

## Report to Council

**Report Title:** Cancel Vacant Unit Rebates and Vacant Excess Discounts  
**Prepared By:** Trish Serratore, Chief Financial Officer  
**Department:** Finance  
**Date:** June 8, 2021  
**Report Number:** FIN2021-18 **File Number:** C11FIN

### Attachments:

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### Recommendation:

That the Council of the Municipality of Brockton hereby accepts Report Number FIN2021-18 – Cancel Vacant Unit Rebates and Vacant Excess Discounts, prepared by Trish Serratore, Chief Financial Officer and by doing so, approves bringing forward a By-Law to cancel the Vacant Unit Rebates effective the 2022 taxation year.

### Report:

#### 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 County of Bruce, 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 applied to Commercial and Industrial properties or portions of and 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, there was unanimous interest expressed by all municipalities in Bruce County. These programs were expensive, and not achieving or contributing to local development or economic development objectives and are a financial hit to municipalities. Two-tier municipal jurisdictions such as Bruce County require the decision to eliminate the program to 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.

On May 6th, 2021, Bruce County Council Corporate Services Committee unanimously approved the following recommendations:

- That Vacant Unit Rebates be eliminated effective the 2022 taxation year; and,
- That the Vacant and Excess Land Subclass Property Tax discounts be eliminated effective the 2022 taxation year; and,
- That a by-law be prepared to enact these changes; and,
- That the County recommends that all local municipalities in the County of Bruce enact these changes by passing a local municipal by-law.

On June 3, 2021, The Bruce County Council ratified these recommendations and the County of Bruce Council approved the by-law to remove the vacancy rebate.

### **Analysis:**

On April 9, 2019, the Province issued their 2019 property tax decisions, indicating that the discounts on the education rates for the vacant and excess land subclasses would be completely phased out as of 2020, regardless of the municipality's decision to retain or remove the discounts.

As a result of this review, local municipalities were provided with the flexibility to tailor the vacancy rebate program on a local basis with changes to be coordinated with the upper-tier. A majority of municipalities in Ontario that pursued changes have made the decision to terminate the vacant unit rebates and all municipalities within Bruce County supported the recommendation to remove the vacancy rebate.

Any change to the vacant and excess land subclass discounts would not change the amount of revenue raised through taxation as it would only change the distribution of taxes between all property classes. This would mean any increase in taxation revenue from the commercial and industrial subclasses that are no longer discounted would be offset by a reduction in taxation revenue or a tax decrease from the other tax classes.

Eliminating the discount in 2021 but effective in 2022 will give property owners time to prepare and budget for a tax rate increase before the changes come into effect.

On June 3, 2021, the County of Bruce approve the by-law to remove the vacancy rebate.

### **Sustainability Checklist:**

What aspect of the Brockton Sustainable Strategic Plan does the content/recommendations in this report help advance?

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|---|-----|
| • Do the recommendations help move the Municipality closer to its Vision? | N/A |
| • Do the recommendations contribute to achieving Cultural Vibrancy?       | N/A |
| • Do the recommendations contribute to achieving Economic Prosperity?     | Yes |
| • Do the recommendations contribute to Environmental Integrity?           | N/A |
| • Do the recommendations contribute to the Social Equity?                 | Yes |

**Financial Impacts/Source of Funding:**

- Do the recommendations represent a sound financial investment from a sustainability perspective? Yes

There is no financial impact to the 2021 budget

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**Respectfully Submitted by:**

Trish Serratore, Chief Financial Officer

**Reviewed By:**

Sonya Watson, Chief Administrative Officer