

Edmonton Coalition on Housing and Homelessness: Recommendations for Municipal Government Act revisions

Introduction

Municipalities wanting to take actions that will result in more affordable housing may encounter difficulties when provincial legislation does not support the actions they take; or they may use the absence of provincial legislation as a reason not to act.

A major review of the Municipal Government Act is now underway in Alberta. This is a good time for organizations and individuals concerned about housing security to raise ideas that would make a contribution to this goal.

ECOHH suggests calling for five revisions. No one of them alone is a “magic wand” to solve the crisis in the shortfall of affordable housing, but each adds a useful tool for municipalities.

1. Market value assessment and non-market housing

Recommendation: Revisions to enable municipalities to create more categories of residential property for assessment, so they could set lower property tax rates for non-market housing.

Discussion: The Municipal Government Act (MGA) requires property taxes to be assessed at market values, determined by standard methods. The City of Edmonton uses two categories of residential property (low density residential and multi-unit residential), and recognizes one class of market values for all residential assessment in that category. Such mass appraisal values individual properties by a process that:

- groups comparable properties
- identifies common property attributes for the properties in each group
- calibrates a uniform valuation model for each group using market information incorporating the property attributes.

With this approach **non-market housing is assessed and taxed the same as market housing.**

Each year some non-profits have appealed their tax assessment. The main argument put forward is that they are providing affordable housing targeted to lower income households, and there are caps on the amount they can charge the residents (housing charges/rents). Non-profit housing is being classed with privately owned properties where revenues/rents are market driven. Private owners choose to rent housing units for whatever the market will bear, but non-profit housing operates for other social benefits.

Furthermore non-market housing is not seeking to increase property values so changing/increasing property valuations is not a consideration for it. Therefore it is not necessary for property assessments to be on the same basis as market housing.

2. Uniform market residential tax rates

Recommendation: Amend Section 297 of the MGA to prohibit municipalities from taxing multiple-unit residential properties at a higher mill rate than single family residential properties.

Discussion: The City of Edmonton taxes multi-unit residential properties of four units or more at a mill rate 15% higher than triplexes, duplexes or single family properties. Most affordable housing is multi-unit developments.

There are two key reasons to move to uniform market residential tax rates. The current practice discriminates against rental properties, which are much more likely to be multi-unit residential. The current practice encourages urban sprawl by favouring low density residential development over higher density residential in the property tax system.

This recommendation is not inconsistent with Recommendation 1. In that, ECOHH recommends revisions so municipalities can treat non-profit housing differently than for-profit/market housing; this recommendation recommends revisions so multi-unit developments are not treated differently from single/duplex/triplex properties, which would also be helpful to non-profits.

However, to provide an incentive for residential land to be developed, municipalities should continue to have the flexibility to tax vacant residential land at a higher mill rate. (The City of Edmonton currently taxes vacant residential properties at a rate 15% higher than triplexes, duplexes or single family properties.)

3. Expand property tax exemptions

Recommendation: Under COPTER in the MGA (Chap.M-26.1) Section 362(n) include special purpose non-market housing projects operated by non profit organizations and charities.

Discussion: Currently, this section only acknowledges and applies to housing for 'Seniors in a Lodge' to be exempt. This leaves out other kinds of special purpose non-market housing. But there is a continuum of non-market housing established by Municipal Affairs Housing Division that includes Transitional Housing, Permanent Supportive Housing, and Special Purpose housing. Much of this housing is owned and operated by private non-profit organizations and charities and serves a benevolent purpose that benefits the general public. The province provides no grants to cover the taxes charged to such housing. Such housing falls outside the purview of market based tax assessments, and should be exempt.

This recommendation could be met by amending definition 1 (1) (c): "General Public," so a housing project falls within benefiting the general public, and that a user of such property (renter) is considered a member of the general public, and not part of a membership or group; and in Section 7: Restrictions excluding rents for accommodation as a 'fee'.

4. Establish a non-market housing reserve

Recommendation: Add a 'Non-Market Housing Reserve' to the list of reserve lands required in Division 8 of the MGA.

Discussion: Reserves currently provided for in the Act are environmental, school, and municipal. While affordable housing is an *allowable* use in a municipal reserve, it does not have a stand-alone designation. Nor are municipal reserves *required* upon subdivision of land, in the way school and environmental reserves are.

Providing for non-market housing reserves upon subdivision of all new neighbourhoods will ensure that every new neighbourhood has at least some non-market housing.

5. Inclusionary zoning for affordable housing

Recommendation: Revisions to allow for zoning for affordable housing to be included as a power under the zoning bylaw so municipalities have more tools to achieve affordable housing goals.

Discussion: Inclusionary housing policies exist in Montreal, Toronto, Vancouver, and Winnipeg. Forms of inclusionary zoning operate in over 200 US jurisdictions, as well as in Europe and Australia.

Inclusionary zoning can be used by local governments to either require or encourage developers of market housing to provide for a proportion of affordable housing as part of residential developments. In general, it requires new residential developments to include a certain percentage of affordable housing units as a condition of development approval. Inclusionary zoning is often combined with cost offsets or incentives developers receive in return for providing the affordable units. The most common incentives are density bonuses; others include relaxed development regulations, fast-track permitting, fees-in-lieu, or land dedications.

In 2007 Edmonton explored adopting an inclusionary affordable housing policy. It was estimated then that the proposed policy could produce approximately 400 units of affordable housing annually. The full policy was never adopted, but was changed to the current *Inclusionary Housing Program* under Cornerstones. Under this approach the City has an option to purchase five percent of the units at 85% of market value when a residential site is being zoned DC2. The housing so purchased is converted to affordable housing. This revision would enable much more to be done.

Taking action

At www.mgareview.alberta.ca/get-involved/ there is detailed information about the current review process. The process includes surveys for each of three major areas of review (planning, governance/administration, assessment & taxation) and more detailed workbooks that can be completed on line by individuals and organizations, using links at this website; as well as information about official submissions from organizations. The full current text of the MGA can also be found at this site.

ECOHH encourages members and all people concerned about seeing more affordable housing developed in Edmonton to provide input and in particular to recommend the five changes to the Act outlined above.

If more information about any of the issues would be helpful, contact Jim Gurnett at 780-218-6989 or jimgurnett@yahoo.ca.

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