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**COMMUNICATION**  
FAA - October 2 / 2017  
ITEM - 2

**DATE:** OCT 2, 2017

**TO:** MAYOR AND MEMBERS OF COUNCIL

**FROM:** LAURA MIRABELLA-SIDDALL, CHIEF FINANCIAL OFFICER AND CITY TREASURER  
DEAN FERRARO, DIRECTOR OF FINANCIAL SERVICES/DEPUTY CITY TREASURER

**RE:** COMMUNICATION – FINANCE, ADMINISTRATION AND AUDIT COMMITTEE - OCTOBER 2, 2017, ITEM #2  
VACANCY REBATE PROGRAM – COMMERCIAL AND INDUSTRIAL PROPERTIES

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This communication is to provide additional information to the Finance, Administration and Audit Committee of Item #2, Vacancy Rebate Program, Commercial and Industrial Properties.

The Ministry of Finance requires that local municipalities consult with the local business community prior to the upper tier submitting its recommendation for changes to the Vacancy Rebate Program. The City's Tax Department, in conjunction with both the Economic Development and Culture Services Department and the Vaughan Chamber of Commerce, as well as staff from Markham, Richmond Hill and the Region of York completed three joint consultations with the "Southern Three" business community. Further, the "Northern Six" (York Region municipalities) also held a consultation within their municipalities. In total, staff held four public meetings and made available two online surveys over the course of three months, detailed as follows:

	Host	Dates
Northern Six	Town of Newmarket	May 30, 2017
Southern Three	City of Vaughan	June 22, 2017
	City of Markham	June 26, 2017
	Town of Richmond Hill	July 13, 2017

- Total number of attendees at local business consultation meetings: **28**
- Total number of survey respondents: **81**
- The total number of commercial and industrial businesses in York Region are **25,274**

The result of the online surveys, as shown below, is that residential property tax payers were the most vocal in their opinion that the program should be eliminated. This result is not surprising as the residential class bears most of the cost of the program and there are no benefits to seeing vacant business space in their communities.

	Businesses	Residents	Other*	Total Count
Eliminate program	3	27	0	30
Keep program as is	28	1	3	32
Keep rebate; modify program	6	9	2	17
Other**	0	2	0	2
<b>Total</b>	<b>37</b>	<b>39</b>	<b>5</b>	<b>81</b>
<b>Total Percentage of Respondents</b>	<b>46%</b>	<b>48%</b>	<b>6%</b>	<b>100%</b>

\*Note: representatives from the Chamber of Commerce, tax agents/consultants

\*\*Note: no comments were provided

\*\*\*Results are from the online survey only

Staff is recommending that Vaughan support the elimination of the program effective for the 2018 tax year, similar to Toronto and Ottawa. This will allow time for staff to advise those businesses applying for the 2017 tax year (applications are received and processed in early 2018) that it will be the final year and not burden any businesses that may have budgeted for the rebate for 2017.

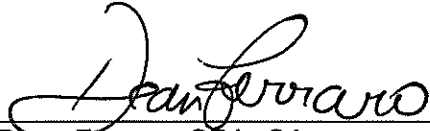
Primary reasons for the recommendation include:

- This is a business benefit that is funded primarily by the residential class.
- This is not a benefit that is provided to any other classes of property such as residential or multi-residential.
- Vacancy is provided for in the assessment value for most non-residential business properties. When MPAC prepares the property assessments for taxation purposes, vacancy allowance, chronic vacancy and/or reduced income due to vacant space is factored into the assessment value from the start. This in essence makes this program a 'double dip'. Subsequently when owners appeal their assessment values, one of the factors they will negotiate is the vacancy allowance.
- The program may discourage the leasing of some vacant properties, which can be detrimental to other businesses in close proximity.
- The program may encourage the purchase and holding of vacant business properties for equity gains only.
- As of early September 2017, 29 municipalities have applied to the Province requesting the program be completely eliminated within 1-2 years.
- Within York Region, both Aurora and Whitchurch-Stouffville have already passed resolutions supporting elimination of the program.

Respectfully submitted,

Handwritten signature of Laura Mirabella-Siddall in black ink, written over a horizontal line.

Laura Mirabella-Siddall, CPA, CA  
Chief Financial Officer and City Treasurer

Handwritten signature of Dean Ferraro in black ink, written over a horizontal line.

Dean Ferraro, CPA, CA  
Director, Financial Services/Deputy City Treasurer