

Property Taxes What's New and Exciting in 2018? Melissa A. Muskat

May 1, 2018

Elimination of the Vacant Unit Rebate

In 2017, the Province announced that it would give municipalities greater flexibility in administering the existing vacant unit rebate program, with a view to limiting or even eliminating the rebate program altogether. Many, if not most, municipalities have taken advantage of this flexibility, with the following examples:

City of Toronto:

From July 1, 2017 through to June 30, 2018, the vacant unit rebate for properties in the Commercial class will be **reduced from 30% to 15%**. The Industrial class percentage of 35% will not change.

Effective July 1, 2018, **the vacant unit rebate program will be discontinued**. Applications for vacancies occurring between January 1, 2018 and June 30, 2018 must be filed **by September 28, 2018**.

Region of Peel:

A property / unit / delineated area will no longer be eligible if a vacant unit rebate has been provided in any previous three or more consecutive years.

For the 2017 tax year, the vacant unit rebate is 30% for **both** the Commercial and Industrial classes. For the 2018 tax year, the vacant unit rebate will decrease to 20%. For the 2019 tax year, the vacant will decrease to 10%. For the 2020 tax year, the rebate will be discontinued.

Halton Region:

Commencing in 2018, the vacant unit rebate will be reduced for properties in the Commercial class from 30% to 15% and in the Industrial class from 35% to 20%.

The program will be discontinued in 2019.

York Region:

The Region has opted to discontinue the vacant unit rebate program in 2018.

Capping is Back in Toronto!

On Wednesday, January 31, 2018, Toronto City Council passed a motion affecting commercial, industrial and multi-residential properties in the City, which will require the City to cap 2018 realty taxes at 10% above a property's 2017 realty taxes. As in the past, the funding for the capping protection will come from "clawbacks" applied to properties in the same tax classes which would otherwise be experiencing property tax decreases in 2018. The capping will apply regardless of whether a property had reached its full CVA taxes in a prior year.

New Property Class for Toronto Creative Co-Location Facilities

In February of 2018, Toronto City council voted to adopt a new property tax class for creative and cultural facilities that will provide them with a tax break of 50% off the Commercial tax rate. In order to qualify as a creative co-location facility, buildings must have tenants that produce cultural goods and services and who are charged below market rent. The properties must have a minimum rentable space of 10,000 square feet, or house more than 40 separate tenants

Second Year of Four-Year Assessment Cycle

We are currently in the second year of a four-year assessment cycle, 2017 – 2020, where property assessment values are based on a January 1, 2016 market value. The next re-assessment will occur in 2021, when all properties will be revalued based on a January 1, 2020 market value.

If you have any questions on the topics covered in this handout or on any property assessment matters and municipal taxation issues, please do not hesitate to contact me, Melissa Muskat, at mmuskat@mindengross.com or at **416-369-4313**.