



The Corporation of the Municipality of Wawa
Staff Report

Revenue Associate

Prepared For: Council	Report No.: HR-2021-01
Agenda Date: November 16, 2021	File No.: 9.50

Purpose

The purpose of this report is to provide Council with the background and information on the Vacancy Rebate Program in which, through an amendment to the *Municipal Act* section 364 (1.1), has now granted municipalities the ability to eliminate the program through municipal by-law.

Recommendation

THAT Council of The Corporation of the Municipality of Wawa receive Report No. HR-2021-01 dated November 16, 2021.

THAT Council accepts the recommendation to amend By-Law No. 2162-08 to adopt Policy No. FT-009 – Property Tax Rebate Program to include the phase out date of December 31, 2022.

Background

The Province introduced the vacancy rebate program in 1998 that required municipalities in Ontario to provide relief through a rebate of property taxes to owners of vacant commercial and industrial properties. This mandatory program was developed when provincial tax reform shifted business taxation from tenants to property owners. The program was intended to assist property owners in times of economic downturn.

This program applies to building that are entirely vacant or where the building was partially vacant for at least 90 consecutive days and the portion of the building was unused and clearly delineated or physically separate from used portions of the building. This is all regulated under section 364 of the *Municipal Act, 2001, S.O. 2001, c.25*. Owners of commercial vacant properties may apply for a 30% rebate which industrial vacant properties may apply for a 35% rebate of the property taxes. This was shared between municipal and school boards.

In 2016, a change was announced by the Province to provide municipalities broader flexibility for 2017 and future years when it comes to vacancy rebates. This was to allow municipalities to tailor the program to reflect community needs and circumstances. In order to make the change to the program, implementation through regulation was required which meant going through the Minister to make the change happen. At that time, we did not wish to proceed due to the process involved.

In December 2020, an amendment to the *Municipal Act, 2001* was passed allowing municipalities to make changes to the vacancy rebate programs through municipal by-law. This includes the following options:

- Eliminate the vacant unit rebate program in the municipality
- Choose a percentage for the vacant unit rebate up to the limit of 35%
- Set additional requirements for an owner of a vacant unit to receive a vacant unit rebate.

As a result, there is no longer a requirement to submit program changes to the Minister to set in regulation.

Analysis

Staff reached out to other municipalities in the area, i.e. Dubreuilville, White River, Chapleau and Hornepayne, and most have either already eliminated the program or will be reviewing the option to eliminate it with their Council in the near future.

Financial Considerations

Taxation Year	No. of Applicants	Municipal Tax Rebate	Education Tax Rebate	Total Rebate
2016	5	\$11,947.45	\$2,534.10	\$14,481.55
2017	11	\$21,417.48	\$4,362.48	\$25,779.96
2018	8	\$13,985.80	\$2,862.94	\$16,848.74
2019	10	\$11,979.40	\$1,210.72	\$13,190.12
2020	9	\$9,579.37	\$0	\$9,579.37

* Note that that above numbers do not include any properties that had assessment changes and rebates reassessed.

We anticipate around 8 applicants for the 2021 taxation year for an estimated total rebate of \$8,600.

Please also note that 6 of the above applicants have obtained the Property Tax Vacancy Rebate for three or more consecutive years.

Policies affected by Recommendation

By-Law No. 2162-08 – Adopt policy No. FT-009: Property Tax Vacancy Rebate Program

Municipal Policy FT-009: Property Tax Vacancy Rebate Program

Options with Recommendation

Option 1 – Eliminate the Property Tax Vacancy Rebate Program effective the 2021 taxation year

Benefits

- Promotes tax equity – all properties pay annual taxes based on the current value assessment
- Eliminates the duplication of tax reductions as vacancy is presently accounted for in MPAC's valuation of assessment (as reassessments of properties continue to come in)
- Eliminates the administration costs associated with this program (Revenue Associate and Building Official)
- Encourages property owners to best utilize their properties
- Net property tax amounts for all property owners would decrease

Drawbacks

- Property owners who receive the rebate will no longer receive it
- Short notice could cause a concern with current applicants

Option 2 – Phase out the Property Tax Vacancy Rebate Program and eliminate it effective the 2022 taxation year

(RECOMMENDED)

Benefits

- Rebate funding remains available for one more taxation year (2021 taxation year)
- Allows property owners who take advantage of the rebate program to have one more year to submit and have time to adjust for the change

Drawbacks

- Allows for the duplication of tax reductions as vacancy is presently accounted for in MPAC's valuation of assessment (as reassessments of properties continue to come in)
- Time requirements to administer the program (Revenue Associate, Building Official and MPAC)
- Disparity remains between residential properties who fund the rebate but are not eligible
- Does not promote tax equity as the rebate is only provided to a small portion of the Municipality's assessment base
- Provides a financial incentive for properties to remain vacant

Option 3 – Continue with the Property Tax Vacancy Rebate Program but redefine the eligibility criteria

Benefits

- Rebate funding remains available

Drawbacks

- Allows for the duplication of tax reductions as vacancy is presently accounted for in MPAC’s valuation of assessment (as reassessments of properties continue to come in)
- Time requirements to administer the program (Revenue Associate, Building Official and MPAC)
- Disparity remains between residential properties who fund the rebate but are not eligible
- Does not promote tax equity as the rebate is only provided to a small portion of the Municipality’s assessment base
- Provides a financial incentive for properties to remain vacant

Example of potential redefining criteria could be that their account needs to be current and not in arrears with the municipality.

Respectfully Submitted By:  Heather Rainville, Revenue Associate	Reviewed by:  Maury O'Neill, CAO/Treasurer
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