MUNICIPAL FINANCIAL SUSTAINABILITY AND GROWTH
AN ASSESSMENT OF RESIDENTIAL LOT SPLITTING POLICY AND TAXATION IN THE CITY OF EDMONTON, ALBERTA

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EXECUTIVE SUMMARY

As cities grow and age, municipal financial stability is constantly under pressure. The suburban sprawl that has become a feature of most North American cities contributes to this stress and is a financially unsustainable growth pattern. However, many cities currently rely on continued sprawling growth in an outward direction to fund operational budgets. The alternative to sprawl – infill development – presents an opportunity to accommodate growth without the costly addition of new infrastructure, thus improving a municipality's financial outlook. There are many policy tools by which a municipality can encourage and help facilitate infill development. Within the context of Alberta, municipal zoning bylaws are one of the most important tools at a city's disposal, and are instrumental in determining the physical growth pattern of urban areas.

This research seeks to understand the impact of one specific bylaw intended to encourage infill development – the City of Edmonton's residential lot splitting policy. This policy allows for the subdivision of low-density residential properties into smaller parcels. More specifically, this research analyzes the impact of this lot splitting policy on property tax revenues and population densities within mature and existing neighbourhoods in order to understand its overall impact on the City's financial sustainability.

Results show that while the lot splitting policy does have a positive impact on both population density and property tax revenue, its contribution has limited overall impact at a city-wide scale. Accordingly, the lot splitting policy should be viewed as a part of a larger solution, along with other initiatives, such as an increase in medium-density zoning, in order to accelerate necessary densification.