

**For Information**

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**REPORT TITLE:** **Vacant and Excess Land Subclass Reduction Program By-law Amendment**

**FROM:** Stephen Van Ofwegen, Commissioner of Finance and Chief Financial Officer

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**OBJECTIVE**

To advise Regional Council that regulatory authority has been granted by Ontario Regulation 352/20 made on July 6, 2020 to reduce the Vacant and Excess Land Subclass Reduction Program for the Commercial and Industrial tax classes in the Region of Peel to 15 per cent for the 2020 taxation year and to remove the Program for the 2021 taxation year and taxation years thereafter.

**REPORT HIGHLIGHTS**

- Under Regional By-law 60-98 and in accordance with subsection 313.(1) of the *Municipal Act, 2001* (the Act), the Region of Peel (Region) has levied a reduced tax rate of 70 per cent (i.e. a 30 per cent reduction) for land classified within the broad commercial and industrial vacant and excess land subclasses prescribed under subsection 8(1) of the *Assessment Act*.
- At its meeting on February 13, 2020, Regional Council authorized the Commissioner of Finance and Chief Financial Officer to submit a request to the Ontario Ministry of Finance for authority to reduce the current Vacant and Excess Land Subclass Reduction Program (the Program) for the Commercial and Industrial tax classes in the Region to 15 per cent for the 2020 taxation year and to remove the Program for the 2021 taxation year and taxation years thereafter.
- *Ontario Regulation 352/20: Tax Matters – Vacant and Excess Land Subclasses, Tax Reductions* made on July 6, 2020 provides the Region with the regulatory authority to phase-out the Program in the Region.
- The amending by-law to By-law 60-98 is included on the same agenda as this report for enactment to reduce and eliminate the Program pursuant to Council's previous authorization, Resolution 2020-87.

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**DISCUSSION**

**1. Background**

Regional Council at its July 9, 1998 meeting, established through By-law 60-98, sub-class tax rate reductions for vacant lands, vacant units and farmland awaiting development starting with the 1998 taxation year (Resolution 98-929). Land in the Region classified within the broad commercial and industrial vacant/excess land subclasses has been taxed

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at a rate that is set at 70 per cent of the full commercial and industrial tax rates (i.e. a 30 per cent reduction in the property tax rate) since 1998.

A review of the vacancy programs at the Region commenced with the vacant unit rebate program. Council approved at its meeting on June 22, 2017, a phase-out of the vacant unit rebate program in the Region by 2020 (Resolution 2017-530).

Authorizing Ontario Regulation 581/17 Tax Matters – Eligible Property Under Section 364 of *The Act* and Land Prescribed Under Subsection 357(1.1) of *The Act* became effective under the *Municipal Act, 2001* on December 21, 2017 to phase-out the rebate program in the Region. The review of the vacant and excess land subclass reduction program was not considered at that time.

At its meeting on July 11, 2019, Council directed staff to review the vacant and excess land subclass reduction program provided for commercial and industrial property classes, as requested by the Town of Caledon. Staff was instructed to report back to Council with a report including the impacts of removing the property tax reduction for vacant and excess land subclasses for the 2020 taxation year. The report “Proposed Changes to the Vacant and Excess Land Subclass Reduction Program” was presented to Council at its February 13, 2020 meeting.

Council approved at the February 13, 2020 meeting a phase-out of the reduction program in the Region starting with the 2020 taxation year, and complete removal of the program for the 2021 taxation year and taxation years thereafter by way of Resolution 2020-87:

“That the Commissioner of Finance and Chief Financial Officer be authorized to submit to the Ontario Ministry of Finance, a request for regulatory authority to reduce the current Vacant and Excess Land Subclass Reduction Program for the Commercial and Industrial tax classes in the Region of Peel to 15 per cent for the 2020 taxation year and to remove the Program for the 2021 taxation year and taxation years thereafter;

And further, that upon the provision of the regulatory authority, a by-law be presented for enactment to reduce and eliminate the Region of Peel’s Vacant and Excess Land Subclass Reduction Program accordingly.”

For program changes initiated for the 2020 taxation year, staff notified the Minister of Finance of Council’s intent to change the reduction program and provided details of the proposed changes along with Council Resolution 2020-87. Following review and approval by the Minister, the changes to the reduction program were authorized under Ontario Regulation 352/20: Tax Matters – Vacant and Excess Land Subclasses, Tax Reductions, which was filed and became effective on July 7, 2020. Having had regard for Regional Council’s February 13, 2020 decision, the local municipalities have taken steps in anticipation of this legislation and have included this change in their final tax billings.

## **2. Vacant and Excess Land Subclass Reduction Program**

The vacant and excess land subclass reduction program will be phased-out in the Region for the 2021 and future taxation years. The tax rate reduction for the 2020 taxation year is set at 85 per cent of the full commercial and industrial tax rates (i.e. a 15 per cent reduction in the property tax rate). The reduction program does not apply in the Region for 2021 and subsequent taxation years.

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Under Ontario Regulation 352/20, the Region is authorized to pass a by-law providing that a tax rate reduction does not apply for a taxation year after 2020 for commercial and industrial properties in the vacant and excess land subclasses. The Region will amend By-law 60-98 which is, "A by-law to provide for tax rate reductions for vacant lands, vacant units and farmland awaiting development" to reflect the changes to the vacant and excess land subclass reduction program. Amending By-law 57-2020 is accordingly presented on the same agenda as this report for enactment pursuant to Council's authorization previously obtained on February 13, 2020.

### CONCLUSION

Authorizing Ontario Regulation 352/20: Tax Matters – Vacant and Excess Land Subclasses, Tax Reductions was filed and became effective on July 7, 2020 to phase-out the vacant and excess land subclass reduction program in the Region of Peel in 2021. Amending By-law 57-20 is included on the same agenda as this report for enactment pursuant to Council's authorization previously obtained. Having had regard for Regional Council's February 13, 2020 decision, the local municipalities have taken steps in anticipation of this legislation and have included this change in their final tax billings.

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*For further information regarding this report, please contact Stephanie Nagel, Ext. 7105, [stephanie.nagel@peelregion.ca](mailto:stephanie.nagel@peelregion.ca).*

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### ***Reviewed and/or approved in workflow by:***

Department Commissioner, Division Director and Legal Services.

Final approval is by the Chief Administrative Officer.



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N. Polsinelli, Interim Chief Administrative Officer