



City of  
**Peterborough**

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**To:** **Members of the General Committee**

**From:** **Richard Freymond,  
Commissioner of Corporate and Legislative Services**

**Meeting Date:** **July 20, 2020**

**Subject:** **Report CLSFS20-039  
Elimination of the Vacant and Excess Land Subclass  
Reduction**

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## **Purpose**

A report to recommend the City proceed with a community engagement process to seek feedback on eliminating the current municipal property tax discount to commercial and industrial vacant and excess land.

## **Recommendation**

That Council approve the recommendation outlined in Report CLSFS20-039, dated July 20, 2020, of the Commissioner of Corporate and Legislative Services, as follows:

That staff consult with the community on the elimination of the vacant and excess land subclass reduction and report back to Council a final recommendation as a result of this engagement process.

## **Budget and Financial Implications**

There are currently 189 properties in Peterborough with a vacant or excess land tax class. Eliminating the vacant and excess land subclass reductions will increase the municipal tax revenue by approximately \$245,000 for the 2021 taxation year.

## **Background**

Amendments to the **Municipal Act, 2001** outlined in Bill 70, allow municipalities to make changes to their commercial and industrial vacant and excess land subclass

discount program. The Province is allowing Municipalities to make the decision to reduce or eliminate the reduction.

Under the same authority, and following the same guidelines, the City of Peterborough eliminated the Vacancy Rebate Program for vacant commercial and industrial buildings effective 2017.

In the City of Peterborough, commercial land assessed as vacant or excess currently receives a 30 per cent tax rate discount and industrial land assessed as vacant or excess receives a 35 percent tax rate discount. Tax rate discounts are not provided to owners of vacant residential or multi-residential properties.

The Province of Ontario has phased out the reduction percentages in the education tax rates. For the 2020 taxation year the vacant land subclass education rates are at 100 per cent. Eliminating the subclass reduction in the municipal tax rate in the City of Peterborough, will bring the rate in line with the Province's education rate.

In order to make changes to the program, Municipalities must notify the Province of proposed changes supported by a Council resolution following a business engagement process. This engagement process is at the discretion of the municipality. The engagement process in the City of Peterborough will take the form of an online survey, along with the opportunity for the public to provide their comments regarding the proposal.

In addition, the Tax Ratio Reduction program which began in 2008 concluded in 2020 for commercial properties and will conclude in 2021 for industrial properties. The Ratio Reduction program reduced the tax ratio for Commercial and Industrial properties to 1.50.

## **Next Steps**

The community engagement process will commence in August 2020 and subject to further Council approval, staff will notify the Province of the proposed changes supported by a Council resolution.

The Province will implement the changes through regulation in the Municipal Act. Council will then be asked to pass a by-law applying the change at a future date.

## **Summary**

The elimination of the vacant and excess land subclass reductions will bring municipal tax rates into line with the education rates as prescribed by the Province. By reducing the subclass reduction, the City of Peterborough will increase municipal revenue by approximately \$245,000 for the 2021 taxation year.

Submitted by,

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Commissioner of Corporate and Legislative Services

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