



City of
Peterborough

To: Members of the General Committee

From: Richard Freymond,
Commissioner, Corporate and Legislative Services

Meeting Date: September 14, 2020

Subject: Report CLSFS20-042
Elimination of the Vacant and Excess Land Subclass
Reduction - Final Recommendation

Purpose

A report to provide Council with the results of consultations with the local community as well as to provide the final recommendation regarding the elimination of the current municipal property tax discount to commercial and industrial vacant and excess land.

Recommendation

That Council approve the recommendation outlined in report CLSFS20-042 dated September 14, 2020, of the Commissioner of Corporate and Legislative Services, as follows:

That the vacant and excess land subclass reduction be eliminated beginning with the 2021 budget year.

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 was approved by Council through Report CLSFS20-039 dated July 20, 2020 and is at the discretion of the municipality. The engagement process in the City of Peterborough took the form of an online survey, along with the opportunity for the public to provide their comments regarding the proposal.

Consultations with Local Community

Residents and business owners were invited to submit comments on the Vacant Land Subclass Reduction review through a survey that was made available on the City's online engagement portal, Connect Peterborough, at connectptbo.ca from August 4th to August 14th. A Media Release was issued to direct members of the public to the survey link on peterborough.ca.

Summary of Responses

In response to the online survey, 49 individuals provided feedback. Of that number 47 respondents were residents of the City of Peterborough and 42 were property owners. One respondent was an owner of a property in the vacant land subclass.

In response to the question of whether the City of Peterborough should eliminate the vacant land subclass discount, 44 responded that the program should be eliminated and 5 suggested that the program remain.

Written responses were submitted by 36 of the participants with the majority stating that the program should be eliminated.

The complete Survey Response Report is attached as Appendix A.

Staff Recommendation

Based on the previous discussion through Report CLSFS20-039 and the feedback received by way of the survey, staff are recommending that the Vacant and Excess Land Subclass reduction be eliminated beginning in the 2021 budget year.

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.

Council endorsement of this report and the recommendation to eliminate the program for the 2021 tax year, will allow staff to request that the Ministry of Finance implement Council's decision with respect to the Vacant and Excess Land Subclass reduction by Provincial Regulation.

Submitted by,

Richard Freymond
Commissioner, Corporate and Legislative Services

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Attachment:

Appendix A - Survey Response Report

Survey on vacant and excess land tax reduction

SURVEY RESPONSE REPORT

04 August 2020 - 14 August 2020

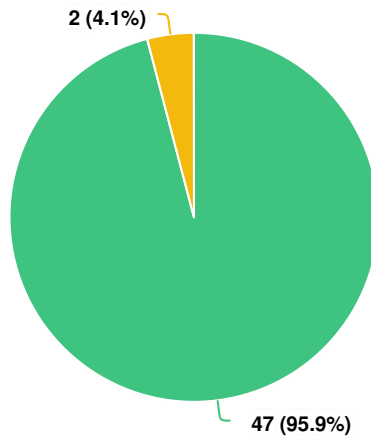
PROJECT NAME:

Vacant and excess commercial and industrial land tax rate changes



SURVEY QUESTIONS

Q1 Are you a resident of the City of Peterborough?



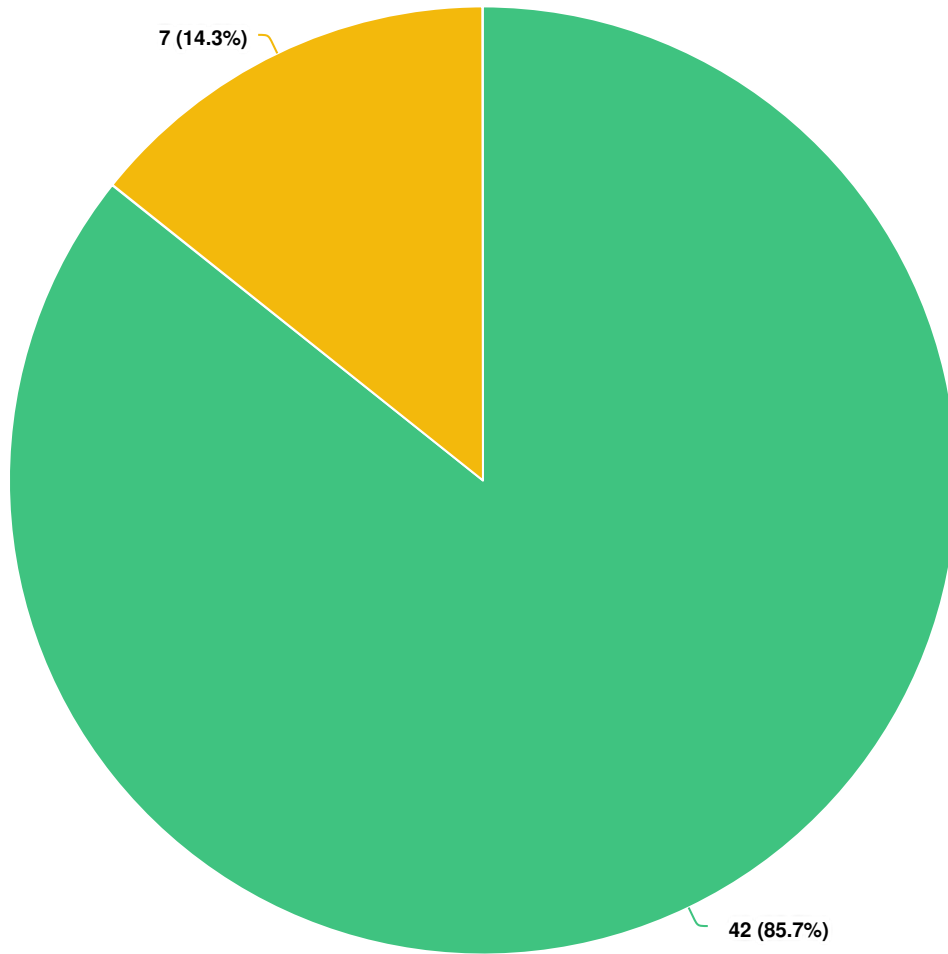
Question options

- Yes
- No

Optional question (49 response(s), 0 skipped)

Question type: Radio Button Question

Q2 Are you a property owner in the City of Peterborough?

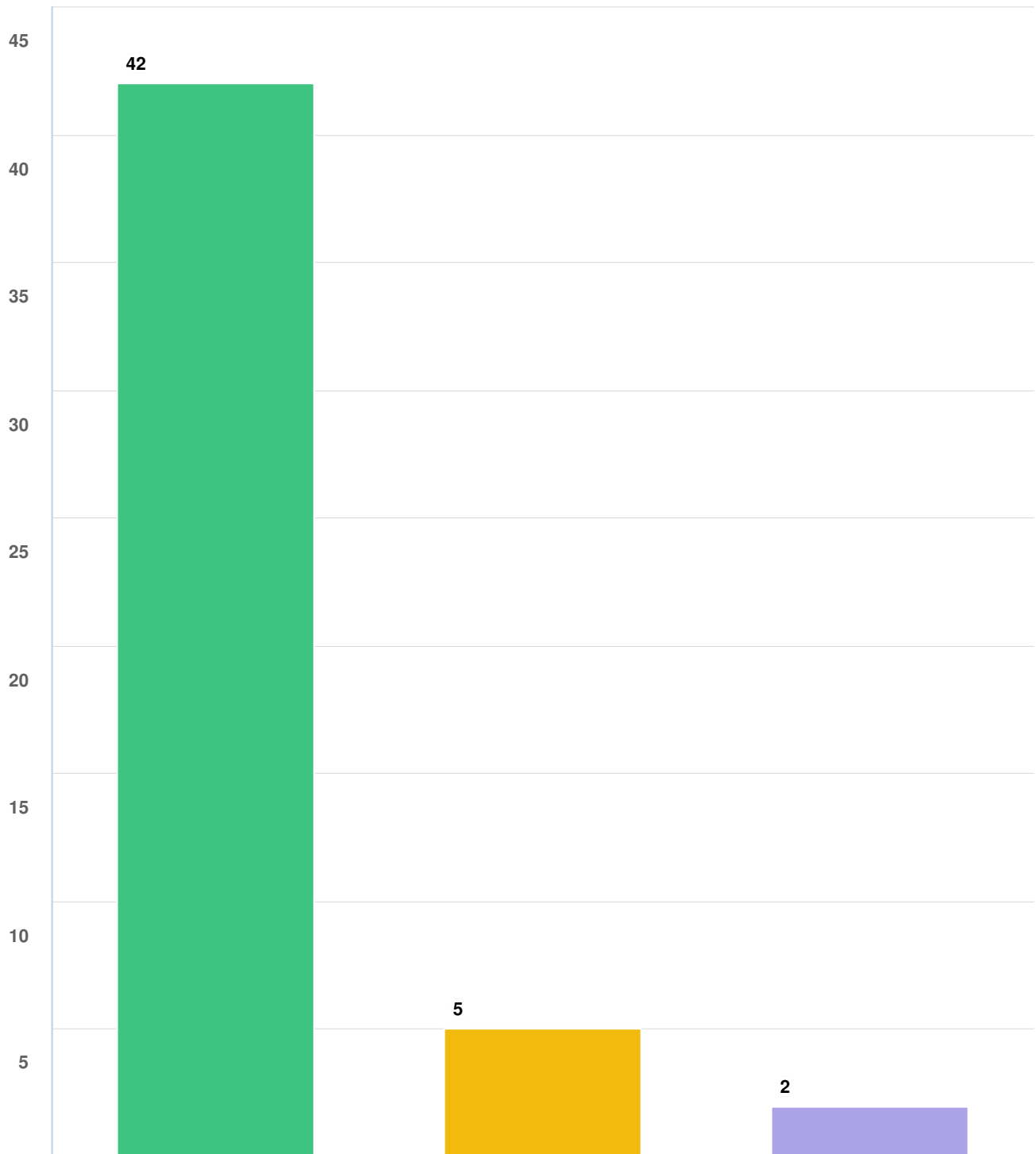


Question options

- Yes
- No

*Optional question (49 response(s), 0 skipped)
Question type: Radio Button Question*

Q3 What type of property or properties do you own in the City?



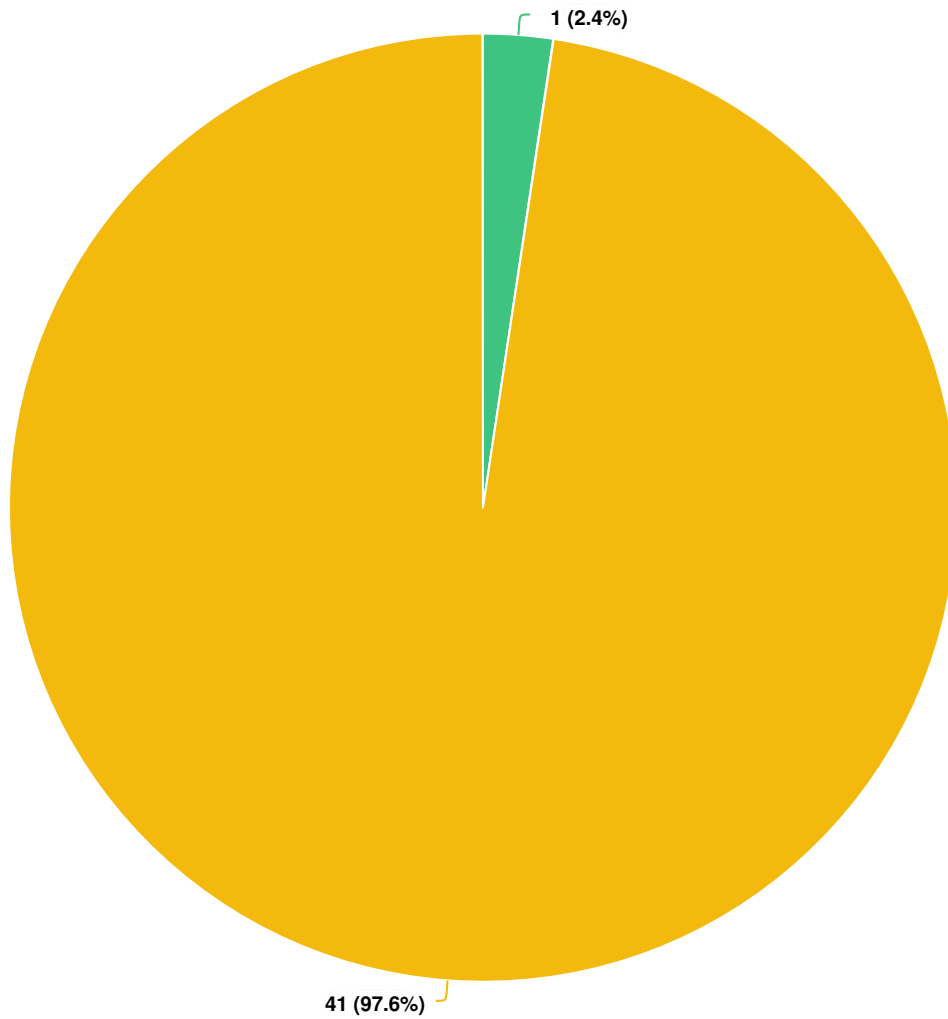
Question options

- Residential
- Commercial
- Industrial

Optional question (42 response(s), 7 skipped)

Question type: Checkbox Question

Q4 | Do you own a property in the vacant or excess commercial or industrial land tax subclass?

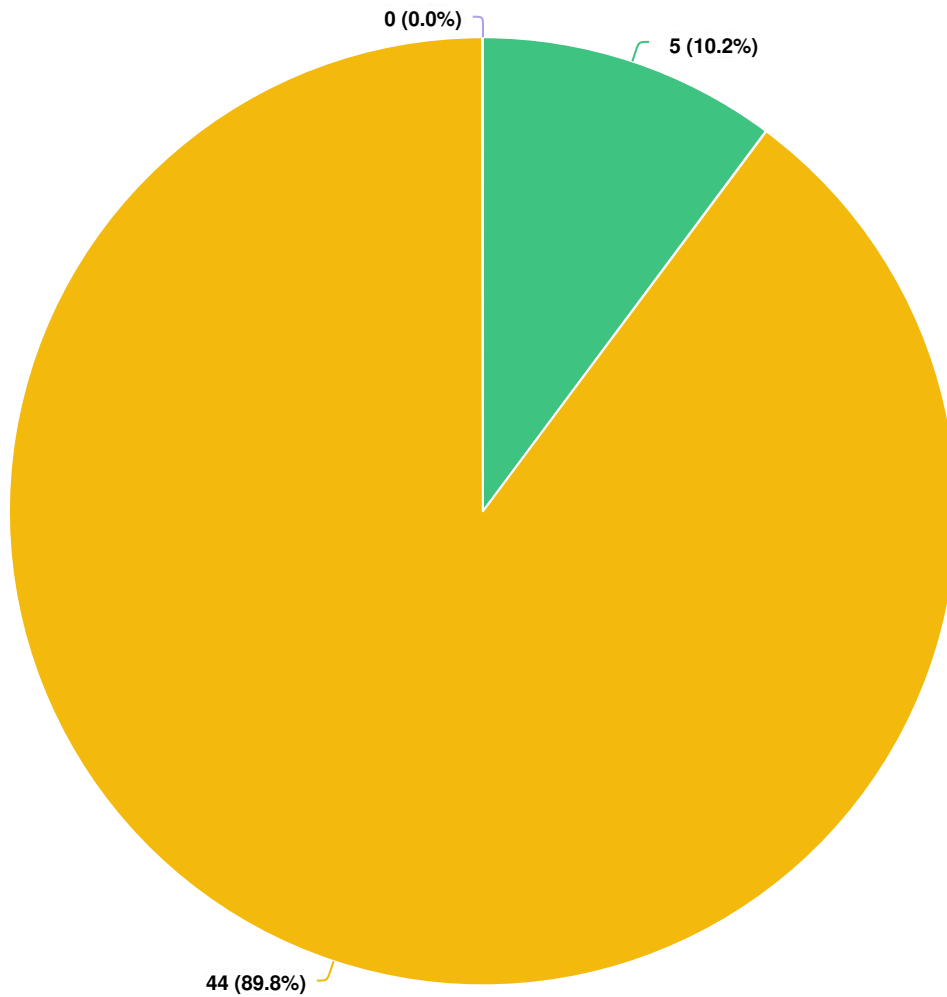


Question options

- Yes
- No

*Optional question (42 response(s), 7 skipped)
Question type: Radio Button Question*

Q5 | The City is reviewing the vacant and excess commercial and industrial property tax rate reduction program that provides a 30% reduction for eligible commercial properties and a 35% reduction for eligible industrial properties. Please choose one of ...



Question options

- Maintain the program - The City should keep the tax rate reduction for vacant or excess commercial and industrial properties, which is expected to cost about \$245,000 in 2021.
- Eliminate the program - The City should eliminate the tax rate reduction for vacant or excess commercial and industrial properties, which would increase municipal tax revenue by about \$245,000 in 2021.
- Undecided

Optional question (49 response(s), 0 skipped)
Question type: Radio Button Question

Q6 | Do you have any comments you'd like to share about the potential elimination of the tax rate reduction for vacant or excess commercial and industrial properties?

Screen Name Redacted

8/04/2020 07:25 PM

If this program is continued, the city should instead (or in addition) look at collecting back taxes on these properties and also other tax reduced or exempt properties (perhaps even churches) if and when they are sold off.

Screen Name Redacted

8/05/2020 07:52 AM

Should be for residential owners Of vacant land as well!

Screen Name Redacted

8/05/2020 02:22 PM

The land or buildings are all facing services and occupying space, they should be used and or taxes paid. If a residential user chooses to leave their home vacant as a snowbird they have to pay their taxes. I would also like to see all commercial tax arrears posted and or paid, I understand that there is millions owed. If not paid then sold for back taxes taxes.

Screen Name Redacted

8/05/2020 02:29 PM

Due to the pandemic, We no longer can afford tax breaks.

Screen Name Redacted

8/05/2020 02:40 PM

There are several landowners who have banked land/buildings or just not built or leased their properties because they get a tax break. On the backs of legitimate owners who are giving back to the community. I don't think we need to continue to encourage this.

Screen Name Redacted

8/05/2020 02:57 PM

I'm not ok with my property taxes subsidizing the profitability of private real estate investments.

Screen Name Redacted

8/05/2020 03:32 PM

Taxes hinder investment. Period. Look at our downtown taxes are killing business.

Screen Name Redacted

8/05/2020 03:41 PM

I live near the old Malt Factory. I watched it sit there, listened to ever changing uses, lived through its complete demolition leaving nothing of its existence. The wealthy owner has not shown honesty or respectfulness to the neighbourhood or the true nature of the ultimate use of the property.

Screen Name Redacted

8/05/2020 04:51 PM

These properties should be taxed whether they're vacant or not. Leaving the buildings vacant does nothing for the community aside from becoming an eyesore, so why should they get a tax break?

Screen Name Redacted

8/05/2020 05:40 PM

The city has lost an enormous amount of money this year and is preparing to raise our taxes to compensate so it is time to eliminate the program and start collecting taxes for the vacant properties.

Screen Name Redacted

8/05/2020 06:00 PM

We need to encourage redevelopment.

Appendix A

Survey on vacant and excess land tax reduction : Survey Report for 04 August 2020 to 14 August 2020

Screen Name Redacted

8/05/2020 06:32 PM

Especially for commercial properties, eliminating the tax credit might encourage owners to find tenants/

Screen Name Redacted

8/05/2020 07:41 PM

They are an eyesore and should either be used or torn down.

Screen Name Redacted

8/05/2020 07:41 PM

People in the position to own property of the type this survey is concerned with do not need the tax break to live. That money would be better used put towards helping to eliminate poverty in the city.

Screen Name Redacted

8/06/2020 05:58 AM

Owners of these properties have extra money that they should have to support our city infrastructures instead of regular residential owners always having the burden. The rich need to pay their fair share of taxes too

Screen Name Redacted

8/06/2020 06:38 AM

My concern is that a tax break with no limits does not encourage development. Perhaps a new purchaser could get up to 10 years with a tax break during the project development and approval process, then the tax break ends if nothing is done with the land.

Screen Name Redacted

8/06/2020 06:48 AM

Eliminating the tax break incentivizes property owners to rent their property out for reasonable rates.

Screen Name Redacted

8/06/2020 07:18 AM

Maintain the current program but cap the discount period at six months to a year so that the owners have time to either sell the property or apply for rezoning to permit other uses.

Screen Name Redacted

8/06/2020 08:13 AM

I think it's ridiculous that a program like this exists. Property owners should be incentivised to develop properties or sell them to those who will. If anything there should be a tax penalty for holding vacant or excess commercial property.

Screen Name Redacted

8/06/2020 08:29 AM

I have never understood the motivation behind vacant land tax discounts. It is entirely counter-productive to our efforts in increasing density, providing low-income housing, and filling commercial vacancies.

Screen Name Redacted

8/06/2020 11:10 AM

Landowners should not be rewarded for keeping businesses empty. Peterborough is a growing community and there should be no need for having empty store/business fronts. \$245,000 is a substantial amount of money that could be diverted to important social programs.

Screen Name Redacted

8/06/2020 03:11 PM

When I first moved to Peterborough, I was astonished at the property tax that I had to pay on my property. It was almost double what I paid in a larger city, and it has risen each year to what I consider to be an unacceptable level. I see no reason at all that some properties would receive a discount on their taxes. If someone is going to own property, they must be prepared to pay their fair share of the tax burden. Bringing the municipal tax policy into line with the provincial policy only makes sense.

Screen Name Redacted

8/06/2020 03:23 PM

There is currently no incentive for downtown property owners to maintain/rent properties -directly contributing to derelict buildings and unethical behaviour

Appendix A

Survey on vacant and excess land tax reduction : Survey Report for 04 August 2020 to 14 August 2020

(how is that BE Catering could be forced out of their business location after investing tens of thousands of dollars into a new space - after just a couple of years - by an 89% (?) rent increase - and that beautifully renovated corner lot is now just one more empty downtown location. The city need revenues and taxing empty buildings/lots is a good start. The other significant issue impacting downtown businesses as I understand it from small business owners is not reduced speed/wider sidewalks initiative in the downtown (which is a GREAT idea) but rather that downtown businesses pay 34% of the tax base which is not distributed equally - amongst Lansdowne Place, etc. This is not my area of expertise but I there are too many stories of small businesses being forced out by rent increases (yup - during covid) and the burden of the higher tax base in the downtown.

Screen Name Redacted

8/07/2020 04:31 AM

Seems like a no-brainer... given the City's budget shortfall due to Covid, it's time for these property owners to pay their fair share. It might also encourage them to do something with their property such as fix it up, sell to someone who will better utilize it, or rezone it for other uses such as apartments.

Screen Name Redacted

8/07/2020 08:08 AM

If your going to up residential taxes, this is at least one way to get more back!

Screen Name Redacted

8/07/2020 08:08 AM

Everyone has to do their bit in these unprecedented times. Perhaps this will also spur the owners to develop!

Screen Name Redacted

8/07/2020 08:25 AM

I pay taxes so whether a property is vacant or not the owner should also have to pay the full amount of tax. They should be helping with the tax load. As it is property taxes are quite high in Peterborough.

Screen Name Redacted

8/07/2020 09:28 AM

Eliminating this tax rate reduction might encourage and spur on owners of vacant properties, or those that are excess, to sell them. Therefore, this could spur on more economic activity in the city, much needed! Help owners take action to increase prospects for economic development.

Screen Name Redacted

8/07/2020 10:55 AM

a bit unclear how this works now. used to be you would file for a specific tenant. now it seems like the whole prop has to be vacant or excess? i should know this but i don't. i agree with reducing tax ratio but am also good with reduction for vacant properties. especially during COVID. i realize that ends up getting borne by other landowners but still. One more comment, i distinguish properties that are vacant because tenant has left from one that is held for investment purposes. i support a discount for former but not latter, though i realize it may be hard to filter those. Mike Cherney
mike@cherneyfinancial.com.

Screen Name Redacted

8/07/2020 03:55 PM

The way it is now there is no incentive to renovate and lease.

Screen Name Redacted

8/07/2020 08:02 PM

This would encourage owners to use the properties or move them along. Further, the city is dealing with a significant deficit and this is one way to manage that.

Appendix A

Survey on vacant and excess land tax reduction : Survey Report for 04 August 2020 to 14 August 2020

Screen Name Redacted

8/09/2020 07:56 PM

Our annual property taxes are not reasonable. Many my age are moving outside of the region to surrounding villages due to taxes. They can have larger lots and pay 1/2. I think commercial Businesses need accountability and must also contribute to municipal sustainability

Screen Name Redacted

8/10/2020 10:33 AM

The program rewards owners for under-utilizing assets. This is a reward for *inefficiency* and should be stopped. It encourages squatting on resources - tying up a resource that someone else could develop to greater benefit -- and leads to vacant buildings.

Screen Name Redacted

8/10/2020 12:33 PM

I don't know the original intent of the program or what it hoped to achieve but, if a property owner is holding onto a piece of vacant property hoping to realize a bigger gain on the sale of that property in the future, why should the other rate payers of the City subsidize that property owner by discounting the tax rate for them. My residential taxes have been increasing 2 - 3 % a year for many years and the lowering of the Commercial/Industrial rates that have been ongoing for a few years are obviously part of the reason. The Commercial/industrial property owners are already realizing a drop in their tax rate because of this current program, they don't need any other discounts.

Screen Name Redacted

8/10/2020 01:40 PM

Our community is in need of meaningful development, whether it's commercial, industrial or residential, and maintaining an artificially low tax rate on unused land does not provide any incentive for owners of vacant land to act in order to provide positive growth opportunities for our city. The current deficit situation that the City of Peterborough is facing in light of COVID-19, in addition to the extreme need for other tax funded services like affordable housing and mental health and addiction services, puts our City in a position where revenue generation must be a priority. Economists are reporting that COVID-19 has widened the gap between the poor and those who are financially stable. Businesses and individuals who can afford to maintain vacant property must always be expected to pay their share, and especially in times like these where the most vulnerable people are put at a further economic disadvantage.

Screen Name Redacted

8/11/2020 04:10 PM

As a residential property owner, I do not get a tax break. Every three months my taxes go up. Why should commercial & industrial property owners receive a break?

Optional question (36 response(s), 13 skipped)

Question type: Essay Question