



**City of Kingston**  
**Report to Administrative Policies Committee**  
**Report Number AP-18-024**

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<b>To:</b>	<b>Chair and Members of the Administrative Policies Committee</b>
<b>From:</b>	<b>Desirée Kennedy, Chief Financial Officer and City Treasurer</b>
<b>Resource Staff:</b>	<b>Jeff Walker, Manager of Taxation and Revenue</b>
<b>Date of Meeting:</b>	<b>November 8, 2018</b>
<b>Subject:</b>	<b>Vacant Unit Rebate and Subclass Reduction Programs</b>

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**Executive Summary:**

Since 1998, the Vacant Unit Rebate and Vacant and Excess Land Property Tax Subclasses have provided tax rebates and reductions to property owners who have vacancies in commercial and industrial buildings or land.

The Vacant Unit Rebate provides a tax rebate to property owners who have vacancies in commercial and industrial buildings. This application-based program is administered by municipalities. The current rebate is 30% of the property tax for vacant commercial space and 35% for vacant industrial space.

The Vacant and Excess Land Property Tax Subclass taxes commercial and industrial properties in this subclass at a fixed percentage rate below the tax rate of the broad tax class. These properties are discounted at 30% of the full Commercial rate and 35% of the full Industrial rate.

In response to municipal and other stakeholders' requests, the Province provided municipalities broader flexibility to modify the vacant unit rebate and subclass reduction programs for 2017 and future years. This greater flexibility enables municipalities to tailor these programs to best reflect local circumstances, while considering the interests of local businesses.

On November 9, 2017, staff presented Council with a [Report to the Administrative Policies Committee](#), which provided an overview of the current vacant unit rebate and vacant and excess land property tax subclass programs and the options which are being offered by the Province.

Council directed staff to undertake public stakeholder consultation to request feedback on the current programs and requested that staff report back with the results of the consultation and formalize a recommendation for Council to consider.

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This report will:

- Inform Council on the outcome of the comprehensive consultation process that was undertaken with the local business community and general public;
- Provide Council with an update on changes to the Vacant Unit Rebate program in other municipalities and by the Province;
- Recommend Council approved the phase out of the Vacant Unit Rebate program over a period of two years as described in this report; and
- Recommend a continued review of the subclass reductions for vacant and excess land property tax subclasses.

**Recommendations:**

**That** Council approve the phase out of the current Vacant Unit Rebate program over a two year period such that for the 2018 taxation year (applications due by February 28, 2019), the existing vacant unit rebate will continue to be available, for the 2019 taxation year (applications due by March 2, 2020) the rebate rate will be reduced to 15% for commercial and 17.5% for industrial vacant units, and for the 2020 taxation year (applications due by March 1, 2021) the rebate will be fully eliminated.

**That** Council endorse the continued review by staff of the subclass reductions for vacant and excess land property tax subclasses for possible changes to align with the changes being made at the provincial level for the education property tax portion of these programs.

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Authorizing Signatures:

ORIGINAL SIGNED BY COMMISSIONER

**Desirée Kennedy, Chief Financial Officer and  
City Treasurer**

ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER

**Gerard Hunt, Chief Administrative Officer**

Consultation with the following Members of the Corporate Management Team:

Lanie Hurdle, Commissioner, Community Services	Not required
Jim Keech, President & CEO, Utilities Kingston	Not required
Denis Leger, Commissioner, Corporate & Emergency Services	Not required

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**Options/Discussion:****Background**

Since 1998, the Vacant Unit Rebate and Vacant and Excess Land Property Tax Subclasses have provided tax rebates and reductions to property owners who have vacancies in commercial and industrial buildings or land. The City receives approximately 180 vacant unit rebate applications annually and budgets \$975K annually for the vacant unit rebate program, which is funded by all property owners.

In response to municipal and other stakeholders' requests, the Province provided municipalities broader flexibility to modify the vacant unit rebate and property tax subclass reduction programs for 2017 and future years. This greater flexibility enables municipalities to tailor these programs to best reflect local circumstances, while considering the interests of local businesses.

On November 9, 2017, staff presented Council with the Commercial and Industrial Vacancy Rebate Program [Report to the Administrative Policies Committee](#), which provided an overview of the current vacant unit rebate and vacant and excess land property tax subclass programs and the options which are now being offered by the Province.

Council directed staff to undertake public stakeholder consultation to request feedback on the current programs and requested that staff report back the results of the consultation and formalize a recommendation for Council to consider.

**Stakeholder consultations**

The Province requested municipalities consult with and consider the interests of the local business community prior to recommending any changes to the programs. In accordance with Council direction, public consultation was undertaken in accordance with the City's Public Engagement Framework, with both the business community and the general public. An online survey and scheduled consultation sessions were advertised on radio, social media, newspaper and roadside signs. In addition, letters were mailed to all current recipients of the vacant unit rebate program to invite the beneficiaries of the programs to participate in the consultations.

**Online survey**

The online survey was available between March 19<sup>th</sup> and April 6<sup>th</sup> of 2018 for people to share their views and comments on the current programs and the potential options for change. Three hundred and ten (310) residents, businesses and property-owners participated in the survey. Comments regarding the vacant unit rebate and subclass programs collected from the online survey varied significantly. A summary report of the survey results including participant comments is attached as Exhibit A to this report.

The online survey indicated that the business community is divided regarding a preferred future for the vacant unit rebate and subclass reduction programs.

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Business owners that do not own commercial or industrial property generally commented that the rebate program is not good for our downtown as it partly subsidizes landlords for leaving units empty, which, in turn, keeps commercial rents higher than market forces would otherwise dictate. Residential property owners and other residents generally agreed with business owners, commenting that there are countless units downtown that have been vacant for years, while commercial rent continues to be high. They felt the benefit to Kingston small businesses would be tremendous if rents were moderated by removing the vacant unit rebate.

Commercial and industrial property owners on the other hand generally responded that when properties are vacant, landlords struggle to pay property taxes and ongoing expenses. Vacant unit rebates help to compensate for these expenses until a tenant can be found. These property owners argue that the amount of a rebate is much less than the potential rental to be earned if the property was vacant and therefore the program does not encourage leaving properties vacant in order to collect a rebate. The beneficiaries of the programs also wanted to ensure Council was made aware that the vacant unit rebate program was originally implemented as a mandatory program for municipalities to address the Province's decision to move the business occupancy tax liability from business tenants to property owners in 1998. The program was established to ensure property owners would not have to pay the business occupancy tax liability for a property that did not have a tenant. Tables 1 and 2 below summarize survey results.

**Table 1:** Should the City continue to offer a Vacant Unit Rebate program discount of 30 per cent to commercial properties with vacancies over 90 days during the year?

The majority of respondents were in favour of either eliminating the vacant unit rebate program immediately or phasing the program out over a period of two years. Respondents indicating that they would like to see a modified program noted options that would add a time limit, i.e. only two consecutive years, only accept properties that were available for lease and would exclude properties that were unfit for occupation. Similar results were returned regarding whether the City should continue to offer a vacant unit rebate program to industrial properties.

Response	Commercial/ industrial property owners	Business operator (not commercial/ industrial property owner)	Residential property owners and residents	Total Count	Percentage of total
Keep program	30	3	18	51	17%
Eliminate immediately	0	27	94	121	39%
Phase out program	2	5	51	58	19%
Modify the program	11	5	32	48	15%
Unsure or Blank	2	6	24	32	10%
<b>Total</b>	45	46	219	310	100%
% of respondents	15%	15%	70%		

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**Table 2:** Should the City of Kingston undertake a review of the current 30 per cent property tax subclass discounts for commercial vacant or excess land?

The majority of respondents were in favour of reviewing the discounts offered to the vacant and excess land property tax subclasses. Respondents indicating that they would like to see the subclass discounts reviewed, noted options for review that would either eliminate the subclasses or reduce the discount rates. Similar results were returned regarding whether the City should undertake a review of the property tax subclass discounts for industrial vacant or excess land.

Response	Commercial/ industrial property owners	Business operator(not commercial/ industrial property owner)	Residential property owners and residents	Total Count	Percentage of total
No	22	6	23	51	17%
Yes	10	27	156	193	62%
Unsure or Blank	13	13	40	66	21%
<b>Total</b>	45	46	219	310	100%
% of respondents	15%	15%	70%		

### Consultation sessions

In addition to the online survey, consultation sessions were held in order to present the details of the current programs and the options for changing them. The public consultation sessions were held on Tuesday, March 26, 2018 from 6:00 to 7:30 p.m. at the Artillery Park Aquatic Centre and Wednesday, March 27, 2018 from 2:00 to 3:30 p.m. at the INVISTA Centre. A PowerPoint presentation from the consultation sessions is attached as Exhibit B to this report. Attendance at the consultation sessions was generally low; attendees were primarily commercial property owners, realtors and business owners. The majority of feedback received in the sessions focused on benefits of the vacant unit rebate program and stressed how elimination or reduction of the program would represent an economic hardship for property owners.

Attendees noted that the carrying costs associated with owning a vacant property are high and while the rebate program helps to mitigate those carrying costs, the rebate is not a sufficient amount to incent an owner to keep a building vacant. It was also noted that commercial properties are already responsible for too high a proportion of the property tax load, that property owners should not be responsible for what was previously a business tax paid by tenants and if the City wants to support local businesses they should keep the program running. A written response was also received from the Downtown Kingston! B.I.A., which is attached as Exhibit C to this report. The response indicates that “the current vacant unit rebate program in Kingston works and does not need fixing”.

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## Programs Update

The March 2018 Business Vacancy Rebate and Reduction Programs Update from the Ministry of Finance noted that since 2017, 46 upper and single-tier municipalities have submitted a request for changes to their vacancy programs. These municipalities represent two-thirds of all business properties in Ontario and while these municipalities have implemented a variety of changes, 80 per cent of them will phase-out the municipal component by 2020. Program change requests ranged from modifying eligibility criteria to a phase-out and/or elimination of the programs. This Provincial update is attached as Exhibit D to this report.

With respect to education property taxes, the Province currently mirrors municipal property tax decisions related to the vacancy programs. This has resulted in different treatments of education property taxes across the Province as each municipality modifies the programs to best suit its local needs. The *2018 Ontario Budget* announced that the education property tax portion of the vacancy programs would be aligned with changes made by municipalities, ensuring greater consistency across the Province. The April 3, 2018 Business Vacancy Rebate and Reduction Programs Update from the Ministry of Finance provided further clarification by announcing that, to align with the majority of municipal changes, the Province would phase out the education property tax portion of these programs. This initiative will begin in 2019 to ensure that businesses have time to plan for program changes. However, to avoid undue administrative burden for municipalities that have already made changes to the programs, the Province will continue to mirror these municipal changes, with respect to the education property tax portion of the vacancy programs. This document is attached as Exhibit E to this report.

## Related Assessment Policy

When MPAC assesses business properties for taxation purposes a vacancy factor is provided for within the assessment value. As a result, all business properties, whether vacant or not, receive the benefit of a reduced assessment as a result of a built in vacancy factor. When owners appeal a property's assessment value, one of the factors negotiated is the vacancy factor. This enables owners to seek tax relief for above average vacancies by way of a lowered property assessment value.

Properties that experience vacancies while undergoing renovations will continue to be eligible to apply for an assessment reduction through a 357 tax write-off application.

## Summary

While input from the public consultation exercise was varied depending on the respondent category, the majority of respondents supported either eliminating the vacant unit rebate program immediately or phasing the program out over a period of two years. The majority of respondents also supported further review of the discounts offered to the vacant and excess land property tax subclasses.

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Staff has also been monitoring the provincial vacancy rebate review and updates as well as other municipalities' decisions with respect to changes to these programs. The provincial review emphasized the importance of consistency in maintaining a competitive market for business owners and ensuring vibrant and sustainable communities. As of March 2018, municipalities representing two-thirds of all business properties in Ontario have submitted a request for changes to the vacancy programs. Eighty (80) per cent of those municipalities will phase-out the municipal component of the vacant unit rebate by 2020. In addition, the Ministry of Finance announced that, to align with the majority of municipal changes, the Province would phase out the education property tax portion of these programs beginning in 2019.

Staff is recommending that the City phase-out the vacant unit rebate program over a two year period as outlined below.

- Applications received for the 2018 tax year (due by February 28, 2019) will be processed as normal with a letter sent to each successful applicant advising them of the phasing out of the program.
- Applications received for the 2019 tax year (due by March 2, 2020) will be eligible for a rebate of 15% for properties assessed in a commercial property class and 17.5% for properties assessed in an industrial property class.
- No rebate will be offered for 2020 tax year applications (due by March 1, 2021) and subsequent tax year applications.

Staff is also recommending further review and monitoring of the subclass reductions for vacant and excess land property tax subclasses for changes being made at the provincial level for the education property tax portion of these programs.

## Implementation

Municipalities that have decided to modify the vacant unit rebate and the vacant and excess land subclasses must notify the Minister of Finance of their intent to utilize this flexibility and provide details of the proposed changes along with a Council resolution. Changes to the rebate and reduction programs will be implemented through regulation for each municipality.

Changes to the 2019 rebate program will affect the applications for the 2019 tax year received by the March 2, 2020 deadline. The deadline for municipalities to submit a notification to the Minister for changes effective for 2019 and future years will be communicated by the Ministry of Finance later in 2018 or early 2019. Upon Council passing a resolution indicating approval of the changes, staff will submit a formal request to the Ministry of Finance to issue a regulation implementing the requested changes.

## Existing Policy/By-Law:

*Municipal Act, 2001, S.O. 2001, c. 25, as amended*



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**Notice Provisions:**

There are no notice provisions for this report.

**Accessibility Considerations:**

The Exhibits to this report are available in an alternate format upon request.

**Financial Considerations:**

An amount of \$975,000 was included in the 2018 operating budget for the Vacant Unit Rebate Program, to be paid in respect of applications received for vacancies occurring primarily in 2017. A similar amount will be included in the 2019 operating budget for vacancies occurring in 2018. Beginning in 2020, the program will phase-out over two years with appropriate amounts reflected in the 2020 and 2021 operating budgets.

**Contacts:**

Desiree Kennedy, Chief Financial Officer and City Treasurer, Extension 2220

Jeff Walker, Manager Taxation and Revenue, Extension 2484

**Other City of Kingston Staff Consulted:**

Not applicable

**Exhibits Attached:**

**Exhibit A:** Vacancy Programs Survey Results

**Exhibit B:** Vacancy Programs Consultation Session Presentation

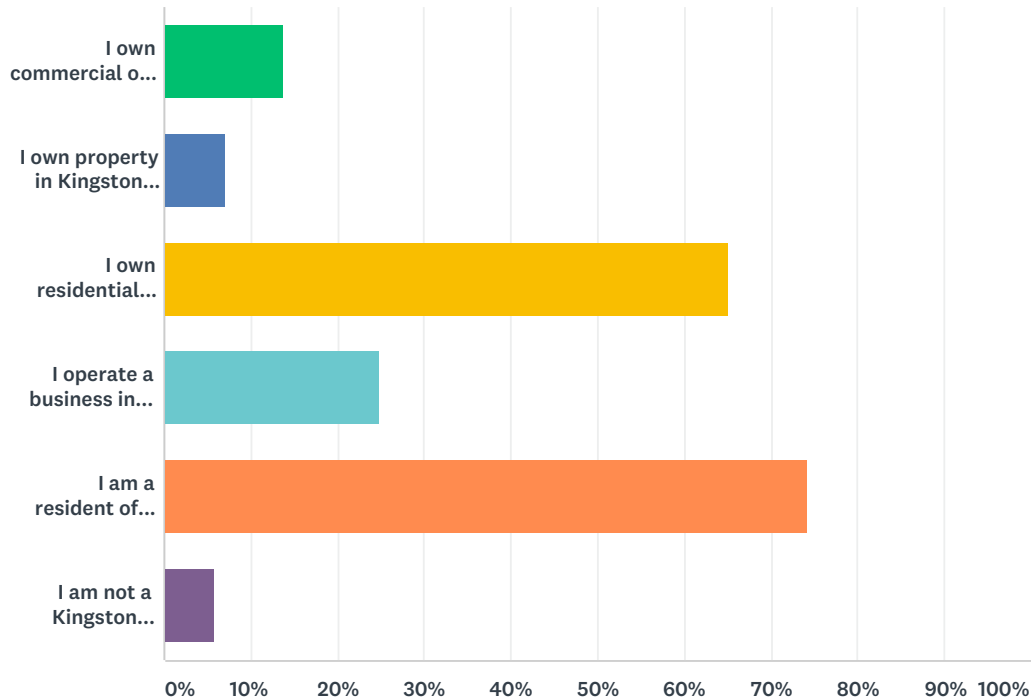
**Exhibit C:** Downtown Kingston! B.I.A. Response to Vacant Unit Rebate Program

**Exhibit D:** Ministry of Finance March 2018 Business Vacancy Rebate and Reduction Programs Update

**Exhibit E:** Ministry of Finance April 3, 2018 Business Vacancy Rebate and Reduction Programs letter to Treasurers and Clerks/Treasurers

# Q1 Select one or more of the following options that describes your situation

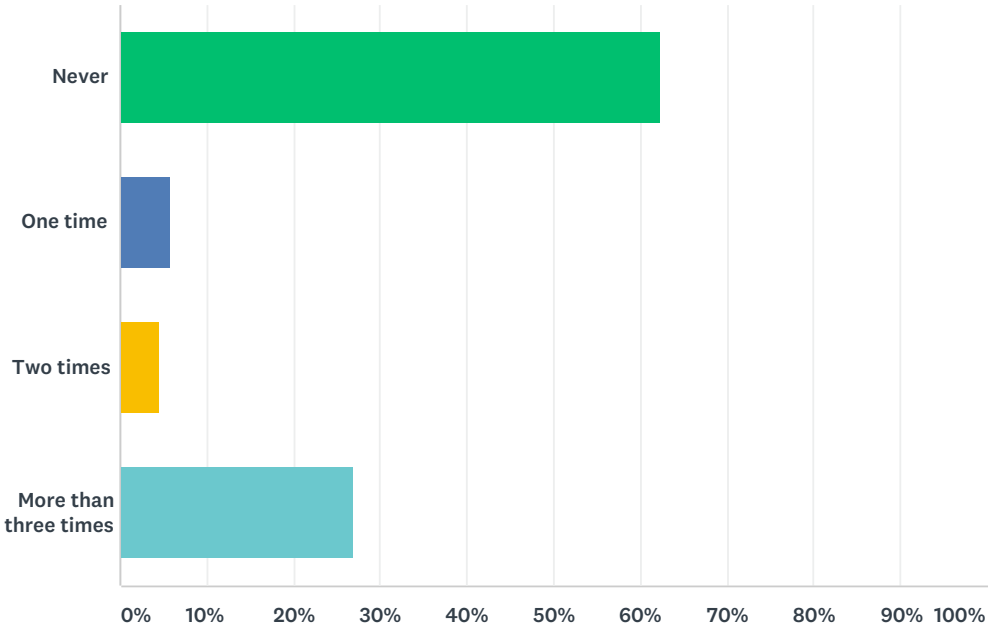
Answered: 310 Skipped: 0



ANSWER CHOICES	RESPONSES	
I own commercial or industrial property in Kingston	13.87%	43
I own property in Kingston assessed in a commercial or industrial vacant/excess land property tax subclass	7.10%	22
I own residential property in Kingston	65.16%	202
I operate a business in Kingston	24.84%	77
I am a resident of Kingston	74.19%	230
I am not a Kingston resident	5.81%	18
Total Respondents: 310		

Q2 In the last 10 years, how many times have you applied for a Vacant Unit Rebate?

Answered: 85    Skipped: 225



ANSWER CHOICES	RESPONSES	
Never	62.35%	53
One time	5.88%	5
Two times	4.71%	4
More than three times	27.06%	23
TOTAL		85

**Q3 Do you have any suggestions regarding the Vacant Unit Rebate program? Please, offer examples from your experience to explain your suggestions.**

Open-Ended Response

Answered: 53

Skipped: 257

- I feel a rebate program discourages business growth by paying building owners to hold out for artificially high lease rates instead of allowing market demand to set prices. This is why there are a lot of empty shops downtown and high turnover due to unreasonable rental prices. Why reward land owners for holding empty space?
- There should not be a rebate for property owners. A rebate program enables property owners to leave viable properties vacant while holding out for higher rents and which affects the look and feel of the city. It appears the city is supporting the building of new commercial and industrial sites while older ones are being left vacant. This seems like a foolish business practice.
- These rebates have helped to reduce some of the hefty carrying costs associated with owning an empty building. These carrying costs include not only the taxes but also maintenance, utilities (heat in the winter to avoid freezing), and marketing to encourage the space to be leased. The rebates do not, by any means, represent any sort of windfall, and they are definitely NOT an incentive to keep a building vacant. Renting a building is far preferable to having an empty building, for a variety of reasons including rental income which far outweighs the rebate, but also having the space occupied for safety and to avoid vandalism that can occur on vacant sites. Secondly, the history of the origins of the rebate appears to have been overlooked. Property taxes are now a blend between strict property taxes and also business taxes. The rebate was intended to represent the portion of tax representing the business tax for a building where there is no business (and where that tax should rightfully not be paid). To continue to charge the full amount of the property tax which includes the business tax is actually penal on landlords. In summary, we believe the rebate is fair, and the program should remain in place.
- The vacancy rebate is returning funds to building owner that they collected on behalf of the City for business tax that was harmonized with property tax. Vacancies cost owners money for maintenance, property taxes snow removal, insurance etc. Vacancies create deficits These deficits are not balanced by a vacancy rebate
- Program should stay as is. Owners should not be responsible for what was previously a business tax paid by tenants. If there is no tenant there is no tax due, hence the vacancy rebate. Rebate money helps with the deficiency created by the vacancy and allows owner to keep property in shape to lease.

## Vacant Unit Rebate Program

- The program should be maintained as is. Removing the rebate is increasing taxes for the property owner. Business Occupancy tax and Property tax were blended benefiting the City and MPAC. Owners were collecting the tax from their tenant on behalf of the City. As such these monies are really Trust monies held by the City and should be returned to the Building owner when there is no tenant. These monies do not create a profit. Any vacancy a landlord has results in a deficit as there are ongoing expenses- taxes, maintenance, snow removal, insurance, leasing costs etc. An owner needs to keep up the appearance of the property for leasing. This money helps promote this.
- I have trying to rent a unit on the downtown area for some months. This program does not provide an incentive to the landlords to be flexible in their rents. I believe that the downtown area is suffering from having so many units vacant, and this program only serves to keep this the case
- Recommend rebates continue. This portion of the taxes was really a tenant business tax which the Municipality downloaded to the landlord to collect. If there was a vacancy then we were rebated as there was no tenant in place to charge business tax. This money provides some offset for the loss which accumulates when a unit/property is vacant. You still have ongoing expenses for maintenance utilities taxes snow removal garbage etc. In order to lease a property you must keep up its image. There is a ceiling as to how much rent you can charge so you cannot make up this loss by charging the next tenant more money.
- I feel the program should be left as is, because this was a 30% business tax put on the businesses that were renting the space. Now that it has been changed such that property owners pay the property tax bills, when the space is vacant that 30% business tax should not be applicable and be returned to the landlords so that they can take those funds and use them to re-market their vacant space. Smaller landlords when properties are vacant, struggle to pay property taxes and up keep of the space when it is vacant. This will push small local landlords out of business and once again allow foreign large businesses to monopolize our local properties. Also, people wanting to put new rental property on the market, will be reluctant to build until they have a solidified tenant if a new business was relocating to Kingston, there may not be any readily available space which means local entrepreneurs will not build on spec. as this 30% is yet another cost they would have to incur on vacant space, if the proposal goes through.
- 30 and 35% reduction rates seem quite high.
- This needs to stop. Landlords need a strong economic incentive to make fair deals with tenants. A lot of those buildings are owned by some of the richest people in Kingston, they aren't struggling to make mortgage payments...

## Vacant Unit Rebate Program

- If Kingston wants to supports their local businesses, they should keep the program running.
- In bad economic periods and in depressed areas of the city, municipalities need commercial investment. Reduced taxes encourage investment in property when high vacancies exist. High Vacancies can sometime be the fault of municipalities and high tax rates. Ultimately poor decisions by council can lead to high vacancy rates. The people who pay the most year after year and are the biggest partners in a municipality's growth should get some consideration if the economy goes bad and it's outside the owner's control. Most land owners are happy to pay taxes when lands property is occupied. It should be win/win.
- Continue the program with rebates for vacant space and if anything increase the rebate. I read that someone felt that eliminating the rebate would spur property owners to lease their space. This is not the case. As a property owner with vacant space you lose money and the rebate program assists. I would happily give up the rebate program if the City guaranteed me a tenant. Unfortunately that is not how real estate works. Unfortunately in SOME cases high taxes push tenants to select less expensive locations. This was especially true with the variance between the old City and Township.
- The Vacancy Tax Rebate was created when the separate tax on businesses was shifted to landlords to ease the municipality's collection of the tax and shifted the burden of collection to the landlord. The Vacancy Rebate should be retained.
- I don't believe it's in the best interests of the Kingston economy to have units sitting empty, so I don't understand why we incentivize that situation. There are countless units downtown that have been vacant for years, while commercial rent continues to be incredibly high. The vacancy rate should be affecting the rent since there is a surplus of supply, but the vacant unit rebate creates an incentive for landlords to protect their high rent in occupied properties by taking a smaller loss on vacant ones. The benefit to Kingston small businesses would be tremendous if rent were moderated by removing the vacancy rebate. Our family recently experienced this when my wife was seeking space to run her counseling business. She ended up paying \$500 per month to share a space for only one day per week. I also know of a studio that went out of business because they couldn't turn a profit with their \$5,000 per month rent for a space that was probably 600-700sqft. I understand that we don't want to penalize companies when there is a lack of economic opportunity, but there are more than enough people who want to own businesses and cannot because we are propping up rent prices.

## Vacant Unit Rebate Program

- The program should end.
- There should be a time limit on the rebate. If a property owner is receiving interest in their property(s) but continues to not rent it because they are demanding rent that is not in line with market value, or they are hoping a franchise rents the space, they are choosing to keep the property vacant therefore should not be eligible for the rebate.
- The rebate should diminish over time to encourage occupancy and discourage gouging rental rates.
- I ran retail outlets for over 30 years in Kingston. The rebate means that there is no incentive for big landlords to negotiate the rent.
- At present, it's too generous. When a unit sits vacant for a long time, the owner is supposed to drop the asking rent to attract a tenant quickly. The rebate program partly subsidizes landlords for leaving units empty, which is bad for our downtown and keeps commercial rents higher than market forces would drive them.
- In my experience I have found that a number of these properties are located in areas that are now zoned fully residential. Historically the specific properties were zoned commercial and/or industrial. These industrial and or commercial sites are no longer considered viable properties in the neighbourhood where they are located yet there tends to be resistance and or expensive procedures to convert properties to uses that are more conducive to the current zoning of the area. A number of these properties were zoned commercial and or industrial during a earlier time in Kingston's history. Owners are burden with high taxes and have great difficulties in leasing such properties based upon their commercial designation. The city should encourage redevelopment of the properties that support the current zoning of the area. Until there is a more constructive approach to changing use the city should continue a rebate program with the condition that the owner is continuing to market the property in accordance with zoning of the property. If it determined that a viable initiative cannot be found for the property then city administrators should work in concert with owner to establish a option for change in order to have a marketable property. Unfortunately I was unable to attend the meeting(s) but would be more than open to discussing these options as I have just went through a conversion program to convert commercial.
- The city should treat all property owners equally. If there is a rebate for commercial properties then it should be extended to residential properties.
- We received the rebate approximately thirty days after applying. As the owner of a commercial space, I would like to see a larger discount on vacant property.
- Keep program as is

## Vacant Unit Rebate Program

- Spend more energy on figuring how to lower commercial taxes to assist and grow business in Kingston.
- The high cost to bring bldg. up to code to rent or sell
- This tax was established as a business tax on the business itself not the property. This elimination of the rebates will hurt property owners with vacant land
- Landlords set their rents so high it makes it impossible for small business owners to consider renting the store. Then, when the store sits empty, the City gives the landlords a reward! A reduced evaluation of their property and a reduction in their property taxes too! There's no incentive for the landlord to work hard at getting a tenant and certainly no incentive to determine true market value for the cost of these leases. This totally interferes with free enterprise and market value of the properties.
- I think the system is managed effectively by the City and helps to offset significant costs that property owners have during a vacancy.
- Provide other options: they can lend the space out to pop up, not for profit, startup businesses, collectives, city art projects, anything w cultural benefit or encouraging civic engagement in Kingston. I had many landlords tell me they would not do this because it wasn't fair to existing businesses. But the business style/type is very different.
- I believe that abolishing it will lead to less vacant storefronts & lands.
- It should immediately be removed. It is a program that was set up to benefit the rich developers in Kingston so they could save money and keep their jacked up rent costs. Utterly disgusting that the city continues to support and offer financial assistance to these corporations and companies. What about rebates for the small businesses in the city? Why don't other people get rebates? Residents that own residential properties? The rebate program should be completely eliminated as to remove the motivation to keep vacant commercial and industrial spaces. What motivation do they have to find new businesses? Like every other person living in our city the rules should be the same. If own a residential unit I do not receive a rebate if I don't have my home rented out, why should these businesses (who let's be fair have more disposable income than I do). There is no reason to phase out the program. That seems like a cop out. These companies need to own up to their investments and cover the costs just like any other business/resident. Offering a phase out program also offers more chances of appeal and changes going forward. If you make the decision to make the change, just do it for god's sake. They bought the building, they hold the investment, and they can pay for their taxes like everyone else. Or rent out their space...perhaps by lowering their rent????? What a concept!



## Vacant Unit Rebate Program

- Stop the program after a couple months. It may force owners to lower rents or explore new tenants for businesses to replenish downtown and other areas. It may get them sell the property to people who wish to develop it. Empty units do not bring people into the area. This will save city money and bring revenue from businesses.
- Get rid of it. Walking downtown and seeing empty store fronts is not appealing to anybody. It encourages landlords and property managers to keep their properties vacant, so as to get money back.
- The vacancy rebate program is extremely beneficial when office / retail units are empty but available to rent
- It has been my experience that most commercial owners are not willing to bargain on price for a vacant building because they will be paying higher taxes when the building becomes occupied
- All I can contribute is this: every day on my way to work, I drive down Princess Street and see at least a dozen boarded up, decrepit buildings. I also see a lot of fairly run-down buildings with obvious vacancies. I do not know if the property owners are receiving money for these properties (I hope not) - what I do know is that they make the downtown look scuzzy and lifeless.
- Keep it - it originated as a result of business taxes payable by the occupying business not be attached to the property tax bill often not being collected by the municipality. When the provinces changed the rules to add adjust the property tax calculation to include the business tax, the municipalities no longer lost this business tax revenue. In return municipalities recognized that prior to this change if the location was empty no business tax was payable, therefore the 30% vacancy rate reduction was meant to mimic the business tax portion of the property tax not be owed as there was no business occupying the premises.
- The program “rewards” commercial owners for not filling properties. There are many vacant store fronts downtown and instead of lowering square footage rates the owner can get a tax break for not filling it. We want the downtown core to thrive and we are continually building new locations in the east or west end because it's cheaper to build and rent there than to fill locations downtown.
- The municipal property tax is included in the rent paid by the tenant. When a tenant vacates, the rental income is not available but the subsidy from the rebate compensates.
- Scrap it. This is why we have so many vacant retail spaces and why rents are so high!
- Cancel this program, the City looks terrible with all of the vacant properties, especially the downtown. Certain Landlords abuse this program.
- The vacant unit rebate is an encouragement for landlords to keep unit vacant and insist on higher rent, which is not fair to everybody else who is paying tax.

## Vacant Unit Rebate Program

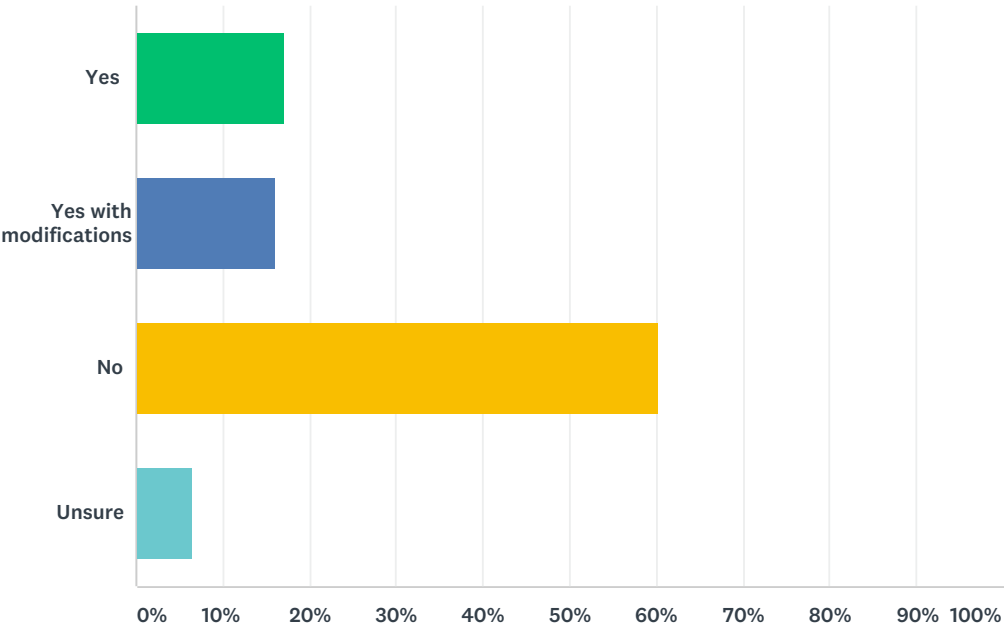
- Keep the programs as they currently are. Despite continuous advertising with a commercial realtor, part of our commercial building remains un leased. The rebate is minimal but at least it is something towards the ongoing maintenance costs of the building.
- Why on earth would we have to pay more taxes to make up for tax rebates given to the super wealthy? Vacant unit's downtown can make the rents come down like they need to. If anything there should be more tax paid on empty units. Anyone who wants these rebates does not need them.
- I believe that the Vacant Unit Rebate program should not be ended. This program was introduced when the business occupancy tax was eliminated thus adding the burden of payment of the business tax to the property owner. No doubt that the elimination of the business tax simplified matters for the Province and Municipalities however to now essentially charge this business tax component when a property is vacant is unfairly burdening the property owner. This burden is especially difficult for an individual who owns 1 or 2 commercial or industrial properties as not only are they losing rent from a vacant unit but would be forced to essentially pay the business tax component when there is no occupant of their space - a financial 'double whammy'. There is a misconception that commercial and industrial property owners are 'in the business of collecting vacancy rebates' thus leaving their properties vacant to collect these rebates. This is simply not the case as the potential rental that a property owner would receive for his or her vacant unit far exceeds the amount of the vacancy rebate and as such a property owner is well motivated to rent a vacant unit as quickly as possible to obtain a normalized and dependable rental income stream. What the vacancy rebate does allow a commercial or industrial property owner to do is to use the vacancy rebate amount saved to improve the property to assist in renting out the property more quickly. Being mindful of all matters of this debate a solution might be to phase the vacancy rebate formula as follows: Year 1 - property owner may apply for and receive 100% of vacancy rebate; Year 2 - property owner may receive 50% of rebate; Year 3 - 25% of rebate; year 4 - 0% of rebate. I would also suggest that for any single property or single unit within a multi-unit property a property owner may only apply for a vacancy rebate following the above formula once every 5 years.
- I would suggest a limitation to the vacation rebate program such as a year. This would give property owners enough time to properly advertise their property to potential renters instead of making a rushed choice due to a higher financial burden. We want the buildings full but with the appropriate businesses that will improve the downtown experience.
- Online form application. Better integration with MPAC online forms.

## Vacant Unit Rebate Program

- I bought the building and needed 3 months to a complete renovation inside and out. I was thankful for tax relief as I was already paying tax on another building up the street.
- The program should remain as is. Looking at the history of commercial taxes. 30% of the property assessment was the business assessment assessed against the tenant. Then the system was changed to make the landlord responsible because businesses kept going bankrupt and city couldn't collect its taxes. So the landlord was shackled with the tax but on the promise that if the property was vacant, the landlord would not have to pay the business portion of the tax. Now through an unfair portrayal of what the tax is and how it was arrived at, the public is being sold the idea that landlords actually want to keep their properties vacant because they don't have to pay the tax which in the first place was not theirs to pay.
- I believe it to be of great financial assistance to owners who are experiencing a prolonged period of vacancy/loss of revenue/negative cash-flow.
- The program should be ended. Property owners, especially those with buildings and land that no longer have any mortgage payments due, have no incentive to actually build on or fill the building. They sit on the land or let it sit vacant because they know they will receive a tax break. There is no incentive for them to develop the land, actively look for tenants or reduce the lease rate enough to fill the space.

Q4 Should the City continue to offer a Vacant Unit Rebate program discount of 30 per cent to COMMERCIAL properties with vacancies over 90 days during the year?

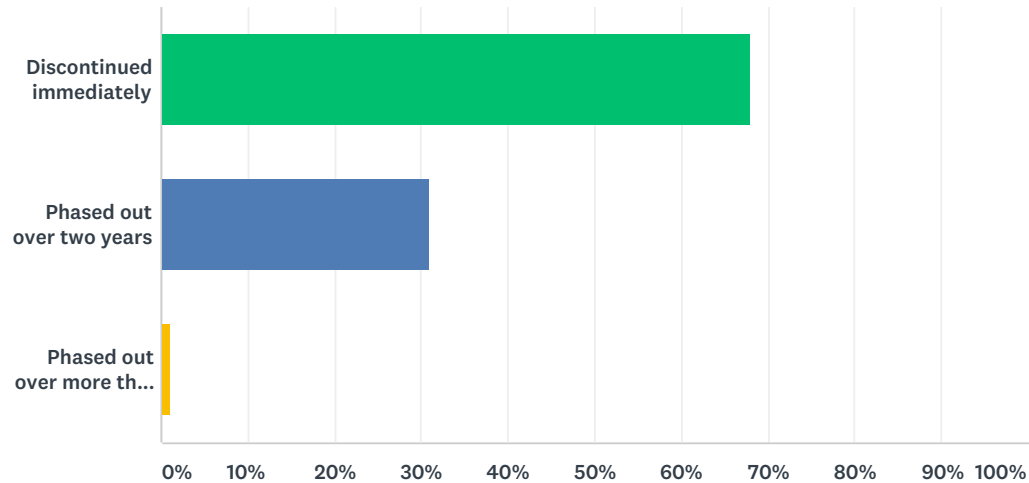
Answered: 297    Skipped: 13



ANSWER CHOICES	RESPONSES	
Yes	17.17%	51
Yes with modifications	16.16%	48
No	60.27%	179
Unsure	6.40%	19
TOTAL		297

Q5 Should the Vacant Unit Rebate program for commercial properties be discontinued immediately or phased out?

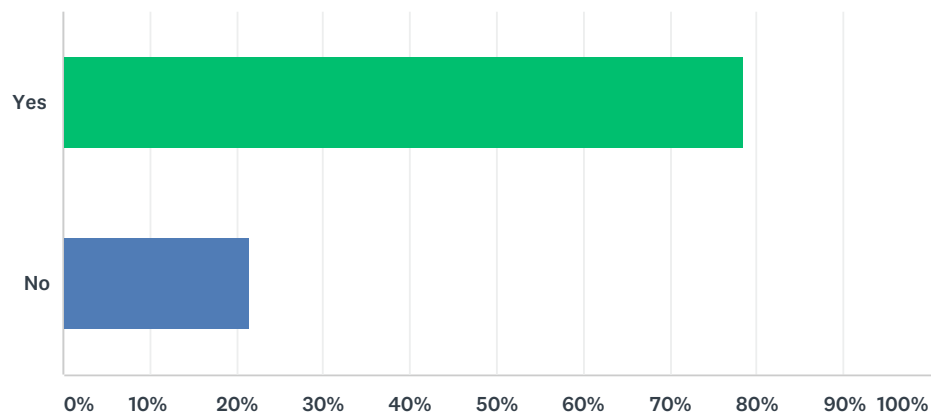
Answered: 178    Skipped: 132



ANSWER CHOICES		RESPONSES	
Discontinued immediately		67.98%	121
Phased out over two years		30.90%	55
Phased out over more than two years		1.12%	2
TOTAL			178

Q6 Do you think the Vacant Unit Rebate program should be available to chronically vacant commercial properties (units that are vacant for three years or more)?

Answered: 51    Skipped: 259

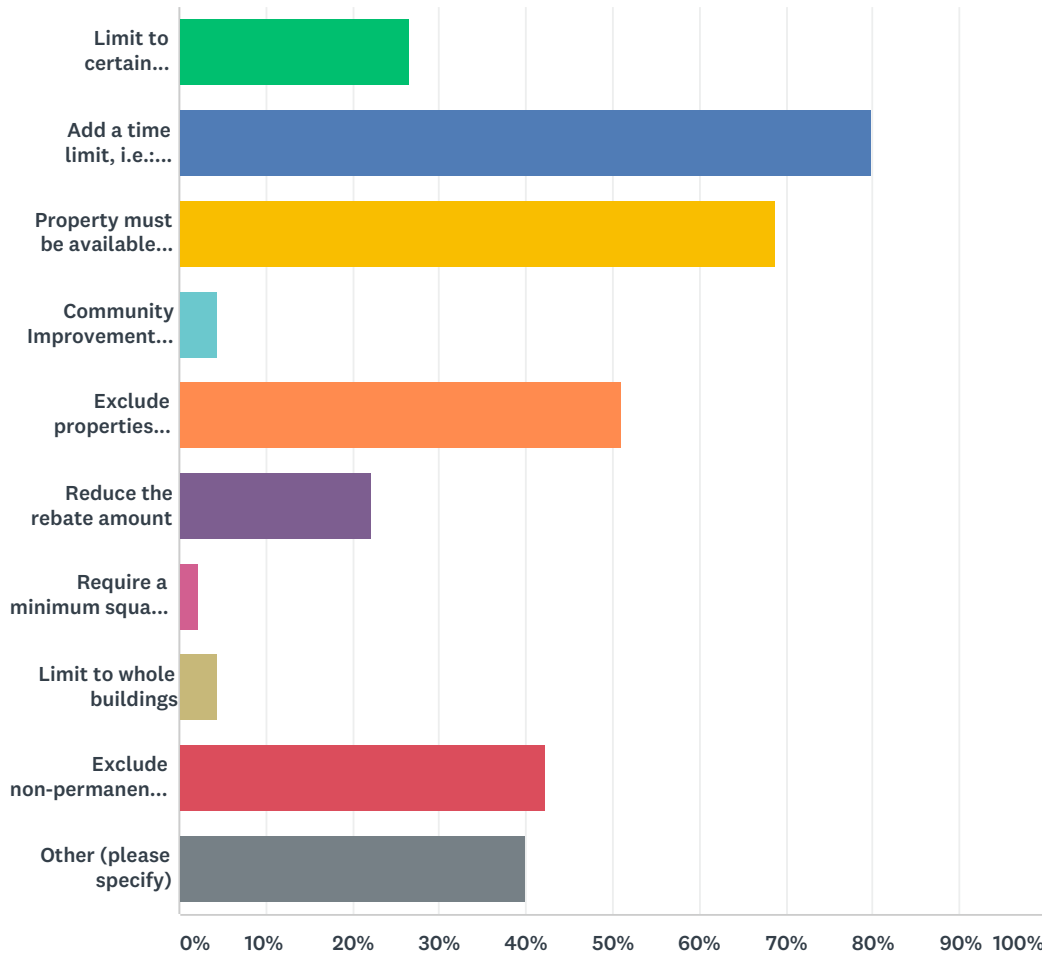


ANSWER CHOICES	RESPONSES	
Yes	78.43%	40
No	21.57%	11
TOTAL		51

## Vacant Unit Rebate Program

### Q7 What modifications to the Vacant Unit Rebate program for commercial properties would you prefer? Select all that apply.

Answered: 45 Skipped: 265



ANSWER CHOICES	RESPONSES	
Limit to certain property types	26.67%	12
Add a time limit, i.e.: only two consecutive years	80.00%	36
Property must be available for lease	68.89%	31
Community Improvement Areas not eligible	4.44%	2
Exclude properties unfit for occupation	51.11%	23
Reduce the rebate amount	22.22%	10
Require a minimum square footage	2.22%	1
Limit to whole buildings	4.44%	2
Exclude non-permanent and storage structures	42.22%	19
Other (please specify)	40.00%	18

Total Responses: 45

**What modifications to the Vacant Unit Rebate program for commercial properties would you prefer? Other (please specify)**

- Limit amount available to a single property owner.
- Allow owners the opportunity to continue receiving the subsidy by providing spaces to artists & arts organizations at low rates.
- It takes more than several years for a unit to reopen when someone leaves. A time limit of 2 consecutive years is not enough
- Diminishing rate
- City must support proposal for change where location cannot sustain a commercial use and or fair market value cannot be obtained because of location.
- Limit rebates to landlords who have significant footprint on commercial real estate {i.e. large developers, etc. as they appear to be unwilling to reduce rents to get tenants thus keeping rents too high!
- Assess each case individually
- Reduce rebate for property owners of several properties and/or are part of a higher income bracket
- Landlords need to be encouraged to act to lease or rent their properties rather than buy and hold them empty simply because one can or one wants to avoid taking less rent to lease or rent a property. I think 1 year is plenty of time unless a building permit or application to build is in place. The City could also have an appeals process to hear why a certain property rebate should be extended. Nothing should be offered in perpetuity unless there are mitigating circumstances that the owner or the City encounter that are beyond their reasonable control. i.e.) Acts of God, major economic downturn, other disruption from an arm's length situation
- Apply the rebate to only small holdings companies, larger landlords don't need the break.
- Prefer diminishing benefits. Year 1 @30%. Year 2 @20% Year 3 @...
- Zero rebate to foreign owned property or property where the beneficial ownership cannot be determined. Property requiring improvements and are not being improved for use.
- Two years is too long a period for exemption, there should be a waiting period for exemption
- Offer up to a 30% reduction in lease rate
- Owner must be doing improvements to encourage rental or alternate property use. Rebates or credits can be used to encourage a property owner to make the land or build suitable for temporary recreational, or arts use, or to benefit the area in some way.

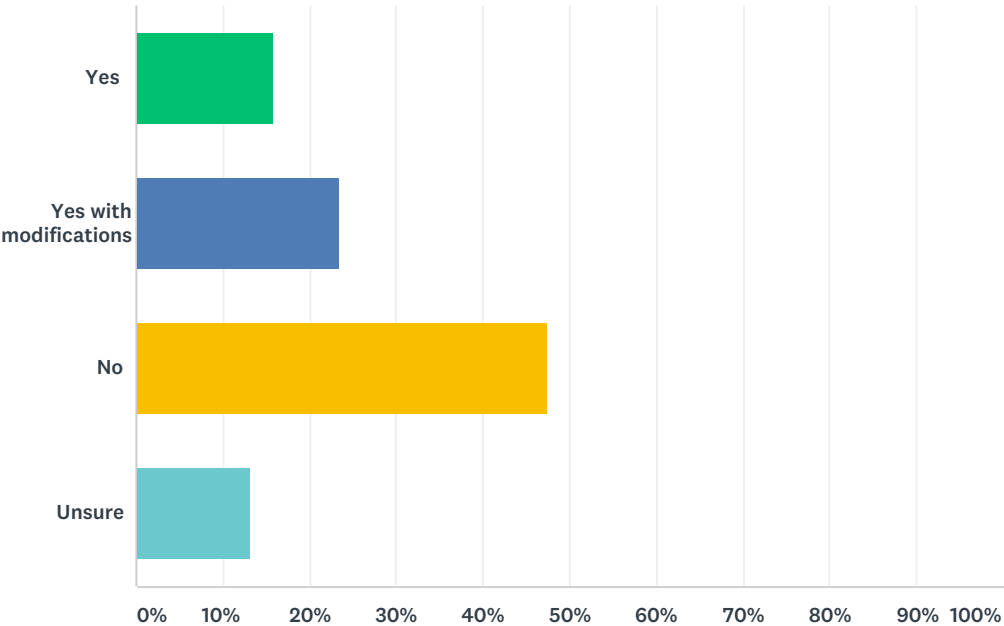


## Vacant Unit Rebate Program

- Ensure people don't deliberately leave property vacant through some sort of monitoring system. For instance if a property stays vacant too long see if they're actively pursuing tenants, asking appropriate rent considering vacancy rate, market value and location - specifically for retail or commercial space. After two years require they make an extra effort, and supply proof thereof, to rent the space. Much like those receiving any type of welfare via the city they should be required to prove need.
- Limit the number of properties per owner (i.e. 2 is a good #)
- Saying two consecutive years is not clear enough, two years max over 10 year period land owner would be permitted to renovate every 10 years. Downtown land owners must be forced to sell if unable to lease. Waiting over 10 years for a tenant is not acceptable.

Q8 Should the City continue to offer a Vacant Unit Rebate program discount of 35 per cent to INDUSTRIAL properties with vacancies over 90 days during the year?

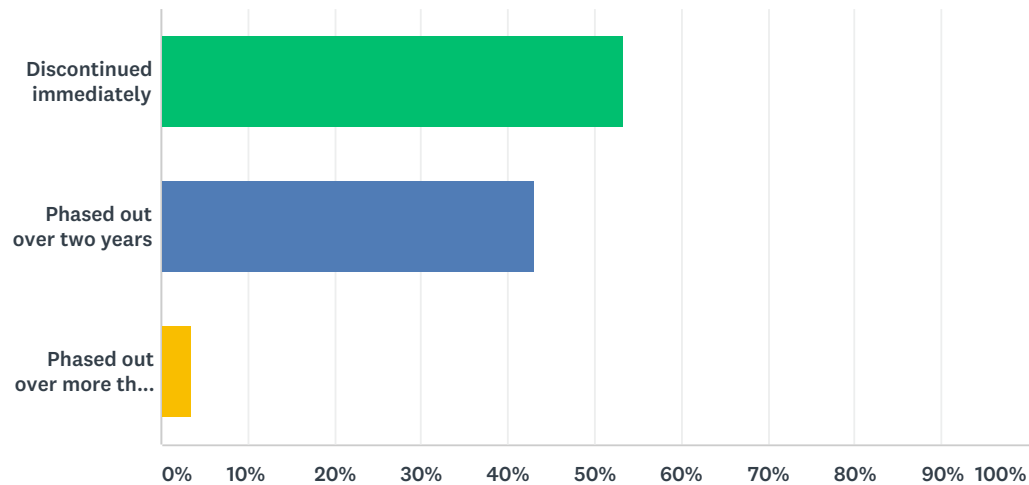
Answered: 289    Skipped: 21



ANSWER CHOICES	RESPONSES	
Yes	15.92%	46
Yes with modifications	23.53%	68
No	47.40%	137
Unsure	13.15%	38
TOTAL		289

Q9 Should the Vacant Unit Rebate program for industrial programs be discontinued immediately or phased out?

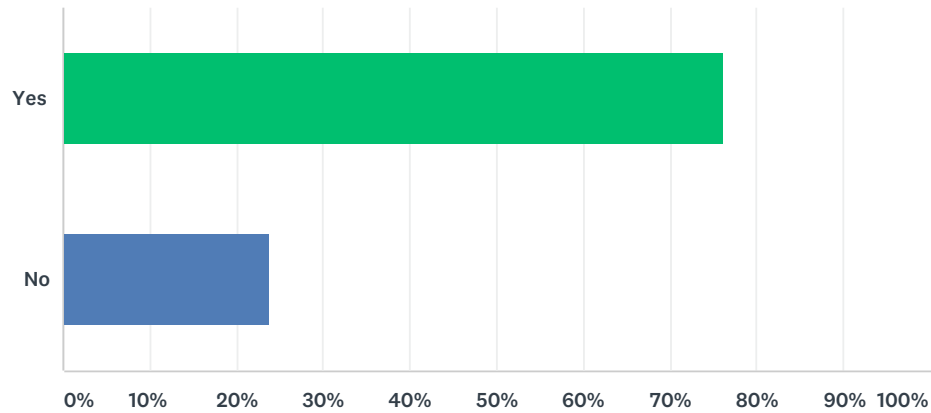
Answered: 137    Skipped: 173



ANSWER CHOICES		RESPONSES	
Discontinued immediately		53.28%	73
Phased out over two years		43.07%	59
Phased out over more than two years		3.65%	5
TOTAL			137

Q10 Do you think the Vacant Unit Rebate program should be available to chronically vacant industrial properties (units that are vacant for three years or more)?

Answered: 46 Skipped: 264

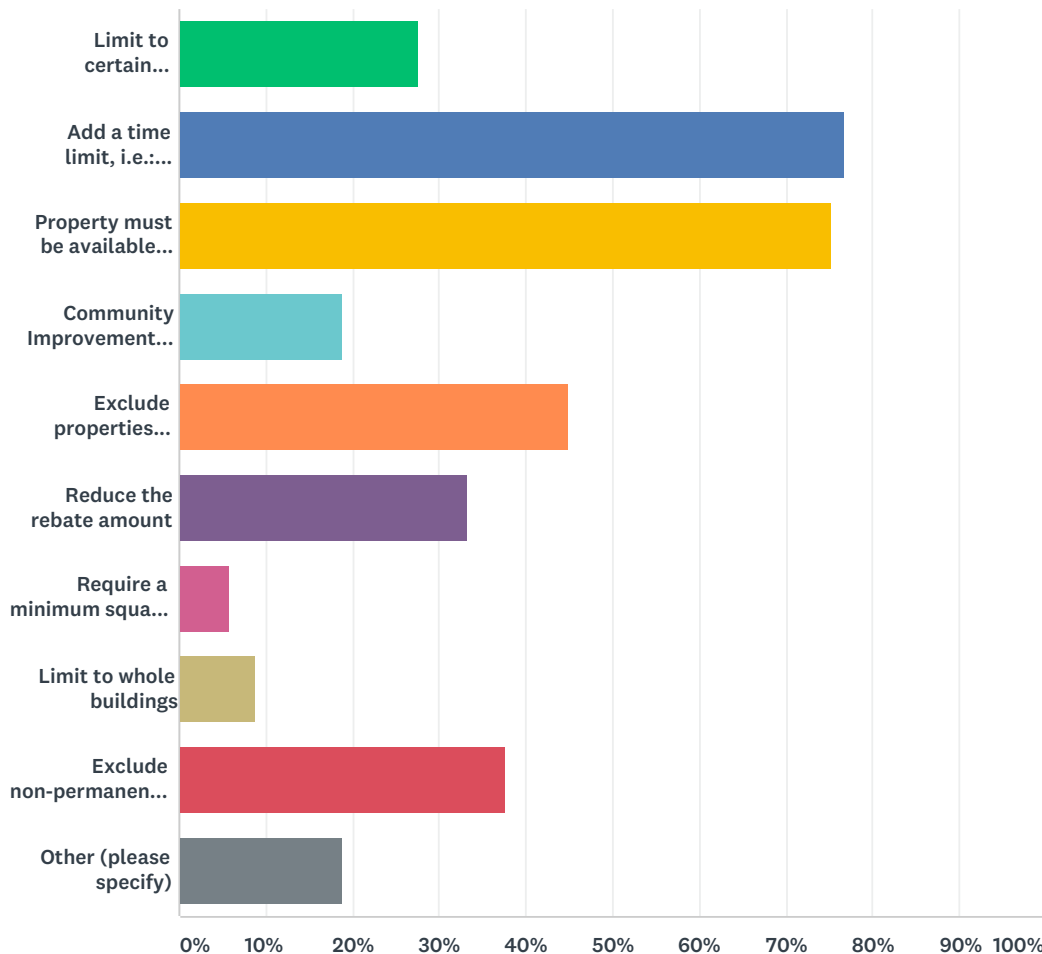


ANSWER CHOICES	RESPONSES	
Yes	76.09%	35
No	23.91%	11
TOTAL		46

## Vacant Unit Rebate Program

### Q11 What modifications to the Vacant Unit Rebate program for industrial programs would you prefer? Select all that apply.

Answered: 69 Skipped: 241



ANSWER CHOICES	RESPONSES	
Limit to certain property types	27.54%	19
Add a time limit, i.e.: only two consecutive years	76.81%	53
Property must be available for lease	75.36%	52
Community Improvement Areas not eligible	18.84%	13
Exclude properties unfit for occupation	44.93%	31
Reduce the rebate amount	33.33%	23
Require a minimum square footage	5.80%	4
Limit to whole buildings	8.70%	6
Exclude non-permanent and storage structures	37.68%	26
Other (please specify)	18.84%	13

Total Respondents: 69

**What modifications to the Vacant Unit Rebate program for industrial programs would you prefer? Other (please specify)**

- Guidelines must be in place
- Diminishing rate
- City must be willing to support change to property designation if the location no longer support an industrial location
- Here again do not encourage landlords to keep rents high by not lowering rents to get new tenants.
- Assess each case individually working with owner
- Landlords need to be encouraged to act to lease or rent their properties rather than buy and hold them empty simply because one can or one wants to avoid taking less rent to lease or rent a property. I think 1 year is plenty of time unless a building permit or application to build is in place. The City could also have and appeals process to here why a certain property rebate should be extended. Nothing should be offered in perpetuity unless there is mitigating circumstances that the owner or the City encounter that are beyond their reasonable control. i.e.) Acts of God, major economic downturn, other disruption from an arm's length situation
- Prefer diminishing benefits. Year 1 @ 35%. Year 2 @ 30% etc.
- Allow for more ease in rezoning
- Requirement to submit plan for repurposing or sale or lease. They must be planning on doing something with the building.
- Challenge with the snail's pace that occurs during the planning / approval process. Critical to not enable owners to "do nothing" by providing the rebate - need to incent the owners to action re-use of their properties.
- No rebate if there are exclusionary clauses or other non-competitive techniques attached to the property/lease. Basically, a land owner should not be able to add conditions that would make the property unreasonable to lease.
- Again there should be a waiting period before exemption
- As with commercial, land or industrial sites can be repurposed to benefit the area and credits to encourage this. A site that is a hazard must be cleaned up before any reduction in tax can be applied for.

## **Q12 Do you have any other ideas on how to improve or modify the Vacant Unit Rebate program?**

Answered: 128   Skipped: 182

### Open-Ended Response

- The vacancy rebate program is very important to continue as it allows small property owners the opportunity to survive when people vacate their unit. This used to be a business tax that was not a charged when space was vacant. This will hurt small business people.
- It should be monitored and changed as needed. This survey is a good step.
- Program participants should demonstrate their efforts to rent or lease the locations for which they receive the rebate. In addition, any one property owner should be limited in the rebate amount they receive.
- Eliminate it completely. With it here is less incentive for owners to charge reasonable rents. Let's get rid of buildings sitting empty for years on end while wealthy owners hold old for higher than reasonable rents.
- I know I have heard many people express their frustration and disbelief with this practice of rewarding for empty space.
- Providing discounts only transfers the tax load to residential. It promotes poor property management and allows speculators to hold onto properties rather than develop them. Taxing the property at full value will either require the development/infill of the site or sale to offset the operational costs of holding property. I.e. if it doesn't cost enough then it won't be developed.
- Offer discounts on other fees such a zoning change if required. Help with time frames on processing redevelopment requests. This all prolongs owner deficits
- Chronic vacancies should be allowed. Why a property remains vacant is a reflection of the economy, competitiveness of newer construction, competitiveness of lower taxes at another location. For example in downtown Kingston tax rates are higher than what was in the old township. Parking costs extra money in public lots whereas in township area it is included. All of this affects overall costs for both owner and tenant.
- With chronically vacant buildings if they are looking for rezoning some assistance with all of the City fees would assist. It is expensive to rezone to try to attract tenants when you are already in a deficit position from vacancy.
- I believe that incentives should be offered to landlords to rent their properties, or to break extremely large units down into several smaller units for small businesses. The money currently being used for the opposite should be re-directed into this idea. The downtown would be a far more vibrant space if there were less vacancies and papered-up windows.

## Vacant Unit Rebate Program

- Kingston has a problem in that a small number of businesses own a large portfolio of properties in the City. There is no incentive to fill empty space if programs like this exist. Look around downtown, there is plenty of space available. Do you think there is no demand? No. It's because rent is too expensive. I was speaking with a business owner recently who told me what they pay for rent downtown. I was floored. It's time to start doing something about that.
- Make industrial same as commercial
- With Chronic vacancies you need to invest even more money in the property to rezone or redevelop. The vacancy rebate is not a money maker to the landlord.
- No, just get rid of it.
- Should be left as is.
- Not at this time.
- If a unit is vacant for over 5 years, there is something wrong. At this point, municipality and business owner should communicate to figure what is problematic and to find a solution(s). The elimination of a program solves nothing to the business sector. Elimination of the program is a short term gain to the municipality and to the province. If businesses leave Kingston due to higher expenses, it would be almost impossible to bring them back. Show your local business that you support them by way of the vacancy rebate program.
- It can be increased and decreased based upon area of the city and the economic encouragement. In areas where the occupancy rate is very high the rebate rate can be lowered to say 15% for vacant space. Conversely in areas where occupancy is low then the rebate could be increased to help the landlord. This way problems outside the control of the owner are not penalizing the owner. The tax system should motivate the owner to do what is in the best interest of the city. Property ownership is already tough enough with regulations and new requirements. The average person has no idea how many sleepless nights are involved in it. The city should be encouraging development and risk. We all remember a downtown core that was not so prosperous; it was the strategic landlords that have brought them back.
- This program is welfare for owners of commercial property. In a capitalist system, if the cost is too high, no one buys -- or rents, as is the case here. Why should society subsidize those who refuse to reduce their rents? We should be penalizing owners who don't reduce their rent enough to get commercial tenants.
- Suggest landlords lower rents to prevent vacancies.
- If the owners get a rebate, it makes it harder to get a good lease or even lease a space, which is ridiculously expensive in this area.
- Given the origins of the program, the removal of the vacancy program would seem to be a change in the taxation system that taxed occupancy in addition to the property itself.



## Vacant Unit Rebate Program

- Work with the property owners to rent out the property. The last thing we need is to have property owners keep the property for speculations.
- Remove it. Owners are deliberately leaving units empty when they could accept lower rents for businesses that want to move in. It is having the opposite effect that the city should be incentivizing.
- Just stop it. It's harmful to the community. Give small business owners a chance.
- No. Just end it.
- Promoting HOUSING AS A RIGHT needs to be the priority. Why spend \$1m giving discounts to landowners who have empty units while people stay on the streets? If buildings have vacancies shouldn't these be put to use? Either require landlords with vacancies to house the homeless and at risk Kingstonians or use the money to subsidize a requirement for a % of units to be affordable housing units
- Yes, tell the owners that it makes more sense to charge an EXTRA tax for any owner that makes no effort to rent or sell a property that makes the city appear unwelcoming and makes the downtown look as though it's fading away. Some European cities have already figured this out and property owners can lose their property if they don't comply. The community should always come before the private business owner.
- Scrap it. Only helps commercial property owners, hurts business owners and encourages too high rents. Plenty of empty storefronts downtown
- At this point, in order to stimulate the occupancy of commercial and industrial spaces in Kingston, perhaps charging a surplus for vacant spaces is needed. There's been too much vacancy, including some spaces that have been vacant for a very long time, especially in the downtown core. This reflects very, very poorly on the city when people visit and hurts the overall economy of the city.
- Discontinue immediately... too many politically influential land owners sitting on property to hyper inflate the rent/lease market (especially downtown) to the point that any small business cannot afford the rental or lease rates. This is one of the many reasons downtown is struggling because rather than sell property or reduce rental rates to reflect current market conditions the City has given the already wealthy land owners incentive to simply sit on properties for extended periods of time.
- Allow the current rate for 6 months, stepped down for next 18 months to zero. Use freed up taxes for infrastructure to encourage businesses to thrive.

## Vacant Unit Rebate Program

- Review all properties with the city current zoning structure and determine whether properties within those zones which have either a historical industrial or commercial zoning should be amended for conversion towards a property is meets the needs of the area and are more conducive for a modified use. This support would be an incentive to some owners to convert and have a property removed from being continually on the rebate program.
- If the city wants to continue with this program, then it should be offered to all property owners including residential property owners.
- Limit the no. of properties that one landlord/developer can get the rebate for.
- I have received a rebate in 2017 and will be applying for another rebate in 2018. The 35 percent takes the sting out of the year's property tax invoice.
- I'd like to see all the vacant store fronts full and not allowed/encouraged to be left empty for years.
- Encourage owners to rent/lease at lower costs rather than receiving a tax rebate for leaving units vacant. Promote and encourage (reward) the rental of vacant units.
- Needs to be discontinued. These places should not be subsidized by our tax dollars.
- Why are WE giving discounts to property owners who are not actively working on a solution to fully utilize their properties? Properties can be sold, rented, leased. If you have to give a tax discount give it to the owners who are providing jobs, apartments, houses and land for sale.
- As mentioned, each case is individual with its own concerns
- Leave it the way is
- Stop permitting new builds when there are so many suitable properties available.
- Reduce amount of rebate over three years. Only allow rebate twice in 10 year period.
- If there were modifications, improvements, upgrading required prior to renting/leasing of a property, it may make sense to take it into consideration - as long as it encourages the landlords to make improvements, not just a delaying tactic.
- System works well and is fair and equitable to all parties at present.
- The idea that a landlord will allow a vacant unit to continue to remain vacant simply to collect back 30% of the property taxes is illogical. When a unit is tenanted, the tenant enjoys the services to that space and therefore pays the property taxes. When the unit is vacant, the landlord doesn't benefit from the services to the space. Nevertheless, the landlord does have to pay property taxes and other carrying costs including utilities, mortgage payments, landscaping/snow removal, security, and repairs. This program is important in helping to carry the property through periods of vacancy.

## Vacant Unit Rebate Program

- Incentivize store owners to keep properties rented
- Option to rent out at cheaper rate even temporarily if you want to get rebate.
- Post properties to let companies know what is available and give a grant to businesses that move into these vacant properties.
- Discontinuing the program immediately is ideal. Then encourage vacant properties to be redeveloped and used to their full potential, it would be more appropriate to offer the rebate only to encourage a brownfield redevelopment of a stagnant property. There should be no incentive to keep a property vacant.
- Reduce red tape and municipal costs associated with operating a business in Kingston.
- Cancel it. Reduce taxes for people who live here and pay taxes on their properties and contribute to city by supporting stores businesses and restaurants
- No, but thank you for addressing the issue. Vacant storefronts are a blight on our downtown.
- I don't believe it can be modified or improved. I believe it should be terminated. Walk downtown. It's a sad remnant of what it used to be and could be again. For sale and lease signs dot every 3rd building. Our city is slowly turning it a ghost town.
- Remove it. Get rid of it. Stop being pressured by the big landlords in the city and think of fair scenarios that work for all residents and businesses. As a city you have no obligation to cover the costs of businesses that are not renting out their spaces. It is their responsibility as business owners to find solutions to their vacancy problems - whether it be lowering their rent, offering incentives to businesses or selling their property. The city should not be involved in their investments and definitely should not be offering financial assistance to them. If that is the case, perhaps you could offer incentives to small businesses when they have a low sales month? After all they didn't receive as much traffic as they normally receive so why not subsidize their business? Give them a little hand? Or what about residential investments? Why not help those folks too? Which leads back to the fact that the city should not be funding or offering rebates/subsidies for PERSONAL and PRIVATE investments?
- Help with rezoning should the owner have trouble selling or renting. Provide analysis of area rental rates or real estate analysis so that they are setting fair prices to rent or sell (exclude rents from same owner in calculation as there may be outliers due to business policies).
- Change the program for empty retail or commercial space in the DBA to encourage landlords to find and keep tenants to ensure our downtown does not become a ghost town- don't reward them for having huge spaces only large chains can afford, or for leaving buildings empty

## Vacant Unit Rebate Program

- How can we facilitate more "pop-up" activity like seasonal shops, galleries, performance spaces?
- Give tax credits for allowing charities to fill their vacant spaces until permanent businesses rent the space. Having a small charity business in a store looks so much better for the city than a boarded up window that makes the city look so run-down and unprosperous.
- Give property owners 6 months then impose a vacancies tax on vacant properties. As well as paying full taxes. It could be waived if the building is used for any purpose like charities.
- The rebate program probably subsidizes landlords holding out for higher rents and thus hurting businesses.
- In the age of Amazon and eBay, many storefronts are doomed especially in a city with a large student population. I think the properties should be allowed rebates if they provide free or reduced rate to many community programs or arts organizations.
- If you must keep it, only offer it to those who can prove they made a solid effort (emails, ads or other evidence) to fill the space
- Examine reducing the property assessment for the vacant properties in lieu of the rebate.
- Rebate of taxes should be a credit toward tax liability.
- Incentivize landlords to rent space for pop-ups and short-term rentals for art projects, student businesses, etc. Maybe this process will finally force landlord pirates to reconsider the high commercial lease rates on Princess Street. I sure hope so.
- All landlords want their properties rented. It is out of their control if there are no leasees looking for the location, square footage or building type
- By phasing out the Vacant Unit Rebate over a two year period, it will allow the property owners to implement a proactive plan to lease the locations. Many commercial properties in downtown Kingston are often left vacant (storefronts) however are fully rented above the street level. The owners are making good income on residential apartments along with tax rebates for the vacant store so do not have any incentive to lease the store space. It is not good for our downtown to have vacant store fronts.
- Perhaps offer ways the owners could find other uses for their buildings
- I think vacant units will be occupied once there is a demand, taxes are relatively high already and that makes business owners to sell their vacant properties. By keeping the properties owned there is still income to the city budget. Improving tourism - new airport in particular, diversifying jobs market to attract economically active young people, support private sector these all should help in reducing the number of vacant properties

## Vacant Unit Rebate Program

- Provide the same Vacant Unit Rebate dollar value to a new tenant of a currently qualifying Unit for up to two years instead of the owner as a support incentive.
- I would support eliminating it if the money went to lowering the multi residential tax ratio as the province recommended ages ago I would be concerned with the city pushing ground floor retail for residential buildings, and there not appearing to be significant demand for more retail, that it would just be another barrier to getting residential apartments built if developers are faced with higher costs for low demand space
- My fear is this will encourage companies to keep properties they will not be motivated to move unused property
- It seems like there is less incentive to fill the vacancy when commercial/industrial owners are getting a discount.
- Need to incent vacant store owners to rent to new tenants at reasonable rents vs. hold on for longer term for sinful rentals. Vacant residential properties lead to neglect, vandalism, and etc. Therefore need to incent owners with full tax plus added fee for empty property. City needs housing - therefore incenting these residential property owners, through property tax rebate is totally the wrong policy. Need to get these vacant residential units back onto the market.
- Allow a rebate for development properties under negotiation with the city, with a 2-3 year time-limit. This would allow landowners and developers an incentive to develop vacant properties, as well as give them time to create a responsible plan, but not allow the "planning" to drag on forever. Perhaps offering 2 years of rebates for the "construction period" would also create incentive to finish projects in a timely manner. I'm no expert but it seems that a rebate program could be used by the city as leverage to keep property owners and developers motivated and honest.
- Reduce the percentage amount and limit the time period. Holding empty should have an identifiable reason from active zoning apps, active reno permit apps & reno, property on market. There should be zero rebates ever for any reason ever for properties owned by foreign entities, where beneficial ownership cannot be determined, any ownership is shielded or hidden by lawyer, real estate agent, trust actions, where the property is strictly an address with no commercial employment activity to add value to the economy of the area, municipality, province or country as a means of shielding nefarious fraudulent financial activity.
- My main concern is that the rebates limit the risk to landlords who demand increased rent. There should be a waiting period of several months before taxes are reduced
- The two-year time limit could be extended as long as there are verifiable negotiations going on involving a third party for a legitimate use of the property.

## Vacant Unit Rebate Program

- Offer a different incentive for a Rebate program if property owners agree to making their vacant property available for temporary community uses such as - shelter from the cold for homeless - short term leases (i.e. 1 to 3 months) for new or pop businesses - free or low cost use of property by charitable organizations with limited funds
- We need to encourage renting, not encourage vacancy. So it should cost more for someone to have a vacant property, than to rent it out.
- I think we need to think of the goal of filling properties and helping small businesses thrive instead of rewarding the property owner. Reduce rental/lease rates show a sign to meet in the middle and if all else fail then get a tax break. But not until all options have been pursued.
- The program is fair as it is currently to both the property owners and the City.
- Owners of properties should rent them at a discounted rate to non-profits until such time as they find a suitable tenant who will pay the full rate
- Don't reward commercial and industrial property owners for keeping properties vacant. Let market forces operate. If rents are reduced enough, someone will lease the property.
- City should charge heavily from these eyesore and put a dateline for vacant units.
- Reduce property taxes for properties deemed to be in rural areas without sidewalks and city sewers. We have poor services and no public transportation that doesn't justify the excessive amount of taxes paid for lack of services.
- In my opinion, this rebate program discourages proper property maintenance and actively seeking tenants on the part of the landlord who is rewarded whether the property is vacant or not.
- By giving rebates is not an incentive to fill the vacancy. There has to be an incentive also that the property appearance/maintenance is kept up.
- No
- Rebates may help vacant places to be vacant for a longer period of time. If it is removed than the landlord may try harder to get them filled more quickly. Some may have the property that simply provides a huge write-off accounting-wise. Should this be the case there is no incentive to quickly having the place rented and it becomes a burden on Kingston tax payers. Tax money is not an endless resource, and city taxes are getting far too high. I believe in each one paying their own way but I don't be believe we should pay our own way and then subsidizing on top of that dollar value. Usually these are owners who have more cash than the middle class, yet the middle class is paying incredible amounts of \$\$\$ looking after the upper and lower class. This way of thinking must be abolished. Everyone needs to carry their own. The middle class never gets any subsidy.

## Vacant Unit Rebate Program

- Get rid of it in downtown core. There is no incentive to lower rents and new businesses find it hard to afford the current ones.
- More control over rent increase amounts after a lease expires. High renewal leases are to blame for many vacancies
- Maybe without the Tax rebate, owners would lower their rent. This might support businesses and help with the unemployment rate. Over 2 years 15% per year.
- Limit the time the rebate can be used by having a vacancy limited to a certain time frame. Unless they are doing renovations or something.
- The only situation I can see that a rebate would be warranted would be if a property was undergoing a renovation.
- Look at how the city can issue a temporary zoning change to let a site be used for community purposes while the owner is looking for a permanent renter. Vacant land can be turned into a small park or sculpture area, or concert venue or used for micro gardens. Industrial building can accommodate school or college programs in reuse, repair, remodel, and similar themes.
- I think the question is; why have a vacant unit rebate program? Why is it in the City's interest to have such a program? What would happen if, as Toronto is doing, Kingston were to eliminate the rebate?
- Encourage property owners to lower their rents perhaps by offering some sort of tax incentives.
- Get rid of it! This is one of the reasons why we don't have a vibrant downtown; stores close because the rents are too high; and landlords don't reduce their rent to attract new tenants because they get a tax break.
- Don't allow 'major' residential/commercial owners to find ways to circumvent the regulations.....
- Let the market do its job. If properties are vacant, there is a reason (whether the bldg. itself, the area, or a national recession). Let the market rates adapt to reality, vice subsidizing empty bldgs. Owners will drop rents out of necessity and thus encourage new occupants to move in or start a new business.
- People make more money by occupied space rather than by receiving tax rebates. There should then be an incentive for them to rent. What's hindering them? Is there a specific region or area which is receiving vacant unit rebates? Is there a solution --is there city staff which could look at this and make suggestions? Leaving the tax rebate without a timeframe for its expiry might not encourage owners to solve the problem. But removing the rebate- could it lead to disrepair and negligence? The city will have to think this through.
- What about a property tax discount for creating new jobs in the city??
- No, but I do not want a rebate that encourages landlords to not try hard to rent those commercial spaces. Seeing so many unoccupied buildings downtown is not inviting new enterprises to locate there

## Vacant Unit Rebate Program

- I would love to see an end to this program which has had such a negative effect on our downtown.
- It would seem to me if a retail/commercial building is vacant, there is an incentive to keep them that way. Many, many store vacant in the downtown does not create a vibrant downtown for residents or tourists. Give an incentive for prospective retailers in the 1st year, so they locate down there
- Review bureaucratic building code department red tape with the objective of reducing the disincentive for development.
- No provide some assistance to find tenants
- I think that after 2 years of vacancy, the rebate should be based on the basis of how much rentable commercial or industrial space is available. If high vacancy rates exist because of a downturn in the economy, owners should get relief, not extra taxes
- I'm sorry I don't. I wouldn't want unit owners to slow down their search for new tenants if they became too comfortable receiving a rebate.
- I hope that removing the Vacant Unit Rebate program will encourage commercial landlords to lower rents so that Downturn Kingston businesses can afford to stay open. I've been appalled to learn that building owners pay lower taxes for properties that are not being used than they do for those with thriving businesses.
- Unless an owner can show he/she has advertised on at least MLS (the more channels the better) and marked it at 30% below market rent, he/she cannot apply for the rebate.
- The city should develop a program to lure the commercial tenants to occupy the vacant units. Help the owners to improve the property to attract the tenants. Allow changes to the zoning for properties to have multiple uses.
- Reverse it. The wealthy landowners should be punished for keeping rents so high. Giving rebates is a way of giving more money to the rich and making average people pay their taxes. If there was incentive to keep all units rented we will all benefit. BTW I graduated #1 in my year in economics at university. (Not just throwing out guesses)
- Discontinue it. I am taxed on the property value of my home. Commercial and industrial owners should be taxed on the property value of their land the same.
- I have explained in detail my feelings in a previous section. I strongly feel that this program should be left in place however modifications seem to make sense. Thank you for this opportunity.
- Get rid of it as soon as possible!
- No. I think the suggestions provided cover all reasonable options well. Thanks



## Vacant Unit Rebate Program

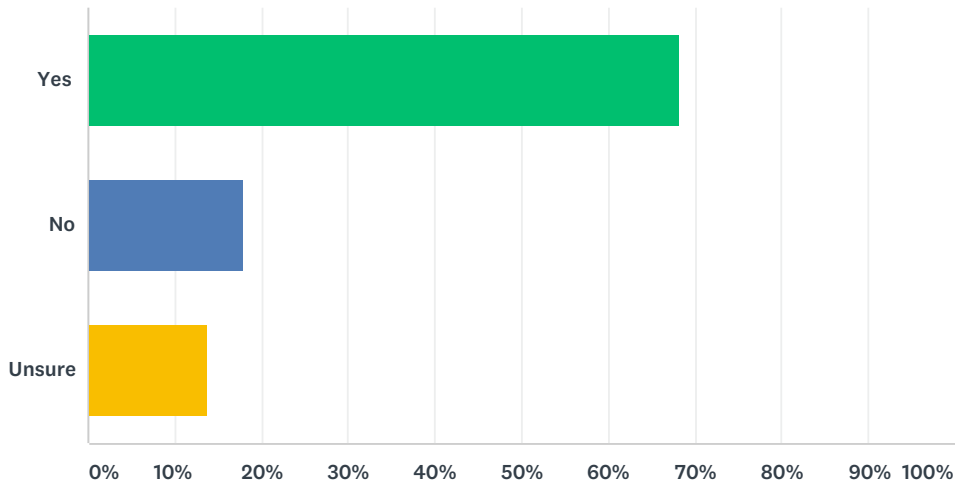
- This is a double standard program. As a resident of Kingston, I normally snowbird outside Canada for six months per year, however I am expected to pay full taxes on my home despite no one lives in there. Why would commercial get a break when simple resident don't? In the end, it is always the simple resident that gets burn with increase of levy taxes because someone else is not paying their shares...! Stop this non-sense program.
- Do not make the vacant rebate into a tax grab. It is difficult enough to operate in the hostile tax environment of Kingston and additional taxes are not helpful. No landlord deliberately wants to keep a property vacant no matter what the public is told. To additionally punish a landlord because he can't find a tenant seems both unfair and counterproductive.
- The problem in Kingston is with the very low residential rental unit vacancy rate. Changes to the commercial / industrial vacancy rate do not appear likely to affect residential vacancy rates.
- The City might want to ask why someone has a chronic vacancy and see if they can assist. No owner wants vacancies as they are losing money regardless of 1/3 property tax rebate.
- What the city should do depends on its goals with respect to the leasing of buildings in Kingston. Discounting property taxes for vacant rental properties has two impacts. First, it will, on average, increase the length of time properties stay vacant relative to not having a discount. This is because the costs to lessors of not renting are lower under the current arrangement than they would be if there were no property tax discounts. Second, it will, again on average, lead to higher rental rates than would otherwise occur. The reason for this is that lessors are able to wait longer for new tenants. Lessors will also be more likely to increase the rental rate on current tenants. The reason for this is that the risk to lessors of raising the rate is losing their tenants, and the costs of this possible are lower under the current system. In short, the effect of the current system is to increase both rental rates and vacancy rates. This seems very much at odds with the City's stated goals. A reasonable solution is simply to reverse this policy. I indicated this should be done over two years in fairness to current property owners (who have also made decisions based on this rule). If the City is serious about reducing vacancy rates and rental rates (which would be good for business), they have at least two options. First, they could implement a policy that increases property taxes on vacant properties. This would encourage rental - something that is a City goal. Second, the City could take steps to increase competition among lessors. This would also lower rental rates and vacancy rates. This would require taking steps to ensure greater diversity in ownership of properties - something that I think would also benefit the City quite dramatically.

## Vacant Unit Rebate Program

- Tax owners of vacant commercial or industrial property to discourage vacancies and encourage them to either make use of them, or sell them for greater land use in the city. This would align with the city's infill strategy.
- Offer a greater rebate to industrial property owners who are able to lease their properties within six months.

Q13 Should the City of Kingston undertake a review of the current 30 per cent property tax subclass discounts for COMMERCIAL vacant/excess land?

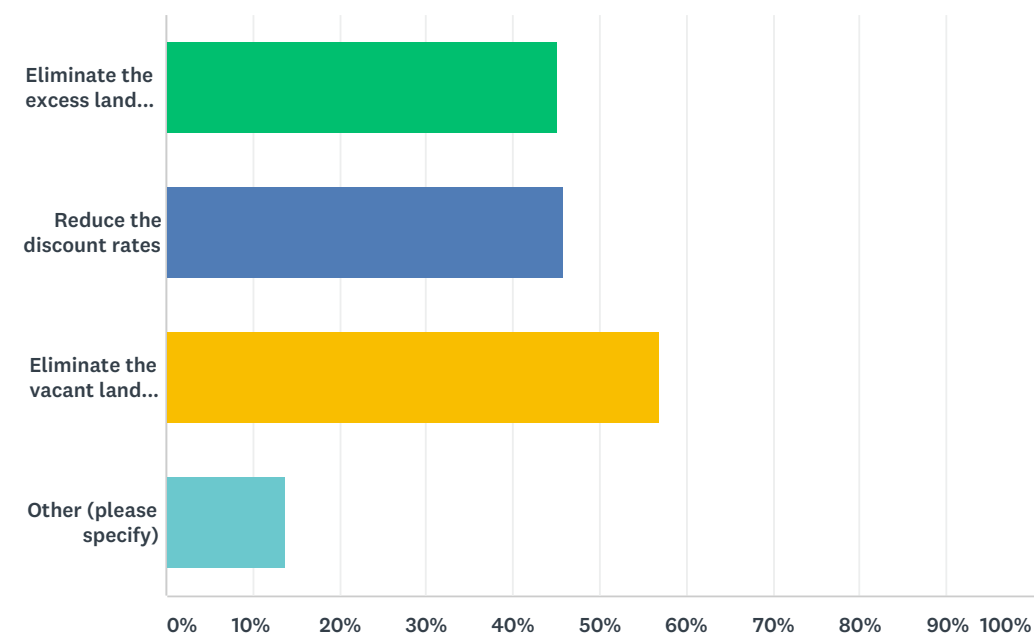
Answered: 283 Skipped: 27



ANSWER CHOICES	RESPONSES	
Yes	68.20%	193
No	18.02%	51
Unsure	13.78%	39
TOTAL		283

Q14 What modifications would you suggest to the commercial vacant/excess land property tax subclass discount? Select all that apply.

Answered: 188    Skipped: 122



ANSWER CHOICES	RESPONSES	
Eliminate the excess land subclass	45.21%	85
Reduce the discount rates	45.74%	86
Eliminate the vacant land subclass	56.91%	107
Other (please specify)	13.83%	26
Total Respondents: 188		

**What modifications would you suggest to the commercial vacant/excess land property tax subclass discount? Other (please specify)**

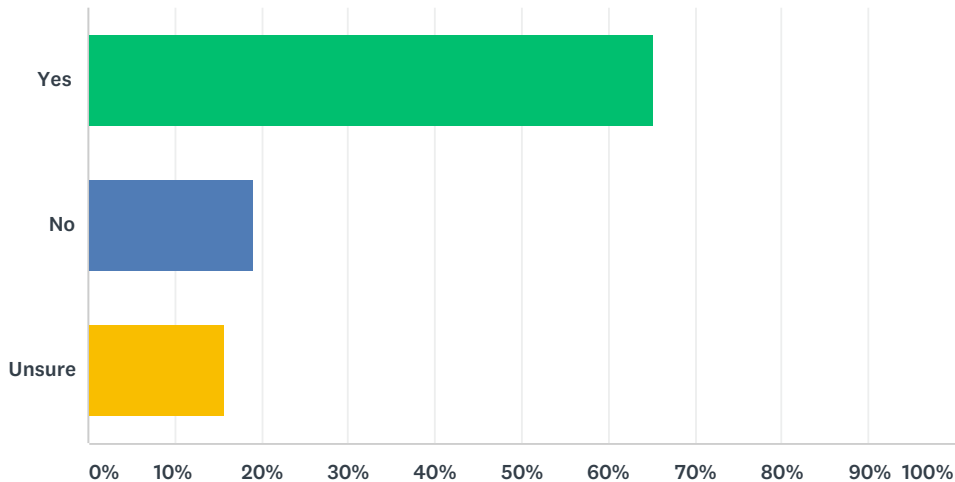
- Charge additional fees/tax for long term vacancy units.
- Increase the discount rate under certain circumstances
- Require vacancies be used to house people affordably
- Clean up any 'excess' land in the meantime. Fines if they continue to look like a dump.
- Make it a surcharge instead of a discount.
- Tell applicants for the discount they have to show they have tried to rent, lease or sell property at a reasonable rate. Also that they maintain property in good condition.
- Unsure
- Offer it to residential properties.
- Beautify excess land? Make them parks, trails...
- Assess each case individually
- Landlords need to be encouraged to act to lease or rent their properties rather than buy and hold them empty simply because one can or one wants to avoid taking less rent to lease or rent a property. I think 1 year is plenty of time unless a building permit or application to build is in place. The City could also have an appeals process to here why a certain property rebate should be extended. Nothing should be offered in perpetuity unless there are mitigating circumstances that the owner or the City encounter that are beyond their reasonable control. i.e.) Acts of God, major economic downturn, other disruption from an arm's length situation
- Discounts only if: Bioremediation or putting back to natural state (i.e. contributing to green space or adding low impact development)
- I think I would factor in something to do with zoning - appropriate changes take time and someone needs to think about that in the first place.
- Eliminate discount.
- Waiver for land allowed to return to a natural green state.
- Vacant commercial and residential land does not support densification
- You want to ensure that the message you're sending to land developers is that you want excess land available for development. I imagine there may sometimes be a long time window between when a developer can aggregate certain lands for a commercial development and when that development actually happens. Removing the discount may speed the development on the land but might also disincentivize the creation of those blocks of land.
- Find a way to incent these owners to make productive use of their properties
- Or make them conditional. See my other answers.

## Vacant Unit Rebate Program

- The commercial owner must submit plans for future land use intentions on a scheduled basis. Excess land with no intent for use should be re-applied as green space a rebate reduced rebate but no future re-app for reversal from green space.
- Eliminate reduction in tax if the owner does not encourage alternative land use in excess lands or make the lands beneficial to the area.
- Consider eligibility on a case by case basis, per the City's interests
- Why are there vacant land subsidies? Before you tackle change, understand the rationale for their being in place. Has the situation changed? Have other related laws come into effect? This is a research job, I think.
- A time limit here too. We don't want to discourage buyers completely, as the wheels for approvals move very slowly.
- Not sure
- Remove all taxes rebate to vacancies.

Q15 Should the City of Kingston undertake a review of the current 35 per cent property tax subclass discounts for INDUSTRIAL vacant/excess land?

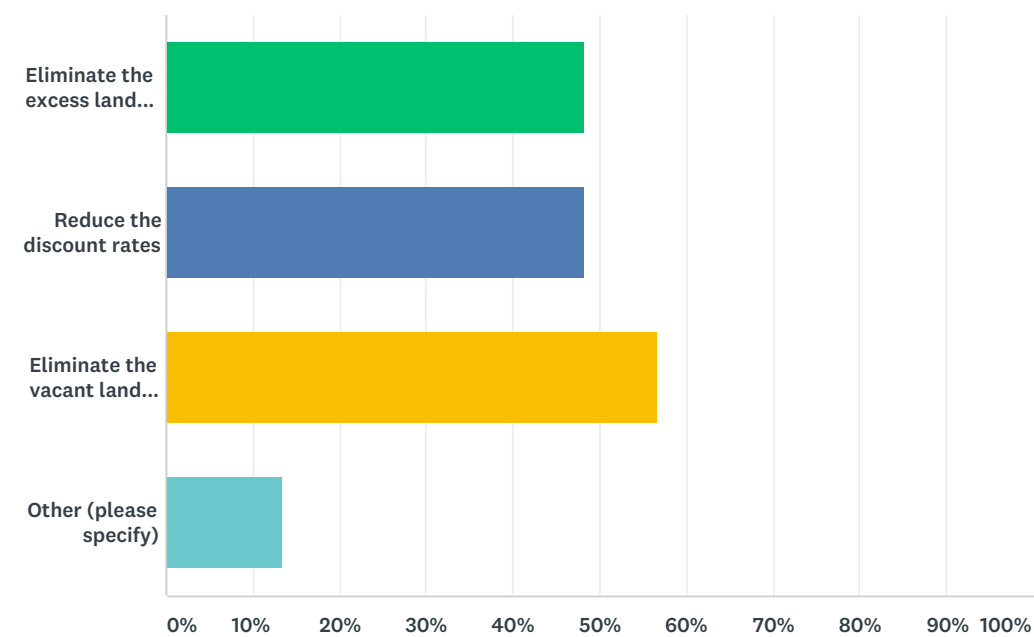
Answered: 273 Skipped: 37



ANSWER CHOICES	RESPONSES	
Yes	65.20%	178
No	19.05%	52
Unsure	15.75%	43
TOTAL		273

Q16 What modifications would you suggest to the industrial vacant/excess land property tax subclass discount? Select all that apply.

Answered: 178    Skipped: 132



ANSWER CHOICES	RESPONSES	
Eliminate the excess land subclass	48.31%	86
Reduce the discount rates	48.31%	86
Eliminate the vacant land subclass	56.74%	101
Other (please specify)	13.48%	24
Total Respondents: 178		



**What modifications would you suggest to the industrial vacant/excess land property tax subclass discount? Other (please specify)**

- Increase the discount under certain circumstances
- Make them clean up these properties or get fined. We shouldn't reward people for contributing nothing when there are developers out there who could.
- Diminishing rate
- Make it a surcharge instead of a discount.
- Show that they have tried to rent, lease or sell property at a reasonable rate.
- Offer the same discount to residential properties.
- Assess each case on its own circumstances
- Ensure that vacant land is groomed, cleaned up, looked after and not left to run wild or derelict. If so, the owners should be fined. I can't allow my residential property to run to ruin, and if I had a rental property, no one would be offering me a tax incentive to keep it vacant.
- Landlords need to be encouraged to act to lease or rent their properties rather than buy and hold them empty simply because one can or one wants to avoid taking less rent to lease or rent a property. I think 1 year is plenty of time unless a building permit or application to build is in place. The City could also have an appeals process to here why a certain property rebate should be extended. Nothing should be offered in perpetuity unless there are mitigating circumstances that the owner or the City encounter that are beyond their reasonable control. i.e.) Acts of God, major economic downturn, other disruption from an arm's length situation
- Same as previous
- Eliminate discount
- Waiver for land that is green space.
- The same as I wrote for the commercial land but if the parcels required are even larger, then this applies even more so for industrial land.
- Find a way to incent these owners to make productive use of their properties
- Same as above
- Some properties require safety perimeters such as the tank farm and should be classified as permanent green space. Rebate never available to un-verified beneficial foreign owners or foreign state owners.
- All the above but with a clause that outlines a more limited time period for the Rebate. Regardless, 30 and 35% rebate is far too much!
- Eliminate reduction in tax if the owner does not encourage alternative land use in excess lands or make the lands beneficial to the area.
- Consider on a case by case basis; why should the City provide a discount?

## Vacant Unit Rebate Program

- Again- understanding the reason for the original tax discount is important. Have conditions changed? Would reduction of the tax discount probably be beneficial? Research, I think.
- Again, give time limits, so things are not taken advantage of
- Not sure
- Remove all taxes rebates to vacancies.
- If someone is sitting on vacant land that the city developed and sold in the industrial parks that is not land held for expansion of an existing plant then it should not be discounted. There is a lot of land being tied up vacant by people who have held it for years having purchased it cheaply with the promise of development which never came. All the city has to do is enforce its own industrial land contracts that stipulated the land had to be developed within 2 years of purchase or resold back to the city at the original sale price.

## **Q17 Do you have any other ideas on how to improve or modify the vacant/excess land tax subclass discounts?**

Answered: 69   Skipped: 241

### Open Ended Response

- It is important for small business to flourish in our community by taking away this vacancy rebate program would have negative affect on business.
- Monitor it and change as needed.
- Again assist with redevelopments process and fees
- NO
- Again some assistance with fees for rezoning if required or with development fees.
- Commercial and industrial rebates should be same
- No, just stop making residents subsidize owners of commercial investment properties.
- When creating industrial lots in rural areas, allow lots in compatible areas to be sized so as to not create excess area within the lot. Allow a large parcel to be divided multiple times.
- They city should be trying to give our industry and businesses experiencing vacancies a break on taxes as this is a time when the business itself is struggling. It is much better to try to be helpful to a business that is struggling rather than making it more difficult and possibly pushing it to closure.
- Not at this time.
- Kingston needs the excess land in case manufacturing will explode in Canada. The NAFTA agreement will never be the same now that it is being reviewed trilaterally. Manufacturing in Canada may be realistic and Kingston will have the land for it while others would have eliminated it.
- The tax discount for vacant land could be reduced to a specific number of years. After that time the property owner should be able to present a case on what they have done to improve or liquidate the property. If nothing has been done then full taxes should be paid. For example, if it has been up for sale continually and no offers have been received then the rebate should continue to be extended.
- Let the free market deal with it.
- Have them sell the land
- We must marshal our resources to make sure housing is accessible to all, not reward vacancies. Units should be affordable for everyone based on income. Use the \$1M to subsidize a requirement that a % of units be affordable if you have to
- It needs to be eliminated. It makes no sense to reward property owners for bad management. Giving them incentive to do nothing is counterproductive. It

## Vacant Unit Rebate Program

makes more sense to do what European cities do which is to discourage empty, dilapidated buildings by giving the owners a couple years to use it or lose it. I can't believe my tax dollars are contributing to making my downtown look like a ghost town.

- Diminishing rate
- Make them a surcharge, as pointed out in the previous open answer question.
- A couple options: - A tiered system with discount for first 3 Years, then half that discount amount to 5 Years then zeros percent thereafter. - eliminate all together if land owner cannot prove financial need for discounted rate. - eliminate all together.
- Figure out why massive property that splits up the city is apparently not taxed in a way that would encourage splitting it up for development
- Not at this time
- Offer the same discount to residential property owners of vacant properties.
- Give property owners, a larger property tax discount on vacant space.
- Make the owners responsible for the misuse of vacant land.
- Increase 30 to 35 %
- No
- Reduce, to vanishing, amount of rebate each year over three year period.
- This survey is very repetitious
- Limit the rebate to properties that have chronically vacancies over 3 years for any particular property as a whole or units within a multi-tenanted property.
- No
- Give grants for new businesses that would occupy the vacant properties.
- There should be no incentive to hold property as vacant/excess. It means that the landowner is trying to charge above market rate and is not willing to negotiate since they are being subsidized as is. Discounts/rebates could be available for donating land to environment trusts.
- Consider allowing indigenous population to use excess land and build relationships. Consider the housing crisis: allow tiny homes on vacant land. Shipping container homes as well can be moved if development eventually occurs.
- Never get in the way of rezoning commercial/industrial to residential.
- No
- Please, please, please do not be pressured by the big guys. I say again it is not your responsibility to subsidize their business. They need to grow up and get a grip on their business and learn to own up to their investments.
- No
- Review the property assessment for these particular parcels of land.

## Vacant Unit Rebate Program

- This program was established with solid reasoning. It should be left in place
- No
- Reduce the discounts and phase in, require commercial & industrial property owners to file intent plans, offer the 35% discount only for re-classified green space or where a safety perimeter is mandatory. Property owners must file realistic intent plans for vacant land and failure to do so eliminates any discount. No discounts of any kind for commercial property owned by foreigners, where the beneficial ownership cannot be determined, where local residents are not gainfully employed, and commercial and industrial activity is not adding value to the local economy.
- Create a tax break incentive to motivate the owners to lease or share their vacant properties for the short term (or longer term) use for the socio-economic good of the City of Kingston.
- No
- Currently fair to both the property owners and the City.
- Stop rewarding people for keeping property vacant
- Just stop tax discount.
- No
- Get rid of them and reduce taxes overall for the city of Kingston residents
- Limit the time the discount applies if land will not be utilized within a specific timeframe or turned into protected green space.
- Make sure that if it retained the only situations where it is applicable is where there is a public good in doing so. And evidence that it would an effect.
- The city can use temporary zoning and micro-zone areas where excess lands can accommodate different uses. Encourage the land owner to make the land beneficial that is sightly, useful, and safe.
- I guess you have to decide what you are trying to achieve don't you?
- No
- Don't allow 'major' commercial/residential property owners to circumvent regulations....
- Any city employee with some expertise in this area of tax/tax rebates could examine the issue. How extensive and expensive are the rebates? Are there changes since their inception which affect their utility (if there is utility in the rebates)? Perhaps a student hired for the summer could produce a report. What do other cities do, and why?
- Again, review the building code department red tape with the objective of reducing the disincentive to build.
- No
- See previous comments

## Vacant Unit Rebate Program

- Re-Zoning
- Vacant land is more difficult as the development of land is a much longer and more complicated process than the leasing of existing commercial or industrial space. It is for this reason that I believe the existing vacant/excess land subclass discount should remain unchanged.
- We should be collecting full taxes on all lands to encourage their development or sale to people who will develop them or rent the empty space
- No
- Want to encourage utilization and local wealth creation use of land, and discourage long term holding of vacant.
- As a citizen that pays my fair share of taxes, I am outraged to see commercial/business to get away in paying their shares of taxes. When commercial/business does not pay their shares, it means those simple residents are picking up the "tab" for them. Total nonsense.
- I was not aware that vacant land was considered in the same way as a vacant premise. Vacant land should be taxed as such. It should have its own rate that reflects its value as vacant land vs. built up land and taxed at that rate, whatever is fair. The vacant class should be applied as originally meant, to compensate for the fact that the landlord was paying the tenants business taxes.
- No.
- There should be a Staff member to overview what the issues are and try to suggest how to improve things.
- Again this depends on the City's goals. If there is a desire to maintain some vacant land, property taxes on vacant land should be discounted. If the City would prefer that land to be developed, then there should be no discount, and possibly increased property taxes.
- End them immediately. There are a few property owners within the city that buy up vacant land/buildings and let them sit vacant for years. By giving them a rebate, there is no incentive for them to ever fill/develop the properties. They are speculating and it leaves swaths of empty land and buildings around the city, giving the appearance to outsiders that Kingston is underdeveloped.

# **Vacancy Tax Rebate & Reduction Programs Review**

# Guidelines for participation

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- Be respectful of all participants;
- Be open to all ideas;
- Adhere to the established process and time frame;
- Change process during a session only by group decision, if necessary;
- Allow everyone the opportunity to speak;
- Allow people to speak without interruption;
- Try to include everyone; and
- Turn cell phones off/mute.





# What is a vacant unit rebate?

- Provides tax rebates to property owners who have eligible vacancies in commercial and industrial buildings.

# Vacant Unit Rebate Rates

Rebates are:

- 30 per cent for vacant commercial space
- 35 per cent for vacant industrial space.

# Why was the program started in the first place?

- Program originally implemented to address the province's decision to move business occupancy tax liability from business tenants to property owners.

# Who qualifies?

- Owners of commercial or industrial assessed property that are entirely or partially vacant

# Who doesn't qualify?

- Residential and multi-residential property owners also experience vacancies however these properties are not eligible for the rebate.

# What has changed?

- As of Jan. 1, 2017 the vacant unit rebate program is no longer provincially mandated
- Municipalities now have flexibility to tailor vacancy programs to reflect community needs and circumstances

# Cost of the program

Year	Total Municipal Portion of Rebate	Number of Properties
2015	\$ 944,444	208
2016	\$ 930,603	187
2017	\$ 759,249	175

# How does the program impact property taxes?

- The program is paid for by all property owners, including residential property owners.
- The City budgets \$950,000 for the municipal portion of the program.

# Vacant and Excess Land

- Properties in the Vacant and Excess Land Subclasses are taxed at a fixed percentage rate below the tax rate of the broader class.

## Discount Rate

- 30 per cent of the full commercial rate
- 35 per cent of the full industrial rate.



# Why propose changes?

- To tailor the rebate and reduction programs to local community needs.
- Council has directed City staff to gather input and feedback on available options and their impacts.

# Some options for vacant unit rebate program

- Keep the program as is
- Eliminate the program immediately
- Phase out the program over a number of years
- Modify the program
- Other

# Some options for vacant and excess land property tax subclass reductions

- Keep the discount rates at current levels
- Eliminate the discount rates immediately
- Phase out the discount rates over a number of years
- Modify the discount rates
- Other

# Things to consider

- Program funded by all properties
- Vacant Unit Rebates reduce the taxes on vacant properties
- Chronically vacant properties may have an adjusted property assessment that already accounts for vacancies

# How will feedback be used?

- Public input gathered through the online survey will be provided to council for consideration

# Further Information

- Further information is available at [GetInvolved.CityofKingston.ca](http://GetInvolved.CityofKingston.ca)

# Questions or comments?







# THANK YOU

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The Corporation of the City of Kingston  
Taxation & Revenue  
216 Ontario Street Kingston, ON K7L 2Z3

Attention: Jeff Walker, Manager – Taxation & Revenue

RE: Vacant Unit Rebate Program

April 23, 2018

Dear Mr. Walker,

In many downtowns in the province, vacancy rebates are seen as a deterrent from a city's efforts to beautify and revitalize their downtowns, affecting everything from lease rates to the ability to lease properties next to buildings that have sat dormant for a prolonged period, and have subsequently fallen into a state of disrepair. Owners of these buildings are viewed as having no incentive to lease or improve their properties as they are happy to simply collect their tax rebates and write the losses off. This is not the experience in downtown Kingston. Our downtown does not have any derelict properties, nor do we have landlords happily collecting 30 percent rebates on their property tax. Instead, we have owners who are investing money into their buildings to try to improve them and who are actively involved with trying to get them leased. In short, the current vacant unit rebate program in Kingston works and does not need fixing.

Properties within the BIA already pay a disproportionately high percentage of commercial taxes within the city, given the actual size of our geography (approximately 1/10<sup>th</sup> of 1 percent of the area of the CMA). Despite some public opinion that may arise when vacancies are high in the downtown, landlords prefer to collect rent than keep properties vacant. While the 30 percent rebate is not a large sum, it does help to offset other property expenses like utilities and

insurance costs when a property is vacant. Attached, please find a typical rental scenario which demonstrates that when a property is rented, the tenant pays all costs. When that same unit is vacant, not only does the landlord lose the monthly rental income, they now have to pay all the operating costs that the tenant would have paid, plus the utilities – a difference of nearly \$21,000 over the course of the year in this example with the 30% rebate in place (a savings of nearly \$2,000 with no rebate).

We feel that doing away with the rebate will hurt smaller property owners – if you own 10 units and 1 of them is vacant, it is much easier to absorb that loss. If you own 2 units and 1 is vacant, that loss is much more difficult financially – the vacancy rebate helps to mitigate it.

Kingston is not like other cities in the province that have issues with vacant properties. The system that is now in place has worked well in the past and continues to do so – please keep the “status quo”.

Best regards,

A handwritten signature in black ink, appearing to be 'Doug Ritchie', with a long, sweeping horizontal line extending to the right.

Doug Ritchie  
Managing Director  
Downtown Kingston! B.I.A.

## Rental Scenarios

1000 SF unit leased at \$20 psf + \$9.75 operating costs

Description	Per Year		
	Leased (Tenant Pays All)	Vacant (Landlord pays all)	With 30% Rebate
Base Rent	20000	0	0
Operating (9.75 total)	9,750	-9750	-7740
<i>Taxes (\$7.70)</i>	7700	7700	5390
<i>Insurance - Common (\$0.54)</i>	540	540	540
<i>Utilities - Common (\$1.51)</i>	1510	1510	1510
Utilities (for unit proper)	(paid direct to supplier) 2400	-1200	-1200
<b>Gross to Landlord</b>	<b>29750</b>	<b>-10950</b>	<b>-8940</b>

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**THE BUSINESS VACANCY REBATE AND REDUCTION PROGRAMS UPDATE**  
**March 2018**

**Programs Update**

As announced in the *2016 Ontario Budget*, municipalities have broad flexibility to modify the business vacancy rebate and reduction programs to meet local circumstances, while considering the impact of such changes on the business community. The Province has also encouraged municipalities to engage with their local business community when considering program changes.

Since 2017, 46 upper- and single-tier municipalities have submitted a request for changes to the vacancy programs, provided details of the proposed changes and a council resolution. Program changes requested ranged from modifying eligibility criteria, to the phase-out and/or elimination of the programs.

- These municipalities represent two-thirds of all business properties in Ontario.
- Regulatory amendments were implemented for 28 municipalities that submitted program changes in 2017.
- 18 municipalities have requested changes since the start of 2018 (as of March 1).
- Additional municipalities have expressed interest in changes but have not yet submitted a formal request.

The first deadline for municipalities to submit a notification to the Minister for changes effective for 2018 and future years was March 1, 2018. The next deadline is scheduled for August 1, 2018.

The tables below provide a summary of all municipal changes submitted to the Minister of Finance for consideration by March 1, 2018. For more information on specific municipal consultations or program changes, please contact the local municipality.

## VACANT UNIT REBATE

**TABLE 1: MUNICIPALITIES THAT PROPOSE TO PHASE-OUT AND ELIMINATE REBATE**

Municipality	2017	2018	2019	2020
City of Brantford				
City of Peterborough				
Municipality of Charlton and Dack				
Prince Edward County				
Town of Parry Sound				
Town of Thessalon				
Village of Burk's Falls				
City of Toronto*				
Town of Espanola				
Town of Prescott				
City of Barrie				
City of Guelph				
City of Kawartha Lakes*				
City of Orillia				
City of Ottawa*				
City of St. Thomas				
District Municipality of Muskoka				
Elgin County				
Essex County				
Municipality of Dysart et al				
Municipality of Oliver Paipooonge				
Village of Hilton Beach				
York Region				
City of Hamilton				
City of London				
City of Thunder Bay*				
Durham Region				
Haldimand County				
Halton Region				
Norfolk County				
Town of Gananoque				
Township of Nairn and Hyman				
City of Cornwall*				
Plummer Additional Township				
City of Greater Sudbury*				
Huron County				
Municipality of Chatham-Kent				
Peel Region*				
Town of St. Marys				

Phase-out	
Eliminate	

\*Municipalities that proposed to modify the program prior to eliminating. For additional details, please see Table 4

**TABLE 2: MUNICIPALITIES MODIFYING ELIGIBILITY AND MAINTAINING REBATE**

<b>MUNICIPALITY</b>
Town of Fort Frances
City of Brockville
City of Windsor
City of Sault Ste. Marie
Oxford County
Town of Smiths Falls
Wellington County: <ul style="list-style-type: none"> <li>• Town of Erin</li> <li>• Town of Minto</li> <li>• North Wellington</li> </ul>

**TABLE 3: HOW MUNICIPALITIES WILL PHASE-OUT REBATE**

<b>MUNICIPALITY</b>	<b>DESCRIPTION</b>
Town of Espanola	• Reduce commercial and industrial rebate to 15% in 2017
Town of Prescott	• Reduce commercial and industrial rebate to 15% in 2017
City of Hamilton	• Reduce commercial and industrial rebate to 15% in 2018
City of London	• Reduce commercial and industrial rebate to 15% in 2018
Durham Region	• Reduce commercial rebate to 15% and industrial to 17.5% in 2018
Haldimand County	<ul style="list-style-type: none"> <li>• Eliminate rebate for industrial in 2018</li> <li>• Reduce commercial rebate to 15% in 2018</li> </ul>
Halton Region	• Reduce commercial rebate to 15% and industrial to 20% in 2018
Norfolk County	• Reduce commercial and industrial rebate to 16.5% in 2018
Town of Gananoque	• Reduce commercial rebate to 15% and industrial to 17.5% in 2018
Huron County	• Reduce commercial and industrial rebate to 20% in 2018 and 10% in 2019
Municipality of Chatham-Kent	• Reduce commercial and industrial rebate to 20% in 2018 and 10% in 2019
Plummer Additional Township	• Reduce rebate to 30% for industrial properties in 2017, 20% in 2018 and 10% in 2019 for commercial and industrial properties
Town of St. Marys	• Reduce commercial and industrial rebate to 20% in 2018 and 10% in 2019
Township of Nairn and Hyman	• Reduce commercial and industrial rebate to 15% in 2018

**TABLE 4: MUNICIPALITIES THAT PROPOSE TO MODIFY ELIGIBILITY AND PHASE-OUT REBATE**

MUNICIPALITY	DESCRIPTION
City of Kawartha Lakes	<ul style="list-style-type: none"> <li>For 2017, include the following eligibility criteria:               <ol style="list-style-type: none"> <li>The vacant building, or portion of, is not less than 1,000 contiguous square feet</li> <li>Adherence to the City's Property Standards By-law</li> <li>Establish an administration fee for the application</li> <li>A building, structure or portion of building would not be eligible for a rebate where the rebate percentage of 0.00% applies for a taxation year</li> <li>Ineligible if labour disruption was in progress</li> <li>Ineligible if there is property standards order against property</li> <li>Delay interest requirement for 120 days after regulatory authority is received</li> </ol> </li> <li>Eliminate program in 2018</li> </ul>
City of Ottawa	<ul style="list-style-type: none"> <li>Reduce commercial and industrial rebate to 15% in 2017</li> <li>For 2017, also include the following eligibility criteria:               <ol style="list-style-type: none"> <li>The vacant building, or portion of, is not less than 1,000 contiguous square feet</li> <li>Vacant portion was not used and was separated from any portion that was used</li> <li>Vacant portion supports an occupancy permit</li> <li>Vacant portion is capable of being leased</li> <li>Vacancy must be greater than or equal to 90 days</li> <li>Ineligible if not in compliance with property standards by-law</li> <li>Ineligible if labour disruption was in progress</li> <li>Ineligible if property standards order remains outstanding</li> <li>No interest to accrue until 60 days after MPAC's determination of value</li> <li>Ineligible if denied a request to inspect property</li> <li>Ineligible if false information provided</li> <li>Due date to be last day of March</li> <li>One application per year</li> </ol> </li> <li>Eliminate program in 2018</li> </ul>
City of Toronto	<ul style="list-style-type: none"> <li>Reduce commercial rebate to 15% effective July 1, 2017 to June 30, 2018.</li> <li>To include a deadline date of February 28, 2018 for receipt of applications for vacancies occurring in 2017, and a deadline date of September 28, 2018 for receipt of applications for vacancies occurring in 2018</li> <li>Eliminate commercial and industrial rebate effective July 1, 2018</li> </ul>
City of Thunder Bay	<ul style="list-style-type: none"> <li>Reduce commercial and industrial rebate to 15% in 2018</li> <li>Modify eligibility in 2018 to exclude:               <ol style="list-style-type: none"> <li>Storage units and storage tanks</li> <li>Buildings/structures or parts thereof that are not capable of being leased for immediate occupation because it was undergoing or in need of repairs or renovations or was unfit for</li> </ol> </li> </ul>

	<p>occupation</p> <p>3. Buildings/structures or parts thereof that are not available for lease</p> <ul style="list-style-type: none"> <li>• Eliminate program in 2019</li> </ul>
City of Cornwall	<ul style="list-style-type: none"> <li>• Reduce commercial and industrial rebate to 25% in 2017, 20% in 2018 and 10% in 2019</li> <li>• To include in the eligibility guidelines beginning in 2017: <ol style="list-style-type: none"> <li>1. The vacant portion of the building was not used and was separated by permanent or semi-permanent physical barriers from any portion of the building that was used</li> <li>2. The vacant portion of the building or structure supports an occupancy permit</li> <li>3. The vacant portion of the building or structure is capable of being leased and is available for lease (may be determined by Cornwall Fire Services and/or Cornwall Property Standards personnel)</li> <li>4. The vacancy must be equal to or greater than 90 consecutive days within the calendar year</li> <li>5. The property be ineligible if during the vacancy period the property is not in compliance with any by-law administered by the City of Cornwall, including those under the direction of Property Standards and Fire Services</li> <li>6. The property be ineligible if a strike, lockout or other labour disruption was in progress throughout the vacancy period</li> <li>7. The property be ineligible if a property standards order remains outstanding on the last day to submit an application for the vacancy rebate</li> <li>8. The property be ineligible if the nature of the business is seasonal</li> <li>9. No interest shall begin to accrue until 90 days after the City receives the determination of the value of the eligible property from MPAC</li> <li>10. The property be ineligible if a request to inspect the property for vacancy is not granted within 30 days of the initial request</li> <li>11. The property be ineligible if false or inaccurate information is provided in the application</li> <li>12. That the due date be the last day of February of the following taxation year</li> </ol> </li> <li>• Eliminate program in 2020</li> </ul>
City of Greater Sudbury	<ul style="list-style-type: none"> <li>• Reduce rebate on commercial to 20% in 2018 and 10% in 2019</li> <li>• Reduce rebate on industrial to 23% in 2018 and 12% in 2019</li> <li>• Modify eligibility in 2018 to exclude: <ol style="list-style-type: none"> <li>1. Buildings with restricted access</li> <li>2. Buildings not available for lease</li> </ol> </li> <li>• Eliminate rebate for large industrial properties in 2018</li> <li>• Eliminate rebate for commercial and industrial properties in 2020</li> </ul>
Peel Region	<ul style="list-style-type: none"> <li>• Reduce commercial and industrial rebate to 20% in 2018 and to 10% in 2019</li> </ul>



	<ul style="list-style-type: none"> <li>In 2017, modify following eligibility criteria: <ol style="list-style-type: none"> <li>An eligible vacant unit must not include any non-permanent structures and not be used for any form of storage</li> <li>Not eligible if a rebate was provided in the last 3 consecutive years</li> <li>Storage units, hotels, fuel storage tanks, gravel pits, a business closed due to labour disruption and fixturing period are not eligible</li> <li>Supporting documentation must be received within 30 days of Notice for Applications with incomplete information</li> </ol> </li> <li>Eliminate program in 2020</li> </ul>
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**TABLE 5: MUNICIPALITIES THAT PROPOSE CHANGES AND WILL MAINTAIN REBATE**

<b>MUNICIPALITY</b>	<b>DESCRIPTION</b>
Town of Fort Frances	<ul style="list-style-type: none"> <li>Reduce industrial rebate to 30% in 2017</li> </ul>
City of Brockville	<ul style="list-style-type: none"> <li>Beginning in 2017: <ol style="list-style-type: none"> <li>Limit rebate to a period not to exceed two (2) calendar years</li> <li>The rebate amount is to be 100% of the current allowable amount in Year One and 50% of the current allowable amount in Year Two</li> <li>All current unit vacancies that have made historical applications for the entirety of both 2016 and 2017 taxation years will not be allowed to apply in the 2018 tax year or beyond until an occupancy has occurred and confirmed by permit or other means</li> </ol> </li> </ul>
City of Sault Ste. Marie	<ul style="list-style-type: none"> <li>For 2017: <ol style="list-style-type: none"> <li>Limit eligibility period to 3 years in a 10 year cycle for other commercial properties</li> <li>Temporary uses will not impact eligibility</li> </ol> </li> <li>Eliminate rebate for industrial and shopping centre in 2017</li> </ul>
City of Windsor	<ul style="list-style-type: none"> <li>Beginning in 2017: <ol style="list-style-type: none"> <li>Restrict the rebate as it relates to individual annual applications within the Downtown Business Improvement Area for main street, ground level commercial properties (non-office towers) <ol style="list-style-type: none"> <li>In Year One, the rebate amount is to be 100% of the current allowable amount</li> <li>In Year Two, 50% of the current allowable amount</li> <li>In Year Three, 0%</li> </ol> </li> </ol> </li> </ul>
Oxford County	<ul style="list-style-type: none"> <li>Modify eligibility starting in 2017: <ol style="list-style-type: none"> <li>Any property that has benefitted from the program for five years, whether consecutive or not, will be eliminated from future eligibility</li> </ol> </li> </ul>
Town of Smiths Falls	<ul style="list-style-type: none"> <li>To include in the eligibility guidelines beginning in 2017: <ol style="list-style-type: none"> <li>The vacant portion of the building or structure is capable of being leased and is available for lease (advertised for lease and proof that applicant is actively trying to lease the property)</li> </ol> </li> </ul>

	<ol style="list-style-type: none"> <li>2. The building or portion must be vacant for at least 90 consecutive days to be eligible</li> <li>3. The building or portion must be vacant for at least 90 consecutive days within the calendar year</li> <li>4. The property shall be ineligible if during the vacancy period the property is not in compliance with Town's Property Standards By-law, Zoning By-law, the building Code Act/Regulations, or the Fire Protection and Prevention Act/Regulations or Site Plan Control By-law (if applicable)</li> <li>5. The property shall be ineligible if a property standards order remains outstanding on the last day to submit an application for the vacancy rebate</li> <li>6. No interest to accrue until 90 days after MPAC's determination of value</li> <li>7. The property be ineligible if a request to inspect the property for vacancy is not granted within 30 days of the initial request</li> <li>8. The property will be ineligible if a property re-assessment has been granted by MPAC or the ARB within the last two assessment cycles</li> <li>9. The property be ineligible if false or inaccurate information is provided in the application</li> <li>10. That the due date be the last day of February of the following taxation year</li> <li>11. Only one application/per property/per year may be submitted to a total maximum of 3 years for commercial properties and 5 years for industrial properties</li> <li>12. The vacant portion of the building was not used for any purpose, and was separated by permanent or semi-permanent physical barriers from any portion of the building that was used</li> </ol>
Wellington County: Town of Erin	<ul style="list-style-type: none"> <li>• Modify eligibility: <ol style="list-style-type: none"> <li>1. If the Town has made a grant or loan in respect of a property located in a Community Improvement Plan Area, the property would not be eligible for a rebate</li> </ol> </li> </ul>
Wellington County: Town of Minto North Wellington	<ul style="list-style-type: none"> <li>• Modify eligibility: <ol style="list-style-type: none"> <li>1. Must be located within the Community Improvement Plan boundaries and eligible for such municipal incentives as signage façade and structural grants</li> <li>2. Two year maximum rebate time limit</li> <li>3. Must be capable of being leased for immediate occupation</li> <li>4. Pop-Up Stores and other temporary uses do not affect eligibility</li> <li>5. Must be vacant for 90 consecutive days</li> <li>6. If active repairs or renovations are proven the property would be eligible</li> <li>7. Seasonal businesses do not qualify</li> <li>8. The property must be advertised for lease or for sale</li> <li>9. Must apply each year and be inspected</li> <li>10. All arrears for property taxes, water and sewer billings and other municipal charges must be paid</li> </ol> </li> </ul>

## VACANT AND EXCESS LAND SUBCLASSES

**TABLE 6: MUNICIPALITIES THAT PROPOSE TO PHASE-OUT AND ELIMINATE DISCOUNT**

Municipality	2018	2019	2020	2021
City of Greater Sudbury				
City of St. Thomas				
Elgin County				
Town of Thessalon				
Village of Hilton Beach				
Town of Espanola				
Municipality of Oliver Paipoonge				
Township of Nairn and Hyman				
Durham Region				
Town of St. Marys				
Haldimand County				

Phase-out	
Eliminate	

**TABLE 7: HOW MUNICIPALITIES WILL PHASE-OUT DISCOUNT**

MUNICIPALITY	DESCRIPTION
Town of Espanola	<ul style="list-style-type: none"> <li>Reduce commercial and industrial discounts to 15% in 2017</li> </ul>
Durham Region	<ul style="list-style-type: none"> <li>Reduce commercial discount to 20% in 2018 and 10% in 2019</li> <li>Reduce industrial discount to 23.33% in 2018 and 11.67% in 2019</li> </ul>
Town of St. Marys	<ul style="list-style-type: none"> <li>Reduce commercial and industrial discounts to 20% in 2018 and to 10% in 2019</li> </ul>
Haldimand County	<ul style="list-style-type: none"> <li>Reduce commercial discount to 22.5% in 2018, 15% in 2019 and 7.5% in 2020</li> <li>Reduce industrial discount to 26.25% in 2018, 17.5% in 2019 and 8.75% in 2020</li> </ul>



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April 3, 2018

Dear Municipal Treasurer/Clerk-Treasurer:

I am writing to advise you of certain property taxation and assessment measures that the Province is undertaking as part of the *2018 Ontario Budget*.

### **Supporting Fair and Accurate Property Assessments**

The government has announced initiatives to improve the property assessment process.

As you may be aware, an Advance Disclosure process was introduced for the 2016 reassessment to enhance the accuracy and transparency of the Municipal Property Assessment Corporation's (MPAC) valuation process by enabling business property owners and municipalities to contribute to the determination of assessed values before assessment rolls are finalized.

To further strengthen the pre-roll engagement process, the Province is proposing that an earlier valuation date be used as the basis for property assessments. For the next reassessment, which will take place for the 2021 taxation year, assessments would be based on a valuation date of January 1, 2019. The intent of the earlier date is to facilitate a more effective valuation process that allows for meaningful and open exchange of information among MPAC, property owners and municipalities, leading to more transparent and accurate property assessments.

The Province also wants to make it easier for property owners to comply with MPAC's requests for information. Work is underway to review the format of MPAC's requests, ensuring they are clear and reasonable. As well, the *2018 Ontario Budget* announced a plan to introduce a framework for addressing non-compliance with MPAC's information requests.

These measures aim to create an environment that encourages the full exchange of information in order to improve the accuracy of property assessments and support a fair and transparent property tax system.

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### **Business Vacancy Rebate and Reduction Programs**

In response to municipal and other stakeholders' requests, the Province provided municipalities broad flexibility to modify the vacant rebate and reduction programs for 2017 and future years. This greater flexibility enables municipalities to tailor these programs to best reflect local circumstances, while considering the interests of local businesses. While municipalities have implemented a variety of changes, 80 per cent of those municipalities will phase-out the municipal component by 2020.

With respect to education property taxes, the Province currently mirrors municipal property tax decisions related to the vacancy programs. This has resulted in different treatments of education property taxes across the province as each municipality modifies the programs to best suit its local needs.

As a result, the Province announced in the *2017 Ontario Economic Outlook and Fiscal Review* that it would review approaches related to the education property tax portion of the vacancy rebate and reduction programs in consultation with municipalities and the business community. In response to feedback received from the review, the *2018 Ontario Budget* announced that the education property tax portion of the vacancy programs will be aligned with changes made by municipalities, ensuring greater consistency across the province.

To align with the majority of municipal changes, the Province will phase out the education property tax portion of these programs. However, to avoid undue administrative burden for municipalities that have already made changes to the programs, the Province will continue to mirror these municipal changes, with respect to the education property tax portion of the vacancy programs. This initiative will begin in 2019 to ensure that businesses have time to plan for program changes.

### **Railway Right-of-Way Property Taxation**

As you are aware, the Province initiated a review of the property taxation of railway rights-of-way in 2016. Based on consultations with municipalities and the railway industry, the Province announced changes in the *2017 Ontario Budget* to address three key issues related to indexation of rates, variation in rates, and implications for shortline railways.

In the *2018 Ontario Budget*, the Province announced further rate adjustments as part of its commitment to modernizing the property taxation of railway rights-of-way. The proposed measures for 2018 include the following:

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Key Issues	Proposed Measures for 2018
<b>Indexation of Rates:</b> Municipalities have expressed concerns that, prior to 2017, property tax rates on railway rights-of-way had not been updated since the late 1990s.	Building on progress made in 2017, mainline railway right-of-way property tax rates for 2018 will continue to be updated to reflect average annual commercial property tax changes. This means that municipal property tax rates will increase by \$7 per acre for 2018.
<b>Variation in Rates:</b> Municipalities have also expressed concerns about the significant variation in railway right-of-way property tax rates across the province.	The Province will further reduce rate inequities by increasing the lowest property tax rates on mainline railway rights-of-way to a minimum of \$110 per acre in 2018. The lowest mainline rate in 2016 was approximately \$35 per acre.
<b>Shortline Railways:</b> The railway industry expressed concerns about the impacts of potential property tax increases on shortline railways.	The Province will continue to freeze shortline railway property tax rates at 2016 levels in recognition of the challenges faced by this sector of the railway industry.

The education property tax rates on railway right-of-way properties will continue to be maintained at 2016 levels for the 2018 taxation year.

The 2018 railway right-of-way property tax rates for your municipality are provided in the attached table. The attachment also provides a list of railway right-of-way properties in your municipality, for your reference.

#### *New flexibility for high-tonnage rail lines*

The Province will also be responding to municipalities' concerns regarding the revenue they receive in respect of high-tonnage rail lines. Beginning in 2018, municipalities can request an increase to the rates per acre for certain high-tonnage rail lines.

High-tonnage rail lines will initially be identified as those with at least 70 million gross ton-miles per route mile annually. The increased tax rate will be \$300 per acre on these high-tonnage rail lines. The high-tonnage tax rate will represent a significant increase from the lowest mainline rate in 2016 of approximately \$35 per acre.

This approach represents a first step that will enable municipalities with high-tonnage railway properties to achieve additional revenues. By focusing only on the highest tonnage properties, it will also respond to concerns from the railway industry regarding the administrative burden of a tonnage approach to property taxation.

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Ministry of Finance staff will work with staff from interested municipalities to review eligibility for the high-tonnage tax rate. Ministry staff will also confirm data with owners of the identified railway right-of-way properties.

Municipalities that wish to utilize this increased rate should pass a formal Council resolution, requesting that the Minister consider the high-tonnage rate for individual railway right-of-way properties that meet the high-tonnage threshold. The formal Council resolution must be submitted to the Minister of Finance on or before June 29, 2018. Pending verification of properties that meet the high-tonnage threshold, the high-tonnage tax rates would be implemented through a Minister's regulation.

For 2019 and future years, the government will continue to adjust rates and, in consultation with stakeholders, will review additional options to reflect tonnage in railway right-of-way property taxation.

For further information about the railway right-of-way property taxation system, please contact Sara Tune, Manager, Strategic Policy Liaison Unit, at [sara.tune@ontario.ca](mailto:sara.tune@ontario.ca).

Sincerely,

*Original signed by*

Allan Doheny  
Assistant Deputy Minister  
Provincial-Local Finance Division

Enclosure