



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

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:

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

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.

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.

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



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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

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

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

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.

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.