



Lamphier: Could a property-tax break revive mature neighbourhoods in Edmonton?



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BY GARY LAMPHIER, EDMONTON JOURNAL
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EDMONTON - It's easy to forget just how bleak the Edmonton economy looked in the 1990s, before Alberta's oilsands boom really took off.

Local jobless rates were high, house prices were in a major funk, Edmonton's population was shrinking, and more pigeons than people called the city's dusty, desolate downtown core home.

Lawyer Robert Noce, who served for two terms on Edmonton city council from 1995 to 2001, and ran unsuccessfully for mayor in both 2001 and 2004, remembers it all too well.

"The economic times were very difficult. (Some people are) critical of councils in the '90s, saying we didn't do anything. Well, we didn't do anything because we didn't have a lot of opportunity to do anything," he says.

"Money was tight, Premier Klein's government cut transportation grants, it eliminated the transit grant, the police grant and millions of dollars from municipal budgets. So the '90s were very difficult for Edmonton."

Desperate times sometimes call for desperate measures, however. So in 1999, city council came up with a bold incentive plan to trigger new residential development in the downtown core.

The city gave developers \$4,500 for every new housing unit that was built and occupied in the city centre, up to a maximum of \$4.5 million or 1,000 units. By boosting the downtown population and generating new property taxes, the city hoped to recoup its investment.

The result? The scheme worked even better than expected, lighting a fire under downtown redevelopment. Although the subsidy ended in 2002, many new projects followed and the process of downtown revitalization continues

apace.

But Noce says not all areas of the city are enjoying the fruits of the city's current economic boom. While the suburbs are flourishing — accounting for most of the region's population growth — and downtown continues to rebound, many mature neighbourhoods near the core still need a helping hand, he argues.

Rundown, unoccupied homes are a blight in many older neighbourhoods, hurting adjacent property values and discouraging new families from moving in. Yet, as I've noted previously, the city is often unable to force owners to demolish or sell such homes.

At the same time, high land values make it expensive for developers to pursue infill development projects or home reconstruction in older neighbourhoods, where established community leagues often resist change.

So Noce has come up with an idea — one that harkens back to the \$4,500-per-unit subsidy that set the stage for downtown Edmonton's rebirth 14 years ago. Why not implement a new incentive scheme, he suggests, in the form of a property tax abatement, to encourage the purchase, demolition, replacement or reconstruction of such derelict homes?

Simply put, Noce would like the next city council to consider implementing a scheme under which buyers of qualifying properties would receive an abatement — or a break — on their property taxes for the ensuing 10-year period. The magnitude of the tax break would decline slowly to zero over time.

"The immediate response will be that this will cost money, and the answer is absolutely yes, it will. But there is a real economic advantage to such a program," Noce argues.

"The infrastructure (in mature neighbourhoods) is already in place, in terms of roads, parks, community leagues and schools. Just imagine if we could fill our inner city schools with students, thus reducing the need for new schools," he says.

"So the idea here is to take advantage of the infrastructure that is already in place. And I've got to tell you the constant desire to build outward will not stop unless people are given a real opportunity to develop in mature neighbourhoods. A lot of citizens and developers would probably like to, but right now the economics just don't make any sense."

I happen to like Noce's idea, but it clearly won't fly with everyone, and two of the three councillors running for mayor in the Oct. 21

election expressed differing opinions on it. Kerry Diotte says he likes the basic concept and is interested in hearing more about it. Don Iveson says he is cool to the idea of tax incentives that would target specific neighbourhoods, saying it could pit one area of the city against another. Instead, he'd like to see the city continue to invest in infrastructure that makes older neighbourhoods more attractive places to live. Karen Leibovici was unavailable for comment Wednesday.

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