
THE VACANCY REBATE AND REDUCTION PROGRAMS UPDATE

June 2017

Programs Update

As announced in the *2016 Ontario Economic Outlook and Fiscal Review*, municipalities now have broad flexibility to modify the vacant rebate and reduction programs to meet local circumstances, while considering the impact of such changes on the business community. The Province has an interest in continuing to ensure tax competitiveness and consistency for taxpayers and as such, has encouraged municipalities to engage with their local business community when considering program changes.

As the flexibility for the vacancy rebate and reduction programs is new for 2017, municipalities have requested additional information on the program changes being considered and the consultations being conducted in support. In response, the Ministry has completed a scan of municipal council resolutions related to this flexibility.

The Ministry provided municipalities with a bulletin and checklist in January 2017 (for copies, email info.propertytax@ontario.ca), which focus largely on municipal engagement with the business community, to assist municipalities considering changes to the programs. In support of the implementation process, the Ministry also coordinated two joint Municipal and Business Reference Group meetings to facilitate discussions between members of the business community and municipalities on the announced flexibility for the programs.

Examples of Consultations and Program Changes***Consultations***

In addition to open council meetings and debates, municipalities have engaged businesses and the public using a variety of approaches, including public meetings/open houses, mail/email solicitation and online surveys. The following provides specific municipal examples.

▪ Public Meetings/Open Houses

- Parry Sound: The Town held two open houses for the business community and the general public. The Town also shared the details of their proposed changes to the Downtown Business Association and Chamber of Commerce.
- Peel Region: The Region held meetings with business owners in Caledon, Brampton and Mississauga and posted a questionnaire on the website to solicit feedback.
- Toronto: The City held meetings with representatives from large commercial and industrial property owners, along with representatives from the City's Business Improvement Areas. Public consultation sessions were open to all interested parties and an on-line survey was available through the City's web site.

- **Mail/Email Solicitation**

- Hamilton: Hamilton invited business owners to make written submissions and to appear in person at the General Issue Committee meeting. The municipality also met with the Business Improvement Area associations, the Chamber of Commerce, and circulated an information report to Community Hubs. The City also engaged through their website, as well as traditional and social media.
- Kawartha Lakes: The municipality held two public meetings and sent personalized letters to property owners receiving rebates since 2010. Details of the meetings were sent to community groups, advertised in the media, Facebook and website and included in Council agenda.
- Espanola: The municipality issued a press release to seek feedback on proposed changes to the vacancy rebate and reduction programs. This was in addition to letters mailed to businesses that received the vacancy rebate in 2015, outlining the details of the proposed changes.

- **Online Survey**

- Ottawa: The municipality used a survey tool and conducted public meetings to seek feedback from the retail, industrial community and/or office space property owners. Information was posted on the website and consultations were held with property owners and their representatives who benefited from the vacant unit rebate.
- Sault Ste. Marie: The municipality's engagement process included an online survey, stakeholder meetings with the Chamber of Commerce and Downtown Association, an open house and email correspondence.

Program Changes

Municipalities now have broad flexibility to modify the vacancy rebate and reduction programs to meet local circumstances, while considering the impact of such changes on the business community. The following provides specific municipal examples of proposed program changes.

- **Adjusting the rebate and/or reduction rates to increase or decrease the value by class to reflect local circumstances. For example:**

- Fort Frances: Council passed a resolution to reduce the value of the industrial vacant unit rebate from 35% to 30% to align with the rebate for commercial properties.

- **Applying declining rebate or reduction values for consecutive applications. For example:**

- Peel Region: The Region issued a news release that it would be consulting with business owners on proposed changes to the vacant unit rebate program, which include introducing eligibility criteria in 2017 to exclude recipients of the rebate in the last three consecutive years, as well as specific types of taxable non-permanent structures and property types, labour disruptions and fixturing periods. The program is proposed to be eliminated in 2020.

- Sault Ste. Marie: Council passed a resolution to amend the vacant unit rebate eligibility to exclude industrial and shopping centre properties and limit the eligibility period to three years in a ten-year cycle for all other commercial properties.

- **Tailoring eligibility requirements to include or exclude specific property uses, property types, and/or a property based on its adherence to local property standards by-laws. For example:**
 - Kawartha Lakes: For 2017, the municipality proposes to include eligibility criteria to exclude vacancies due to labour disruption, minimum square footage and adherence to property standards. Council passed a resolution to eliminate the vacant unit rebate in 2018.
 - Ottawa: For 2017, the municipality proposes to include eligibility criteria such as minimum square footage, adherence to property standards, excluding vacancies due to labour disruption, and limiting to one application per year. Council passed a resolution to phase-out the vacant unit rebate program over two years, with the rebate percentage reduced to 15% in 2017 and eliminated in 2018.

- **Phasing-out or ending the programs, where the rebate or reduction is eliminated in the municipality by a specific year or over a period of years. For example:**
 - Belleville: Council passed a resolution to eliminate the vacant unit rebate program effective 2018.
 - Charlton and Dack: Council passed a resolution to eliminate the vacant unit rebate for the 2017 tax year.
 - Espanola: Council passed a resolution to reduce the vacant unit rebate percentage for 2017 to 15% for the commercial and industrial classes and eliminate the rebate for 2018 and thereafter. For the vacant and excess land subclasses, the municipality would reduce the discount to 15% for the commercial and industrial classes for 2017 and eliminate the program in 2018 and thereafter.
 - London: Council passed a resolution to phase out the vacant unit rebate program and eliminate the subclass tax reductions on vacant/excess commercial and industrial land in 2018, or phase-out over a two-year period beginning in the year 2018. Final decisions on timing would be determined after consultation with the business community.
 - Oxford County: Through the County's online "town hall" forum, the municipality outlined a proposal to phase out the vacant unit rebate program over a three year period, beginning in 2018. Council will give final consideration to a locally designed vacant rebate policy based on feedback received from the business community
 - Parry Sound: Council passed a resolution to eliminate the rebate program as of January 1, 2017.
 - Peterborough: Council passed a resolution to eliminate the vacant unit rebate for the 2017 tax year.

- St. Marys: Council passed a resolution to reduce the vacant unit rebate to 20% in 2018 and to 10% in 2019 for the commercial and industrial classes and eliminate the rebate in 2020 and thereafter. For the vacant and excess land subclasses, the municipality would reduce the discount to 20% in 2018 and to 10% in 2019 for the commercial and industrial classes and eliminate the discount in 2020 and thereafter.
- Toronto: Council passed a resolution to reduce the vacant unit rebate percentage for commercial properties to 15% for 2017 effective July 1, 2017, and to eliminate the rebate for commercial and industrial properties effective July 1, 2018.

Important Note: The examples above are not comprehensive of the possible program changes or kinds of consultations conducted nor should they be taken as the only changes or consultation plans municipalities are considering. Where there may be differences between the information provided in this update and the local municipal source (i.e. by-law, council resolution), the municipal source should be taken as authoritative. For more information on specific municipal consultations or program changes, please contact the local municipality.

Implementation

Municipalities that have decided to modify the vacant unit rebate and the vacant/excess land subclasses can notify the Minister of their intent to utilize this flexibility and provide details of the proposed changes along with a council resolution. Changes to the rebate and reduction programs will be implemented through regulation for each municipality. However, the Province has an interest in continuing to ensure tax competitiveness and consistency for taxpayers and as such, the Minister will consider proposed program changes within this context.

Notifications to the Minister for changes applicable to 2017 were being accepted until July 1, 2017. However, the Province is **extending the submission deadline to August 1, 2017**.

Please note that changes to the 2017 rebate program affect the applications for the 2017 tax year received by the February 28, 2018 deadline. Municipalities planning to make changes to the programs for future years will have the opportunity to do so after August 1, 2017. Municipalities will be notified when the regulation implementing the requested changes has been enacted.

Please copy info.propertytax@ontario.ca when submitting notifications to the Minister.

Questions?

If you have questions regarding potential program changes and consultations, please contact your local municipality. For questions related to the implementation and regulatory process, email info.propertytax@ontario.ca.