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**City Council**

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**Notice of Motion**

MM10.10	ACTION			Ward: All
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**Re-designing the Commercial Tax Relief program as a strategic tax incentive to stimulate economic development - by Councillor Mike Layton, seconded by Councillor Mary Fragedakis**

*\* Notice of this Motion has been given.*

*\* This Motion is subject to referral to the Economic Development Committee. A two thirds vote is required to waive referral.*

**Recommendations**

Councillor Mike Layton, seconded by Councillor Mary Fragedakis recommends that:

1. City Council request the General Manager of Economic Development and Culture to report to the Economic Development Committee at its meeting on January 26, 2012 on the financial impacts of Toronto's current Vacant Commercial Tax Relief program and possible changes required to use this tax incentive program to stimulate economic development, including through an *Enterprise Incubation* alternative program for small businesses and not-for-profits.

**Summary**

Toronto needs to look for new ways to promote small businesses across our City. From Rexdale to Little Italy, Agincourt to Leaside, many storefronts on our main streets are sitting unused and derelict. One reason they remain empty is that the city, through the Vacant Commercial Tax Relief program, provides a tax subsidy to landlords without tenants for an open-ended period, while many entrepreneurs, budding small businesses and social enterprises are not able to pay the high rents demanded by many of these property owners. While the landlords should be granted some leniency for vacant units, the Vacant Commercial Tax Relief program should not simply support real estate speculation, but instead it should be used as an incentive to stimulate economic development as recommended in the Toronto Prosperity Initiative (Recommendation A.4).

Currently the city grants 30 percent tax relief to storefronts vacant for longer than 90 days, without any corresponding benefit returned to the city. This has the potential to create a disincentive to property owners to fill their vacancies. The mandate of the Economic Development Committee is to enhance the economic environment of Toronto and increase tax revenues to the City of Toronto. It is incumbent upon the Committee to investigate means with which to encourage healthy commercial street life, vibrant neighbourhood retail and evaluate whether current programs prevent that in any way.

With simple policy changes from the provincial government, the current commercial property tax relief program could be changed to encourage the support of small business start-ups, artists, community outreach, not-for-profits and other qualifying ventures, within these otherwise empty spaces by way of an ***Enterprise Incubation*** program in which property owners would need to register and make available their vacant properties in order to receive property tax relief.

Such a program's ability to increase the flow of patrons may indeed result in an economic boost for depressed areas, diminishing original sources of decline were they local in context. At the very least it would contribute to the reduction of local impacts of more general downturns in the economy. Programs encouraging the temporary use of vacant commercial space have been successfully deployed in a variety of cities throughout the world, including New York City, Washington D.C., and Newcastle, Australia.

(Submitted to City Council on July 12 and 13, 2011 as MM10.10)