HALDIMAND COUNTY
Report CS-FI-08-2017 Vacancy Rebate and Vacant/Excess Land Program Review
For Consideration by Council in Committee on May 9, 2017

OBJECTIVE:
To advise Council of increased flexibility, recently provided to Municipalities by the Province of Ontario, to alter Commercial/Industrial vacancy rebate and vacant/excess land tax policies, as well as to seek Council approval to initiate the required public consultation of the proposed revisions to Haldimand County’s vacancy/vacant land tax policies.

RECOMMENDATIONS:
1. THAT Report CS-FI-08-2017 Vacancy Rebate and Vacant/Excess Land Program Review be received;
2. AND THAT staff be directed to hold public consultations with local businesses, based on the process outlined in Report CS-FI-08-2017, to discuss potential impacts of the proposed revisions to the vacancy/vacant land tax policies;
3. AND THAT a future report be submitted to Council outlining the results of the vacancy rebate public consultation, including the final recommended changes to Haldimand County’s existing vacant unit and vacant/excess land subclass tax policies for submission to the Province before the July 1, 2017 deadline.

Prepared by: Mark Merritt, CPA, CA, Treasurer
Respectfully submitted: Karen General, CPA, CGA, General Manager of Corporate Services
Approved: Donald G. Boyle, Chief Administrative Officer

EXECUTIVE SUMMARY:
After extensive consultation with municipal and business reference groups and a thorough review by Ministry staff, the Ministry of Finance enacted Bill 70, Building Ontario Up for Everyone Act, in December 2016 (refer to Attachment #1). A significant component of Bill 70 is in regards to the current mandatory vacant unit and vacant/excess land tax rebate programs. These mandatory tax policies currently provide a 30% tax reduction for eligible commercial properties and a 35% tax reduction for eligible industrial properties. The introduction of the Bill was, in part, due to the overwhelming request by municipalities for increased flexibility with the existing vacancy tax rebate programs. The increased flexibility will allow municipalities to design customized vacancy tax policies, including elimination of these programs in their entirety, to better align with local circumstances and needs.

Proposed changes require approval by the Ministry of Finance, and Haldimand County must:
- engage the local business community to discuss potential impacts of the proposed changes;
- pass a Council resolution indicating the details of any proposed change; and
- complete a formal submission to the Province before the July 1, 2017 deadline.
For the reasons outlined in this report, staff are recommending the following changes to the current tax policies:

- **Vacant Unit Tax Rebate**
  - *Commercial Properties*: Phase out the current program in its entirety, over two years, by reducing the eligible rebate percentage from the current rate of 30%, to 15% in 2018 and 0% in 2019 and onward.
  - *Industrial Properties*: Eliminate the current program in its entirety by reducing the eligible rebate percentage from the current rate of 35%, to 0% in 2018 and onward.

- **Vacant/Excess Land Tax Rate**
  - *Commercial Properties*: Phase out the current program in its entirety, over four years, by reducing the eligible rebate percentage from the current rate of 30%, to 22.5% in 2018, 15% in 2019, 7.5% in 2020 and 0% in 2021 and onward.
  - *Industrial Properties*: Phase out the current program in its entirety over four years by reducing the eligible rebate percentage from the current rate of 35%, to 26.25% in 2018, 17.5% in 2019, 8.75% in 2020 and 0% in 2021 and onward.

The above proposed phase-outs will provide the affected property owners with sufficient time to plan for the changes and act accordingly.

Staff are recommending the following methods to meet the mandatory public consultation requirements: a group meeting will be scheduled jointly with the local Business Improvement Areas (BIAs) and Chambers of Commerce and a separate general open house information session with the public to provide an opportunity to give their feedback/input on the proposed changes. These sessions will be promoted through the County’s social media, website and newspaper advertisement.

It is felt that these recommended tax policy changes: will provide an incentive to affected property owners to develop under-utilized buildings, which should lead to increased occupancy; or will encourage such owners to convert the properties to active uses, leading to increased economic development and future property taxes.

**BACKGROUND:**

Since 1998, Provincial legislation has required Municipalities to have mandatory vacant unit and vacant/excess land property tax rebate programs.

Section 364 (1) of the *Municipal Act; 2001 S.O. 2001 c.25* (the “Act”) specifies that every local municipality shall have a program to provide tax rebates to owners of properties that have a vacant building (or portion thereof) if that property is in any of the commercial or industrial tax classes. This program is governed by additional regulations to clarify eligibility and how the rebates apply specifically to commercial or industrial buildings. The Act further specifies that, if the eligible property is in any of the commercial tax classes, the rebate shall be equal to 30 percent. If the property is in any of the industrial tax classes, the rebate shall be equal to 35 percent. For a property owner to receive the vacant unit tax rebate, an application shall be made by the property owner to Haldimand County by the last day of February of the year following the taxation year in respect of which the application is made.
The following rules applied until the current legislation was affected by Bill 70:

- A suite or unit within a commercial building will be eligible for a rebate if, for at least 90 consecutive days, it was:
  - Unused and clearly delineated or physically separated from the used portions of the building; and
  - Either: Capable of being leased for immediate occupation or Undergoing or in need of repairs or renovations that prevented it from being available for lease for occupation, or Unfit for occupation.

- A portion of an industrial building will be eligible for a rebate if, for at least 90 consecutive days, it was:
  - Unused; and
  - Clearly delineated or physically separated from the used portions of the building.

- A building or portion of a building will not be eligible for a rebate if:
  - It is used for commercial or industrial activity on a seasonal basis;
  - During the period of vacancy, it was subject to a lease, the term of which had commenced; or
  - During the period of vacancy, it was included in a sub-class for vacant land.

If a vacant unit rebate application is approved by staff based on the applicable policy, rebates will be applied first to any outstanding tax liability on the property, after which a refund may be issued.

The Act also specified, under Section 313 (1), that the tax rates levied on commercial and industrial excess/vacant land shall be reduced by 30% and 35%, respectively, or by a combined rate that falls in between those two rates, as approved by Council. These properties are identified by the Municipal Property Assessment Corporation (MPAC) and are assessed in separate tax classes to which the reduced rate applies.

Since the inception of the original property tax legislation, municipalities have raised concerns over the application and underlying effectiveness of the vacancy tax policies. Over the past two years, the Province has been conducting stakeholder consultations, with representatives from both municipalities and the business community, on potential revisions to these programs. One of the main drivers leading to the review of these legislative provisions was the recent court decision requiring Haldimand County to provide vacant unit tax rebates to US Steel Canada Inc., for the taxation years 2010, 2013 and 2014, during periods of labour disputes/lock-outs. This court ruling exposed some of the shortcomings of the current legislation. Haldimand Council and staff expressed significant concern directly to the Province, the Association of Municipalities of Ontario and municipal associations in order to stress the unfairness of the current tax regime.

In response, the Province established a Municipal Reference Group with representation from small and large municipalities as well as Finance and Municipal organizations. Haldimand staff were active participants during these stakeholder meetings. A Business Reference group was also established with representation from large industry and several business associations (including the Ontario BIA Association and Ontario Chamber of Commerce).
During these consultations, the following issues with the existing legislation were raised by members of the Municipal Reference Group:

- Increased municipal costs from loss of tax revenue;
- Eligibility requirements too broad and general (i.e. did not contemplate labour disputes/lockouts as eligible for vacancy tax rebates);
- No limitation on the number of years a property can be considered vacant and eligible;
- Program leads to lack of incentive to develop properties or fill vacancies;
- In many cases, revised assessed values of commercial and industrial buildings will factor in the impact of vacancies, thereby already resulting in lower annual taxes;
- Assessment practices have led to perceived “double-dipping” as properties can receive reduced assessed values related to vacancies, in addition to a vacancy tax rebate during the same period;
- The vacancy program is application based which requires considerable administration by municipal staff;
- It is difficult to substantiate claims (i.e. timeframes and actual vacancy) as applications are typically received after the vacant period has ended – applications must be received by the end of February in the year following the vacancy;
- Although the vacancy program is administered by the municipality, property owners can appeal to the Assessment Review Board with recent decisions favouring the applicant and extending the interpretation of vacancy given the vague wording of the legislation.

Conversely, the Business Reference Group countered with the following arguments:

- These programs represent financial assistance to the owners of non-residential properties during periods of economic hardship (i.e. lack of business/rental demand);
- Elimination of the tax rebates would not provide financial relief during research and development trials that sometimes require a facility to be idle/vacant for extended periods;
- Current program does not provide for “pop-up”/seasonal businesses for periods of less than 90 days that would encourage otherwise vacant buildings to be occupied for short periods during the year;
- Would prefer a self-funded program as opposed to an out-right elimination of the current program (i.e. active/occupied businesses would fund the rebates of vacant buildings).

Interestingly, the Ontario BIA Association is supporting the elimination/phase-out of the vacant unit tax rebate program to promote investment in local downtowns and encourage full occupancy in all non-residential buildings. The news release advocating their support is attached to this report (Attachment #2).

As a result of these consultations and a thorough review by Ministry staff, in December 2016, the Ministry of Finance enacted Bill 70 Building Ontario Up for Everyone Act. A significant component to Bill 70 is in regards to the aforementioned vacant unit and vacant/excess land tax relief programs. The introduction of the Bill was, in part, due to the overwhelming response to municipalities seeking increased flexibility with the existing vacancy tax relief policies. The increased flexibility will now allow each municipality to design vacancy tax relief programs that better align with local circumstances and needs.

Municipalities must consult with local business on any proposed changes and then submit, for approval by the Minister of Finance, intended changes to the vacancy rebate programs prior to one of the following dates:

- March 1, 2017
- April 1, 2017
- July 1, 2017.
If changes are not enacted by the July 1, 2017 submission deadline, a future submission can be made which would then become effective in later years if approved by the Minister.

**ANALYSIS:**

**Vacant Unit Tax Rebate Program**

As previously indicated, Section 364 (1) of the *Municipal Act* specifies that every local municipality shall have a program to provide tax rebates to owners of a property that has a vacant building(s), or portions therein, if that property is in any of the commercial or industrial classes. Under this program, a business owner is liable for the full annual property taxes; and, in the subsequent year, a rebate of a portion of those taxes is refunded to the eligible property owner.

One of the main challenges with administering this program is that it can be difficult for staff to verify the validity or accuracy of vacant unit tax rebate applications. Applications can be made months after the actual vacancy has occurred so staff often need to solely rely on the disclosures of the applicant with little or no first hand verification. Further to this, by providing a property tax rebate for vacant units, it also effectively discourages the utilization of the existing building, potentially resulting in many vacant buildings in the downtown cores.

As a result of changes to the Act under Bill 70, municipalities now have the option, via Council resolution and with approval from the Ministry of Finance, to alter the existing vacant unit tax rebates that are offered to property owners. The new legislation effectively allows municipalities to tailor a program that meets their local requirements. This flexibility allows municipalities to enact, among other options, any of the following major changes:

- Modify the eligibility criteria to eliminate unintended application or to focus the program on specific businesses/uses;
- Reduce percentages/rebates applied to eligible applicants;
- Limit the number of consecutive years a specific property can be eligible;
- Eliminate the program in its entirety
  - Immediately; or
  - Phase out over a period of time.

Staff conducted a review of proposed vacant unit tax rebate programs of 10 other municipalities. While there are a wide variety of potential options that are available to municipalities, there appears to be a general consensus amongst those municipalities that the existing vacant unit tax rebate program does not serve the same purpose as was perhaps envisioned when originally enacted in the late 1990’s to replace the Business Occupancy Tax. As a result, a significant portion of the municipalities that were contacted are proposing the elimination of the vacant unit tax rebate program (either immediately starting in 2017 or over a phase-out period).

For the reasons noted in the Ontario BIA correspondence (particularly for downtown areas) and during the Municipal Group consultation meetings (during which County staff raised many of the issues noted), staff are recommending the elimination of the vacant unit tax rebate program (currently at 30%) for commercial properties in Haldimand County, over a 2 year phase-out period starting in 2018. By phasing in the impacts of the program changes for commercial properties, it will allow time for the affected businesses (primarily landlords) to adjust their budgets accordingly to help plan for the financial impacts.
Staff also recommend that, for industrial properties, the vacant unit tax rebate of 35% be eliminated completely, effective January 1, 2018, with no phase-out period. Staff are not proposing a phase-out of the tax rebate for the industrial property class, primarily because vacant industrial facilities often receive property assessment decreases as a result of various obsolescence factors determined by MPAC. As a result, most of these eligible properties effectively receive an upfront annual property tax reduction for vacant industrial buildings, in comparison to industrial properties that are being fully utilized. By eliminating the program, effective January 1, 2018, for industrial properties, these properties will no longer be able to potentially benefit twice from leaving their industrial buildings vacant.

The below table summarizes the proposed vacant unit tax rebate program, for both property classes, on a go forward basis.

<table>
<thead>
<tr>
<th>Year</th>
<th>Commercial</th>
<th>Industrial</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017 – current rate</td>
<td>30%</td>
<td>35%</td>
</tr>
<tr>
<td>2018</td>
<td>15%</td>
<td>0%</td>
</tr>
<tr>
<td>2019 and onward</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

As noted in the Financial/Legal Impact section of this report, the potential impact on local businesses varies by year and by property tax class. Over the past 5 years, on average, 47 commercial buildings have utilized this program. Conversely, on average, only 7 industrial building owners have utilized the program (including the aforementioned US Steel Canada Inc.). Although the number of annual applications has risen, this program is utilized by relatively few of the total number of commercial and industrial properties with buildings in Haldimand County, as shown in the chart below:

<table>
<thead>
<tr>
<th>Property Tax Class</th>
<th>Vacant Unit Applications* #</th>
<th>Total Properties in Tax Class #</th>
<th>Vacant Unit Applications as % of Total # of Properties in Tax Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial</td>
<td>49</td>
<td>517</td>
<td>9.5%</td>
</tr>
<tr>
<td>Industrial</td>
<td>3</td>
<td>228</td>
<td>1.3%</td>
</tr>
<tr>
<td>Total</td>
<td>52</td>
<td>745</td>
<td>7.0%</td>
</tr>
</tbody>
</table>

* not all may be eligible as 39 applications related to 2016 still being processed by staff

The use of this program, by Haldimand County businesses, has increased in recent years, with many of the owners making applications on an annual basis (i.e. over consecutive years) indicating chronic vacancies. As many of these buildings are in downtown urban areas, as pointed out by the Ontario Business Improvement Area Association, “vacant and deteriorating buildings can and do result in a decrease in the lease rates or the overall “lease-ability” of a BIA area”. The phased-out elimination of the vacant unit tax rebate program will, hopefully, provide a financial incentive to develop under-utilized buildings and/or lead to increased occupancy.
Vacant/Excess Land Property Subclasses

As previously noted, Section 313 (1) of the Municipal Act specified that the tax rates that would otherwise be levied for municipal purposes for the subclasses prescribed under subsection 8 (1) of the Assessment Act shall be reduced in accordance with the following rules:

- 30 percent reduction, or such other percentage as may be prescribed, to the tax rates that would otherwise be levied for municipal purposes on commercial properties to the commercial vacant/excess land subclasses; and
- 35 percent reduction, or such other percentage as may be prescribed, to the tax rates that would otherwise be levied for municipal purposes on industrial properties to the industrial vacant/excess land subclasses.

Unlike the vacant unit tax rebate program, land owners do not have to apply for this tax reduction on an annual basis. Eligibility for the vacant/excess land subclasses is determined by MPAC annually and reflected in the year end tax roll provided to the municipality, effectively discounting the upfront annual tax bill for such property owners.

As a result of changes to the Act, municipalities now have the option, via Council resolution and with approval from the Ministry of Finance, to change the prescribed discounts noted above for the vacant/excess land subclasses. These legislative changes allow municipalities to: eliminate the discounts completely; maintain the status quo; or increase the discount percentage. Similar to the vacant unit tax rebate program, one of the main criticisms with the existing vacant land subclasses discount is that it essentially provides a disincentive to the development of commercial and industrial lands by the property owners.

The same 10 municipalities that were surveyed for the vacant unit tax rebate program were also consulted with regard to their approach to discounting the vacant/excess land subclass. Unlike what was noted with the vacant unit tax rebate program, there was no clear consensus regarding proposed changes for this program. A few municipalities suggested that the vacant/excess land property subclasses be eliminated, with an approximately equal number of municipalities planning to maintain the status quo for 2017, with the potential for change in the future.

With this said, staff are proposing the elimination of the commercial and industrial vacant/excess property subclass over a 4 year phase-out period, starting in 2018 and ending 2021. The intent of the four year phase-out is to match the property re-assessment cycle of MPAC. By matching MPAC’s reassessment cycle, it will allow for a “fresh” start in 2021 when the property values are next updated. The proposed phase-out percentage is summarized in the below table:

| Table 3: Tax Rate Discount % Phase-out of Commercial/Industrial Vacant/Excess Lands |
|-----------------|-----------------|-----------------|
| Year            | Commercial Vacant/Excess Land | Industrial Vacant/Excess Land |
| 2017 – current rate | 30% | 35% |
| 2018            | 22.5% | 26.25% |
| 2019            | 15% | 17.5% |
| 2020            | 7.5% | 8.75% |
| 2021 and onward | 0% | 0% |

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As noted in Table 5, included in the Financial/Legal Impact section of this report, there are 260 affected properties, based on the current tax roll: 153 commercial properties and 107 industrial properties. Many of these properties are owned by corporate entities that hold numerous land holdings (e.g. US Steel Canada Inc. owns 28 of the industrial properties and 5 of the commercial properties). Corporate holdings by railway companies, Union Gas and Bell also collectively account for 56 of the total eligible properties. In addition, a number of these properties are in prime locations in downtown urban areas. The phase-out of this program will hopefully provide an incentive to develop these properties or convert them to active uses leading to increased economic development and future property taxes.

Public Consultation and Timeline

The Ministry of Finance has created a list of steps that must be completed by municipalities before any changes to the vacancy tax policies can be considered. The below table summarizes the processes that must occur, as outlined by the Ministry, to meet the July 1, 2017 submission deadline.

**Table 4: Vacancy Tax Program Review Steps & Timelines**

<table>
<thead>
<tr>
<th>Process</th>
<th>Description</th>
<th>Proposed Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Consultations:</td>
<td>The County must engage the local business community and inform them of the potential impacts of the proposed changes.</td>
<td>May 2017</td>
</tr>
<tr>
<td>- BIA/Chamber group meeting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- One Public Information Session (Cayuga Admin. Bldg.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Council Review &amp; Approval</td>
<td>Staff will analyse the result of the public consultation and provide Council with recommendations on proposed changes. A resolution will need to be passed by Council to approve the desired changes.</td>
<td>May 30, 2017 Council in Committee</td>
</tr>
<tr>
<td>Submit Proposal to Ministry</td>
<td>Any program alternation approved by Council will be submitted to the Ministry.</td>
<td>July 1, 2017</td>
</tr>
<tr>
<td>Implementation of Proposed Changes</td>
<td>Based on the recommended changes and given the timing of approvals/budget cycles for both local businesses and the County – no changes will be implemented in 2017.</td>
<td>Upon approval or as determined by Council</td>
</tr>
</tbody>
</table>

Staff are recommending the following methods to meet the public consultation requirements:

- A joint in-person meeting will be scheduled with the local BIAs/Chambers of Commerce to provide them with an opportunity to give their feedback/input to the proposed changes.
- An open house/public information session will also be scheduled for general public/business feedback and input. Notification will be posted on the County website and through social media, with an advertisement in the local newspaper.

The above noted methods of consultation appear to be consistent with practices proposed at other local municipalities.
FINANCIAL/LEGAL IMPLICATIONS:

Vacant Unit Tax Rebate Program

The below table summarizes the total number of vacant unit rebates issues over the previous 5 years and their associated dollar value. In the past 5 years, 63 individual commercial and 13 individual industrial properties have successfully made application for the vacant unit rebate (76 unique properties in total). Of the 76 properties to make application, 20 properties (or 26%) have made 3 or more vacant unit applications in the 5 year analysis period. A considerable portion of these same properties apply for the vacant unit rebate on an annual basis.

The table summarizes the applications by year that the units were vacant and not necessarily the year the rebate was issued. The table also does not include the US Steel vacant unit rebate that was finalized in 2016 as it related to a 2010 vacancy (which is outside of the analysis period). If the US Steel amount from 2010 that was processed in 2016 was included, the total dollar value would increase by approximately $156,000.

Table 5: Number and Dollar Value of Vacant Unit Tax Rebate Applications

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>#</td>
<td>$</td>
<td>#</td>
<td>$</td>
<td>#</td>
</tr>
<tr>
<td>Commercial</td>
<td>45</td>
<td>27,940</td>
<td>45</td>
<td>27,069</td>
<td>44</td>
</tr>
<tr>
<td>Industrial</td>
<td>10</td>
<td>5,581</td>
<td>8</td>
<td>165,726</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>55</strong></td>
<td><strong>$33,521</strong></td>
<td><strong>53</strong></td>
<td><strong>$192,795</strong></td>
<td><strong>51</strong></td>
</tr>
<tr>
<td><strong>Total (excluding US Steel)</strong></td>
<td><strong>55</strong></td>
<td><strong>$33,521</strong></td>
<td><strong>52</strong></td>
<td><strong>$39,696</strong></td>
<td><strong>50</strong></td>
</tr>
</tbody>
</table>

* The amounts for 2016 are estimates as staff are still processing 39 of the applications.

The dollar values noted for each year of the above table are related to the municipal share of property taxes only. A budget for vacant unit tax rebates has been established for 2017 in the amount of $66,000 (approximately 0.1% of the overall budgeted tax levy for 2017). In recent years, the dollar value of approved vacant unit tax rebate applications has exceeded budgeted expenditures on an annual basis (as can be seen in the above table). This rebate program is funded by all Haldimand County taxpayers (residential, farm, and business properties).

It should be noted that property owners are also eligible to receive the same percentage rebate on the education portion of their property taxes. Including the education portion, the total amount of vacant unit rebates, for the 5 year period reflected in Table 5 above, equates to approximately $900,000, of which about $515,000 is the municipal share. While the education rebate portion does not impact Haldimand County from an expenditure perspective, it does impact the local school boards and their total remittance received from the County.

Vacant/Excess Land Property Tax Subclasses

As summarized in Table 6, there are currently 260 properties in the County that qualify for the commercial and industrial vacant/excess land tax rate reductions in 2016. The 2016 current value assessment for these properties totaled slightly over $40 million (as per the 2016 Levy Bylaw) and generated approximately $580,000 in municipal property tax revenue (2016 values are being utilized as the tax policy and rates for 2017 has not been finalized).
Table 6: 2016 Summary of Commercial/Industrial Vacant/Excess Lands Property Tax Classes

<table>
<thead>
<tr>
<th>Property Class</th>
<th>Property Count</th>
<th>Current Value Assessment - 2016</th>
<th>Discounted Property Tax – 2016</th>
<th>At Full Property Tax Rate - 2016</th>
<th>Savings to Property Owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Excess/Vacant Lands</td>
<td>153</td>
<td>$22,541,945</td>
<td>$291,341</td>
<td>$416,201</td>
<td>$124,860</td>
</tr>
<tr>
<td>Industrial Excess/Vacant Lands*</td>
<td>107</td>
<td>$17,652,993</td>
<td>$291,262</td>
<td>$448,095</td>
<td>$156,833</td>
</tr>
<tr>
<td>Total</td>
<td>260</td>
<td>$40,194,938</td>
<td>$582,603</td>
<td>$864,296</td>
<td>$281,693</td>
</tr>
</tbody>
</table>

**28 Industrial Properties relate to US Steel Canada Inc.**

If the legislated property tax discounts (i.e., 30% for Commercial and 35% for Industrial Vacant/Excess Lands) were not in place, the total annual municipal property tax that would have been generated in 2016 from these 260 properties would have been approximately $864,000 representing an increase of approximately $280,000 (as these properties would have been taxed at the full commercial and industrial municipal rates). In addition, if the proposed changes to the current rebate program results in these properties being developed or utilized, additional commercial/industrial assessment and property taxes will be generated. The additional taxes that would be generated after the elimination of the program would benefit the tax levy by approximately 0.5%, based on 2017 values. It should also be noted that this additional tax revenue (both from the elimination of the program and from any potential development of industrial and commercial vacant/excess lands) would potentially shift some of the current property class tax burden to the commercial and industrial tax classes, benefiting the residential and farm classes, as well as other business tax classes that are ineligible for any vacancy tax relief.

**STAKEHOLDER IMPACTS:**

The review of the vacancy programs requires input from the local business community. Any changes that occur as a result of the review may effect local businesses and their associated annual budgets on a go-forward basis. Senior Management Team, as well as Planning and Economic Development staff, have also been consulted during the creation of this report and they have supported the noted recommendations.

**REPORT IMPACTS:**

Agreement: No
By-law: No
Budget Amendment: No
Policy: No

**ATTACHMENTS:**

1. Letter from Ministry of Finance Re: Vacant Unit Rebate and Vacant/Excess Land Subclasses
2. News Release – Ontario Business Improvement Area Association: Changing the Landscape by Changing the Vacant Unit Rebate