

8. 2014 CHARITABLE AND VACANCY REBATES ANNUAL REPORT
RAPPORT ANNUEL DE 2014 DES ALLÈGEMENTS POUR IMMEUBLE
INOCCUPÉS OU ORGANISMES DE BIENFAISANCE

COMMITTEE RECOMMENDATION

That Council approve that the City support the resolution from Haldimand County and request that the Minister of Finance and Minister of Municipal Affairs review the eligibility criteria for property tax rebates for vacancy pursuant to Section 364 of the *Municipal Act, 2001* to ensure that the eligibility criteria reflects intent of the legislation and consider the impact on municipal revenues.

RECOMMANDATION DU COMITÉ

Que le Conseil approuve que la Ville appuie la résolution du comté de Haldimand et demande au ministre des Finances et au ministre des Affaires municipales de réviser les critères d'admissibilité aux remises d'impôt foncier à l'égard des locaux vacants accordées en vertu de l'article 364 de la *Loi de 2001 sur les municipalités*, de sorte que ces critères reflètent l'intention de la législation et tiennent compte des répercussions sur les revenus municipaux.

DOCUMENTATION / DOCUMENTATION

Finance and Economic Development Committee, report dated 8 October 2015 /
Comité des finances et du développement économique, rapport daté du
8 octobre 2015 (ACS2015-CMR-FED-0001)

**FINANCE AND ECONOMIC
DEVELOPMENT COMMITTEE
REPORT 8
14 OCTOBER 2015**

111

**COMITÉ DES FINANCES ET DU
DÉVELOPPEMENT ÉCONOMIQUE
RAPPORT 8
LE 14 OCTOBRE 2015**

**Report to
Rapport au:**

**Council
Conseil**

14 October 2015 / 14 octobre 2015

**Submitted on October 8, 2015
Soumis le 8 octobre 2015**

**Submitted by
Soumis par:**

**Finance and Economic Development Committee / Comité des finances et du
développement économique**

Contact Person

Personne ressource:

Councillor Mark Taylor

Mark.Taylor@ottawa.ca, 613-580-2477

Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE File Number: ACS2015-CMR-FED-0001

SUBJECT: 2014 Charitable and Vacancy Rebates Annual Report

**OBJET: Rapport annuel de 2014 des allègements pour immeuble inoccupés
ou organismes de bienfaisance**

REPORT RECOMMENDATION

That Council approve that the City support the resolution from Haldimand County and request that the Minister of Finance and Minister of Municipal Affairs review the eligibility criteria for property tax rebates for vacancy pursuant to Section 364 of the *Municipal Act, 2001* to ensure that the eligibility criteria reflects intent of the legislation and consider the impact on municipal revenues.

RECOMMANDATION DU RAPPORT

Que le Conseil approuve que la Ville appuie la résolution du comté de Haldimand et demande au ministre des Finances et au ministre des Affaires municipales de réviser les critères d'admissibilité aux remises d'impôt foncier à l'égard des locaux vacants accordées en vertu de l'article 364 de la *Loi de 2001 sur les municipalités*, de sorte que ces critères reflètent l'intention de la législation et tiennent compte des répercussions sur les revenus municipaux.

BACKGROUND

The Finance and Economic Development Committee, at its meeting of October 6, 2015, approved the following motion to add an item to the agenda, which was listed in Information Previously Distributed titled "2014 Charitable and Vacancy Rebates Annual Report", pursuant to 89(3) of the Procedure By-Law (being By-law no. 2014-441):

BE IT RESOLVED THAT the Finance and Economic Development Committee approve the addition of this item for consideration by the committee at today's meeting, pursuant to Subsection 89.(3) of the Procedure By-law (being by-law no. 2014-441) due to the need to consider the following motion by October 31st, 2015:

WHEREAS the City is required to have a Vacancy Rebate Program, as defined under Section 364 of the *Municipal Act, 2001* and Ontario Regulation 325/01, which allows for property tax relief to be granted to eligible business properties owners when vacant for a minimum of 90 consecutive days; and

WHEREAS on August 10th, 2015, City Council received a letter, dated July 10th, 2015, attached as "Schedule A" from Haldimand County requesting that the Minister of Finance and Minister of Municipal Affairs "review this legislation from a public policy perspective to ensure that businesses are not eligible for a reduced property tax burden if the claimed 'vacancy' is a result of a labour disruption" and further requesting that municipalities support this resolution; and

WHEREAS on February 13th, 2013, City Council directed a petition from the City of Ottawa to the Province of Ontario to review the eligibility criteria and limit the access to the rebate for a three year period to encourage activity in certain derelict properties; and

WHEREAS a broader interpretation on the criteria is being given than intended by the Legislature and the City recognizes that the vacancy rebate subsidy is directly issued from municipal revenues and that the eligibility criteria for the program may be reviewed by the Minister of Finance and Minister of Municipal Affairs as part of the submissions due by October 31st, 2015, under the Municipal Legislation Review;

THEREFORE BE IT RESOLVED THAT the City support the resolution from Haldimand County and request that the Minister of Finance and Minister of Municipal Affairs review the eligibility criteria for property tax rebates for vacancy pursuant to Section 364 of the *Municipal Act, 2001* to ensure that the eligibility criteria reflects intent of the legislation and consider the impact on municipal revenues.

DISCUSSION

This motion was introduced at the Finance and Economic Development Committee meeting on October 6, 2015 and carried with the support of all Committee members and staff.

RURAL IMPLICATIONS

Staff will be available at the Council meeting to respond to questions, as necessary.

CONSULTATION

The Finance and Economic Development Committee (FEDC) meetings are open to the public and anyone wishing to speak to an item may do so. No members of the public spoke to this item at the FEDC meeting on October 6, 2015.

COMMENTS BY THE WARD COUNCILLOR(S)

This is a City-wide report.

LEGAL IMPLICATIONS

Staff will be available at the Council meeting to respond to questions, as necessary.

RISK MANAGEMENT IMPLICATIONS

Staff will be available at the Council meeting to respond to questions, as necessary.

FINANCIAL IMPLICATIONS

There are no financial implications of this report.

ACCESSIBILITY IMPACTS

Staff will be available at the Council meeting to respond to questions, as necessary.

TERM OF COUNCIL PRIORITIES

The recommendation in this report supports the following strategic priority of City Council:

Financial Sustainability (FS) - FS1 – Demonstrate sound financial management (FIN/FEDC)

SUPPORTING DOCUMENTATION

Document 1 – Information Previously Distributed “2014 Charitable and Vacancy Rebates Annual Report” (ACS2015-CMR-FIN-0039)

DISPOSITION

Staff will implement Council’s decision(s), as directed.

Document 1

MEMO / NOTE DE SERVICE



Information previously distributed / Information distribué auparavant

TO: Chair and Members of Finance and Economic Development Committee

**DESTINATAIRE : Président(e) et membre du Comité des finances et du
développement économique**

**FROM: Wendy Stephanson,
Deputy City Treasurer, Finance
Department**

**Contact :
Wendy Stephanson,
Deputy City Treasurer
613-580-2424 ext. 13192
Wendy.Stephanson@ottawa.ca**

**EXPÉDITEUR : Wendy Stephanson,
Trésorière municipale adjointe,
Services des finances**

**Personne ressource :
Wendy Stephanson,
Trésorière municipale adjointe
613-580-2424 poste 13192
Wendy.Stephanson@ottawa.ca**

DATE: September 24, 2015

24 septembre 2015

FILE NUMBER: ACS2015-CMR-FIN-0039

SUBJECT: 2014 Charitable and Vacancy Rebates Annual Report

**OBJET : Rapport annuel de 2014 des allégements pour immeuble inoccupés ou
organismes de bienfaisance**

PURPOSE

This document reports on the annual activity of both the Charitable and Vacancy Rebate programs, which are required by The *Municipal Act, 2001*. Municipalities must receive applications and process rebates for qualifying charitable organizations and for property owners with eligible commercial and industrial vacant spaces.

BACKGROUND

The charitable and vacancy rebate tax relief programs were introduced to create more equity and fairness in terms of tax burden among taxpayers.

Charitable Rebates

Prior to 1998, charitable organizations paid property taxes at the residential tax rate for space they occupied. The changes introduced that year by the provincial government to the assessment and tax system resulted in most charities being taxed at the higher commercial tax rate. This added a financial pressure for organizations whose main purpose is to benefit the community.

Section 361 of the *Municipal Act, 2001* requires municipalities to have a tax rebate program for eligible charities to provide tax relief on eligible property they occupy. An eligible charity is defined as a registered charity under the provisions of the *Income Tax Act* (Canada) with a registration number issued by the Canada Revenue Agency. An eligible property must be in one of the commercial or industrial classes. Owner-occupant or tenant charities may submit an application if taxes, or amounts on account of taxes, are paid for the property they occupy. The amount of rebate is set at 40% of the taxes, or amounts the charity paid on account of taxes, for the occupied property.

Vacancy Rebates

In 2001, the Province created a vacancy rebate program that would be based on “real-time” vacancies, as opposed to having vacancies reflected on the yearly Assessment Roll and being taxed (or not) for the whole year.

Section 364 of the *Municipal Act, 2001* requires municipalities to have a tax rebate program for property with vacant portions in any of the commercial or industrial classes.

A property, or a portion of it, is deemed eligible for a rebate if it is vacant for at least 90 consecutive days. For property in the commercial classes, 30% of the applicable taxes are to be rebated. For property in the industrial classes, 35% are to be rebated. Ontario Regulation 325/01 provides for exclusions to the rebate program for seasonal-use property (businesses operating on a seasonal basis), leased property (vacant but leased to a tenant) and for all classes of vacant land.

DISCUSSION

For both the Charitable Rebate Program and the Vacancy Rebate Program, applications for a taxation year must be submitted no later than the last day of February of the following year. For instance, an application for the 2014 taxation year must have been submitted by the last day of February 2015. The majority of the applications are submitted in January and February of the year after the taxation year and are therefore processed in that following year.

For the 2014 taxation year, 232 charitable rebate applications were received amounting to \$2.8 million in rebates, of which \$1.6 million was the municipal share.

For vacancy rebates, approximately 1103 applications (including federal property applications) were submitted for the 2014 taxation year. The 2014 applications have been received but have yet to be processed. The total dollar amount rebated for 2014 will not be determined until the Municipal Property Assessment Corporation (MPAC) has completed its inspections of the properties and returned its findings to the City. The 2014 dollar value of vacancy rebates will likely be higher than in previous years because there has been a significant increase in the number of applications from previous years.

Table 1 and Table 2 show the number of applications with the amount of municipal and total taxes rebated for the years 2012 to 2014.

Table 1 - Charitable Rebate Applications 2012 to 2014

TAX YEAR	APPLICATIONS	MUNICIPAL	TOTAL
2012	252	\$1,831,641	\$3,231,907
2013	280	\$1,871,576	\$3,248,889
2014	232	\$1,652,328	\$2,833,431

Table 1 - Vacancy Rebate Applications 2012 to 2014

TAX YEAR	APPLICATIONS	MUNICIPAL	TOTAL
2012	810	\$7,158,912	\$10,233,776
2013	852	\$7,933,526	\$11,230,308
2014	1103	To Be Determined	To Be Determined

CONCLUSION

In granting the Charitable and Vacancy rebates described in this report, the City is meeting its obligations under the *Municipal Act, 2001*.

Wendy Stephanson, Deputy City Treasurer

CC: Marian Simulik, City Treasurer