



TOWN OF MINTO

DATE: January 16th, 2018

REPORT TO: Mayor and Council

FROM: Gordon Duff, Treasurer & Janet Klemp, Tax Collector

SUBJECT: Changes to the Vacancy Rebate Program

STRATEGIC PLAN:

5.3 Ensure financial plans to include a blend of capital financing methods including long-term debt, user fees, grants, internal reserves and taxation, and maintain reserves to the point where Minto reduces reliance on borrowing or tax increases to finance major capital expenditures.

5.8 Ensure operations, facilities and programs operate efficiently and effectively through a business plan process implemented at budget.

BACKGROUND:

The Vacancy Rebate Program provides a reduction in the taxes levied on certain Commercial and Industrial properties that are available for rental use or sale. As outlined in a previous report, dated April 11, 2017, the existing program provided very little discretion to local Councils and staff as to how this program is administered.

During 2016 and 2017, the Province indicated that it was willing to review this matter and enact legislation to give more authority to local municipalities. The new rules were passed in late 2017 which granted this authority to upper and single tier municipalities. There was a provision that lower tiers could enact certain provisions which were suited to their particular community's needs.

The Council of the Town of Minto formally requested the County of Wellington to notify the Minister of Finance of our intention to modify the Vacant Unit Rebate in the Town of Minto as approved by our Economic Development Committee through Council, taking effect January 1, 2017. The County made this request before the July 1, 2017 deadline. Staff worked with Ministry of Finance staff and the County Treasury Department to refine the wording of the draft regulations governing these changes.

COMMENTS:

On December 20, 2017, Ontario Regulation 581/17 was enacted which gives authority to make the changes to the Vacant Rebate program. The exact provisions governing the operation of this program in the Town of Minto are specifically set out under Section 31 of this Regulation as outlined on the previous page.

Staff is pleased that the objectives of the Town concerning restrictions on the use of this program are in place while maintaining the flexibility to encourage temporary uses of vacant

space under such initiatives as Renew North Wellington and seasonal pop-up stores. Local municipalities are required to pass a By-Law on or before January 31 in the year following the first taxation year to which it applies, which in our case is 2017.

Specified municipalities in the County of Wellington

31. (1) This section applies with respect to the following municipalities for the 2017 taxation year and subsequent taxation years:

1. The Town of Minto.
2. The Township of Wellington North.

(2) Even if a property that is classified in one of the commercial classes or in the landfill property class does not satisfy the requirements of clause 1 (2) (b), the property is prescribed to be an eligible property under section 364 of the Act if,

- (a) the property satisfies the other requirements in section 1 to be an eligible property;
- (b) the property is located within a community improvement project area as defined in section 28 of the *Planning Act*; and
- (c) the applicable municipality has made a grant or loan under subsection 28 (7) of the *Planning Act* with respect to the property.

(3) No rebate is payable under section 364 of the Act for a taxation year in respect of a building, structure or portion of a building if,

- (a) there are, in respect of the building, structure or portion, as the case may be, outstanding taxes for municipal or school purposes or outstanding municipal charges; or
- (b) the municipality paid or credited a rebate in respect of the building, structure or portion, as the case may be, in respect of any two previous taxation years the earlier of which was,
 - (i) 2017,
 - (ii) the year that is four years before the taxation year in respect of which the application is made, if that year is later than 2017, or
 - (iii) the most recent taxation year in which the property changed ownership, if that year is later than the year described in subclause (ii).

(4) No rebate is payable under section 364 of the Act in respect of a building, structure or portion of a building for a period of time unless the building, structure or portion, as the case may be, was advertised for lease or sale throughout the period of time.

(5) Despite any requirement in subsection 1 (1), (2) or (3) that a building, structure or portion of a building must not be used in order to be eligible property, the temporary use of a building, structure or portion of a building does not disqualify the building, structure or portion, as the case may be, from being eligible property in a taxation year if,

- (a) the applicable municipality has passed a by-law respecting the provision of tax rebates to owners of property that has been temporarily used;
- (b) the by-law is passed on or before January 31 in the year following the first taxation year to which it applies; and
- (c) the by-law contains the maximum time that a building, structure or portion of a building may be temporarily used in order to be eligible for a rebate.

(6) A by-law referred to in subsection (5) may contain other requirements if they relate only to the type of property that may be temporarily used and the manner in which it may be temporarily used.

FINANCIAL CONSIDERATIONS:

The dollar amount of the proposed changes is small, however it is hoped that property values in commercial and industrial areas will rise as derelict properties are improved. As mentioned earlier, the average amount of vacancy rebates over the past five years has been \$12,309 annually with Minto's share being \$3,607. Under the proposed changes, this amount is expected to be reduced.

RECOMMENDATION:

THAT Council of the Town of Minto accepts the Treasurer and Tax Collector's report dated January 16th, 2018 regarding changes to the Vacancy Rebate Program and considers a by-law in open session.

Gordon Duff, Treasurer

Janet Klemp, Tax Collector