

Town makes first move on repealing tax break for vacant landlords

By Brock Weir

A property tax rebate on vacant properties could encourage some landlords to keep their buildings empty, argue Councillors, but now that the Province has opened the door to change, Aurora has taken the first step in making this program one for the history books.

Council has voted in favour of taking the initial steps in repealing rebates on vacant units following a notice of motion from Councillor Tom Mrakas.

Although this is just a first step as it will also require involvement from the Region of York, Councillors said while it is not a magic bullet in solving the growing number of vacant storefronts in Aurora, it could be a contributing factor.

In his motion, Councillor Mrakas said the 2016 Ontario Budget gave municipalities a degree of flexibility on vacant unit taxes to reflect community needs and circumstances and unoccupied retail is not good for the overall health of the municipality.

At the end of the day, I think it is a simple question to each and every one of you: Do you believe that we should be allowing this tax rebate to continue, or do you not? he told his fellow Council members. If you don't, you should be in support of asking to repeal this tax rebate. I have talked not only to our own MPP, but other MPPs and they have made me aware that the Minister pretty much will be favourable if we ask to repeal this rebate. It is important to us that if we don't believe this tax rate should be allowed, that we should stand up and say that we are looking to repeal this and say it strongly and unanimously.

According to Town Treasurer Dan Elliott, as things stand now, if you own an industrial or commercial property standing vacant, you can get a 30 per cent rebate on your property taxes if you can meet certain criteria, most importantly proving that the unit is available to lease and actively on the market.

My understanding of how all this came about was, at the time when this was introduced, there was a need to help commercial property owners and was a reflection of the marketplace, said Councillor Michael Thompson. That has since changed. It is really hard to know what impact this has in terms of the leasing of the space. Sure, it does put a little bit of pressure, but there are times when there are partial vacancies and they are really just passing on those costs to other tenants. They are picking up the property tax costs of the owner of the property, so I still think there is value in pursuing this but I would have liked to have seen more information.

Councillor Thompson was not the only Council member looking for more information. So too was Mayor Geoff Dawe who said there are some situations where landlords are dealing with tenants who have bolted. Additionally, in talks with landlords, he said many of them are most concerned with finding a stable, long-term tenant and not a short-term solution.

I support the concept, but I can't support it without getting some initial information from staff.

Despite what some felt was a lack of information, the motion went ahead.

Referencing a similar notice of motion he made last year on increasing the taxes on vacant lots incrementally to discourage landowners from keeping them empty, Councillor John Abel said that if he realised in his first term of Council that the rebate program was in place to reduce the burden on landlords, he would have been infuriated.

You can say I am sold on the idea to do anything incentive-wise to get something forward, he said.

Added Councillor Harold Kim: This is not a simple cause and effect solution. Part of the rationale was to incent landowners to use the rebate to improve upon the property to bring tenants in and bring it back up to capacity. The process brought with it unintended consequences.

For other Councillors supportive of the motion, it was a question of whether or not the motion went far enough.

Councillor Paul Pirri, for instance, questioned whether a similar track could be followed on the residential side of things, increasing the tax levy on the owners of vacant homes.

Although Mr. Elliott said it was an interesting suggestion from a policy perspective, the framework is not available to municipalities from the Province.

A lot of people are buying residential properties nowadays as a business to rent them out, countered Councillor Mrakas. Should it not be equally afforded to them that if they can't rent out for a period of time that we allow them to get a tax rebate as well? They're a business, at the end of the day. The policy should be fair for every taxpayer.