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| March 2018 | Corporation of the City of Pembroke | |
| Revision #: | Vacant Rebate Program Reform | |
| Date: March 2018 | Policy: T2018-02 | Treasury |
| Coverage: Vacant Commercial & Industrial Properties | | |

POLICY STATEMENT:

Council has elected to reform the property tax rebate program for Vacant Commercial and Industrial Buildings in the City of Pembroke using a declining rebate percentage and eliminating rebates for vacancies that occur after December 31, 2020. This is a strategic approach intended to encourage use of vacant properties and motivate property owners to maintain and develop commercial and industrial buildings, which will ultimately benefit all ratepayers in the municipality.

Eligibility Criteria:

To be eligible for a rebate, a building or portion of a building must be in the commercial or industrial property class and be vacant for a minimum of 90 consecutive days.

Exclusions:

Properties that operate on a seasonal basis are not eligible for a rebate for the seasons they are closed;

Buildings that are new and have never been occupied;

Buildings that contravene City of Pembroke Property Standards By-Laws;

Buildings or portions of buildings that are vacant but are leased to a tenant.

Category 1 – includes buildings that are entirely vacant.

Category 2 – includes buildings that are partially vacant.

Criteria Category 1:

Vacancy must not be due to a labour disruption;

Vacant building/space must not be used for any purpose;

The building must not be leased during the vacant period;

The space must be available for lease and immediate occupation.

Criteria Category 2:

Area must be clearly delineated or physically separated from the portion(s) of the building that is being used;

Vacancy must not be due to a labour disruption;

Vacant building/space must not be used for any purpose;

The building must not be leased during the vacant period;

The space must be available for lease and immediate occupation.

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General Information:

Only a property owner (or their authorized representative) may submit a vacant rebate application.

The application must be submitted to the tax department of the City of Pembroke no later than February 28th of the following year. (For example, for the 2018 tax year, the deadline to submit is February 28, 2019)

Applications must be on the Vacant Rebate Application Form as supplied by the City and signed by the property owner (or their authorized representative).

The City and/or the Municipal Property Assessment Corporation (MPAC) may request further information to support the application and may conduct a site visit.

Rebates processed for a property that has tax arrears will be applied to the tax account.

Rebates will be adjusted to reflect relative property assessment changes made by MPAC.

Application Processing:

The following outlines the steps for processing applications:

1. Property owner or authorized representative submits application to the City;
2. Applications will be reviewed for completeness;
3. City forwards Category 2 applications to MPAC for assessed value of space;
4. MPAC and/or City may request additional information and/or conduct site visit;
5. City reviews all information related to each application and determines eligibility;
6. City calculates the rebate and notifies the property owner in writing;
7. Property owner is notified when the City deems an application for a rebate to be ineligible.
8. The City will process an application for rebate within 120 days following the deadline for submitting applications or within 120 days after the owner has provided all of the information required in support of the application, whichever date is later.

Calculation of Rebates:

$$\begin{array}{ccccccc}
 \frac{\text{value of vacant area (1)}}{\text{assessed value of whole property (2)}} & \times & \text{taxes levied on whole property for the year (3)} & \times & \frac{\text{number of days vacant (4)}}{\text{total number of days in year (5)}} & \times & \text{percentage (6)} & = & \text{Rebate}
 \end{array}$$

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Notes for Calculation:

1. The assessed value of the vacant area as determined by MPAC.
2. The assessed value of the whole property does not include portions of the property that are exempt from taxation or portions that are in a sub-class for excess land. In a mixed-use property, the assessed value of the property is the value attributable to the portion of the property that is in the same property class as the vacant portion.
3. The taxes on the whole property do not include taxes attributable to portions of a property that are in a sub-class for excess land. In a mixed-use property, the taxes of the whole property refer to the taxes attributable to the portion of the property that is in the same property class as the vacant portion.
4. Number of days of vacancy refers to the number of days that the property met the eligibility criteria within a tax year.
5. Total number of days in year will be 365 except in leap years when it will be 366.
6. The percentage will be the same for commercial and industrial property as follows:

| <u>Vacancy Year</u> | <u>Rebate %</u> |
|---------------------|-----------------|
| 2018 | 30 |
| 2019 | 20 |
| 2020 | 10 |
| 2021 & beyond | 0 |

If a property's assessment is changed by MPAC under a provision of the Assessment Act or the Municipal Act, the rebate will be recalculated in the same manner and the property owner advised of the appropriate adjustment to the initial rebate. In the event a recalculation results in the property owner being required to pay all or a portion of the rebate back to the City, the amount shall be added to the tax account.