



Update to the Membership

Vacancy Rebate Program

We'd like to take this opportunity to update the membership on the City of Ottawa's initiative to eliminate the Vacancy Rebate Program (VRP). To read more about the BOMA Ottawa position on the VRP, as well as its history, please visit our [website](#).

What has happened since our last update:

The City held Consultation sessions on March 1st and March 3rd for Landlords, and on March 6th for Business Improvement Area's. The invitations to participate seem to have been issued to the contacts on file who make the actual rebate applications. As you can see from the invitation below, there was no explicit mention of discontinuing the VRP and in many cases the invitations were forwarded to a Head Office or Landlords Tax consultant and not necessarily in Ottawa.

In the fall of 2016, the Province of Ontario announced its intent to provide municipalities with increased flexibility to manage business property taxes, including the Vacant Rebate Tax Program. These changes are intended to enable municipalities to better tailor the programs to reflect community needs and circumstances.

The City of Ottawa is undertaking a Vacancy Rebate Program Review which includes consultation sessions with local business stakeholder groups. These consultations will include information on the various vacancy rebate program options as well as a feedback component.

A Survey of members by BOMA showed that only 40% of those responding believed they had received an invitation to the consultation, all of whom had submitted a Vacancy Rebate application in the past three years. BOMA, along with 20 other landlords and tax consultants attended the two sessions and were given to a power point presentation by the city (attached copy).

City staff was looking to make one of three recommendations to the Finance Committee and then to City Council in April and then a proposal to the provincial government by July 1st. These three options are on the City of Ottawa website.

1. **Elimination** of the Vacancy Rebate program - Eliminate the program completely.
2. **Phase-out** of the Vacancy Rebate program – Phase out the program over three years with a declining benefit each year, until its elimination.
3. **Declining Benefit** - the program continues, but individual properties would see a year-over-year decline of the rebate until eliminated. Re-entry would only occur with a program eligibility reset through a change to the new construction class or class change triggered by change of use of the property.

In the collective opinion of everyone attending the consultation sessions, these are all the same option, just with different implementation schedules. In other words the only "option" being put forward by City Staff is the elimination of the VRP.

Some recent articles

<http://www.ottawasun.com/2013/01/21/city-wants-to-limit-tax-rebates>

<http://ottawacitizen.com/news/local-news/commercial-landlords-blast-city-over-possible-end-to-tax-rebate>

<https://www.pressreader.com/canada/ottawa-sun/20170310/281711204448985>

<https://renx.ca/need-make-tax-rebates-vacancies-fairer-everyone/>

The City Position

Through these Consultation sessions, follow up discussions with Staff and some investigative research the City's justification to recommend the elimination of the VRP is as follows:

1. There are **Habitual Applications** that come from long standing vacancies, often derelict buildings. The Mayor was quoted as saying, in a recent Ottawa Citizen story, "*The reality is, people who have empty buildings right now have absolutely no incentive or very little incentive to fill the buildings*";
2. There are **Nuisance Applications**, that come from individual landlords that add up a series small square footage vacancies in their buildings, submit poor applications, do not make access to the applicant building easy and appeal, appeal, appeal;
3. The city has a hard time **forecasting accurately** the amount to budget for the VRP, and so each year they have a variance that must be covered from other tax revenues;
4. The amount paid out in **rebates has doubled** since 2009;
5. The city regards the VRP as a **subsidy or tax break** rather than a fair rebate to landlords to reflect the fact that there are no businesses operating in vacant space, which was the reason for offering VRP when the Business Tax was eliminated in 1998, and landlords became the Tax Collector for the replacement, which was higher commercial property taxes.

The Industry Position

No issue in the past 12 years has generated as much attention or absolute agreement in our members position as the proposed elimination of the VRP. These are a summary of what industry members believe through conversation and written comments

1. We believe the VRP should continue as a means of **treating fairly** Landlords for collecting the tax that was originally the municipal business tax;
2. The consultation process was **not conducted with the usual inclusiveness** that the city demonstrates. Notices were not sent to the responsible individuals, Associations like BOMA were initially excluded from the invitation lists, and the magnitude of the recommended changes was never hinted at in the communiques from the city;
3. City Staff should **meet with Industry representatives** to consider other solutions that address all of the City's issues and put them forward to Committee and Council for consideration.

What will BOMA Do?

In the coming weeks, BOMA plans to

1. Work with other industry associations and coalitions to put forward a variety of voices supporting the industry position to both the City of Ottawa and the Provincial Government to ensure they are aware of our objections;
2. Create a working group of landlords and tax experts to draft alternative recommendations for consideration by the Finance Committee and City Council;
3. Contact each Finance Committee Member, City Councilor and Mayor to ensure our position has been articulated to them directly (to find your local councilor go to the [City of Ottawa Website](#) or to see the members of the [Finance and Economic Development Committee](#));
4. Request to speak at the May Finance Committee meeting in support of the Industry Position.

What can BOMA Members do?

If you would like to ensure your voice is heard, here are some recommended actions that you can pursue.

1. If you are not in favour of the VRP elimination, and have yet to comment, send in your comments to vrpr-prpv@ottawa.ca and re-inforce the industry position as well as share the impact this will have on your operations;
2. Speak to any City Councillors or Members of the Finance Committee that you are comfortable in approaching and share
 - the industry's dismay over the lack of consultation;
 - the lack of willingness to work with the industry to consider other options;
 - the abbreviated/accelerated timetable and
 - the characterization of the VRP as a subsidy rather than of tax fairness
 - consider carefully the proposal submitted by BOMA Ottawa

If you are planning to email anyone on this issue (city staff or politician) we'd like to document it. If you are comfortable consider a bcc on correspondence to executivedirector@bomaottawa.org which will allow us to calculate the response rate of our members.