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Date: October 10, 2017

To: Mayor and Council

Author: Linda Brohman, Tax Collector

RE: Vacancy Rebate Public Consultation Results and Recommendation

Report No.: FS-2017-18

AIM

To provide council with results of the public consultation and to request council to support the elimination of the Vacant Unit Property Tax Rebate Program in Essex County, and request Essex County Council to seek approval from the Minister of Finance to enact a Regulation for Essex County to eliminate this Program, commencing for the 2018 taxation year.

BACKGROUND

At the May 23, 2017 council meeting, report FS-2017-008 was brought before council and the following motion was approved:

Motion 383-2017: Moved by G. Queen, seconded by S. McIntyre:
Council approves Administration to proceed, in principle, on a collective basis with the County Tax Collectors and Treasurers group to conduct a county wide public consultation session to propose the elimination of the Vacancy Rebate Program in Essex County effective for the 2018 taxation year.

DISCUSSION

A public input session was held on September 27, 2017 seeking feedback from property owners in regards to the elimination of the Vacancy Unit Property Tax Rebate Program. Additional feedback was also gathered through an online survey. The open house and survey were promoted by the County of Essex, and municipalities of Amherstburg, Essex, Kingsville, Leamington, Lasalle, Lakeshore, and Tecumseh. Representatives from each municipality attended the open house to answer any questions or concerns.

The open house and survey were promoted as follows:

- Posted on County of Essex website Sept. 18 - Oct. 02
- Advertisement in the following publications the week of Sept. 18:
 - o LaSalle Post
 - o Rivertown Times
 - o South Point Sun
 - o Essex Free Press
 - o Lakeshore News
 - o Shoreline News
 - o Kingsville Reporter
- County of Essex News Notification: Sept. 18
- 6 County of Essex Social Media Postings Sept. 18 - 29
- Facebook ad ran for 6 days – 4500 people reached, 82 link clicks (to County Of Essex website) and 5 ‘shares’ (folks shared the ad to their own personal pages).
- Posted on Town of Kingsville website Sept. 25 – 27
- Kingsville Facebook and Twitter posts on Sept. 20 & Sept. 25
- Letter emailed directly to Kingsville BIA members on Sept. 20

One business owner, who was not from Kingsville, attended the open house. Kingsville did not receive any phone calls during the consultation period. The County received 2 emails and 32 survey responses. In summary, the survey responses showed the respondents felt the Vacant Unit Tax Rebate program impact on them was:

- Not Important – 17
- Neutral – 3
- Somewhat Important – 2
- Very Important/Extremely Important – 10

One survey response mentioned Kingsville specifically, and the comment was in favour of eliminating the program.

The main issues in eliminating the program and counterpoints are summarized below:

Responses Received through Survey	Counterpoints
The program provides financial relief to owners to offset loss of rental revenues	Rebate program can discourage seasonal renting of commercial space (less than one year) and market driven rates
	Rebate programs that provide incentive for vacancy can be seen as counterproductive to other incentive programs that encourage occupancy and growth
	Some properties receive vacancy rebate year after year which suggest the program isn't addressing the main reason why the property is vacant
Elimination would discourage investment in commercial/industrial properties	Can contribute to speculative investment purchases that finance a period of vacancy longer than would otherwise be the case without the rebate program
The commercial tax rates are too high	Commercial and Industrial properties are taxed at a higher rate to account for their income potential

	Taxes in Kingsville are among the lowest in the County
	Businesses can write off property taxes against income for income tax purposes
It takes time to change the site specific zoning of a property	The <i>Planning Act</i> regulates the policies and procedures to change the zoning of a property. It is a public process in which input from other agencies and the public are sought. The municipality must follow the legislation.
	Assessment is based on the actual use of the land, not necessarily the zoning of the land.

The majority of the feedback received concluded the Program's impact was "Not Important" or "Neutral".

The Town of Kingsville is currently working on a Community Improvement Plan. The CIP has its own set of incentive programs to help commercial and industrial businesses. The goal is to help businesses improve existing structures which would help to eliminate vacancies.

The decision of the County Tax Collectors and Treasurers is to request our respective councils to support elimination of the vacancy rebate program. The next step would be for councils to request Essex County Council to seek approval from the Minister of Finance to enact a Regulation for Essex County to eliminate the program commencing with the 2018 taxation year.

LINK TO STRATEGIC PLAN

To develop an economic vision based on our strengths and opportunities that will retain existing and attract new businesses.

To encourage leadership and management that will provide the direction to achieve our goals and maximize the effectiveness of our strategies.

FINANCIAL CONSIDERATIONS

The elimination of the vacancy rebate program would reduce tax write off expense by approximately \$6,500 annually. The opportunity cost of staff resources assigned to the processing of applications and issuance of rebate cheques for the current program amounts to approximately \$1,250 annually. The first year the Town would see these savings would be in 2019. Council has the ability to apply these savings towards implementing CIP incentives in 2019.

CONSULTATIONS

County Tax Collectors and Treasurers
Karen Wettlaufer, BIA Coordinator

RECOMMENDATION

That council approve the elimination of the Vacant Unit Property Tax Rebate Program in Essex County, and request Essex County Council to seek approval from the Minister of Finance to enact a Regulation for Essex County to eliminate this Program, commencing for the 2018 taxation year.

Linda Brohman

Linda Brohman, BBA
Tax Collector

Sandra Zwiers

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Peggy Van Mierlo-West

Peggy Van Mierlo-West, C.E.T.
Chief Administrative Officer