



Vacant Unit Property Tax Rebate Consultation

Wednesday, Sept. 27, 2017



Agenda

- Welcome
- Vacant Unit Property Tax Rebate Program
- Provincial Amendments
- Current Program Challenge and Considerations
- Program Costs
- Future Program Options
- Next Steps



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Welcome

- The County of Essex and all seven local municipalities in Essex County are considering the merits of the Vacant Unit Property Tax Rebate Program.
- We are soliciting feedback from commercial, industrial and residential property owners
- There are three ways for you to provide your feedback on the proposed changes:



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Public Consultation Meeting

- We invite anyone attending the Open House to provide your comments to a representative from the municipality in which your business is located.
- Printed copies of the survey are available for you to complete at the Open House.
- Workstations have been setup at the Open House to complete the survey online.

Online Survey

- You may provide comments through an Online Survey
- Visit: countyofessex.on.ca
- Links to survey also available on Essex County local municipalities websites
- Survey results will be accepted until end of day, September 30th, 2017

E-mail Comments

- You may provide comments by e-mailing them to info@countyofessex.on.ca until September 30th, 2017



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Overview

- Introduced in 2001, the Vacant Unit Property Tax Rebate Program provides property tax relief to owners of vacant commercial and industrial buildings.
- Local municipalities are mandated to have a program to provide tax rebates to owners of commercial or industrial property who have vacant portions.

Overview (cont'd)

- Property owners may apply to the municipality for a tax rebate for periods of vacancy.
- For commercial or industrial buildings to be eligible, the property or a portion of the property must be vacant for a period of at least ninety (90) consecutive days.
- Applicants are also required to meet specific municipal evidentiary requirements that must be satisfied for the owner to be entitled to the rebate.
- The current rebate percentage amount for vacant commercial space is 30% and vacant industrial space is 35%.

Provincial Amendments

- In 2016, the Province, in consultation with municipal and business stakeholders, undertook a review of the vacant unit property tax rebate program.
- The review was initiated in response to municipal concerns of any unintended implications this may have for local economies.
- On November 14, 2016, the Province released its Fall Economic Statement which provided municipalities with broader flexibility to tailor the Vacant Unit Rebate program to reflect community needs and circumstances.



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Local Municipal Government Review

- Staff reports for local municipal Councils consideration were presented as follows:
 - Amherstburg – June 12, 2017
 - Essex – June 5, 2017
 - Kingsville – May 12, 2017
 - Lakeshore – June 13, 2017
 - LaSalle – June 5, 2017
 - Leamington – May 23, 2017
 - Tecumseh – September 12, 2017

Council Direction

- All seven local municipal Councils, as well as Essex County Council, directed Administration(s) to seek feedback on proposed changes
- To report back to local Councils and County Council in the Fall, with recommendations, following a review of the feedback received



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Current Program Challenges and Considerations

- Vacancy allowance, chronic vacancy and/or reduced income due to vacant space are factors considered and adjusted for, when establishing the individual property assessments for the property, as established by Municipal Property Assessment Corporation (MPAC). When a vacancy rebate is granted, on top of the CVA considerations provided for with the property assessment, this can be viewed as “double-dipping”.
- The 90 day continuous vacancy requirement can discourage landlords from seeking and/or accepting short-term, pop-up and/or seasonal rentals.
- No guarantee that tax savings from the rebate program will be used to increase rental viability – can be counterproductive to other incentive programs which encourage redevelopment and occupancy growth like Community Improvement Plans.



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Current Program Challenges and Considerations (cont'd)

- This is a business benefit that is largely subsidized by the residential class
- This is not a benefit which is afforded to other property classes which may experience a form of vacancy from time-to-time, such as residential or multi-residential properties

2016 Program Statistics

Municipality	Number of Applications Approved in 2016	% of Repeat (multiple year) Applications Received in 2016	Total Program Cost in 2016 (Municipal + County + School Board)
Amherstburg	12	75%	\$54,536
Essex	13	93%	\$24,443
Kingsville	6	83%	\$10,580
Lakeshore	21	80%	\$68,689
LaSalle	14	71%	\$67,732
Leamington	29	83%	\$48,549
Tecumseh	24	79%	\$105,439
Total	129		\$379,968



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Future Program Options

- The County of Essex and our seven local municipalities are considering the options now available to make changes to the Vacant Unit Property Unit Tax Rebate Program
- Options available under the legislation include:
 - Status Quo
 - Phase-out of Program
 - Set new Eligibility Criteria
 - Class Fund Program
 - Impose Fee to Assist with Cost of Administering Program
 - Eliminate Program



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Status Quo

- No change to existing program
 - Annual applications
 - 30% rebate for eligible vacant space within commercial buildings
 - 35% rebate for eligible vacant space within industrial buildings



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Phase Out Program (1-3 yrs).

- Program would be phased-out over three years with a declining benefit each year
- Program would not be offered in the fourth year and beyond

Example	Application Year	Tax Year	Rebate Percentage (Comm/Ind)
Year 1	2018	2019	30% / 35%
Year 2	2019	2020	20% / 25%
Year 3	2020	2021	10% / 15%
Year 4	2021	2022	0% (Exit Program)

Eligibility Criteria

- Establish new eligibility criteria, in addition to 90 day vacancy requirement
 - Limit program to one type of building/structure i.e. new office developments



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Class Fund Program

- All costs of the program, as well as the rebates, will be borne by the commercial and industrial classes alone
- Realigning cost of the program so that the residential class and multi-residential classes are no longer burdened
- The funding methodology of this option would need to be developed with both the County and Province



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Impose Administration Fee

- The costs to administer the Vacant Unit Property Tax Rebate program are fairly significant.
- Site inspections may be necessary to validate period of vacancy.
- Fees to recover the cost of Administration of the Applications could be imposed.

Elimination of Current Program

- This option would conclude the Vacant Unit Property Tax Rebate Program.
- There would be no program offering for the 2018 application year and beyond.

Application Year	Tax Year	Rebate Available
2017	2018	Yes
2018	2019	No (Exit Program)
2019	2020	No



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Next Steps

- Analysis of all feedback from in-person consultations, online survey and e-mail correspondence (beginning of October 2017)
- Staff will summarize feedback into themes and report back to respective local municipal Councils (by end of October 2017)
- Each local municipal Council will formalize a recommendation that will be forwarded to County Administration to aid in the development of a recommendation expected to be presented to Essex County Council in November 2017
- If Essex County Council approves any changes to the program, a resolution will be sent to the Minister of Finance, indicating that the County of Essex, in consultation and agreement with its local municipalities, wish to either:
 - “modify” or “eliminate” the vacant unit property tax rebate program.



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Thank You

- Thank you for taking the time to provide us with your comments and feedback.
- Representatives from each of the local municipalities are here to also discuss possible changes to the Vacant Unit Property Tax Rebate Program and how that would impact your particular business.