots into a single parcel, other things need to be considered; the cost to amend the titles of the properties charged by ISC can be expensive (it is a charge based on the value of the land and can run in the thousands of dollars), the cost to hire a lawyer that may assist in managing this process (which we recommend because it is a complicated process) and the possible cost to terminate any existing City services that haven’t and won’t be used (costing thousands, maybe tens of thousands of dollars). When this issue is presented to Community Development, both options are discussed, the pros and cons of both, and the homeowner is given the choice of how they wish to proceed. Note that consolidation is a good option when the homeowner is considering future development or is going to be financing or refinancing their property – they’d be paying these added fees regardless.

In the case of the owner of 1210 and 1240 6th Ave NE, they own several lots and the ones that do not have any structures on them have been taxed (The fact that there are multiple addresses for the property adds to the issue, also not uncommon). Because his property functions as one, not multiple, the lots will be tied so that they are legally considered one property, thus eliminating the vacant land tax. In addition to the low cost and simplicity of parcel ties, the added benefit in this case is that, in the future, if the sale and development of a portion of the land is feasible/possible, the tie can be removed (entirely or partially) and development may occur.

Administration expects that this will continue to come up over time and we are prepared to help whoever requires it when it does.

BUDGET/FINANCIAL IMPLICATIONS:

The goal of the vacant land tax is to incentivize the development of standalone vacant land that can be built on. However, in some cases people have no desire to sell portions of their primary property for development and should not be taxed. And, some people may own residential land that, due to other restrictions, cannot be built upon and shouldn’t be paying the vacant land tax either.

PUBLIC NOTICE:

Public Notice pursuant to the Public Notice Bylaw No. 24 of 2015 is not required.

ATTACHMENTS:

1. Location Plan with Aerial - 1210 1240 6th Street NE
2. CORR 2024-32

Written by: Kristina Karpluk, Planning Manager

Approved by: Planning and Development Manager, Director of Community Development, Director of Financial Services Director and City Manager