

## Staff Report

Council Meeting Date: June 9, 2025

Subject: FIN-2025-13 - Vacant Storefront Tax

Report from: Emily Dance, Chief Administrative Officer David Munro, Treasurer,  
Jennifer Isber-Legge, Economic Development & Communications Coordinator.

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### **Recommendation**

Be It Resolved that Council hereby approves Report FIN-2025-13 - Vacant Store Front Tax AND

1. Supports a Vacant Storefront Campaign: Lead by Economic Development to improve downtown areas to encourage rentals
2. Engage Municipal By-Law Enforcement: Provide a Special Project targeting property standards in downtown cores.
3. Defer Consideration of a Vacant Storefront Tax: Due to the complexities associated with its implementation.

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### **Background**

On February 10, 2025 Councillor Hampton presented a [Notice of Motion](#) to Council regarding reducing implementation of a vacant storefront tax with the goal to reduce long term vacant rates by discouraging commercial landlords from sitting on empty storefronts, thereby decreasing the total extent externalities that vacancies create for residents, pedestrians and other local neighboring businesses.

Council endorsed the motion on February 24, 2025.

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## **Analysis**

The Notice of Motion included a request for community information. Staff have reviewed the motion and divided the report into three sections for consideration: implementation of a vacant storefront tax, economic development initiatives to improve downtowns, and enforcement through the [Property Standards By-law](#).

### **Implementation of Storefront Tax**

**Definition and Purpose** - A storefront tax is a levy imposed on commercial properties that remain vacant for a specified period. This tax aims to incentivize property owners to rent out or maintain their storefronts, thereby reducing the number of vacant properties and improving the economic vitality of downtown areas.

**Vacant Tax Rebate** - Arran-Elderslie previously had a vacant tax rebate program, which provided tax relief to owners of commercial properties vacant for 90 consecutive days. This program was removed to encourage property owners to utilize their spaces more effectively.

### **Process to Implement**

Legislation: Draft and pass a by-law to establish the storefront tax.

Criteria: Define what constitutes a vacant storefront (e.g., 187 days of vacancy).

Assessment: Regularly assess properties to determine vacancy status.

Notification: Inform property owners of their tax obligations and any penalties for non-compliance.

Collection: Implement a system for collecting the tax and managing rebates or exemptions.

## **Challenges**

- **Defining Vacancy:** Accurately determining when a property is vacant can be complex, especially with intermittent closures.
- **Administrative Burden:** Implementing and managing the tax requires significant administrative resources.
- **Property Owner Resistance:** Property owners may oppose the tax, leading to potential legal challenges.

### **Economic Development and Tourism in Downtown Core**

**Incentives** Creating vibrant downtowns is a core objective in Arran-Elderslie's Economic Development Strategic Plan. Key goals include improving the appearance of downtown areas and providing incentives to encourage investment.

The Municipality's [Community Improvement Plan \(CIP\)](#) plays a central role in achieving these goals by offering financial incentives to support the redevelopment and enhancement of private properties in both settlement and rural areas.

Council has approved CIP financial support through Bruce County's Spruce the Bruce program. In 2025, eligible applicants in Arran-Elderslie downtowns can receive grants towards eligible project costs. Up to a total of \$20,000 is available across the following categories:

- Façade Improvement
- Perpendicular Signage
- Awning Grants
- Fascia Signage

Additional incentives that may be considered in the future under the CIP include:

- Development and Pre-development Incentives
- Tax Increment Equivalent Grant Program
- Municipal Fee Incentive Program
- Start-up Space Leasehold Improvement Program

**Community Working Groups** - To support these initiatives, Community Working Groups were launched in Chesley and Tara in fall 2024. These groups focus on economic development and revitalization efforts that prioritize business attraction and retention, build community capacity, and advance the goal of vibrant downtowns. In 2025, a new Community Working Group has been established in Paisley, with work scheduled to begin this summer.

## **Property Standards By-Law Enforcement**

### Key Points

- **Exterior Maintenance:** Storefronts must be kept in good repair, free from hazards, and maintained to prevent deterioration.
- **Signage:** Signs must be properly maintained, securely fastened, and free from damage.
- **Cleanliness:** Storefronts must be kept clean and free from litter, debris, and graffiti.
- **Lighting:** Adequate lighting must be provided to ensure safety and visibility.
- **Accessibility:** Storefronts must comply with accessibility standards to ensure they are accessible to all members of the community.

### Penalties for Non-Compliance

- **Fines:** Property owners may be fined for failing to comply with the by-law.
- **Orders to Comply:** By-law enforcement officers can issue orders requiring property owners to address specific issues within a set timeframe.

- Remedial Action by the Municipality: If a property owner fails to comply with an order, the municipality may undertake the necessary repairs or maintenance and charge the costs to the property owner.
- Legal Action: In some cases, the municipality may pursue legal action against property owners who repeatedly fail to comply with the by-law.

#### Input Requested from Working Groups

The Economic development and Communications Coordinator presented a report and staff recommendations at the working group meetings and the Arran-Elderslie Community and Business Association for input and requested the groups consider the following:

1. Review the vacant storefront tax: Provide comments on its potential to support the goal of renting vacant storefronts.
2. Review current economic development strategies: Suggest areas where support can be increased or reduced.
3. Review the Property Standards By-Law: Comment on whether focusing on enforcement would support the goal of ensuring storefronts contribute positively to the municipality's appearance and safety.

#### Input from Community Groups

1. The Paisley Community Working Group expressed its support for the staff recommendations and engaged in discussions endorsing the use of available municipal tools, such as Property Standards, to aid in the revitalization of downtown Paisley. The group also advocated for the implementation of economic development strategies to foster positive and sustainable revitalization efforts.
2. Tara Community Working Group did not reach a consensus on a formal recommendation. Discussions focused on identifying the most effective ways to encourage building owners to improve and revitalize their storefronts.
3. Chesley Community Working Group recommends that Council direct Municipal Staff to continue exploring the implementation of a Vacant Storefront Tax as a primary strategy for encouraging building owners to revitalize their properties.
4. Arran-Elderslie Community and Business Association discussed the importance of downtown revitalization and having businesses in empty storefronts. Their recommendation is to focus on a property standards by-law enforcement project and economic development strategies.

#### Staff Recommendations

1. Support a Vacant Storefront Campaign: Lead by Economic Development to improve downtown areas.
2. Engage Municipal By-Law Enforcement: Provide a Special Project targeting property standards in downtown cores.

3. Defer Consideration of a Vacant Storefront Tax: Due to the complexities associated with its implementation.

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**Link to Strategic/Master Plan**

## 6.2 Supporting Businesses and the Local Economy

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**Financial Impacts/Source of Funding/Link to Procurement Policy**

The implementation of these initiatives will require additional financial resources and staff time. However, the specific costs associated with these efforts remain undetermined at this time.

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Approved by: Emily Dance, Chief Administrative Officer