



Opportunity made here.

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Deputation by Tina Scherz, Community Economic Development Coordinator, WoodGreen Community Services

Re: ED8.5 Redesigning the Vacant Commercial and Industrial Tax Relief program

Having worked as a community economic development coordinator on the Pop-up Shop project along Danforth Ave, I have seen the impact of persistent commercial vacancies on neighbourhoods. Long stretches of empty storefronts discourages pedestrians and shoppers, contributing to the decline of the local economy. The Danforth East Community Association's pop-up shop project has sought to reverse this trend, convincing owners of vacant properties to offer up their spaces and infuse the area with new energy. As a local community service agency, WoodGreen has stepped up to support this work with funding from the Metcalf Foundation. Since 2012, this project has hosted 29 pop-up shops, incubated 6 new businesses, and we have seen commercial vacancies drop from 17% to less than 9% in a *one and half year* period.

We are glad to see the work that has been done to date on the vacant unit rebate issue by both the province and the City. There is currently an appetite for the City to shift towards a policy that encourages creative solutions that address local economic development. For instance, on Nov 10, we hosted over 150 people from across the city, and other municipalities at an event called "Building Vibrant Main Streets and the Power of Local." One of the key policy questions discussed there was the vacancy unit rebate. People from across Toronto, the GTA and provincial organizations expressed their frustration with the rebate and its effect on main street commercial areas.

Within our own pop-up shop project, the Vacancy Unit Rebate has worked against our efforts to activate empty storefronts with short term businesses. We have direct experience with two well-intentioned property owners who have indicated that the commercial vacancy tax rebate prevented them from readily participating in our project. While they appreciate the efforts to bring new energy to the street, they are challenged to find a way to participate if it doesn't make financial sense. In particular, one developer cited these challenges in a letter recently submitted to the COTA legislation review

As the zoning and sales process for redevelopment projects can be quite lengthy, there is often a one to two year time gap between the acquisition of the property and the start of construction. In most cases, developers, such as myself, struggle to lease out the vacant space in effort to obtain even a minimal amount of rent through the utilization of short term leases. However, the barrier is set quite high, and in many cases, the tradeoff between receiving the minimal rent and the fear of losing the vacant unit tax rebate often dissuades us from pursuing any effort to lease the space at all. This leaves developers with stretches of vacant storefronts under-utilized as they await years for demolition.

Appealing to a property owner's goodwill can only go so far when financial incentives don't support the public good. In my experience, the commercial vacancy tax rebate was cited by at least one other Danforth property owner who declined participation in the project and is most certainly a factor with other property owners who are not so bold as to mention it.

At the local level, the very existence of this tax rebate is often cited by retailers and residents as a frustrating policy, feeding the perception that it contributes to the economic decline of commercial main streets. Opinions to this effect have even been echoed from the other side of the world. Author of "Creating Cities" and empty space innovator, Marcus Westbury, whose vision helped transform Newcastle, Australia from a shell of a city to being listed on Lonely Planet's list of top 10 cities to visit in 2011, recently tweeted "The tax incentives to keep buildings empty in Ontario is pretty much the stupidest thing I have ever seen in all my travels!"

Given the current COTA legislative review, we are at an exciting time with real opportunity to develop new and creative ways to address local economic development issues. Persistently vacant commercial properties are like gaps in the toothy smile of a main street; more than one or two just doesn't look good. Vacant storefronts also undermine local businesses who are trying to make a go of it, the efforts of budding entrepreneurs looking for a way to break in, and the welcomingness of our city's main streets.

We need policies that encourage and incent property owners to adopt innovative uses for their vacant storefronts, such as our pop-up shop model. Or what about putting those rebates to a better use? Fund local community economic development committees who would work at the local level to best meet the needs of that particular neighbourhood?

The city has offered in the past to bring together a working group who could examine ideas such as these more closely. Let's see some action on this. Bring together creative thinkers to help shape this opportunity in front of us, working together to build a city with strong and vibrant main streets. Neighbourhood retail contributes to resilient, sustainable neighbourhoods, let's do everything we can to foster this and ensure we develop Toronto-focused solutions that will meet the specific needs of Toronto neighbourhoods.

Thank You,

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