



VANCOUVER
HOUSING
INITIATIVE

A CITY
EVERYONE
CAN CALL
HOME

Options for Addressing Empty Housing

Presentation to Council June 29 2016

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Presentation Outline

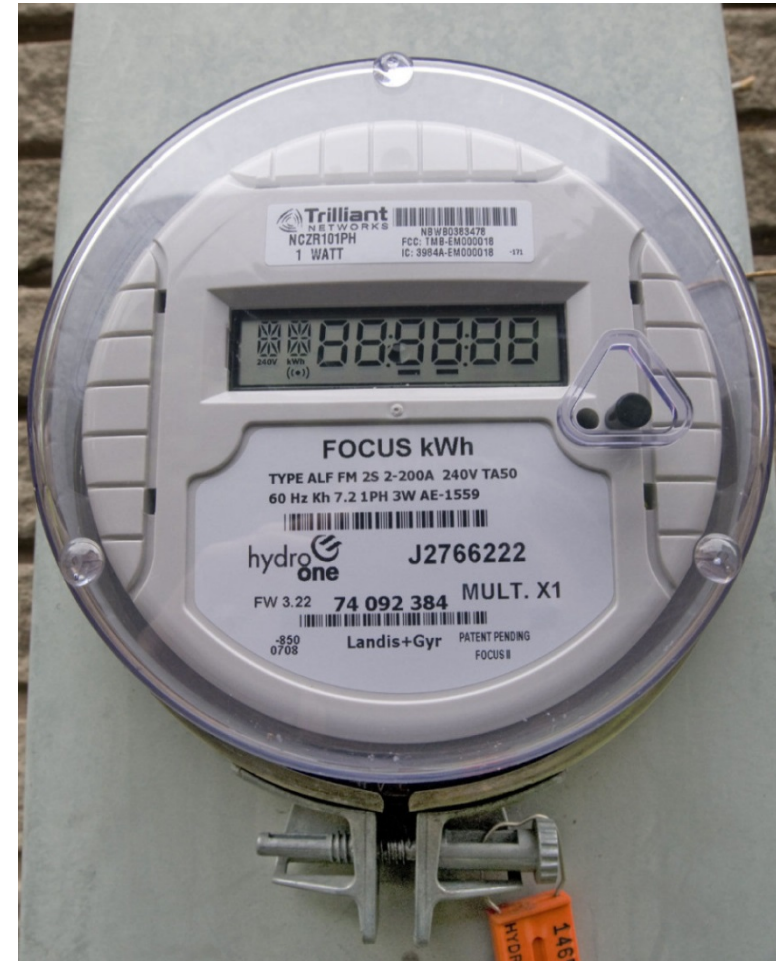


1. Empty Housing Research Study (March 2016)
2. Council Direction (March 2016)
3. Policy Options & Analysis
4. Recommendations

Results of BC Hydro Consumption Study



- 10,800 housing units were empty for a year or more
- 90% of empty housing units were condos and apartments
- 1% of single-family and duplex properties were empty (same as 2002)



Vancouver Faces Significant Housing Challenges



- Rental vacancy rate is very low
 - Only 330 units were vacant during the Oct. 2015 survey (0.6%)
- Significant pressure on renter households
- Many residents are having trouble finding a place to live
- If the number of available rental units was 2000, the vacancy rate would be approx. 3.5%



Council Direction



That staff report back in Q2 2016 with recommendations for specific policy and regulatory steps the City, Provincial and Federal governments could take to address empty homes

Strong Public Support for Action on Empty Housing



2015 Angus Reid

- 82% supported imposing a “vacancy tax” on investor-owned properties that aren’t occupied.

May 2016 Talk Vancouver

- 91% agreed that empty housing is a problem in Vancouver
- 88% agreed that the City should advocate for senior government action to reduce empty housing

June 2016 Insights West

- 80% support tax penalties on people who purchase property without the intention to live in it or rent it out

Consultation with Local Experts



- UBC School of Business
- UBC Dept. of Geography
- UBC Law School
- SFU School of Public Policy
- Urban Futures Institute
- BC Real Estate Association
- Canada Mortgage and Housing Corporation
- Metro Vancouver
- BC Housing
- Urban Development Institute
- BC Assessment
- Vancouver Board of Trade
- Ecotagious
- Landlord BC
- BC Condominium Homeowners Association



Consultation with Local Experts



Ideas Identified:

1. Survey to understand why housing is left empty
2. Reform Strata Property Act to ensure ability to rent
3. Increased density
4. Flipping tax
5. **Tax on Empty Housing**
6. **Occupancy Requirements in City Housing Agreements**



Taxes on Empty Housing

How Might This Work?



A '*perfect*' tax system for empty housing would...

Identify each of the 10,800 homes empty for at least 12 months



Impose an annual tax on the owner of the empty property



Encourage owner to occupy or rent out property instead of leaving it empty

However, it is *challenging* for government to *prove* that a property was empty for at least 12 months

Need a way to *identify* which properties should be *taxed* and which properties should be *exempt*

How Might This Work?



Is the Property:

Owner Occupied as Primary Residence?

Long Term Rental?

Other?

Examples of Documentation Required

- BC Drivers License
- Home Owner Grant
- Tenancy Agreement

Could be subject to an empty housing tax

Properties could be identified through self-declaration, audit and complaint response process

Need to Define Exemptions



Examples of Reasons Why Housing Might be Empty:

- Undergoing renovation
- Awaiting permits for demolition
- In process of being sold or rented
- Probate (recent owner death)
- Owner in medical care
- Temporary absence for work/ holiday
- Properties occupied part of the year (Snowbirds)
- Short term rentals (Air B&B)
- Second homes visited occasionally by owners
- Long term empty housing

More Likely to be Exempted

Less Likely to be Exempted

Senior Government is Best Positioned to Take the Lead



It is challenging for the City to act alone to address empty homes.

The Province:

- *Already collects data* that helps identify empty housing
 - Homeowner Grant data on primary residences
 - Rent revenues for income tax purposes
- *Can address the issue across municipalities*, not just City of Vancouver



Senior Government is Best Positioned to Take the Lead



Province creates and administers (through BC Assessment) a new property tax class: 'Residential Vacant'

- City charges higher tax rate on identified properties
- Part of existing property assessment and taxation process



Potential for City Action



City-administered business tax on empty housing

- Vancouver Charter allows Council to enact a by-law providing for an annual tax, known as a 'business tax', on every person occupying or using any real property for the purpose of carrying on within the city, any business, trade profession or other occupation.



Other Potential Actions for the City



1. Provide information to assist owners in renting out units
 - Partnership with LandlordBC (e.g. webinars, self-study guides, telephone information hotline)
2. Develop a policy for using housing agreements to require occupancy in new multifamily developments
 - Applies to new buildings only
 - Limited to discretionary approvals such as rezonings



Next Steps - if approved by Council



Public and Stakeholder Consultation:

- Refine the process and implications of a tax
- Identify conditions where an empty property may qualify for exemption
- Identify market implications of a tax



Key Stakeholders/ Experts

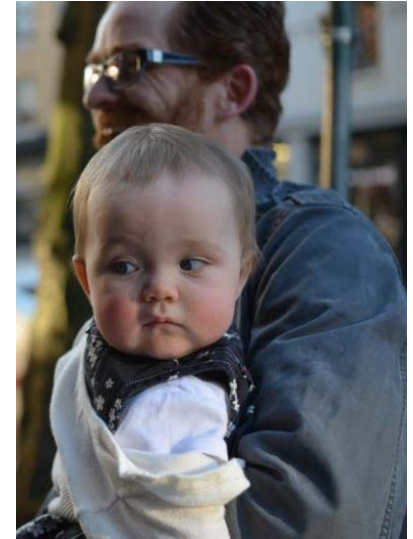
- Academics and Real Estate Experts
- Development Industry
- Vancouver Economic Development Corporation
- Board of Trade



Summary



1. Vancouver faces significant housing affordability challenges
 - Renters represent over 50% of households
 - Vacancy rate is 0.6%
2. Empty housing is a potential source of rental housing supply
3. Provincial action to create a “Residential Vacant” property tax class is preferred option
4. Potential for City to act alone if necessary
5. Additional consultation and program development work is needed



Recommendations



- A. Request that the Province create and administer a new property class “Residential Vacant” on the Assessment Roll so that Vancouver can set a different property tax rate for empty housing

- B. That if a written response has not been received from the Province by August 1st 2016 indicating its support for Recommendation A, in whole or in part, staff report back on a City-administered program to levy a tax on empty housing.

- C. Approve the following additional City actions to address empty housing:
 - Provide information to assist owners in renting out units; and
 - Direct staff to develop a policy for using housing agreements to require occupancy and report back to Council on the policy following additional analysis and consultation with stakeholders.



THANK YOU