

## NOTICE OF MOTION

### Strengthening local businesses and retail main streets through a vacant storefront tax

Moved by: Councillor Brad Bradford

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Seconded by: Councillor Paula Fletcher

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#### SUMMARY:

Main streets are the beating heart of neighbourhoods and communities across Toronto. With the changing nature of brick and mortar retail, vacant storefronts are on the rise and our residents are left living with the negative effects. This motion request the City's Chief Financial Officer and Treasurer to work with the General Manager, Economic Development & Culture to assess how a vacant storefront tax could be used to reduce retail vacancies on Toronto's main streets.

Toronto faces a unique challenge where our city's growth and buoyant real estate market sometimes creates a perverse incentive to keep a store vacant rather than renting it out to the people willing to invest in our communities.

Small business owners are often local heroes, creating gathering places and local landmarks through the investment they bring and community they build. With independent businesses accounting for 74% of Toronto's retail stores and 647,843 people being employed by our local independents, it's imperative we take every possible step to strengthen our main streets. We have to create the right tax policies to incentivize landlords to make retail space available for independent businesses at an affordable rate. Keeping retail vacant for land speculation should not be an option.

A vacant storefront tax could be an important part of a suite of solutions including ongoing work started to address issues with Municipal Property Assessment Corporation's (MPAC) highest and best use valuation approach, incentives for small business owners, and exploring new tax bands to lower tax rates for main street buildings.

#### RECOMMENDATIONS:

1. City Council request the Chief Financial Officer and Treasurer, in consultation with the General Manager, Economic Development & Culture, to report to the Budget Committee prior to the launch of the 2021 Budget on the feasibility of implementing a vacant storefront tax, including consideration of:
  - a. the potential for a vacant storefront tax to reduce storefront vacancies on retail main streets in the City of Toronto;

b. policy options for a vacant storefront tax such as the length of vacancy prior to a tax being applied; a potential range of vacancy tax amounts; and the property class or classes to which a vacant storefront tax might apply to reduce the number of retail vacancies;

c. analysis of other jurisdictions using vacant storefront taxes to reduce main street retail vacancies;

c. estimated staffing and/or other resource requirements needed to implement a vacant storefront tax; and,

d. estimated timelines to implement a vacant storefront tax.

Date February 27, 2020.