

Council intends to end Vacancy Rebate Program after 2017 tax year

For immediate release (June 27, 2017) – Council authorized staff to initiate the process of eliminating the Property Tax Vacancy Rebate Program at its meeting on June 26.

After reviewing several options including adjusting the current rebate calculation, leaving the program unchanged, phased elimination, or immediate elimination, Council chose to continue the program for one more year, ending after the 2017 taxation year. The elimination of the program results in a savings of approximately \$158,000 to the municipal tax levy beginning in 2019.

“The Vacancy Rebate Program was put in place at time where the economy was in a decline,” said Mayor Steve Clarke. “Today we are seeing a large increase in property sales and a shift in the economy, thus reducing the need to subsidize vacancies.”

The review of the Vacancy Rebate Program has taken place over several months after the City received notice from the Province indicating municipalities would have the ability to tailor the program to reflect their community’s specific needs. Through the same process, several municipalities have opted to eliminate the program in its entirety, either immediately or as a phased-out approach including the City of Toronto, City of Ottawa, Halton Region, Kawartha Lakes and the City of Hamilton.

The City has approved approximately 267 applications over the past five years, averaging 53 applications per year. A total of 10 properties applied for and received rebates for five consecutive years; 13 properties for four years; 19 properties for 3 years; and 24 properties for two years.

The Ministry of Finance requires details of Council’s recommendation by July 1, 2017. The Province will then implement Council’s decision through provincial regulation. The City will work directly with the Downtown Management Board and Chamber of Commerce to ensure local businesses are aware of the elimination of the program.

“The Vacancy Rebate Program may be perceived as a duplication of the adjustments already included in the valuation assessment completed by MPAC,” said Jas Rattigan, Manager of Accounting Services. “MPAC considers vacancy rate when using the income approach to value commercial properties – so a deduction for vacancy is already accounted for within the assessment based on the market vacancy rates calculated by MPAC.”

Through the public consultation process, staff received input from business stakeholders which resulted in a wide variety of responses. An equivalent number of respondents (42%) both agreed and disagreed to provide a tax rebate for a maximum of one year, and as a result discontinuing the program thereafter.

The City of Orillia is a city of 31,000 people in the heart of Ontario’s Lake Country on the shores of Lake Couchiching and Lake Simcoe. Visit our website at orillia.ca.



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