

MUNICIPAL TOOLS AND PRESSURES ON LAND USE

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OVERVIEW

- Presentation based draft paper for the Alberta Land Institute by Conger, Dahlby, and McMillan:
 - *Municipal Revenue Generation in the Calgary and Edmonton Metropolitan Regions and Its Implications for Land Use*
- We explore the relationships between municipal finance and metropolitan land use patterns in the Calgary and Edmonton metropolitan areas.
- To better understand whether reliance on property taxes impacts municipal governments' land development decisions.

TOPICS

- Empirical results on the impact of local public finances on sprawl.*
- The growth and distribution of population, as well as location of residential, commercial, and industrial construction in the Calgary and Edmonton metropolitan regions.
- Trends in property taxation in the Calgary and Edmonton regions.

* McMillan (2016) “Municipal Revenue Generation and Metropolitan Land Use (Technical Paper)”

EMPIRICAL ANALYSIS OF REVENUE SOURCES AND SPRAWL

- McMillan's study combines public finance information from the Lincoln Land Institute's Fiscally Standardized Cities database with 83 US Metropolitan areas.
- Econometric results indicate that greater reliance on property taxation **reduces** sprawl.
- Econometric results indicate that Calgary and Edmonton's reliance on property taxes and user charges reduces sprawl in the Alberta metropolitan regions by 15 to 30 percent.
- Sprawl is predicted to increase by 8 percent in Calgary and 16 percent in Edmonton if these cities gain new tax powers under new city charters and they reduce their reliance on property taxes to the average of the 83 U.S. cities.

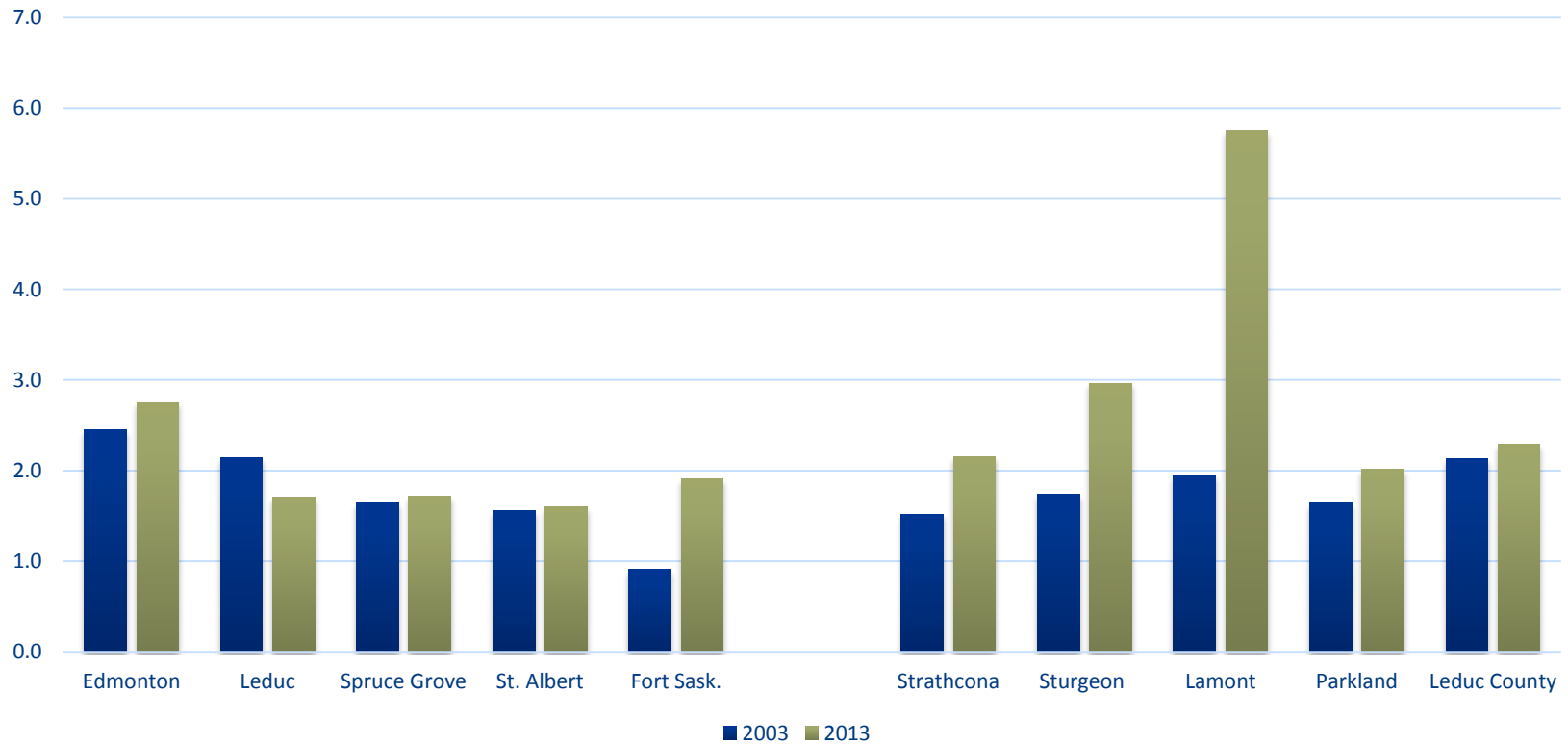
GROWTH AND DEVELOPMENT IN THE METROPOLITAN REGIONS

- While there has been some decentralization of the urban populations, Calgary accounted for 74 percent, and Edmonton 66 percent of the population growth in their respective metropolitan areas.
- There has not been a marked increase in the share of the population living in the rural areas surrounding Calgary and Edmonton, if Sherwood Park, Strathcona County's urban service area, is considered a peripheral urban municipality.
- With regard to both new commercial and new industrial development, the Edmonton Region has become more decentralized over the last three decades, with a significant increase in the shares of new commercial and industrial building permits in Leduc County and Strathcona County.
- Calgary has retained its dominant share of commercial and industrial development.

PROPERTY TAXATION

- Per capita revenues of some rural municipalities and the city of Fort Saskatchewan are significantly higher than in the urban municipalities because of machinery and equipment and linear property or commercial and industrial property in the case of Leduc County.
- Foothills and Rocky View in the Calgary region do not receive substantial amounts of non-residential property tax revenues.

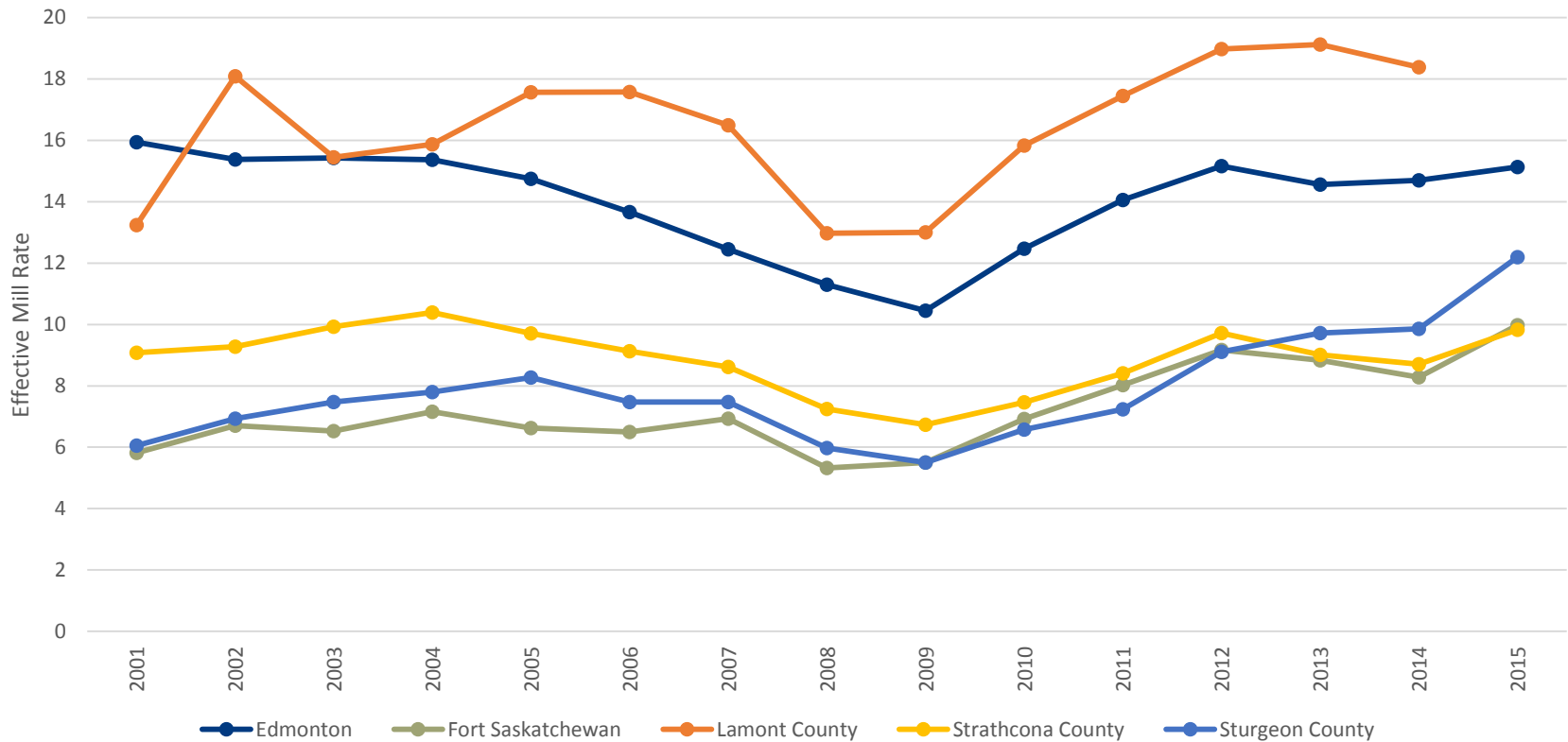
RATIO OF NON-RESIDENTIAL TO RESIDENTIAL MILL RATES



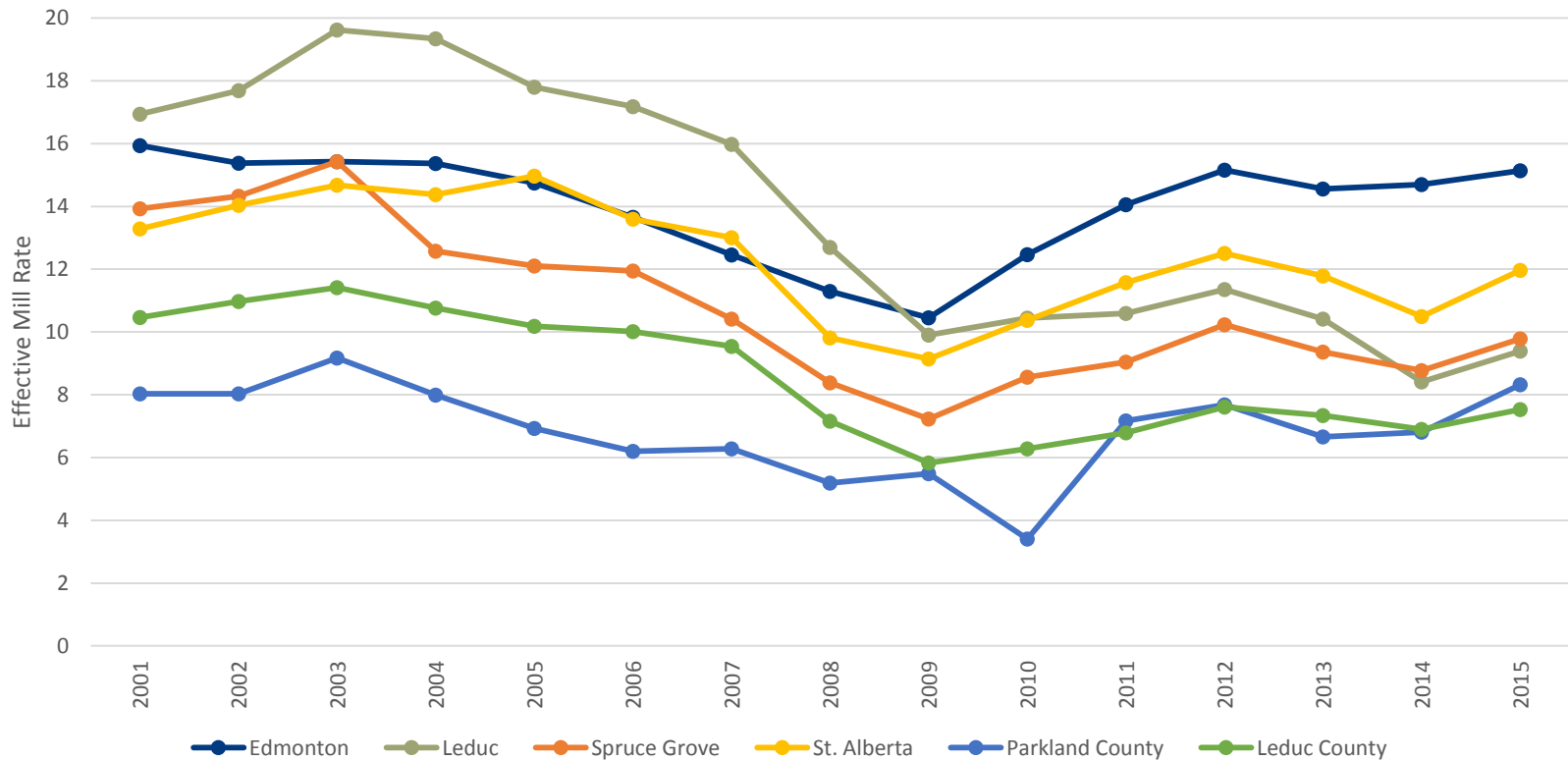
PROPERTY TAX REVENUES IN THE EDMONTON REGION IN 2014

- The median per capita property tax revenue in the 24 municipalities in the Edmonton Region in 2014 was \$1,052.
 - Lamont County collected \$3,379 per capita
 - Leduc County collected \$3,139 per capita
 - Strathcona County collected \$2,076 per capita.
 - The City of Edmonton collected \$1,409 per capita.

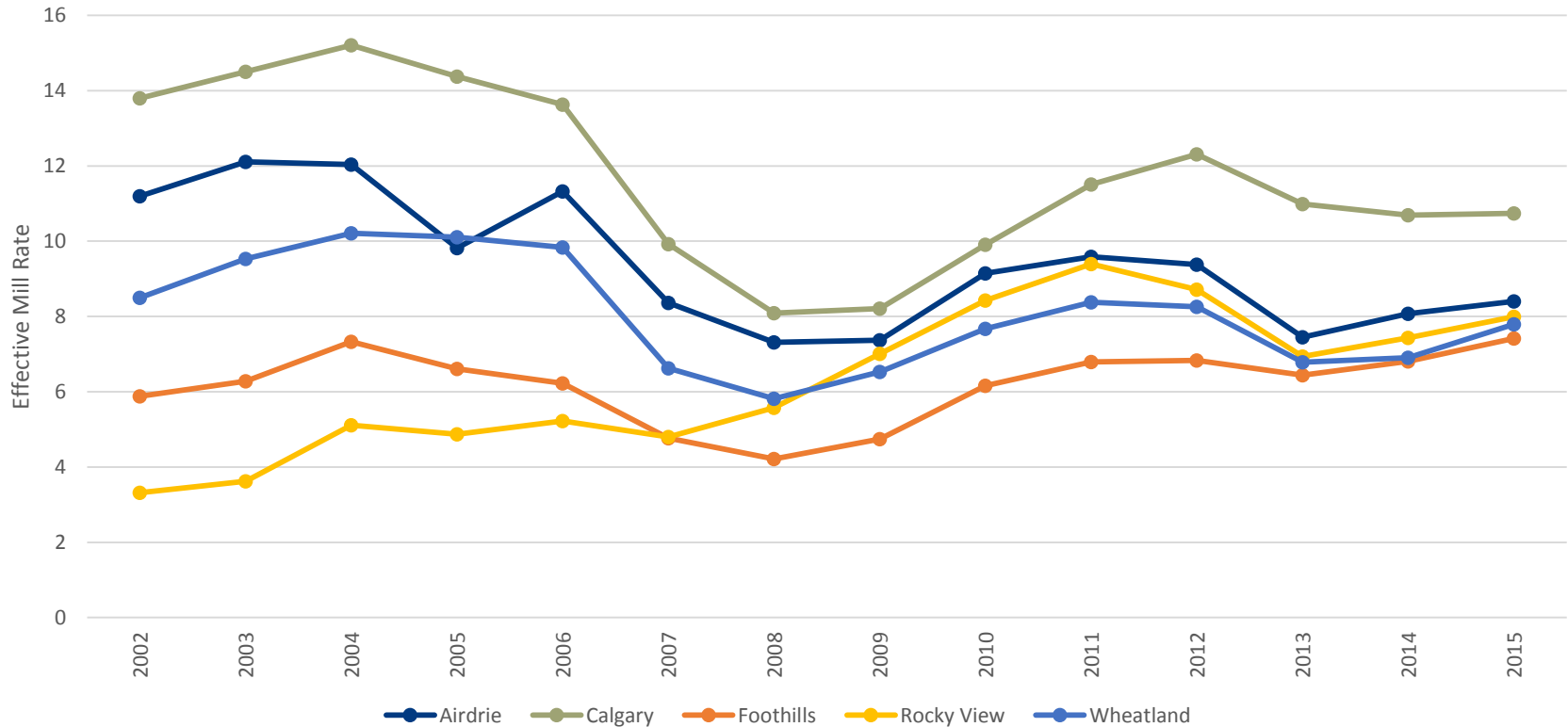
NON-RESIDENTIAL MILL RATES IN THE INDUSTRIAL HEARTLAND REGION



NON-RESIDENTIAL MILL RATES IN THE URBAN MUNICIPALITIES OF THE EDMONTON REGION INCLUDING LEDUC AND PARKLAND COUNTY



NON-RESIDENTIAL MILL RATES IN THE CALGARY REGION, 2002-2015



CONCLUSIONS

- Evidence from the United States indicates that greater reliance on property taxation and user charges by municipal governments **reduces** sprawl.
- The municipalities in the Industrial Heartland Region have relatively high non-residential tax rates and relatively low residential property tax.
 - Difficult to assess impact of the tax advantage on residential development because it may have been capitalized in the value of the land zoned for housing developments
- The competition between Calgary and the neighbouring municipal districts of Foothills and Rocky View is over relatively “footloose” commercial and industrial developments.
 - The convergence of the non-residential tax rates in this region could be interpreted as evidence of competition for these geographically mobile projects.