St. Catharines

Corporate Report
Budget Standing Committee

Report from Financial Management Services, Billing

Date of Report: February 11, 2019 **Date of Meeting:** March 6, 2019

Report Number: FMS–B005-2019 **File:** 10.57.99

Subject: Vacancy Rebate Revisions

Recommendation

That the Budget Standing Committee (BSC) receives this report for information purposes.

Summary

Commencing in 2017, the Province provided municipalities a greater range of options to modify or eliminate the Vacant Unit Rebate and the Vacant / Excess Land Subclass Property Tax rate. After a number of public consultations with local stakeholders, Regional staff proposed amendments to the existing rebate and reduction program. At its meeting of January 9, 2019, Regional Council adopted the recommendations arising from a staff report which presented the options, analysis, consultation input received and other discussion. A full copy of the Region's report is attached as Appendix 1

The following amendments were approved by Regional Council:

Vacant Unit Tax Rebate

- Commercial Properties: Phase out the current program in its entirety, over three years, by reducing the eligible rebate percentage from the current rate of 30% in 2018, to 20% in 2019, 10% in 2020, and 0% in 2021 and onwards.
- Industrial Properties: Phase out the current program in its entirety, over three years, by reducing the eligible rebate percentage from the current rate of 30% in 2018, to 20% in 2019, 10% in 2020, and 0% in 2021 and onwards.

Vacant / Excess Land Tax Rate Reduction

- Commercial Properties: Phase out the current program in its entirety, over four years starting 2021, by reducing the eligible rebate percentage from the current rate of 30% in 2018, to 22.5% in 2021, 15% in 2022, 7.5% in 2023 and 0% in 2024 and onwards.
- Industrial Properties: Phase out the current program in its entirety, over four years starting 2021, by reducing the eligible rebate percentage from the current rate of 30% in 2018, to 22.5% in 2021, 15% in 2022, 7.5% in 2023 and 0% in 2024 and onwards;

Background

Since 1998, Section 364 of the Municipal Act, 2001 and Ontario Regulation 325/01 require all municipalities to provide a property tax rebate for eligible vacant units. In the Niagara Region, the rebate program is administered by each local municipality. The vacant unit rebate program provides a 30% rebate of taxes for eligible properties in both the commercial and industrial class. The vacant unit rebate has provided tax rebates and reductions to property owners who have vacancies in commercial and industrial buildings. The rebates were in respect of taxes paid attributed to areas of the subject building which had been vacant and unused during the tax year.

The Vacant and Excess Land Property Tax Subclass are Commercial and Industrial properties or portions of in the Vacant and Excess Land Property Tax Subclass are taxed at a fixed percentage rate below the tax rate of the broad class. These properties are discounted at 30% of the full Commercial and/or Industrial classes

In the 2016 budget announcements, the Province introduced regulatory opportunity for municipalities to eliminate the Vacant Unit Tax Rebate program and the Vacant / Excess Land Subclass Property Tax rate. Immediately following the announcement, much interest was expressed by municipalities across the province. Some municipalities had previously expressed concern to the Province that such mandatory programs were expensive, and not achieving or contributing to local development or economic development objectives.

The Province clarified its position that in two tier municipal jurisdictions such as the of Niagara Region, the decision to eliminate the program must be made at the upper level, and must be made jurisdiction wide, and such decision must consider public consultation input. Changes to each municipality's rebate program must be implemented through regulation, which specifies the options that a municipality has chosen.

Following the adoption of the Region's resolution to abolish the program, the Province was requested to initiate the process to bring into effect the necessary regulations.

Financial Implications

The Region's vacancy rebate program is an application based program that provides a 30% rebate to both commercial and industrial properties. The City received 173 rebate applications for the 2017 taxation year. Total rebates were $1.36 million, with the City incurring only its share of that, being $494,000. This amount is budgeted for in the revenue portion of the annual operating budget. In the 2019 operating budget there is $320,000 included for vacancy rebates. Once the program is abolished, the City will no longer incur these tax write-expenses related to vacancy rebates.

The Region's vacant and excess land discount factor of 30% for commercial and industrial properties that are vacant or have excess land. The rate reductions are decisions of tax

policy that apply to all Niagara municipalities. Unlike the vacant unit rebate property owners do not have to apply as eligibility of subclasses are determined by MPAC.

The impact to the average residential household of eliminating the vacant unit rebate plus the tax shift from eliminating the subclass discounts is estimated to be $4.60 or 0.21% reduction for the median household for the City portion of taxes based on the 2019 proposed tax rates.

Relationship to Strategic Plan

Economic Sustainability Pillar

GOALS:

1. Attract public and private investment, support local businesses and provide excellent customer service to demonstrate we are open for business.
2. Be an affordable city for all.

Develop partnerships to enhance the economic vitality of the community.

Conclusion

The Province introduced regulatory flexibility for municipalities to opt out of a mandatory Vacant Unit Property Tax Rebate program and the Vacant / Excess Land Subclass Property Tax rate for commercial and industrial properties. Local municipalities expressed their desire to exercise this option; however, the option needed to be decided by the Region. Consultations took place, and the Region chose to opt out of the mandatory program and to seek the Province to adopt the necessary municipal specific regulation. Staff await final enactment of such regulations. A communication to all affected property owners will be made following the regulation.

Prepared and Submitted by:

Lisa Read, Manager of Revenue

Approved by:

Kristine Douglas, CPA, CMA
Director of Financial Management Services / City Treasurer

Subject: Vacancy Program Revisions to Ministry of Finance

Report to: Corporate Services Committee

Report date: Wednesday, January 9, 2019

Recommendations

1. That the proposed amendments to the existing Commercial/Industrial Vacant Unit Rebate and Vacant/Excess Land Subclass property tax rate reductions programs **BE APPROVED** as follows:

    a. Vacant Unit Tax Rebate

        i. Commercial Properties: Phase out the current program in its entirety, over three years, by reducing the eligible rebate percentage from the current rate of 30% in 2018, to 20% in 2019, 10% in 2020, and 0% in 2021 and onwards.

        ii. Industrial Properties: Phase out the current program in its entirety, over three years, by reducing the eligible rebate percentage from the current rate of 30% in 2018, to 20% in 2019, 10% in 2020, and 0% in 2021 and onwards.

    b. Vacant/Excess Land Tax Rate Reduction

        i. Commercial Properties: Phase out the current program in its entirety, over four years starting 2021, by reducing the eligible rebate percentage from the current rate of 30% in 2018, to 22.5% in 2021, 15% in 2022, 7.5% in 2023 and 0% in 2024 and onwards.

        ii. Industrial Properties: Phase out the current program in its entirety, over four years starting 2021, by reducing the eligible rebate percentage from the current rate of 30% in 2018, to 22.5% in 2021, 15% in 2022, 7.5% in 2023 and 0% in 2024 and onwards;

2. That the Province of Ontario **BE REQUESTED** to adopt regulations and make any other legislative amendments require to adjust Niagara Region's Vacant Unit and Vacant/Excess Land Tax Programs as per Recommendation 1.
3. That the Commissioner, Enterprise Resource Management Services/Treasurer **BE DIRECTED** to submit this report to the Ontario Minster of Finance, along with any other supporting documentation as required by the Ministry to enact the request program changes; and

4. That this report **BE CIRCULATED** to the Councils of the area municipalities for information.

Key Facts

- Commencing in 2017, the Province provided municipalities a greater range of options to modify or eliminate the Vacant Unit Property Tax Rebate and Commercial/Industrial Vacant/Excess Subclass property tax reduction programs.
- Currently, Niagara Region has adopted property tax rebate/reduction for the above noted programs of 30%.
- Report CSD 77-2017 Commercial and Industrial Sub Class Tax Rate Reduction and Rebates, dated November 29, 2019, Regional Council approved a public consultation process to be conducted in order to solicit opinions on program alterations. Both area municipal staff and business associations were consulted.
- Report CSD 41-2018 dated July 18, 2018 presented the result of the public engagement to Council and based on the comments provided by local stakeholders, Regional staff proposed amendments to the existing rebate and reduction programs as outlined in the recommendations section of this report.
- Council reviewed the proposed changes included in CSD 41-2018 and requested that additional public engagement occur in order to ensure communication of the proposed changes and input is achieved.
- Three additional public engagement sessions were held and no changes to the previously presented program revisions as per CSD 41-2018 are being recommended as a result of no new information being obtained from the business community coupled with an increased desired from the non-commercial/industrial property owners for program elimination.

Financial Considerations

Vacant Unit Rebates – The Region’s vacancy rebate program is an application based program that provides for a 30% rebate to both commercial and industrial property classes if vacancies are experienced in year. The rebate program policy is a decision of Regional Council that applies to all the Niagara municipalities.

Unlike the subclass reduction program described below, the Region and each municipality budget for the cost of providing these vacancy rebates. The Region’s 2018 budget expense for providing this program was approximately $1 Million or 0.28% of the tax levy. The impact on the local area municipal levies would be of a similar dollar magnitude in aggregate. Elimination of this program could provide direct budget opportunities for both the Region and area municipality’s budgets or could be used to provide mitigation against future budget increases.

Subclass Rate Reduction –The Region’s vacant and excess land discount factor for commercial and industrial properties is 30% for 2018 for properties that are vacant or have excess land. The subclass rate reductions are one of the tax policy decisions the Regional Council must make each year that apply to all the Niagara municipalities.

The subclass reductions provided to commercial and industrial vacant/excess lands amounts to approximately $1.6 million (Regional portion only). It is important to note, that any changes to this program would not provide direct budget relief to the tax levy. Any reduction of the subclass discount percentage would result in a tax shift away from all other classes (including the residential, farm, full commercial and industrial classes) onto the previously discounted commercial and industrial classes. Unlike the vacant unit rebates, discussed above, the property owners do not have to apply for the reduction. Eligibility for the subclasses is ultimately determined by MPAC and is reflected annually on the tax roll.

The impact to the average residential household of eliminating the vacant unit rebate plus the benefit of the tax shift from eliminating the subclass discounts is estimated at $10.96 or 0.75% reduction for the average household (Region portion only). For commercial and industrial properties assessed at $1 million, the benefit of eliminating the discounts and rebates is $74 and $112, respectively.

The savings of starting the phase-out in 2019 will result in a decrease in the Region's Vacant Unit Rebate budget by approximately $300 thousand which has been repurposed to other Regional priorities in the 2019 operating budget. As a result of the program change, a similar impact can be expected for the area municipalities in aggregate.

Analysis

Additional Public Engagement

At the direction of Corporate Services Committee, staff undertook additional consultation with local area municipalities and business associations above what was originally conducted. The Niagara Industrial Association, Greater Niagara Chambers of Commerce and previous users of the program were further engaged in order to ensure communication of the changes and input was achieved.

Regional staff organized two additional engagement sessions open to both area municipal staff and business groups/residents. Notification was distributed to area municipal staff informing them of the upcoming meeting. In order to increase awareness of the engagement session with the business groups and residents, Regional staff coordinated press releases through both the Niagara Industrial Association and Greater Niagara Chamber of Commerce, undertook a social media campaign and provided further information on the Region's website.

In order to ensure a comprehensive public engagement, Regional staff invited area municipal finance staff to complete direct mail outs to former recipients of the vacant unit rebate informing them of the intended program revisions and directing them to the Region's online survey. The direct mail out did yield a few verbal enquiries, however,

staff believe that the increase in the number of surveys completed (in comparison to the May 2018 survey) can partially be attributed to the direct mail outs and the social media campaign.

Region staff were also contacted by the Niagara Industrial and Commercial Brokers association with comments on the proposed program revisions. As a result, an additional meeting was arranged between the members of the association and Region staff to further discuss the existing program, the proposed program revisions and the impact of such changes. This meeting was attended by representatives of many commercial and industrial property owners across Niagara.

Result of Additional Public Engagement

The results of the additional municipal engagement were consistent with the previous sessions held with municipal staff. There was an interest in eliminating the programs and allocating the funds currently utilized by these program elsewhere (i.e., economic development activities or to the tax levy).

The results of the additional public engagement session with the community were mixed. The representatives in attendance from one of Niagara Business Improvement Areas was in support of program alterations while those that identified as business owners were not in favour of the proposed changes. The discussion primarily focused on the vacant unit rebate instead of the vacant/excess land subclass reduction program. In general, comments received from those in attendance were in support of the vacant unit rebate program as it provides assistance to business owners during challenging periods and/or transition periods between tenants.

Comments received from the Realtors association were similar to those received during the additional public consultation from the community as well. Those in attendance noted that the Region should not enact program changes for the sole purpose of being consistent with other municipalities across Southern Ontario. Those in attendance stressed the importance of a “made in Niagara” solution. This meeting also resulted in 9 letters in support of the current program being submitted to the Region from business owners (included as **Appendix I**).

From the time that report CSD 41-2018 was presented to Council an additional 157 online surveys were completed by business owners and residents. The full summary of the results are included as **Appendix II** to this report. The survey was designed to separate those that are representatives or owners of commercial/industrial properties and those that are not. Approximately 38% of the survey respondents identified themselves as a representative or owner of a commercial or industrial property in Niagara while the remaining 62% did not. The responses from those that identified as representatives or owners of a business were for the most part, consistent with the verbal feedback received at all engagement sessions. Unlike the engagement sessions

though, significant input was received from those that did not identify as representatives or owners of a business property. The majority of this group did not feel that the existing vacancy programs creates a positive impact on the local community and as a result, both programs should be discontinued.

Recommendation Based on Public Engagement

As discussed in CSD 41-2018, staff presented rationale for eliminating the programs which included:

- Existing programs place strain on current municipal budgets;
- No limitation on the number of years a property can be considered vacant and eligible which can lead to lack of incentive to develop properties or fill vacancies;
- Assessment practices have led to “double-dipping” as properties can receive reduced assessed values related to vacancies (as a result of built in assessment obsolescence factors by MPAC) in addition to a vacancy tax rebate during the same period.

Based on discussions from all stakeholder engagements, staff are recommending that the below phase-out schedules for both programs be endorsed by Council. It should be noted that the recommended program revisions are a “made in Niagara” solution. Many Golden Horseshoe municipalities (as noted in **Appendix III**) have opted to eliminate the Vacant Unit program through a phase-out starting 2017 or eliminate the program immediately without a phase-out. As noted in Table 1, the “made in Niagara” solution is to phase-out the Vacant Unit rebate starting 2019 and a delayed 4 year phase-out for the vacant/excess land subclass discount starting 2021.

Table 1: Recommended Program Phase-out Schedule

Year	Vacant Unit Rebate %	Vacant/Excess Land Reduction %
2018	30%	30%
2019	20%	30%
2020	10%	30%
2021	0%	22.5%
2022	0%	15%
2023	0%	7.5%
2024 and onwards	0%	0%

As discussed in CSD 41-2018, the intent of the phase out starting 2019 for the vacant unit rebate program is to allow for business owners that would be effected by the program change to adjust their business plans (i.e. seek tenants, better utilize available building space, etc.). The intent of the four year phase-out starting 2021 for the vacant and excess land subclass reduction program is to provide time for commercial and industrial land owners to create productive land and to match MPAC’s assessment phase-in cycles allowing for a “fresh start” in 2024. It should also be noted that the

Ontario Business Improvement Area Association is in support of eliminating the vacant unit rebate for similar reasons as noted above (press release included as **Appendix IV**).

Provincial Requirements to Enact Requested Program Revisions

As outlined in **Appendix V**, the Province established requirements that must be completed prior to submitting program changes for their consideration. Over the course of the review period conducted by Regional staff, all requirements have been completed save and except the final requirement of Council to pass a resolution indicating approval of the changes. If Council passes a resolution in accordance with the report recommendations as presented, staff will request the Province to enact the program revisions as outlined in Table 1 noted above.

Alternatives Reviewed

Continue both the commercial/industrial vacant unit and vacant/excess land subclass tax reduction programs as a status quo. This alternative is **NOT RECOMMENDED** as it does not respond to the concerns heard during the public consultation process.

Eliminate both the vacant unit and vacant/excess land subclass rebate and reduction programs immediately without phase-out. This alternative is **NOT RECOMMENDED** as it would not provide sufficient time for local business owners to adjust their business plans accordingly.

Continue the vacant unit program but limit the number of years that a property can be eligible for rebate. This alternative is **NOT RECOMMENDED** as it does not represent the majority of the input received during the public engagement sessions. It is also believed that this approach would create confusion with the program and increase administrative burden of having these programs.

Relationship to Council Strategic Priorities

Options provided supports Council's priority of fostering an environment for economic prosperity.

Other Pertinent Reports

CSD 79-2016 Recommended Actions for Correspondence from the City of St. Catharines respecting Tax Policy Changes
CSD 77-2017 Commercial and Industrial Sub Class Tax Rate Reductions and Rebates
CWCD 142-2017 Response to enquires from March 22, 2017 Corporate services Committee meeting
CSD 18-2018 Property Tax Policy, Ratios and Rates
CSD 41-2018 Results of Stakeholder Engagement for Vacancy Rebate Program Revisions

Prepared by:
Rob Fleming, MBA
Senior Tax & Revenue Analyst
Enterprise Resource Management Services

Recommended by:
Todd Harrison, CPA, CMA
Commissioner/Treasurer
Enterprise Resource Management Services

Submitted by:
Ron Tripp, P.Eng.
Acting Chief Administrative Officer

This report was prepared in consultation with Margaret Murphy, Associate Director, Budget Planning & Strategy and Ken Scholtens, Manager, Business Development & Expedited Services, and reviewed by Helen Chamberlain, Director, Financial Management & Planning /Deputy Treasurer.

Appendices

Appendix I	Letters Re Vacancy Program Revisions
Appendix II	Survey Outcomes
Appendix III	Map of Neighbouring Municipalities with Council Approved Program Changes
Appendix IV	News Release - Ontario Business Improvement Area Association
Appendix V	Letter from Ministry of Finance Re: Vacant Unit and Vacant/Excess Land Subclasses

Rob Flemming
Senor Tax & Revenue Analyst
Financial Management and Planning

Enterprise Resource Management Services
Niagara Region
1815 Sir Isaac Brock Way
Thorold, ON L2V 4T7

I'm the owner of the property located at 142 Cushman Road, St. Catharines, consisting of 53,800 sq. ft.

I'm opposed to any removal of the Vacancy Tax Credit.

Even though other regions have opted out of the Vacancy Tax Credit, I believe as with many of my colleagues that this should be a " Made in Niagara Solution". What may work in other Regions, I can assure you that this proposal will not work here. We are just coming into a healthy rental market with a forecast of a downturn come late 2019 through to 2022. Other Regions have experienced strong market conditions and have expanded significantly. Whereas Niagara is just starting to fill their industrial, commercial is holding its own and office is looking bleak. How could you even consider implementing a measure such as this when we have had such a dismal past.

Please remove this proposal from the Region and Municipalities.

Sincerely,

A. Ferretti

Collini Ferretti Holdings Inc

Rob Flemming
Senor Tax & Revenue Analyst
Financial Management and Planning

Enterprise Resource Management Services
Niagara Region
1815 Sir Isaac Brock Way
Thorold, ON L2V 4T7

I'm the owner of the property located at 1620 Dominion Road, Fort Erie, consisting of 8533 sq. ft.

I'm opposed to any removal of the Vacancy Tax Credit.

Even though other regions have opted out of the Vacancy Tax Credit, I believe as with many of my colleagues that this should be a " Made in Niagara Solution". What may work in other Regions, I can assure you that this proposal will not work here. We are just coming into a healthy rental market with a forecast of a downturn come late 2019 through to 2022. Other Regions have experienced strong market conditions and have expanded significantly. Whereas Niagara is just starting to fill their industrial, commercial is holding its own and office is looking bleak. How could you even consider implementing a measure such as this when we have had such a dismal past.

Please remove this proposal from the Region and Municipalities.

Sincerely,

Larry Stewart

Rob Flemming
Senor Tax & Revenue Analyst
Financial Management and Planning

Enterprise Resource Management Services
Niagara Region
1815 Sir Isaac Brock Way
Thorold, ON L2V 4T7

I'm the owner of the property located at 10 Dunlop St., St. Catharines, consisting of 4195 sq. ft.

I'm opposed to any removal of the Vacancy Tax Credit.

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Larry Stewart

Rob Flemming
Senor Tax & Revenue Analyst
Financial Management and Planning

Enterprise Resource Management Services
Niagara Region
1815 Sir Isaac Brock Way
Thorold, ON L2V 4T7

I'm the owner of the property located at 543 Allanburg Road, Thorold, consisting of 3150 sq. ft.

I'm opposed to any removal of the Vacancy Tax Credit.

Even though other regions have opted out of the Vacancy Tax Credit, I believe as with many of my colleagues that this should be a " Made in Niagara Solution". What may work in other Regions, I can assure you that this proposal will not work here. We are just coming into a healthy rental market with a forecast of a downturn come late 2019 through to 2022. Other Regions have experienced strong market conditions and have expanded significantly. Whereas Niagara is just starting to fill their industrial, commercial is holding its own and office is looking bleak. How could you even consider implementing a measure such as this when we have had such a dismal past.

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Sincerely,

Larry Stewart

Rob Flemming
Senor Tax & Revenue Analyst
Financial Management and Planning

Enterprise Resource Management Services
Niagara Region
1815 Sir Isaac Brock Way
Thorold, ON L2V 4T7

I'm the owner of the property located at 101 Hannover Drive, St. Catharines, consisting of 3824. sq. ft.

I'm opposed to any removal of the Vacancy Tax Credit.

Even though other regions have opted out of the Vacancy Tax Credit, I believe as with many of my colleagues that this should be a " Made in Niagara Solution". What may work in other Regions, I can assure you that this proposal will not work here. We are just coming into a healthy rental market with a forecast of a downturn come late 2019 through to 2022. Other Regions have experienced strong market conditions and have expanded significantly. Whereas Niagara is just starting to fill their industrial, commercial is holding its own and office is looking bleak. How could you even consider implementing a measure such as this when we have had such a dismal past.

Please remove this proposal from the Region and Municipalities.

Sincerely,

Larry Stewart

CAUSEWAY PROPERTIES INC.

242 Main Street East
Hamilton, Ontario, L8N 1H5

Phone: (905) 528-8956
Fax: (905) 528-2165

November 15th, 2018

Rob Flemming
Senor Tax & Revenue Analyst
Financial Management and Planning

Enterprise Resource Management Services
Niagara Region
1815 Sir Isaac Brock Way
Thorold, ON L2V 4T7

Causeway Properties Inc. is the owner of the property located at 113-115 Cushman Road St. Catharines, Ontario, consisting of 185,642 sq. ft.

I'm opposed to any removal of the Vacancy Tax Credit.

Even though other regions have opted out of the Vacancy Tax Credit, I believe as with many of my colleagues that this should be a " Made in Niagara Solution". What may work in other Regions, I can assure you that this proposal will not work here. We are just coming into a healthy rental market with a forecast of a downturn come late 2019 through to 2022. Other Regions have experienced strong market conditions and have expanded significantly. Whereas Niagara is just starting to fill their industrial, commercial is holding its own and office is looking bleak. How could you even consider implementing a measure such as this when we have had such a dismal past.

Please remove this proposal from the Region and Municipalities.

Sincerely,

CAUSEWAY PROPERTIES INC.
Per:

Gerald Asa
A.S.O.

F.T.A. CONDOR HOLDINGS INC.

242 Main Street East
Hamilton, Ontario, L8N 1H5

Phone: (905) 528-8956
Fax: (905) 528-2165

November 15th, 2018

Rob Flemming
Senor Tax & Revenue Analyst
Financial Management and Planning

Enterprise Resource Management Services
Niagara Region
1815 Sir Isaac Brock Way
Thorold, ON L2V 4T7

F.T.A. Condor Holdings Inc. is the owner of the property located at 380 Vansickle Road, St. Catharines, Ontario, consisting of 99,762 sq. ft.

I'm opposed to any removal of the Vacancy Tax Credit.

Even though other regions have opted out of the Vacancy Tax Credit, I believe as with many of my colleagues that this should be a " Made in Niagara Solution". What may work in other Regions, I can assure you that this proposal will not work here. We are just coming into a healthy rental market with a forecast of a downturn come late 2019 through to 2022. Other Regions have experienced strong market conditions and have expanded significantly. Whereas Niagara is just starting to fill their industrial, commercial is holding its own and office is looking bleak. How could you even consider implementing a measure such as this when we have had such a dismal past.

Please remove this proposal from the Region and Municipalities.

Sincerely,

F.T.A. CONDOR HOLDINGS INC.
Per:

Gerald Asa
A.S.O.

F.T.A. CONDOR HOLDINGS INC.

242 Main Street East
Hamilton, Ontario, L8N 1H5

Phone: (905) 528-8956
Fax: (905) 528-2165

November 15th, 2018

Rob Flemming
Senor Tax & Revenue Analyst
Financial Management and Planning

Enterprise Resource Management Services
Niagara Region
1815 Sir Isaac Brock Way
Thorold, ON L2V 4T7

F.T.A. Condor Holdings Inc. is the owner of the property located at 360 York Road, Niagara-on-the-Lake, Ontario, consisting of 66,458 sq. ft.

I'm opposed to any removal of the Vacancy Tax Credit.

Even though other regions have opted out of the Vacancy Tax Credit, I believe as with many of my colleagues that this should be a " Made in Niagara Solution". What may work in other Regions, I can assure you that this proposal will not work here. We are just coming into a healthy rental market with a forecast of a downturn come late 2019 through to 2022. Other Regions have experienced strong market conditions and have expanded significantly. Whereas Niagara is just starting to fill their industrial, commercial is holding its own and office is looking bleak. How could you even consider implementing a measure such as this when we have had such a dismal past.

Please remove this proposal from the Region and Municipalities.

Sincerely,

F.T.A. CONDOR HOLDINGS INC.
Per:

Gerald Asa
A.S.O.

Rob Flemming
Senor Tax & Revenue Analyst
Financial Management and Planning

Enterprise Resource Management Services
Niagara Region
1815 Sir Isaac Brock Way
Thorold, ON L2V 4T7

I'm the owner of the property located at 150 Bunting Road, St. Catharines consisting of 42,000 sq. ft.

I'm opposed to any removal of the Vacancy Tax Credit.

Even though other regions have opted out of the Vacancy Tax Credit, I believe as with many of my colleagues that this should be a " Made in Niagara Solution". What may work in other Regions, I can assure you that this proposal will not work here. We are just coming into a healthy rental market with a forecast of a downturn come late 2019 through to 2022. Other Regions have experienced strong market conditions and have expanded significantly. Whereas Niagara is just starting to fill their industrial, commercial is holding its own and office is looking bleak. How could you even consider implementing a measure such as this when we have had such a dismal past.

Please remove this proposal from the Region and Municipalities.

Sincerely,

Stanley Pierog

S & S PIEROG LIMITED

Survey Response Summary / Introductory Questions

1. Summary/number of responses:

Response Counts

Completion Rate:	**80.3%**	
	Complete	126
	Partial	31
		Totals: 157

2. Do you own, or represent an owner, of a commercial / industrial property in Niagara?

Value	Percent
Yes	37.9%
No	62.1%

3. Do you understand these two programs and the differences between them?

Value	Percent
Yes	91.4%
No	8.6%

Responses from Niagara Commercial/Industrial Property Owners/Representatives

1. Did you know that for 2018 these programs cost commercial and industrial property owners approximately $74 and $112 in Regional property taxes, respectively? (Based on a $1 million assessment)

Value	Percent
Yes	52.8%
No	47.2%

2. Indicate if you currently, or have previously, benefitted from either of these programs:

Value	Percent
Vacant Unit Rebate	80.6%
Vacant / Excess Land Reduction	25.0%
Neither	13.9%

3. How important are the rebates and reductions in your business plan?

Value	Percent
Not important	5.6%
Somewhat important	19.4%
Important	22.2%
Very important	22.2%
Extremely important	30.6%

4. Would a multi-year phase out of these programs allow you to prepare for the elimination of these programs?

Value	Percent
Yes	55.6%
No	44.4%

5. Do you believe that either the rebate or reduction creates a positive impact on the local community?

Value	Percent
Yes	65.7%
No	34.3%

6. Should the rebate or reduction continue?

Value	Percent
Yes, continue both	69.4%
Yes, continue the Vacant Unit Rebate	22.2%
No, discontinue both	8.3%

7. Would you rather see these program expenditures allocated to other Economic Development incentives / programs or reduce the tax levy?

Value	Percent
Yes	25.7%
No	74.3%

8. Did you know that as a commercial / industrial property owner, a portion of your property taxes goes toward subsidizing these programs?

Value	Percent
Yes	72.2%
No	27.8%

Responses from Non-Commercial/Industrial Property Owners/Representatives

1. Did you know that the Region currently budgets $1 million each year in Vacant Unit Rebates for commercial and industrial properties?

Value	Percent
Yes	20.2%
No	79.8%

2. Do you believe that either the rebate or reduction creates a positive impact on the local community?

Value	Percent
Yes	13.1%
No	86.9%

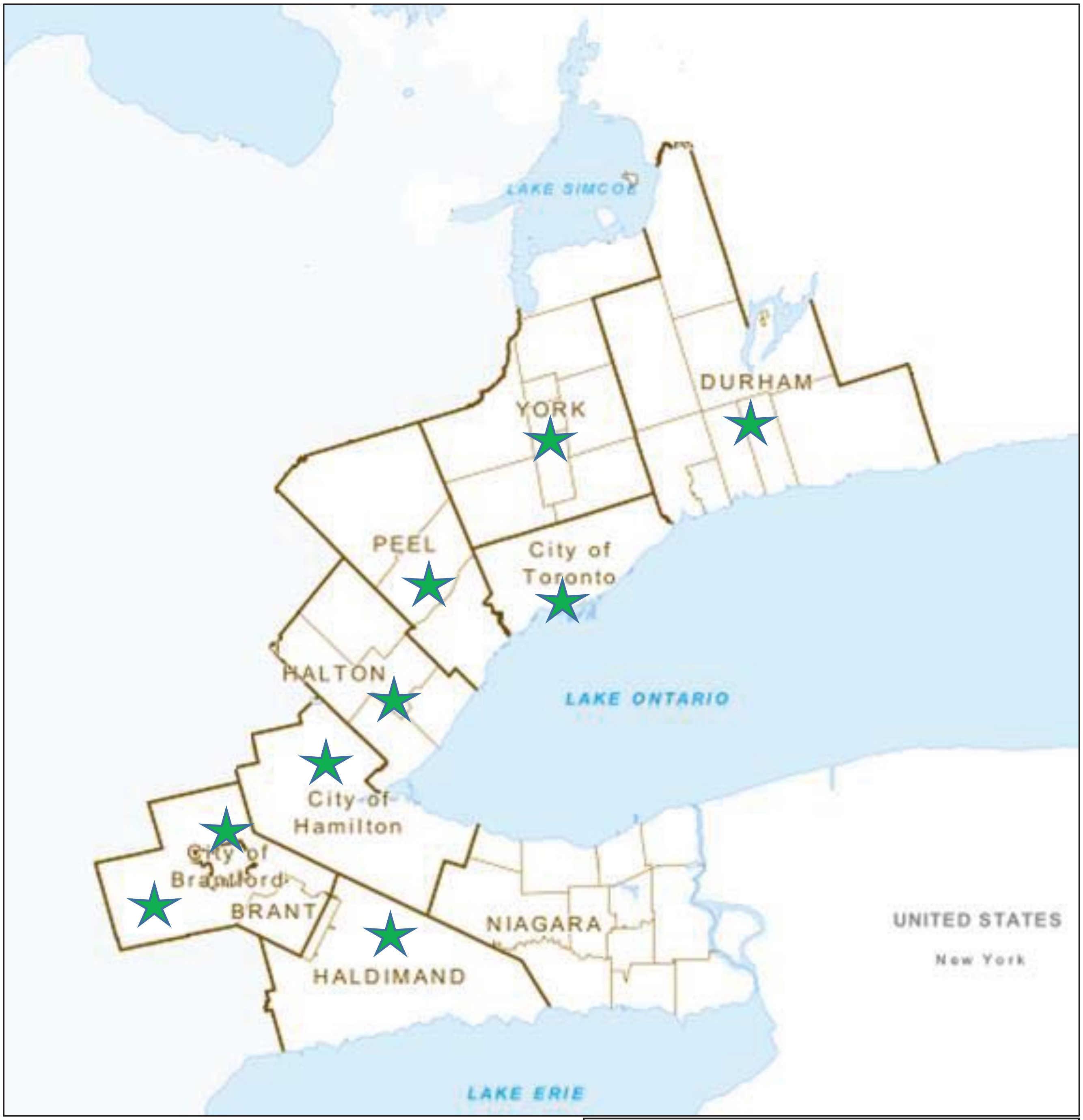
3. Should the rebate or reduction continue?

Value	Percent
Yes, continue both	7.1%
Yes, continue the Vacant Unit Rebate	2.4%
Yes, continue the Vacant / Excess Land Reduction	7.1%
No, discontinue both	83.3%

4. Would you rather see these program expenditures allocated to other Economic Development incentives / programs or reduce the tax levy?

Value	Percent
Yes	88.0%
No	12.0%

Appendix I - Map of Neighbouring Municipalities with Council Approved Program Changes




= Council Approval to Eliminate Vacant Unit Rebate

OBIAA™ ONTARIO BUSINESS IMPROVEMENT AREA ASSOCIATION

Return on Investment of **BIAs**

FOR IMMEDIATE RELEASE - March 22, 2017

Changing the Landscape by Changing the Vacant Unit Rebate

The Ontario BIA Association works with the Province, through the Planning, Environment, Resources and Land Deputies Committee (PERL) and the Ministry of Finance to help BIAs change the landscape through Municipal Act Changes.

Ontario's BIAs have continued to raise the Vacant Unit Rebate (Municipal Act 364) as a deterrent from their beautification and revitalization efforts. Vacant and deteriorating buildings can and do result in a decrease in the marketable lease rates or the overall 'lease-ability' of a BIA area.

At the recent meeting of the PERL Deputy Ministers and the Board of OBIAA, the board sited contradicting strategies between BIAs and the Province, stated "*that BIAs build programs and invest funds to promote vacant property to prospective lessees and in order to achieve full occupancy, but*", the board went on to state, *"the provincial incentives assist property owners with remaining vacant."*

Through consultation with the province's BIAs, the Board informed the Deputy Ministers, "*Once a property owner is accepted, to our knowledge, there is no mechanism in place to ensure that the property owner is actively seeking tenant occupancy."* Noting that "*Property owners purchasing property for purely financial reasons (tax write offs) and not for positive investment."* The OBIAA Board indicated that in the case of both large and small BIAs (Downtowns), those vacant and derelict buildings are a challenge.

OBIAA applauds The Province's consultation with Municipalities to consider changing the wording to allow Municipalities to opt in or out of the Vacant Unit Rebate, and would like to suggest to BIAs and Municipalities that the Vacant Unit Rebate be renamed and used as an Economic Development Tool. The Board is suggesting a new business classification of "Main Street Business" that would assist BIAs and Property Owners around the province to apply for an "Attraction Rebate". The OBIAA Board is suggesting the following timelines and guidelines:

Attraction Rebate for Main Street Class: (non-office towers)	**Attraction Guidelines for Main Street Class:** (non-office towers)
• Year One - 100% of the 30% or 35% • Year Two - 50 % of the 30% or 35% • Year Three - 25 % of the 30% or 35% • Year Four - 0% of the 30% or 35%	• Property Standards as set by the Municipalities. Validation of state of the building(s) • Market Value Rental Value as set by the local marketplace • Education of local Economic Development Tools stimulus, as provided by the Municipalities (CIPs, Heritage etc.). • Pop Up vs Incubator – to allow a property owner to have either of these without losing the Vacant Unit Rebate.

The Ministry of Finance is now moving forward with providing municipalities' broad flexibility for 2017 and in future years. This change was announced in November 2016 and is intended to allow municipalities to tailor the vacant rebate and reduction programs to reflect community needs and circumstances. Municipalities will be required to submit a response to a Ministry of Finance Checklist and a Council Resolution indicating how they will be implementing the changes to the Vacant Rebate and Reduction Programs.

OBIAA supports these changes and is encouraging BIAs and Municipalities to consider implementing the above noted "Attraction Rebate" as an Economic Development Tool that could make our Urban and Rural Communities stronger.

ONTARIO BUSINESS IMPROVEMENT AREA ASSOCIATION

Return on Investment of BIAs

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About OBIAA

OBIAA is the network that represents unique and vibrant BIAs across Ontario. The Association, incorporated in 2001, supports and advocates on behalf of its members through the building and nurturing of strong relationships and partnerships. OBIAA is a leader in the development and sharing of information, tools, resources and best practices, and is the ONE voice on common issues. www.obiaa.com

For more information, please contact:
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Ontario

Ministry of Finance

VACANT UNIT REBATE AND VACANT/EXCESS LAND SUBCLASSES

January 2017

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

- **Vacant Unit Rebates:** 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.

- **Vacant and Excess Land Property Tax Subclass:** Commercial and industrial properties or portions of these properties in the Vacant and Excess Land Property Tax Subclasses are taxed at a fixed percentage rate below the tax rate of the broad class. These properties are discounted at 30% to 35% of the full Commercial and/or Industrial rate.

Currently, upper- and single-tier municipalities may choose to apply the same percentage of relief (between 30% - 35%) to both the commercial and industrial property classes.

NEW MUNICIPAL FLEXIBILITY FOR 2017 AND FUTURE YEARS

The Province has reviewed the Vacant Unit Rebate and the Vacant/Excess Land Subclasses in consultation with municipal and business stakeholders.

In response to municipal and other stakeholders' requests, the Province is now moving forward with providing municipalities broad flexibility for 2017 and future years. This change, announced in November 2016, is intended to allow municipalities to tailor the vacant rebate and reduction programs to reflect community needs and circumstances, while considering the interests of local businesses.

In order to provide the most flexibility for municipalities, changes to the rebate and reduction programs will be implemented through regulation. Upper- and single-tier municipalities that have decided to change the programs can notify the Minister of their intent to utilize this flexibility and provide details of the proposed changes along with a council resolution.

To support implementation of changes to the vacant rebate and reduction programs, municipalities should review the attached checklist prior to submitting a request for changes to the Minister.

IMPLEMENTATION

Municipalities wishing to utilize the flexibility available to them must submit details of proposed changes to the Minister along with a council resolution by one of the following dates to ensure amendments are included in a regulation as soon as possible.

- March 1, 2017
- April 1, 2017
- July 1, 2017

Municipalities will be notified when the regulation implementing the requested changes has been enacted.

Note that in two-tiered municipalities, any program changes to be implemented will be an upper-tier municipal decision, consistent with the flexibility currently available to upper-tier municipalities, to determine the rebate and reduction percentage between 30% and 35%.

The Province has an interest in continuing to ensure tax competitiveness and consistency for taxpayers and as such, the Minister will consider proposed program changes within this context.

FURTHER INFORMATION

For general information about the vacant rebate and reduction programs, please contact the Ministry of Finance at info.propertytax@ontario.ca.

Ontario

Ministry of Finance

VACANCY REBATE AND REDUCTION PROGRAM CHANGES CHECKLIST

January 2017

BUSINESS COMMUNITY ENGAGEMENT

- ✓ Have you engaged the local business community?
- ✓ Can you provide details on how and when you have engaged the local business community?
- ✓ Have you considered the potential impacts the proposed changes may have on local businesses?
- ✓ Have you communicated potential impacts of proposed changes to the business community?
- ✓ Has Council been made aware of the potential impacts on the business community?

PROGRAM DETAILS

- ✓ Have you outlined details of program changes in your submission?
- ✓ For municipalities in a two-tiered system, have you discussed proposed changes with lower-tier municipalities?
- ✓ Have you considered how you will implement or administer any potential changes to the vacancy programs?
- ✓ Have you considered these changes as part of a multi-year strategy?
- ✓ Has Council passed a resolution indicating approval of these changes?

FURTHER INFORMATION

If you have any questions about implementation of changes to the vacant rebate and reduction programs, please contact the Ministry of Finance at info.propertytax@ontario.ca.