



## The Corporation of the Township of Huron-Kinloss

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### Staff Report

**Report Title: Vacancy Rebate Program Elimination**

**Prepared By: Jodi MacArthur, Treasurer**

**Department: Treasury**

**Date: Jul. 5, 2021**

**Report Number: TR-2021-07-52**

**File Number:**

**F22 VAC21**

#### **Attachments:**

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#### **Recommendation:**

That Township of Huron-Kinloss Committee of the Whole hereby approves Report Number TR-2021-07-52 prepared by Jodi MacArthur, Treasurer AND authorizes the appropriate by-law to eliminate the vacancy rebate program be brought forward.

#### **Background:**

Following the 1998 property tax reform, the Province of Ontario required municipalities to establish programs to provide vacancy rebate programs for commercial and industrial properties.

This requirement is met by establishing a vacant and excess land property tax subclass and by the vacant unit rebate program:

The vacant and excess land property tax subclass is assigned to qualifying properties, as determined by the Municipal Property Assessment Corporation (MPAC) and the tax ratios are set by the County of Bruce. Since the program was introduced the discount for commercial vacant and excess land has been 30% and the rebate for industrial vacant and excess land has been 35% of the full commercial or industrial tax rate.

The Province has updated the legislation to allow municipalities to modify or cancel the vacancy rebate program and starting in 2019, the Province opted to phase out the reduction for education tax rates, regardless of whether the municipalities opted to cancel their program.

The vacant unit rebate program is available to owners of commercial or industrial properties that have a vacant portion for at least 90 consecutive days during the

calendar year. Applications are received and administered by the lower tier and the rebates shared between the Township, County and school boards. The amount of the rebate varies based on the area of the property that is vacant and the number of days.

The Province has also amended the legislation to allow municipalities to cancel this program and a large number of municipalities in Ontario have already done so.

### **Discussion:**

The amendments to the legislation have been made in response to concerns expressed about the continued need for these programs, duplication of discounts and the resulting financial burden placed on other tax classes.

There has been ongoing discussion among the Bruce County municipalities to recommend elimination of the both the vacant and excess land property tax subclass and the vacant unit rebates. The Bruce County Corporate Services Committee has approved a recommendation to eliminate the vacant and excess land property tax subclass effective for the 2022 taxation year and requires each municipality to pass a by-law to opt out of the vacant unit rebate program.

The County is considering options for a new small business tax class and a small-scale on-farm tax class that will provide discounts to qualifying property owners. Public consultation on these programs is expected to start in July of 2021 for implementation in 2022.

### **Financial Impacts:**

There are currently nine properties that qualify for the commercial vacant and excess land property tax class. The amount of the discount on the municipal portion of the taxes amounts to \$721.49, based on the 2021 tax rates. We have no properties in the industrial vacant and excess land property tax class.

In 2021 we processed vacant unit rebates for 7 properties and the total expense for the Township was \$3,887.19.

### **Strategic Alignment / Link:**

The information provided in this report is consistent with and in keeping with the municipality's Vision & Mission.

We are a prosperous community that continues to grow in a sustainable manner by retaining and expanding our existing businesses and attracting new ones;

We are a vibrant community that values our uniqueness and creativity by preserving and protecting our history and heritage; and

We are an accessible community that offers opportunities for everyone by being open and transparent.

**Respectfully Submitted By:**

Jodi MacArthur, Treasurer

**Approved By:**

Mary Rose Walden, Chief Administrative Officer