



ADMINISTRATIVE REPORT

Report Date: November 6, 2016
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Meeting Date: November 15, 2016

TO: Vancouver City Council

FROM: General Manager of Finance, Risk and Supply Chain Management
in Consultation with the General Manager of Community Services

SUBJECT: Encouraging Homes for Renters: Recommended Approach for Taxing Empty Homes

RECOMMENDATION

- A. THAT Council approve the program to impose and collect a tax on empty homes as set out in this report, with all net monies raised from the tax to be used for the purposes of affordable housing initiatives.
- B. THAT Council approve, in principle, and instruct the Director of Legal Services to bring forward a by-law to impose and collect a tax on empty homes generally as set out in Appendix A for enactment.

REPORT SUMMARY

On September 20, 2016, Council approved in principle an emerging approach for taxing empty homes and directed staff to undertake public consultation on the approach prior to reporting back with a recommended program and by-law. This report recommends the adoption of the program and by-law for implementing a tax on empty homes.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

- On September 20, 2016, Council approved in principle an emerging approach for taxing empty homes and directed staff to undertake public consultation on the approach prior to reporting back with a recommended policy and by-law.
- Part XXX (Sections 615-622) of the Vancouver Charter provides authority for Council to, by by-law, impose an annual vacancy tax (referred to as “the tax on empty homes” or “the tax” throughout this report).

- Council approved the Housing and Homelessness Strategy in 2011 which outlined the City's housing challenges and plans.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

There is a housing crisis in Vancouver. Empty homes are a potential source of housing supply. The tax on empty homes will help address a crisis situation. Staff recommend the tax on empty homes be set at 1.0% of assessed value in 2017. Staff will monitor and report on the effectiveness and continuing need for the program on an annual basis and will recommend changes in the rate if it is warranted. The tax will complement the other actions that the City is taking to increase housing supply in Vancouver. The City Manager recommends approval of the recommendations as outlined above.

REPORT

Background/Context

There is a rental housing crisis in Vancouver.

Vancouver has the highest housing costs in Canada. High property values are contributing to rental housing demand as fewer households can afford to purchase a home. Rental housing is a very important part of the City's housing stock; 51% of households in Vancouver are renters. Vancouver has the lowest rental housing vacancy rate and highest rents of any major city in Canada. To address these challenges, Council approved the Housing and Homelessness Strategy in 2011 focusing on rental housing supply including targets for new supply. The City is achieving the majority of its targets but significant affordability challenges remain.

Empty homes in Vancouver - a potential source of rental housing

There have been several reports that provide evidence that there are a significant number of empty homes in Vancouver:

- October 2016 - Andy Yan released a report based on Census data from 1981 to 2011 demonstrating that the percentage of Metro Vancouver homes left vacant or not used as a primary residence has almost doubled since 1981.
- March 2016 - Council received a report with an analysis by Ecotagious based on BC Hydro electricity consumption data. The consultant report found that approximately 4.8% of all housing in the City was unoccupied for 12 months in 2014 and that 90% of unoccupied homes were apartments and condos. The study estimated that approximately 10,800 homes in Vancouver were unoccupied for at least 12 months.
- 2013 - Urban Futures released a report based on 2011 Census data showing that approximately 6.7% of Vancouver apartment dwellings were unoccupied on census day, compared to 7.0% average for all Canadian metro areas.
- 2009 - Andy Yan released a report based on an examination of BC Hydro data in a sample of downtown condos which found that 5-8% of condos in the sample were "dark".

Given the evidence of empty homes in Vancouver and the desire to use all available tools to increase rental housing supply, Vancouver City Council directed staff to investigate the potential for implementing a tax on empty homes in order to encourage owners to rent out empty and underutilized homes.

Policy Development Process

The approach for taxing empty homes has been shaped through a comprehensive process that involved consultation with experts (both local and international), property owners and the general public.

Immediately following the March 2016 report to Council on the number of empty homes in the City, Council directed staff to report back on options for addressing the empty homes issue. Based on this direction, staff organized a workshop session with local experts to brainstorm ideas for addressing the empty homes issue. Staff consulted representatives with a wide range of knowledge and expertise:

- 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

Staff reconvened the panel of local experts in August 2016 for a focused discussion on a potential approach to taxing empty homes. Discussion at the workshop included a review of best practices in other jurisdictions as well as commentary on key elements that should be included in the approach given local conditions.

There have been a number of public consultations throughout 2016. Results of an online Talk Vancouver public opinion survey with over 15,000 respondents were reported to Council on June 29, 2016 noting that over 90% of survey respondents agreed that empty housing is a problem in Vancouver.

Public outreach and consultation in October 2016 on the emerging approach included the following key elements:

1. Providing information (in English, Chinese and Punjabi) about the opportunities to learn about and provide feedback on the emerging approach for taxing empty homes through:
 - A mail-out to 200,000 residential property owners

- Advertising in print, online and social media
 - Updated webpages on the City's website
2. An online survey completed by over 10,000 respondents
 3. Two public open house events attended by approximately 450 people. Multilingual staff and display boards were available at these events.
 4. Presentations to and feedback from the Vancouver City Council Renters Advisory Committee and the Seniors Advisory Committee.

Over 10,000 people responded to the TalkVancouver survey in October: 27% of respondents were renters, 69% were owners. The survey shows that there is an awareness of the rental housing challenges in Vancouver and a degree of support for moving forward with the emerging approach for taxing empty homes. Overall, 63% of total respondents agreed or strongly agreed that the City is heading in the right direction with the proposed approach for taxing empty homes with support from renters being considerably higher than that of owners (81% vs. 56%). The full results of the October 2016 Talk Vancouver Survey are provided in Appendix B (quantitative results) and C (qualitative results). Letters, emails and phone calls from members of the public were received and reviewed by the City staff who also contacted all of the members of the public who requested a follow up conversation email (Appendix D).

Consultants

Two consultants were engaged by the City to provide expertise and advice in development of the program and by-law:

- Ernst & Young - program design and audit plan
- Bull Houser & Tupper - legal advice on bylaw.

Strategic Analysis

Recommended Approach for Taxing Empty Homes

The Provincial Government amended the Vancouver Charter on July 28, 2016, providing Council the authority to pass a by-law to implement a tax on empty homes. The proposed by-law is attached as Appendix A.

At its core, the tax on empty homes is to apply to residential property that was neither the principal residence of the owner or their permitted occupier (like a family member), nor occupied by a tenant or subtenant, for more than six months of the past calendar year, unless one of the exemptions in the by-law applies.

The Vancouver Charter requires the City to:

- define the circumstances in which a property is to be considered unoccupied and
- set out a length of time that the property would be unoccupied within a reference period before it is considered vacant property that is subject to the tax.

As such, the by-law provides that unoccupied property means property that was neither the principal residence of the owner or their permitted occupant (like a family member), nor occupied by a tenant or subtenant. If property was unoccupied for more than six months of the reference period (January to December of the past year), the by-law provides that it is considered to be vacant property and subject to the empty homes tax.

The tax rate is 1.0% of the property's assessed value for the reference year.

Self-declaration of Property Status

The by-law provides that the status of the property will be determined by means of an annual property status declaration to be completed by the owner. A property will be deemed to be vacant property that is subject to the tax if the owner fails to make a property status declaration, makes a false declaration, fails to provide information or evidence as required by the City, or provides false information.

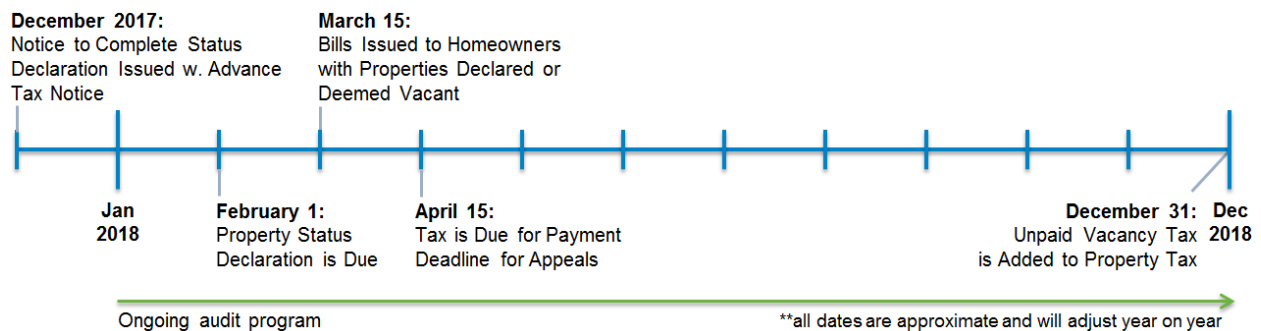
For the purposes of this declaration, there are four categories of property status:

- 1) Principal Residence
- 2) Tenanted
- 3) Eligible for Exemption or
- 4) Vacant Property.

Owners will receive notification to complete their property status declaration with their advance tax notices that are issued in December of each year. If council approves the program to tax empty homes as described in this report, the 2017 advance property tax notice issued in December 2016 will include a notification that the program is in effect starting January 1, 2017.

The program will follow the timeline outlined in Figure 1 below:

Figure 1: Approximate Timeline of Annual Tax Program



The principal residence of the owner, or a permitted occupier, for at least six months of the year, will not be subject to the tax.

1) Principal Residence Definition

In the by-law, “principal residence” is defined as follows:

“... the usual place where an individual lives, makes his or her home and conducts his or her daily affairs, including, without limitation, paying bills and receiving mail, and is generally the residential address used on documentation related to billing, identification, taxation and insurance purposes, including, without limitation, income tax returns, Medical Services Plan documentation, driver’s licenses, personal identification, vehicle registration and utility bills”

A principal residence will serve the function of being the centre of the occupant’s affairs and therefore evidence to support this should be easy to provide or obtain.

Applying the concept of principal residence provides for considerable flexibility for owners to leave their homes for extended period of time without being subject to the tax. Examples of situations that would be excluded from the tax include:

- Snowbirds who leave their home in Vancouver for a period of time every year
- University staff who take a sabbatical leave or
- Vancouver residents who take leave temporarily to care for an ill family member elsewhere but maintain their principal residence in Vancouver.

2) Long term rentals will not be subject to the tax

Properties that are rented for a minimum of 30 consecutive days and in aggregate for at least six months of the year, will not be subject to the tax.

Six months was considered as a reasonable amount of time to require rental occupancy as it provides new landlords with significant flexibility and time to find a suitable tenant both initially and in cases of tenant turnover. The minimum 30 days consecutive/six months in aggregate requirement would also address the requirements for the corporate rentals sector which provide worker accommodations for industries such as film and technology.

3) Exemption categories - will not be charged the tax

In the September 20, 2016 report to Council, staff proposed a number of situations that may warrant an exemption from the tax. Exemptions were considered and evaluated for reasonable administrative practicality and impact on the effectiveness of the tax program. The proposed exemptions were a key focus of the public consultation (see Appendix C for survey responses).

Table 1 below lists the September 20 exemption categories (with two additions), all of which were supported by the majority of public responses:

Table 1: Recommended Exemption Categories

Recommended Exemption	Comments
Property is undergoing major renovations, or is under construction or redevelopment (with permits)	This exemption includes properties with permits awaiting demolition for redevelopment. The exemption is consistent with the Residential Tenancy Act of BC which requires owners to have permits prior to issuing a notice to end tenancy. The City Building Official must agree that renovation and construction work is being carried out diligently and without unnecessary delay. Staff may bring forward complimentary changes in the Vancouver building by-law to support the effectiveness of this requirement.
Owner is deceased and grant of probate or administration pending	
Owner or other occupier is undergoing medical or supportive care	
Ownership changed during the vacancy reference period	
Property is subject to existing strata rental restrictions	This exemption will be limited to properties that had a rental restriction in effect prior to enactment of the empty homes tax.
Owner used home for at least six months of the year for work purposes but claims principal residence elsewhere.	
Property is under a court order prohibiting occupancy.	This exemption was added following public consultation.
Use of property is limited to vehicle parking, or the shape, size or other inherent limitation preclude the ability to construct a residential building.	

4) The tax will be administered at a parcel level

The enabling legislation allows the City to levy taxes on a parcel of residential property (including strata lots) and does not allow the city to go beyond the parcel level. For example, a house with a basement suite or laneway house would not be subject to the tax if at least one of the units is occupied. Similarly, purpose built rental buildings are treated as one parcel (one property tax bill) so the tax would not apply if at least one unit on the parcel is occupied. This is considered acceptable to staff given the very low vacancy rate in purpose built rental buildings (0.6% in 2015). Additionally, it is important to note that the tax will apply to vacant land that is assessed as Class 1 residential by BC Assessment Authority, but excludes parcels which are multi-class.

5) Properties declared or deemed vacant will be subject to the tax.

Property that has been declared as vacant, or has been deemed as vacant will be subject to the tax. Property may be deemed vacant because the owner:

- failed to make a property status declaration,
- made a false declaration,
- failed to provide information or evidence as required by the City, or
- provided false information.

In these situations, the owner may also be subject to fines.

Audit Program

A component of an effective self-declaration program is a robust audit program. Properties may be selected for audit on a random or specific criteria basis. If selected for audit, the City requires the owner to provide information and evidence to substantiate:

- the identity and address of the owner or occupant and
- the nature of occupancy of the property during the vacancy reference period.

E&Y has advised that the evidence provided should be appropriate and sufficient. Generally more than one piece of evidence will be required. The list below provides examples of the types of evidence that the City will request if a declaration is selected for audit:

Evidence of Principal Residence

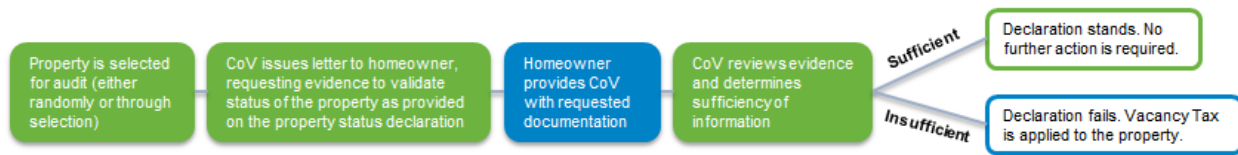
- BC Driver's License
- BC Medical Services Card/ Medical Services Plan Invoice
- Other Government Issued Photo ID
- Valid ICBC Vehicle Insurance/ Registration
- Voter Registration
- Income Tax Notice of Assessment

Evidence of Rental Tenancy

- Evidence from Owner
 - Lease agreement
 - Rental insurance agreement
 - Occupant name(s)
 - Proof of Rental Income (e.g. Owner's CRA return, financial statements)
- Evidence from Tenant (if available to owner)
 - Same evidence identified above for owner's principal residence
 - Legal agreements (owner/tenant/ property manager)
 - Tenant rental/contents insurance
 - Signed affidavit attesting to tenanted use of property

Different types of evidence will be required for different status of property and exemptions. If the evidence is insufficient, the property status declaration fails, and the tax and fines will be applied. Figure 2 outlines the Audit Process.

Figure 2: Audit Process

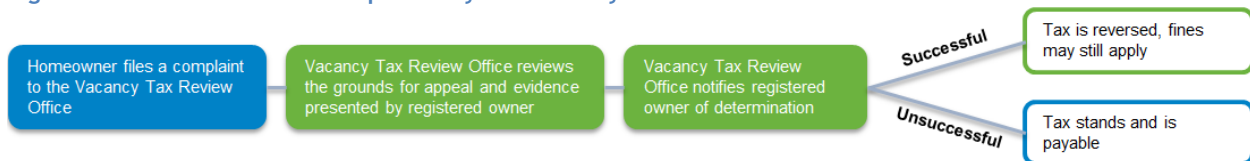


Complaint/Appeal Process

For the purposes of this program, the use of the word “complaint” is in accordance with the Vancouver Charter, and refers to what may more commonly be referred to as an appeal. The by-law stipulates that Council appoints a Vacancy Tax Review Officer and a Vacancy Tax Review Panel. The Vacancy Tax Review Officer reviews files to determine whether there has been an error or omission on the part of the City or the owner in the imposition of the tax.

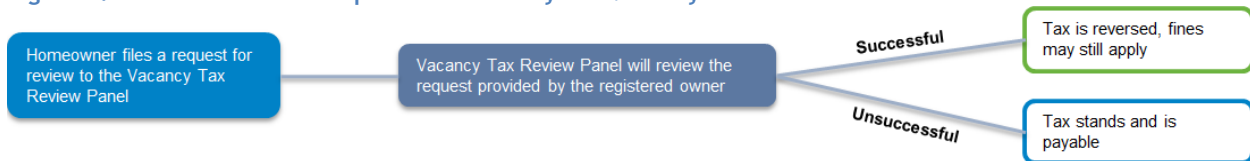
Complaints must be submitted to the Vacancy Tax Review Officer within 30 days of the date of issue of the vacancy tax notice. The complaint must include the basis and documentation to support the claim. Penalties for failure to declare may still apply if the property was deemed vacant due to the inaction of the owner. Figure 3 outlines the process to review complaints.

Figure 3: Process to review complaints by the Vacancy Tax Review Office



Decisions by the Vacancy Tax Review Officer may be appealed to the Vacancy Tax Review Panel. Appeals must be received within 21 days of the date of issue of the determination of the Vacancy Tax Review Officer and must include the grounds of the appeal and the information and evidence that were provided to the Vacancy Tax Review Officer. The decision of the Vacancy Tax Review panel is final. Figure 4 outlines the Vacancy Tax Review Panel process.

Figure 4: Process to review requests received by the Vacancy Tax Review Panel



Fines and Penalties

Penalties for Failure to Pay

Similar to property taxes, a 5% penalty will be applied to properties that have unpaid vacancy tax after the due date (tenth business day of April) each tax year. Outstanding balances at December 31 will be added to the property tax account as arrears and will accrue interest daily. Continued failure to pay is subject to the same remedies as property taxes, including tax sale.

Fines for Offence

Every person who commits an offence against the by-law is punishable on conviction of a fine of not less than \$250, and not more than \$10,000 for each offence, including a fine for each day an offence continues.

Offences include:

- **Failure to Declare**
If an owner fails to declare the status of their property by the second business day in February, the property will be deemed vacant and subject to the tax. In addition, a fine for failure to submit a property status declaration will apply.
- **False Declaration**
If an owner is found to have made a false declaration, the tax will be applied and the owner will face fines of up to \$10,000 per day of the continuing offence.
- **Insufficient or False Information or Evidence**
If an owner fails to provide information or to submit required evidence as requested or provides false information or submits false evidence to the City, the owner will face fines of up to \$10,000.

IMPLICATIONS/RELATED ISSUES/RISK

Financial

Tax Rate

On September 20, 2016 Council directed staff to consult with the public on the tax rate. An appropriate rate would be at a level that would encourage owners of empty or underutilized homes to rent or otherwise occupy their properties.

The recommended tax rate is 1% of assessed value of the property.

Staff had initially proposed a rate of between 0.5% and 2%. Public consultation did not show a clear preference between a low, medium or high tax rate. Owners who completed the survey preferred a lower tax rate while renters preferred a higher rate. Staff and E&Y considered the potential impact of varying levels of taxation on the effectiveness of the program. The ultimate impact of the program will be determined by a number of variables in addition to the tax rate, such as exemption rates, compliance levels, behavioural changes (i.e. conversions to occupied housing) and possible market changes.

Financial modelling on these variables and scenarios indicates that a 1.0% tax rate could result in between 1,500 and 4,200 units being converted to occupancy. These scenarios are based on a number of assumptions which cannot be accurately estimated at this time, and as such are not intended to be interpreted as a predictive forecast. They do, however, provide examples of possible outcomes.

For comparison, based on 2016 assessed values, a 1.0% vacancy tax rate for Class 1 residential property would result in approximately the same amount of tax (total property and vacancy tax) as applying the Class 6 property tax business rate. To maintain the alignment to the

business tax, the rate will be reviewed periodically and be adjusted to ensure the effectiveness of the program.

While the objective of the program is to increase the supply of rental homes within the City, the tax is expected to generate revenues to firstly cover administration and collection costs, with any net revenue to be used for affordable housing initiatives as required by the Vancouver Charter.

Program Costs

Project Costs

Implementation of the program requires the following one-time incremental funding over the initial 3 years which includes project team resources as well as set up costs for a new administration, audit and collection team and technology to automate the process. The anticipated cost over 3 years for implementation is \$4.7 million:

Year	Cost
2016	\$ 400,000
2017	2,100,000
2018	2,200,000
	\$ 4,700,000

One-Time Project Costs	
Project team support	\$ 880,000
Business support	180,000
Technical support	1,450,000
Professional services and software	1,400,000
Hardware	100,000
Contingency	690,000
Total	\$ 4,700,000

Business support includes internal subject matter experts in areas such as revenue services, tax policy, housing policy, legal services and communications. Technical support includes internal resources to support 311, website development and systems configuration and testing, needed to support the implementation of the program.

For 2016, project costs of \$0.4 million are being funded from within the approved 2016 operating budget. A 2017 project budget of \$2.1 million will be brought forward through the 2017 operating budget process. 2018 project costs will be brought forward through the 2018 operating budget process.

Annual Operating costs

Ongoing operation of the program is estimated to have ongoing annual costs of \$1.5 million beginning in 2018.

Annual Operating Costs Summary	
Notices mailed	\$ 100,000
Admin Staffing/Contractors	\$ 920,000
IT Operating	\$ 370,000
Ongoing Program Costs	\$ 110,000
Total Annual Operating	\$ 1,500,000

Annual operating costs and future tax revenues will be brought forward through the 2018 operating budget process.

The one-time project costs and annual operating costs will be funded by the future tax revenues collected from the program.

Human Resources/Labour Relations

The Empty Homes Tax program will require the creation of new roles/positions starting in 2017 and 2018. The organizational design work will be completed early in 2017 resulting in a human resources plan for the required roles, performing organizations/business units, and reporting relationships. The positions will be both union and exempt covering administration, audit, appeal review, adjudication, and IT operations.

Legal

Part XXX (attached as Appendix E) of the Vancouver Charter authorizes the City to, by by-law, impose an annual vacancy tax. The by-law attached as Appendix A is drafted in accordance with the requirements of the Vancouver Charter. The authority set out in Part XXX of the Vancouver Charter is unique to the City and is not mirrored in other municipal legislation in BC so there is little precedent to guide the City in imposing this new tax.

Additional Considerations

Communication and Education for Property Owners

If the Vacancy Tax is approved, staff will prepare and implement a comprehensive communications plan to:

- consistently and regularly notify owners about the new tax and the requirements for exemption
- educate and provide support for property owners who wish to convert their vacant properties to rental.

The communications strategy will include mail outs inserted into property tax notices, online resources and a hotline that connects owners to a dedicated city staff resource that would be available to explain the program to owners. Support for owners will also include links to Landlord BC resources.

Compliance with proposed regulation of short-term rentals

In October 2016, Council endorsed an approach for regulating short-term rentals in Vancouver and directed staff to engage key stakeholders and the public to refine the proposed policy approach and to report back with the by-laws required to enact these regulations and a plan, schedule and resourcing proposal for implementation. The approach is consistent with the recommended approach for taxing empty homes. It contains the following key components:

- Allow owners and renters with a valid business licence to rent part or all of their principal residence on a short-term basis.
- Short-term rental in non-principal residences (e.g. investment properties) should remain illegal.

Non-Principal Residences

The potential for full or partial exemption of non-principal residences (NPRs) such as second homes and vacation homes was the number one issue raised in the public consultation. In general, most owners of NPRs felt that second homes used occasionally or regularly should not be treated in the same way as homes that are empty for 12 months of the year. Staff identified this concern as an issue for Council in the September 20 report on the emerging approach noting that a discussion with the public would be undertaken on this issue in particular.

A detailed review and analysis was completed on the options to address NPRs. One of the major challenges is the aspect of length of occupancy and how it can be verified. Discussions with other jurisdictions and E&Y have pointed to the substantial risks, and they recommend to avoiding programs linked to length of occupancy.

Determining length of occupancy involves not only an administrative burden and cost to the City but also places an onus on the owner to maintain logs (activity, travel, etc.), receipts (of local expenditures) and other information. This type of evidence would not only be time-consuming and laborious to collect but also to audit. E&Y's assessment of this type of evidence for auditability (and sufficiency and appropriateness) is that it is weak and prone to falsification.

Providing a discounted rate or exemption for second homes could likely increase the tendency for many property owners to “gravitate” into this category. This would have a significant impact on the core objectives of the tax program to increase the number of rental units available. It may also affect revenue levels and administrative costs would be materially higher.

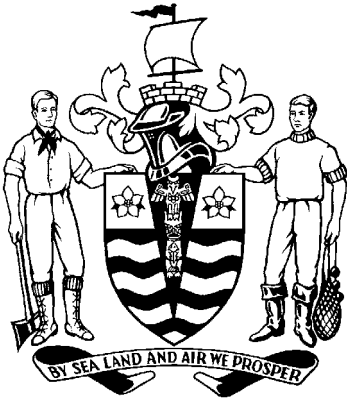
For these reasons, staff do not recommend that the tax program include full or partial exemptions for NPRs based on usage.

CONCLUSION

This report describes the recommended program, estimated budget and by-law for implementing a tax on empty homes. If Council approves, the program will be effective for the 2017 year and staff will finalize the implementation plan.

* * * * *

CITY OF VANCOUVER
BRITISH COLUMBIA



VACANCY TAX BY-LAW NO. _____

VACANCY TAX BY-LAW

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10.1 Force and Effect

BY-LAW NO. _____

A By-law to impose and collect a vacancy tax

THE COUNCIL OF THE CITY OF VANCOUVER, in public meeting, enacts as follows:

**SECTION 1
INTERPRETATION**

Name of By-law

1.1 The name of this By-law, for citation, is the “Vacancy Tax By-law”.

Definitions

1.2 In this by-law:

“business day” means any day other than a Saturday, Sunday or a holiday;

“occupier” means a registered owner or a person who occupies residential property with the permission of the registered owner but is not a tenant or subtenant;

“notice of complaint” means a notice submitted by a registered owner pursuant to section 6.4;

“principal residence” means the usual place where an individual lives, makes his or her home and conducts his or her daily affairs, including, without limitation, paying bills and receiving mail, and is generally the residential address used on documentation related to billing, identification, taxation and insurance purposes, including, without limitation, income tax returns, Medical Services Plan documentation, driver’s licenses, personal identification, vehicle registration and utility bills;

“registered owner” means the person registered in the land title office as entitled to the fee simple;

“residential property”, subject to any applicable regulations, means real property classified only as class 1 property (residential) under the *British Columbia Assessment Act*;

“supplementary vacancy tax notice” means a notice issued to a registered owner of residential property where the Collector of Taxes has determined after the 10th business day of March of the current tax year, that a vacancy tax notice should have been issued for a parcel of residential property for either the current tax year or one or both of the two most recent tax years;

“taxable assessed value” means the assessment value used in setting the City’s real property tax rates under sections 373 and 374 of the Vancouver Charter;

“taxable property”, in relation to a vacancy tax, means residential property that is all of the following:

- (a) vacant property;
- (b) not exempt from taxation under section 373 of the Vancouver Charter; and
- (c) not exempt from the vacancy tax under this by-law;

“tax year” means a calendar year;

“vacancy reference period” means the twelve months of a tax year;

“vacancy tax notice” means a notice issued to a registered owner of taxable property setting out the vacancy tax that is imposed on that taxable property in accordance with this by-law;

“vacancy tax review officer” means the person appointed by Council to administer complaints made in accordance with the vacancy tax review provisions of this by-law and his or her delegates; and

“vacancy tax review panel” means the panel appointed by Council to administer reviews in accordance with the vacancy tax review provisions of this by-law.

Table of contents

1.3 The table of contents for this By-law is for convenient reference only, and is not for use in interpreting or enforcing this By-law.

Severability

1.4 A decision by a court that any part of this By-law is illegal, void, or unenforceable severs that part from this By-law, and is not to affect the balance of this By-law.

SECTION 2 VACANCY TAX

Vacancy tax

2.1 A vacancy tax shall be imposed on every parcel of taxable property in accordance with this By-law.

Unoccupied property

2.2 Residential property is considered to be unoccupied in the following circumstances:

- (a) the residential property is not the principal residence of an occupier; or

- (b) the residential property is not occupied by a tenant or subtenant for a term of at least 30 consecutive days.

Vacant property

2.3 Residential property is considered to be vacant property if:

- (a) it has been unoccupied for more than 180 days during the vacancy reference period; or
- (b) it is deemed to be vacant property in accordance with this by-law.

Vacancy tax rate

2.4 The rate of the vacancy tax is 1 % of the taxable assessed value of a parcel of taxable property.

Date for payment of vacancy tax

2.5 The amount stated as due and payable on a vacancy tax notice issued pursuant to this by-law is due and payable by the registered owner of taxable property on or before the 10th business day of April of the year that the vacancy tax notice is issued.

Date for payment pursuant to supplementary vacancy tax notice

2.6 The amount stated as due and payable on a supplementary vacancy tax notice issued pursuant to this by-law is due and payable by the registered owner of taxable property on the due date set out in the supplementary vacancy tax notice.

Penalty for failure to pay vacancy tax

2.7 A vacancy tax which is due and payable and remains unpaid as of the 10th business day of April of the year in which it is due and payable is to incur and bear a penalty of 5%.

Penalty for failure to pay pursuant to supplementary vacancy tax notice

2.8 A vacancy tax which is due and payable and remains unpaid as of the due date set out in the supplementary vacancy tax notice is to incur and bear a penalty of 5%.

Vacancy tax is levy

2.9 A vacancy tax, together with any penalties levied for failure to pay the tax in accordance with this by-law, is a levy that may be lawfully inserted in the real property tax roll and may be collected as real property taxes, pursuant to Sections 409(2) and (3) of the Vancouver Charter.

SECTION 3 EXEMPTIONS

Property forming part of estate of deceased

3.1 A vacancy tax is not payable under this by-law for a parcel of residential property if the residential property was unoccupied for more than 180 days during the vacancy reference period because the registered owner of the residential property is deceased and neither a grant of probate of the will of the deceased, nor a grant of administration of the estate of the deceased has been provided.

Property undergoing redevelopment or major renovations

3.2 A vacancy tax is not payable under this by-law for a parcel of residential property if the residential property:

- (a) was unoccupied for more than 180 days during the vacancy reference period in order to redevelop the property or safely carry out major renovations; and
- (b) was undergoing redevelopment or major renovations,
 - i. for which permits have been issued by the City, and
 - ii. which, in the opinion of the City Building Official, are being carried out diligently and without unnecessary delay.

Property of owner in care

3.3 A vacancy tax is not payable under this By-law for a parcel of residential property if the residential property was unoccupied for more than 180 days during the vacancy reference period because the occupier or tenant or subtenant is undergoing medical or supportive care.

Rental restriction or prohibition

3.4 A vacancy tax is not payable under this by-law for a parcel of residential property if the residential property was unoccupied for more than 180 days during the vacancy reference period because:

- (a) the residential property is a strata unit in a strata development;
- (b) prior to the date of enactment of this by-law, the by-laws of the strata corporation limited or prohibited rentals; and
- (c) rental of the residential property is not permitted because the maximum allowable number of permitted strata rentals for the strata development has already been reached.

Transfer of property

3.5 A vacancy tax is not payable under this by-law for a parcel of residential property if the title to the residential property was transferred during the applicable vacancy reference period.

Occupancy for full-time work

3.6 A vacancy tax is not payable under this by-law for a parcel of residential property if the residential property was not the principal residence of a registered owner during the vacancy reference period, but was occupied by a registered owner for a minimum of 180 days during the vacancy reference period because the registered owner worked in the City.

Court order

3.7 A vacancy tax is not payable under this by-law for a parcel of residential property if the residential property was unoccupied for more than 180 days during the vacancy reference period solely because a court order prohibits its occupancy.

Limited use residential property

3.8 A vacancy tax is not payable under this by-law for a parcel of residential property if the residential property was unoccupied for more than 180 days during the vacancy reference period because:

- (a) the lawful use of the property is limited to vehicle parking; or
- (b) as a result of the size, shape or other inherent limitation of the parcel, a residential building cannot be constructed on the parcel.

SECTION 4 ADMINISTRATION

Administrator

4.1 The Collector of Taxes is authorized to administer this by-law.

Property status declaration form

4.2 On or before the 31st day of December of each year, the Collector of Taxes must cause to be mailed to each registered owner of residential property whose name appears on the real property tax roll, to the address appearing on the real property tax roll, a property status declaration form.

Record of mailing

4.3 The Collector of Taxes must keep a record of the date of mailing of the property status declaration form.

Deemed receipt

4.4 A property status declaration form mailed in accordance with this by-law is deemed to have been received by the registered owner four days after mailing.

Completion and return of property status declaration

4.5 A property status declaration must be completed and returned by the registered owner to the City on or before the 2nd business day of the February following the receipt of the property status declaration form.

Review of completed property status declaration

4.6 The Collector of Taxes must review each completed property status declaration and determine whether the information provided by a registered owner is sufficient, in the opinion of the Collector of Taxes, to establish the status of a residential property during the vacancy reference period.

Requirement for further information

4.7 The Collector of Taxes may require a registered owner to provide information at any time and for a period of up to two years after the applicable vacancy reference period respecting:

- (a) the property;
- (b) the identity and address of the registered owner;
- (c) the identity and address of any person occupying the property;
- (d) the status of the property; and
- (e) the nature of the occupancy of the property during the vacancy reference period.

Requirement to submit evidence

4.8 The Collector of Taxes may require a registered owner to submit evidence to verify a property status declaration and the status of the property.

Type and form of information and evidence

4.9 The information or evidence required by the Collector of Taxes pursuant to this by-law may include but is not limited to:

- (a) copies or certified copies of:
 - i. ICBC vehicle insurance and registration,

- ii. government-issued personal identification, including, without limitation, driver's license, BCID card, British Columbia Services Card,
 - iii. Medical Services Plan or ambulance invoice,
 - iv. income tax returns and notices of assessment,
 - v. tenancy agreements,
 - vi. copies of wills and letters of probate,
 - vii. employment contracts, pay statements or records of employment,
 - viii. verification of educational enrolment form,
 - ix. court orders,
 - x. insurance certificates for homeowners or tenants insurance,
 - xi. strata by-laws, minutes of strata meetings or records prepared or maintained by the strata; and
- (b) statutory declarations or affidavits regarding the status of the property.

Power to request particulars from registered owner

4.10 The Collector of Taxes may require a registered owner who has not submitted a completed property tax declaration form, to provide information or submit evidence in accordance with 4.7, 4.8 or 4.9 of this by-law.

Power of entry

4.11 The Collector of Taxes, and anyone authorized to act on behalf of the Collector of Taxes, is authorized to enter onto residential property for the purpose of determining the status of the property and whether the property is subject to the vacancy tax, except that the Collector of Taxes must first:

- (a) send a registered letter to the registered owner at the address appearing on the real property tax roll, advising of the time and date of the inspection; and
- (b) post a copy of the registered letter on the residential property.

Determination of taxable property

4.12 The Collector of Taxes must review the property tax declaration form, and all information and evidence collected in regards to a parcel of residential property and must determine whether or not the parcel is taxable property that is subject to the vacancy tax, except that, in the case of a parcel of residential property deemed to be

vacant under this by-law, the Collector of Taxes must consider the parcel to be vacant property and subject to the vacancy tax.

Vacancy tax notice

4.13 Subject to Section 4.14, the Collector of Taxes must cause a vacancy tax notice to be mailed to each registered owner of taxable property on or before the 10th business day of March of each year.

Supplementary vacancy tax notice

4.14 If the Collector of Taxes determines at any time after the 10th business day of March that a vacancy tax notice should have been issued for a parcel of residential property for either the current tax year or one or both of the two most recent tax years to which this by-law applies, the Collector of Taxes must cause a supplementary vacancy tax notice to be mailed to the registered owner of the taxable property for the applicable tax year or years.

Record of mailing

4.15 The Collector of Taxes must keep a record of the date of mailing of vacancy tax notices and supplementary vacancy tax notices.

Deemed receipt

4.16 A vacancy tax notice or a supplementary vacancy tax notice mailed in accordance with this by-law is deemed to have been received by the registered owner four days after mailing.

Record of taxable properties

4.17 The Collector of Taxes must prepare a record of all taxable properties listing all of the parcels of residential properties in respect of which a vacancy tax notice has been issued, on or before the 10th business day of March each year.

Corrections to taxable property record

4.18 If a parcel of residential property that has been listed on the record of taxable properties is subsequently determined not to be taxable property or if a supplementary vacancy tax notice has been issued for a residential property in accordance with this by-law, the Collector of Taxes must correct and update the record of taxable properties.

Refunds for overpayment

4.19 The Collector of Taxes must refund to a registered owner any excess amount of vacancy tax paid by the registered owner and any amount of penalty and interest paid pursuant to this by-law on the excess amount.

No payment of interest

4.20 No interest is payable on any refund authorized by this by-law.

SECTION 5 RESPONSIBILITIES OF THE OWNER

Requirement for declaration

5.1 A registered owner of residential property must not fail to make a property status declaration in accordance with this by-law.

Due date for submission

5.2 A registered owner of residential property must submit a completed annual property status declaration to the City on or before the 2nd business day in February of each year.

False declaration

5.3 A registered owner must not:

- (a) make a false property status declaration; or
- (b) fail to correct a false property status declaration.

Providing information or evidence

5.4 A registered owner:

- (a) must provide any information or submit any evidence that is required by the Collector of Taxes in accordance with this by-law;
- (b) must provide the information or submit the evidence in the form and within the time stipulated by the Collector of Taxes; and
- (c) must not provide false information or submit false evidence to the Collector of Taxes.

SECTION 6 COMPLAINTS AND REVIEW PROCESS

Vacancy tax review officer

6.1 The vacancy tax review officer is authorized to administer the applicable provisions of this by-law.

Complaint to vacancy tax review officer

6.2 A registered owner who has received a vacancy tax notice or supplementary vacancy tax notice may submit a complaint regarding the decision to impose the vacancy tax, to the vacancy tax review officer, on one or more of the following grounds:

- (a) an error or omission on the part of the City resulted in the imposition of the vacancy tax; or
- (b) an error or omission on the part of the registered owner in completing the property status declaration resulted in the imposition of the vacancy tax.

Complaint process

6.3 A registered owner may submit a complaint to the vacancy tax review officer by submitting a notice of complaint:

- (a) in the case of a vacancy tax notice, on or before the 10th business day of April of the year in which it is due and payable; and
- (b) in the case of a supplementary vacancy tax notice, within 28 days of the date of issue noted on the supplementary vacancy tax notice;

unless such time period is extended by the vacancy tax review officer.

Notice of complaint

6.4 The notice of complaint must:

- (a) identify the residential property in respect of which the complaint is made;
- (b) include the full name of the complainant and a telephone number or email address at which the complainant may be contacted during regular business hours;
- (c) indicate whether the complainant is the registered owner of the property to which the complaint relates;
- (d) if the complainant is an agent acting on behalf of the registered owner, include information regarding the nature of their terms of agency and authority to act on behalf of the registered owner;
- (e) include an address for delivery where the City may send any notices in respect of the complaint;
- (f) state the grounds on which the complaint is based under Section 6.2;
- (g) state why the parcel should not be subject to the vacancy tax based on the grounds of complaint; and
- (h) provide supplementary information and evidence to substantiate the reasons for the complaint.

Request for further information or evidence

6.5 Upon receiving a notice of complaint, the vacancy tax review officer may require the registered owner to provide any of the information or evidence that is set out in Sections 4.7, 4.8 and 4.9.

Consideration of complaint

6.6 Subject to the provisions of this by-law, the vacancy tax review officer must, with all due dispatch, consider the notice of complaint and any supplementary information and evidence, make a determination on the complaint, advise the registered owner of the determination and, if the complaint is upheld, rescind the vacancy tax notice.

Determination to be mailed

6.7 The vacancy tax review officer must advise the registered owner of the determination by mailing a copy of the determination to the registered owner at the address provided by the registered owner pursuant to Section 6.4(e).

Deemed receipt of determination

6.8 A determination of the vacancy tax review officer that has been mailed in accordance with this by-law is deemed to have been received by the registered owner four days after mailing.

Review by vacancy tax review panel

6.9 A registered owner who has received a determination of the vacancy tax review officer may request a review of that determination by the vacancy tax review panel.

Review process

6.10 A registered owner who wishes a review by the vacancy tax review panel must submit a review request to the vacancy tax review panel within 21 days of the date of deemed receipt of the determination of the vacancy tax review officer.

Review request

6.11 The review request must:

- (a) identify the residential property in respect of which the request is made;
- (b) include the full name of the requestor and a telephone number email address at which the requestor may be contacted during regular business hours;
- (c) indicate whether the requestor is the registered owner of the property to which the request relates;

- (d) if the requestor is an agent acting on behalf of the registered owner, include information regarding the nature of their terms of agency and authority to act on behalf of the registered owner;
- (e) include an address for delivery where the City may send any notices in respect of the request;
- (f) state the grounds on which the review request is based;
- (g) include a copy of the vacancy tax review officer's determination; and
- (h) provide the supplementary information and evidence that was previously provided to the vacancy tax review officer to substantiate the reasons for complaint.

Consideration of review

6.12 Subject to the provisions of this by-law, the vacancy tax review panel must, with all due dispatch, consider the review request based on the materials provided pursuant to Section 6.11 and, without a hearing, make a determination on the review, advise the registered owner of its determination and if the review is upheld, rescind the vacancy tax notice.

Review is final

6.13 The determination of the vacancy tax review panel is final and no appeal lies from the determination of the vacancy tax review panel.

SECTION 7 DEEMED VACANCY

Property considered to be taxable

- 7.1 A parcel of residential property in respect of which a registered owner:
- (a) fails to make a property status declaration as required by this by-law;
 - (b) makes a false property status declaration;
 - (c) fails to provide information or to submit required evidence to the Collector of Taxes in accordance with this by-law, including, without limitation, the information or evidence that may be required pursuant to Sections 4.7, 4.8 or 4.9 of this by-law; or
 - (d) provides false information or submits false evidence to the Collector of Taxes;

is considered to be vacant property and is subject to the vacancy tax.

SECTION 8 OFFENCES AND PENALTIES

Offences

8.1 A person who:

- (a) violates any provision of this by-law, or does any act or thing which violates any provision of this by-law, or permits, suffers or allows any other person to do any act or thing which violates any provision of this by-law;
- (b) neglects to do or refrains from doing anything required to be done by any provision of this by-law; or
- (c) fails to comply with an order, direction, or notice given under any provision of this by-law, or permits, suffers or allows any other person to fail to comply with an order, direction, or notice given under any provision of this by-law,

is guilty of an offence against this by-law, and liable to the penalties imposed under this section and under the Vancouver Charter.

Fine for offence

8.2 Except as otherwise provided in this By-law, every person who commits an offence against this by-law is punishable on conviction by a fine of not less than \$250.00, and not more than \$10,000.00 for each offence.

Fine for continuing offence

8.3 Every person who commits an offence of a continuing nature against this by-law is punishable upon conviction by a fine of not less than \$250.00, and not more than \$10,000.00 for each day such offence continues.

SECTION 9 ANNUAL REPORT

Preparation of annual report

9.1 On or before November 1st of each year, the Collector of Taxes must prepare a report regarding the vacancy tax from the previous vacancy reference period, which must include:

- (a) the amount of monies raised by the vacancy tax; and
- (b) how the monies raised by the vacancy tax were or are intended to be used.

Publication of annual report

9.2 The annual report regarding the vacancy tax must be posted on the City of Vancouver website by December 1st of each year.

**SECTION 10
ENACTMENT**

Force and effect

10.1 This By-law is to come into force and take effect on the date of its enactment.

ENACTED by Council this
, 2016

day of

Mayor

City Clerk

EXPLANATION

Vacancy Tax By-law

Enactment of this by-law will implement Council's resolution of November 15, 2016 to impose an annual vacancy tax.

Director of Legal Services
November 15, 2016

Talk Vancouver Quantitative Survey Results

Summary of Quantitative Survey Results

Over 10,000 people responded to the City of Vancouver Survey on the emerging approach for the Tax, which ran from September 23, 2016 to October 18, 2016. The survey asked participants what they thought of policy directions proposed by the Tax and their perception of rental housing affordability in Vancouver.

Detailed Survey Results

About Your Housing Situation

Figure 1. Do you rent or own?

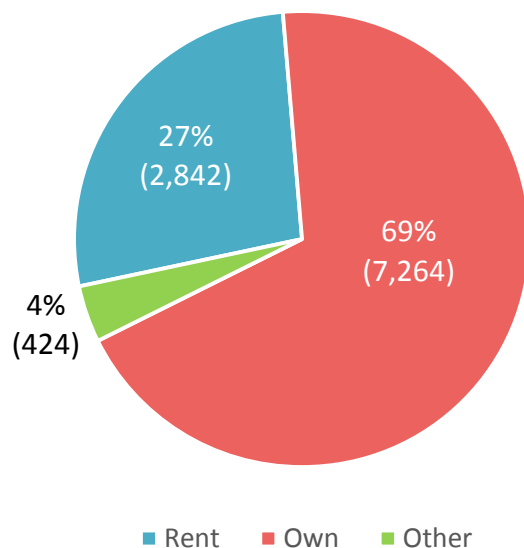
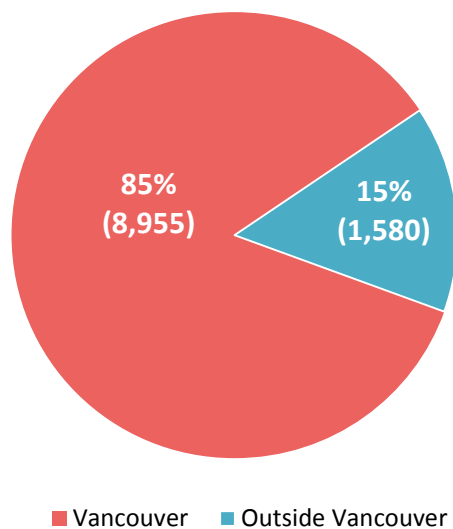


Figure 2: Where do you live?



- The majority of survey responses (69%) were represented by residents that owned a home (Figure 1).
- 85% of survey respondents indicated that they live in Vancouver (Figure 2).

Emerging Approach

What do you think about the state of rental housing in Vancouver? Do you agree or disagree with the following?

- The majority of respondents agreed or strongly agreed that there is a rental housing crisis in Vancouver (74% overall, 91% of renters, and 68% of owners).
- The majority of respondents agreed or strongly agreed that it is difficult to find rental housing in Vancouver (76% overall, 93% of renters, and 70% owners).
- The majority of respondents agreed or strongly agreed that governments should increase supply of rental housing (68% overall, 86% of renters, and 61% owners).

	There is a current housing crisis for renters in Vancouver				It is difficult to find rental housing in Vancouver				Governments should increase supply of rental housing			
	Total	Tenure			Total	Tenure			Total	Tenure		
		Rent	Own	Other		Rent	Own	Other		Rent	Own	Other
Strongly Agree	51%	80%	40%	60%	52%	80%	41%	57%	42%	68%	32%	52%
Agree	23%	11%	28%	18%	24%	13%	29%	21%	26%	18%	29%	21%
Neutral	14%	4%	18%	13%	14%	3%	18%	13%	17%	8%	20%	17%
Disagree	7%	3%	9%	5%	7%	2%	8%	7%	8%	3%	10%	5%
Strongly Disagree	4%	2%	4%	3%	3%	2%	4%	2%	7%	3%	9%	4%

Overall, do you agree or disagree that the City is heading in the right direction with this approach?

- The majority of respondents agreed or strongly agreed that the City is heading in the right direction with this approach (63% overall, 81% of renters, and 56% of owners).
- A higher percentage of renters strongly agreed or agreed that the city is heading in the right direction with this approach.
-

	Total	Tenure		
		Rent	Own	Other
Strongly Agree	31%	41%	27%	26%
Agree	32%	40%	29%	28%
Neutral	7%	6%	8%	8%
Disagree	11%	6%	13%	13%
Strongly Disagree	19%	7%	24%	24%

Is this proposed approach understandable?

- The majority of respondents found the proposed approach very easy or easy to understand (81% overall, 90% of renters, and 77% of owners).

	Total	Tenure		
		Rent	Own	Other
Very easy to understand	28%	33%	26%	24%
Easy to understand	53%	57%	51%	57%
Hard to understand	13%	8%	15%	12%
Very hard to understand	6%	2%	8%	7%

Potential Exemptions

Survey results from Part 3: Potential Exemptions, Question 1: “do you agree or disagree that these are the types of situations that should be exempted from the tax”?

- Overall, the majority of respondents strongly agreed or agreed that cases where the owner was recently deceased and estate was in probate should be exempt from the proposed tax (91% overall, 86% of renters, and 93% of owners).
- Overall, the majority of respondents strongly agreed or agreed that cases where the home was undergoing major renovation with permits should be exempt from the proposed tax (86% overall, 76% of renters, and 91% of owners).
- Overall, the majority of respondents strongly agreed or agreed that cases where the owner was in residential care with reasonable expectation of return should be exempt from the proposed tax (90% overall, 86% of renters, and 92% of owners).
- Overall, the majority of respondents strongly agreed or agreed that cases where the property was sold should be exempt from the proposed tax (63% overall, 42% of renters, and 72% of owners). However, less than 50% of renters agreed or strongly agreed with this statement.
- Overall, the majority of respondents strongly agreed or agreed that cases where the property was subject to rental restrictions should be exempt from the proposed tax (62% overall, 41% of renters, and 70% of owners). However, less than 50% of renters agreed or strongly agreed with this statement.
- Overall, the majority of respondents strongly agreed or agreed that cases where the owner or tenant used the home for the majority of the year for work/ study purposes but claims principal residence elsewhere should be exempt from the proposed tax (56% overall, 36% of renters, and 64% of owners). However, less than 50% of renters agreed or strongly agreed with this statement.

Tenure	Owner was recently deceased and estate was in probate*	Home was undergoing major renovation with permits*	Owner was in residential care with reasonable expectation of return*	Property was sold*	Property was subject to rental restrictions*	Owner or tenant used home for the majority of the year for work/study purposes but claims principal residence elsewhere*
Total	91%	86%	90%	63%	62%	56%
Rent	86%	76%	86%	42%	41%	36%
Own	93%	91%	92%	72%	70%	64%
Other	88%	86%	90%	58%	55%	52%

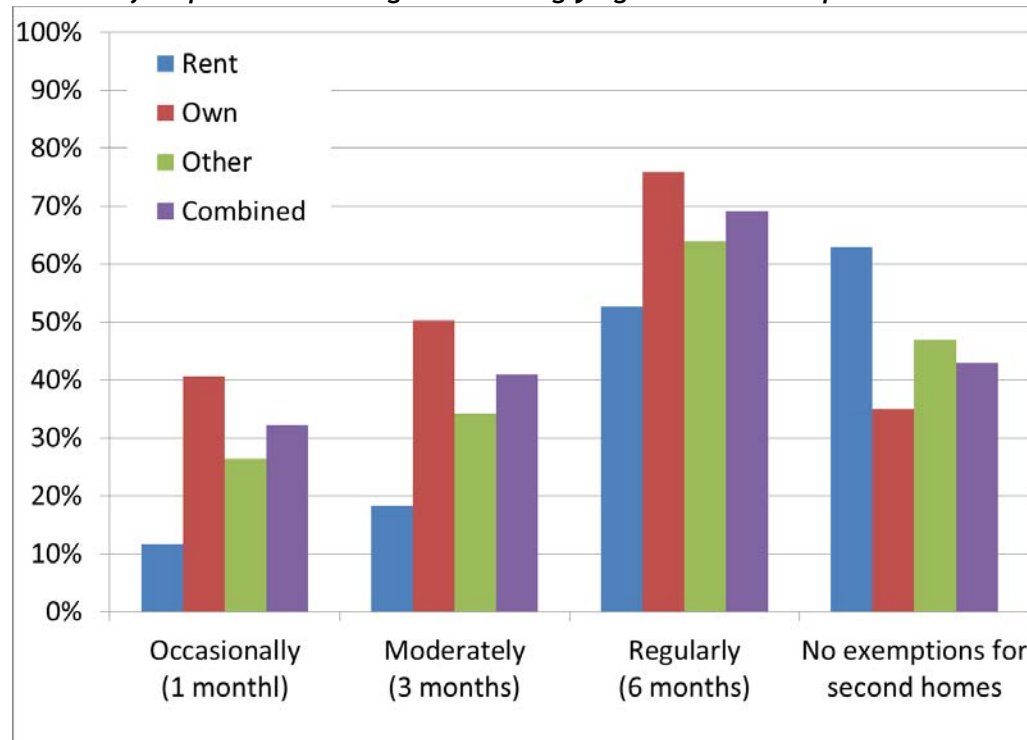
**Percent of respondents who agree or strongly agree with each option*

A key decision for Council is how to treat homes that are not a principal residence but are used occasionally or for part of the year, such as second homes or vacation homes. The City is considering several possible approaches to treating these types of homes under the proposed tax.

Do You: Strongly Agree or Disagree with the following approaches.

- The majority of survey respondents felt that second homes should be exempted as long as they are used for at least 6 months / yr. (Figure 3).

Figure 3: Minimum amount of second home usage required for EHT Exemption
Percent of respondents who agree or strongly agree with each option



The Tax Rate

We are seeking your opinion on the approach that the City should take in determining the amount of tax to be paid on empty homes. Do you agree or disagree with the following approaches?

a.) The amount of tax should be set at a level that is high enough to encourage owners to rent out their home?

- The majority of survey respondents strongly agreed or agreed that the amount of tax should be set at a level that is high enough to encourage owners to rent out their home (67% overall, 89% of renters, and 58% of owners).

	Total	Tenure		
		Rent	Own	Other
Strongly Agree	45%	72%	34%	47%
Agree	22%	17%	24%	25%
Neutral	8%	3%	10%	7%
Disagree	6%	2%	7%	3%
Strongly Disagree	20%	6%	25%	18%

b.) Owners of empty homes should pay more tax if their home is more valuable.

- The majority of survey respondents strongly agreed or agreed that owners of empty homes should pay more tax if their home is more valuable (61% overall, 80% of renters, and 53% of owners).

	Total	Tenure		
		Rent	Own	Other
Strongly Agree	41%	61%	33%	41%
Agree	20%	19%	20%	20%
Neutral	11%	9%	12%	13%
Disagree	8%	5%	9%	6%
Strongly Disagree	20%	6%	26%	20%

We are also seeking your opinion on the empty homes tax rate. In your opinion, what level of tax should the City consider for empty homes?

- Survey respondents had mixed opinions about where to set the tax rate with renters preferring a higher rate (61% preferred a rate above 2%) and owners preferring a lower rate (44% preferred a rate below 0.5%).

Approaches	Total	Tenure		
		Rent	Own	Other
"Lower" – less than 0.5% (\$5000/year for a \$1.0M home)	34%	11%	44%	29%
"Moderate" – between .5% and 2% (\$5000/year - \$20,000/year for a \$1.0M home)	28%	28%	28%	31%
"Higher" more than 2% (over \$20,000/year for a \$1.0M home)	37%	61%	28%	40%

Implementing and Monitoring the Tax

Council also needs to decide whether to give owners additional time to rent out their properties in the first year of the tax and whether to reduce or eliminate the tax once rental market conditions improve. Do you agree or disagree with the following?

- a.) The City should allow owners extra time to rent out their secondary properties in the first year of the tax.
- The majority of survey respondents strongly agreed or agreed that the City should allow owners extra time to rent out their secondary properties in the first year of the tax (67% overall, 52% of renters, and 73% of owners).

	Total	Tenure		
		Rent	Own	Other
Strongly Agree	34%	16%	41%	35%
Agree	33%	36%	32%	32%
Neutral	12%	13%	11%	12%
Disagree	13%	21%	10%	13%
Strongly Disagree	8%	14%	6%	8%

b.) The City should reduce or eliminate the tax once rental market conditions improve in Vancouver. (e.g. higher rental vacancy rate)

- Survey respondents had mixed opinions about whether the City should reduce or eliminate the tax once rental market conditions improve in Vancouver. Overall, 44% of survey respondents agreed or strongly agreed with this statement while 40% disagreed or strongly disagreed. Owners were more likely to agree or strongly agree with the statement (54%) compared to renters (21%).

	Total	Tenure		
		Rent	Own	Other
Strongly Agree	30%	10%	38%	26%
Agree	14%	11%	16%	13%
Neutral	15%	16%	15%	19%
Disagree	24%	35%	19%	26%
Strongly Disagree	16%	27%	11%	16%

Questions for Owners of Non-Owner Occupied Homes in Vancouver

Questions below were asked of survey respondents who indicated that they own property in Vancouver but live elsewhere or that they own more than one residential property in Vancouver

Thinking about your most recently purchased property in Vancouver; how do you use the property (check all that apply)?

- The owners of non-owner occupied homes in Vancouver who completed the survey had a wide mix of uses for their most recently purchased property. The most popular use was to rent out their property to a long-term tenant (36% of responses).

	Total
I use the property as a principal residence	21%
I use the property occasionally (e.g. a few times a year)	13%
My family member uses the property as a principal residence	9%
I rent out the property to a long term tenant	36%
I rent out the property through short term rentals	2%
The property I own is not occupied	1%
Other(please specify)	15%
Prefer not to say	2%

Thinking about your most recently purchased property in Vancouver; did you purchase this property for rental income?

- Nearly two-thirds of the owners of non-owner occupied homes in Vancouver who completed the survey indicated that they did not purchase the property for the purpose of generating rental income (64%).

	Total
Yes	31%
No	64%
Prefer not to say	5%

Thinking about your most recently purchased property in Vancouver; do you expect the value of this property to rise in the next year?

- Just under half of the owners of non-owner occupied homes in Vancouver who completed the survey indicated that they don't know whether the value of their most recently purchased property will increase in the next year (44%).

	Total
Yes	33%
No	21%
Don't know	44%
Prefer not to say	2%

Thinking about your most recently purchased property in Vancouver; do you have a mortgage on this property?

- Over half of the owners of non-owner occupied homes in Vancouver who completed the survey indicated that they have a mortgage on their most recently purchased property (59%).

	Total
Yes	59%
No	34%
Prefer not to say	6%

If you don't currently rent out your property(ies), what are the barriers to renting to a long-term tenant (30 days or more) (check all that apply)?

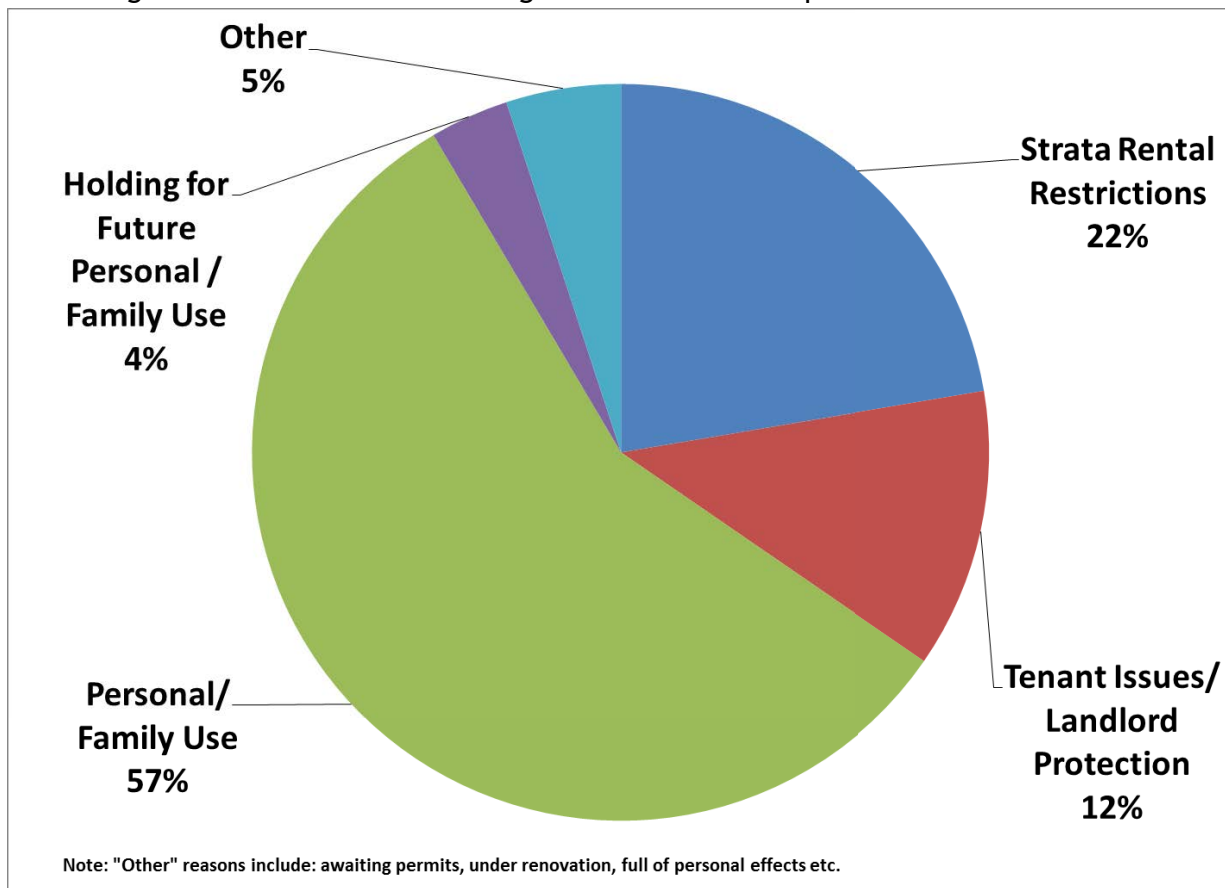
- The owners of non-owner occupied homes in Vancouver who completed the survey identified a wide range of barriers to renting their home to a long-term tenant (30 days or more)
- The most popular selection was the use of their property occasionally during the year.
- The least popular selection was the use of the property for short term rentals like air bnb.

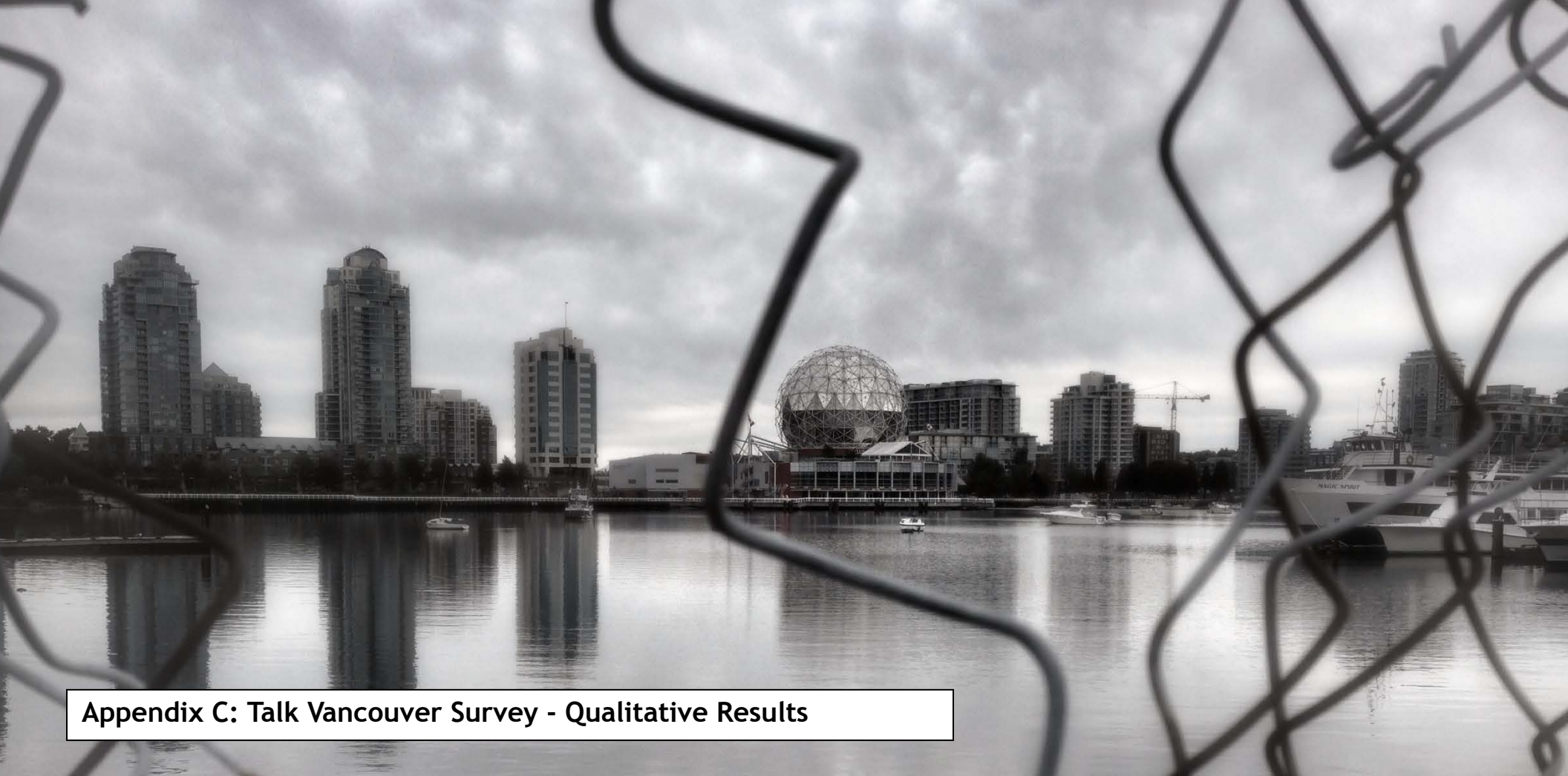
	Total
I use the property as a principal residence for myself	17%
The property is used as a principal residence for a friend or family member	13%
The property is not in condition to be rented	3%
I use the property occasionally during the year	24%
I use the property for short-term rentals like Airbnb	2%
I am concerned about the time investment required to be a landlord	9%
I don't have enough information about landlord rights and responsibilities in B.C.	4%
I'm not motivated to rent it	9%
I don't want to deal with being a landlord/difficult tenants	20%
Lack of protection for landlords	18%
I'm waiting for an investment opportunity to sell and I want flexibility	3%
Other (please specify)	29%

This section of the survey also allowed owners to provide an open ended response in addition to selecting from the list of possible reasons for not renting out their home.

- Over 50% of responses to the open ended question indicated that the home was not rented because it was used occasionally by themselves or friends and family (57%). Strata rental restrictions were also noted frequently as a reason for not renting out the home (22% of responses mentioned this reason).

Figure 4: Reasons for not renting out non-owner occupied homes





Appendix C: Talk Vancouver Survey - Qualitative Results

City of Vancouver

Report on Findings | October 26, 2016 | Prepared by NikNaz Kahnamoui

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BACKGROUND

In recent years, the City of Vancouver has been experiencing a near-zero rental vacancy rate with increased concerns from residents on the challenges of finding affordable rental housing. In parallel, the City has heard from residents in different neighbourhoods about their concerns with vacant properties and condos.

To help address the shortage of the rental housing market and to encourage owners to place their homes on the rental market, the City of Vancouver is exploring a proposed empty home tax in Vancouver. This tax is not intended for homes that are considered principal residences.

On Friday, September 23, 2016, the City of Vancouver launched an online survey seeking feedback on the proposed new tax on empty homes in Vancouver and possible exemptions to the tax. The same survey was released in Chinese and Punjabi on Wednesday, September 28th, 2016. The survey closed on October 18th, 2016.

This report is a summary of the findings from the qualitative analysis of responses to the open-ended question in Part 3 of the survey: "Question 3: Are there any other exemptions you think we need to consider."

METHODOLOGY AND LIMITATIONS

DETERMINING CODING CATEGORIES

As a first step in coding and analyzing the data, we conducted a close reading of 200 randomly selected responses from all the responses that had been received to this question up to October 3, 2016. The goal of this stage was to determine appropriate coding categories or themes.

Two sets of possible coding categories were developed by two independent individuals, with many of the proposed coding categories being identical. These proposed themes were discussed by the research consultant and a team of City staff to ensure that the:

- Range of responses to the survey question could be appropriately allocated to at least one of the themes,
- Themes were distinct while comprehensive, and
- Comments relating to exemptions versus non-exemptions were coded separately.

As an outcome of this discussion, the team agreed on an updated set of themes for conducting the qualitative data analysis. These themes were then set up in the NVivo Qualitative Data Analysis software and used to re-code the 200 responses.

INTERIM REPORT

On October 7, 2016, purposive sampling was used to select 1000 responses to question 3 part 3 of the survey, representing different City zones as well as property owners / renters. This dataset was uploaded into NVivo and each response was then closely read and coded to all of the applicable themes that it referenced, frequently to more than one theme. During this process, a few other themes were identified and added. The data was then reviewed and re-coded as required. For example, “Density” was identified as a new theme, and the theme “All Taxed” was split into 3 distinct categories: All Secondary Homes Taxed, Secondary Homes that are Not Rented - Taxed, Vacant Home Regardless if Principal or Not - Taxed.

After the completion of coding, the content assigned to each theme was then read within the context of that theme. If needed, at this stage, data was re-coded, new coding categories were created or existing categories were merged. At this stage, 63 coding categories/sub categories were used for coding the data. Findings for each theme along with sample quotes were then compiled within an interim report. Minor typo or punctuation corrections were made to the quotes that were used in the report, if necessary.

FINAL REPORT

On October 21, 2016, the remaining responses to question 3 part 3 of the survey, consisting of 3512 surveys were uploaded into NVivo. This included 2284 responses that were completed in English mostly online but also in hard copy format at open houses, 14 surveys that were completed online in Chinese and 14 on paper and subsequently translated to English. All data was closely read and coded to all the applicable themes.

This final report consists of the findings for each theme along with sample quotes based on all the 3512 responses that were received. Minor typo or punctuation corrections have been made to the quotes that were used in the report, if necessary.

LIMITATIONS

As with all open surveys, the reported percentages are not necessarily representative of the population of Vancouver nor are the reported percentages for each theme necessarily representative of all the possible responses. For example, a reported X% expressing agreement with a tax exemption on properties that have recently been sold does not imply that 1-X% disagree with this exemption. The nature of open-ended questions is that respondents will choose the content they want to focus on, and them not commenting on a particular content is not necessarily an indication of agreement or disagreement. Following this logic, any comparison between reported percentages is also not indicative of a stronger preference for one theme over the other.

IDENTIFIED CODING CATEGORIES

Identified Theme	References*
1. All Taxed - No Exemption	
1.1.All Secondary Homes Taxed	56
1.2.Secondary Homes that are Not Rented Taxed	34
1.3.Vacant Home Taxed- Regardless Principal or Not	18
2. Challenges to Implementation	289
3. Citizenship and Long Term Residency	225
4. Deceased Owner- Estate in Probate	16
4.1.No Exemption	1
5. Density	17
6. Disagree with EHT	797
7. For Profit Investments	
7.1.Exemption	20
7.2.No Exemption	6
8. For Rent or Intention to Rent	140
9. For Sale or Intention to Sell	6
9.1.Exemption	79
9.2.No Exemption	3
10.Health Illness & Hardship	185

Identified Theme	References*
11. In-Home and Laneway Suites and Secondary Suites	
11.1. Exemptions	13
11.2. No Exemption	18
12. Landlord Challenges	78
13. No Additional Exemptions	243
14. Non-Profit Investment Properties	
14.1. Exemption	3
14.2. No Exemption	0
15. Other	105
16. Other Suggestions	294
17. Out of Town for a Time Period	
17.1. Exemption	152
17.2 No Exemption	6
18. Out of Town for a Time Period - Primary	
18.1. Exemption	138
18.2. No Exemption	1
19. Owner in Residential Care	51
19.1. No Exemption	2

Identified Theme	References*
20. Recently Sold	6
20.1. Exemptions	20
20.2. No Exemption	3
21. Renovation	40
22. Rental Restrictions	46
22.1. Exemption	82
22.2. No Exemption	15
22.3. Remove Rental Restriction Bylaws	56
23. Rented Out	70
24. Secondary Home	
24.1. Frequency of Usage	132
24.2. Other	141
24.3. Used by Owner or Family or Friends	230
24.4. Used for Vacation	109
24.5. Used for Work	77

Identified Theme	References*
25. Short-term Rentals Including Air BnB	32
25.1. Air BnB	119
25.4. Exemptions	91
25.5. No Exemption	32
26. Survey Design	36
27. Unfit Property	
27.1. Exemption	60
27.2. No Exemption	6
28. Waiting for Permits	10
28.1. Exemption	54
28.2. No Exemption	9

*References: Number of instances a theme was used to code the data

SUMMARY OF FINDINGS

Of all the individuals who completed the City of Vancouver's Empty Home Tax survey, 3512 respondents chose to submit a more detailed comment to the open-ended question in Part 3 of the survey: "Question 3: Are there any other exemptions you think we need to consider?" This question, that provided the only space in the survey where respondents could share their specific situations or more broadly their overall feelings and opinions about the tax, garnered a wide range of responses. All these responses were closely read and coded to all of the themes that they referenced, frequently to more than one theme.

Many respondents contextualized the Empty Home Tax within the federal, provincial, and municipal legislative landscape, referencing other bylaws, regulations, and requirements that the City should consider when developing the Empty Home Tax policy. These include but are not necessarily limited to the City's short-term rental regulations, the Strata Property Act, the Residential Tenancy Act and strata bylaws on rental restrictions, and the Canada Revenue Agency's requirements for residency. In an ideal situation, these various policies align and complement each other, supporting the City's intervention in increasing affordable housing in Vancouver. Respondents also suggested that the City consider the need for workforce mobility and the growth of Vancouver's technology sector and BC's film industry.

Responses reflected myriad notions and experiences of what constitutes home. Chief among them was exemption consideration for Canadian citizens, permanent residence, and for those who file Canadian income tax or more specifically for those who contribute to the BC economy. There was also a strong recognition of years of ownership, suggesting the number of years that a family has committed to Vancouver and contributed taxes as a possible exemption category. Many suggested considerations be given to seniors and more specifically to those on limited income. In line with this type of reasoning, some respondents recommended a grandfather clause for homes that have been in the family for certain number of years. Differentiating between a property and a home, many suggested exemptions for those who consider Vancouver their main home regardless of their residency status, whether a home they will be coming to for their retirement or a city where they have roots and would like to continue calling home while they work/live abroad. Non-citizen snowbirds, also consider Vancouver their home and were it not for citizenship laws, many might even be declaring their home here as their principal property. Taking into account these different notions of home, a few respondents suggested to apply the tax only to properties that are void of personal possessions or completely empty. There was confusion among some respondents on how taxing second properties that are already part of the rental market would help contribute to affordable housing in the City. If anything, the additional costs, might end up being passed on to tenants or in some situations could result in landlords selling their properties and exiting the market. However, there were also respondents who expressed in no uncertain terms their strong belief that all those who can afford a second property regardless of how it is used should be subject to the new tax. Many expressed a desire for no exemption or at least no additional exemptions, as each exemption offers yet another opportunity for tax evasion and ultimately renders the tax less effective. On the other hand, there were also individuals requesting a blanket exemption category for other possible circumstances that have not been considered. There were many respondents who expressed their support for specific exemptions, but requested that exemptions be time bound. For example,

renovation projects would be exempt for a specific duration, after which they would be subject to the tax. This is similar to exemptions during a transition period. For example, when people need to move between homes in different provinces. An overwhelming number of respondents also offered their opinions on how the tax should be implemented, the areas for potential tax evasion, and the challenges in self-reporting.

Some respondents indicated that secondary properties are already subject to additional taxes as they are not eligible for the home owner grant, and if they are a rental property, they are taxed on rental income and at the time of sale on capital gains. Many expressed their frustration and disagreement with the Empty Home Tax and offered other suggestions.

FINDINGS

Of the 3512 closely read responses to question 3: “Are there any other exemptions you think we need to consider?” in part 3 of City of Vancouver’s survey on Empty Home Taxes:

NO ADDITIONAL EXEMPTIONS

6.92% of the respondents expressed that they do not wish to see any additional exemptions to those already listed in the survey. A few of those respondents further explained that they generally prefer fewer exemptions as each additional exemption creates new excuses for individuals to evade the tax or that the tax will be rendered ineffective.

“No exemptions. A tax doesn't make it illegal - you can still own a many homes as you want. But a tax treats owning a second home like a luxury, which is what it is, and taxes it accordingly just as we tax other luxuries (alcohol, cigarettes, cars, etc).”

“There should be VERY few exemptions. A better approach would be to allow for refunds to be applied for. All non principle residences should be taxed. If someone is in care consider whether they will change their primary residency. no exemption for rental restrictions. Strata should be required to allow rentals.”

“I think the instances of exemption should be kept to an absolute minimum because the tax must be effective upon introduction. Changes can be made in time to make it efficient. The City can introduce a periodic (yearly review) to assuage any immediate concerns.”

ALL TAXED - NO EXEMPTIONS

3.16% of the respondents expressed their preference for no exemptions, this includes:

- 0.51% who would like to see all vacant homes taxed, including principle residences

“The tax should be applied to all empty homes with no tenants regardless of whether it is principal or secondary homes, including laneway homes.”

“There should be NO empty houses ever with the number of renters needing a roof over their heads. If your home is empty for more then 3 months pay the tax. You're taking housing away from so many in need. If you can afford to stay elsewhere for a period of time you can afford to pay a tax. Renters are being forced into homelessness. Time to pay! I see 8 empty homes

on Blundell and Gilbert as I walk to Safeways, it's a 3 block walk!!! This housing crisis is hurting people. I left Kitsilano because I couldn't find a home when my landlord sold. It took me 6 months of looking. I moved to a 1 bedroom in Richmond. Commute now 1.5 hrs to work. That's 3 hours a day! Empty homes are hurting RENTERS quality of life too. Pay the tax our rent your house. Simple. It's called community looking after community."

"Vancouver property owners are brilliant at evading taxes. They will do "indefinite" renovations if that's what it takes. They will pretend to have a renter who is really a friend or family member they listed as a renter. No exemptions for empty homes."

- **1.59% who would like to see all secondary homes taxed**

"By definition, any home that is NOT a principal residence, no matter what exemption is thought up, should be subject to a tax. It's a straightforward question - is this your principle residence yes or no. If the answer is no, then the property should be subject to a tax. It is irrelevant how often it is used."

"I think it's reasonable to tax all second homes differently than principal residences. The point here is to push Vancouver towards being more of a regular city where people live and work, rather than a resort destination or hedge city."

"No, the bias should be to tax any real estate not being used as a principal residence. There is a severe housing shortage in Vancouver and it is being driven by supply being absorbed by those that do not occupy their residence. Having a second home in this city is a luxury and should be taxed as such, mill rates are exceptionally low by global standards."

- **0.97% who would like to see all secondary homes that are not rented out taxed**

"If an owner has a second home and he is currently renting it, why would he get taxed on this?! The purpose of this initiative is to not have empty homes and have them rented, it makes no sense to tax those who are already being rented."

"Any second home in Vancouver that sits empty should be taxed. Unless there are reasons that cannot be occupied e.g. renovation, as in the first section above."

"I find the above categories a little bit difficult to understand. For example, I think that all second homes should be subject to a tax IF they are not rented."

SECONDARY HOMES

19.62% of the respondents mentioned secondary homes, with a range of responses on how they are used and what types of exemptions should apply to them:

- 3.76% of the respondents commented on the frequency of usage of secondary homes. Respondents who raised this topic had a wide variety of opinions on the applicable exemption based on acceptable occupancy period, ranging from tax exemptions for weekly usage to occupancy once every two years. Many also suggested a pro-rated tax based on frequency of usage and occupancy period.

“Often second homes are used frequently for short periods (a week or two at a time). So if a house is used for any period during a month, it should be considered used for the whole month. It is infeasible to rent when it's used during the year intermittently.”

“There needs to a clear definition of how much time one must stay in their "second home" to be exempt from the proposed Empty Home Tax. People who bought property in Vancouver to use as a "second home" by definition have a "first home" where both places cannot be used simultaneously. Therefore, some "reasonable" provision in this proposed tax needs to be made for people in this category.”

“Second homes are sometimes used every weekend and thus cannot contribute to the rental stream.”

- 6.55% of the respondents mentioned wanting to see exemptions for the use of secondary homes by owners, their children or other family members and friends. Different reasons were listed for using the home, including but not limited to: children living in it when attending school, family members staying on a weekly basis to avoid daily ferry commute to the islands, or retired individuals living in it when they are in Vancouver. Many commented on the need to exempt secondary homes that are furnished with personal items.

“I must register my home up the coast as principle residence as I use my car there more than 50% of the time. I have an apartment in Vancouver that I use many times a month. I am a cancer survivor and all my medical treatment, specialists and doctors are in Vancouver and within walking distance of my apartment. I am concerned that there is not as yet consideration of long time Vancouverites who have secondary suites in Vancouver that are used frequently for social and medical reasons.

My apartment is restricted for rental but I do have the grandson of a close friend eight months of the year attending UBC as an engineering student. So please think about the multi use situation for secondary residences.”

“Condo in downtown area used as secondary residence, fully furnished to reduce commute during week or for family members. Not enough room in small condos for family visits and large condos are too expensive in downtown core.”

“I do not think that all "non-principal residences" should be painted with the same empty homes brush (and tax). There are three possible scenarios: (a) Genuine empty homes, unfurnished and left empty year round held for investment/speculation. (b) Second homes which are fully furnished and the owner uses part of the year. (c) Investment homes that are fully furnished and rented out on a medium term basis (2-4 months) to the corporate and film production market for their staff working in Vancouver. (d) A combination of (b) and (c), where the owner uses his home part of the year and rents fully furnished on a medium term basis to the corporate/film market when he/she is not using it. The focus of the empty homes tax should be on (a) where the property serves no useful housing purpose, not on (b), (c) or (d) where homes are in fact fully occupied and serving a real housing objective in Vancouver: namely, serving the medium term film industry and corporate market where hotels are not an option and second homes where owners reside in Vancouver and support local business in terms of shops, restaurants and other service industries.”

- **3.10% of the respondents mentioned the requirement for exemptions for secondary homes that serve as vacation homes.**

“Your notion of principal residence is far too restrictive. Many people see Vancouver as a vacation spot. They prefer to own their vacation home rather than stay in hotels. Many business people living outside of Vancouver who own businesses in Vancouver prefer to own their suite rather than staying in hotels. Many residents of the interior or sunshine coast have suites in Vancouver to avoid staying in hotels. These people are all valuable members of our community.”

“We live in Powell River and own a one-bedroom condo in Kitsilano because we also enjoy city life. Many people have summer cottages, ski chalets and other types of holiday homes outside of Vancouver which would not be subject to this additional tax so it does not seem reasonable that because our holiday home is in Vancouver we would have to pay an additional tax. We do, of course, pay city taxes for our condo. Also our strata byalws limit the number of rentals allowed in our building.”

“My concern is that Canadian's who live elsewhere but have a place in Vancouver as a vacation home should not be subject to the tax. If I live in Kelowna but two weeks a year I come down to the city and stay in my bachelor pad, I as a Canadian and taxpayer should not be subject to the tax.”

- **2.19% of the respondents requested exemptions for secondary properties that are used as a workspace or to accommodate owners who are in town for work related purposes. A few people specifically mentioned the use of such properties as artist studios.**

“Homes that owners/tenants live in part of the time for work purposes because rental housing in Vancouver is unaffordable/hard to find is needed as part of their work should be exempt. Because someone has a second home does not necessarily make them affluent. Often savings has been used to secure housing.”

“Second homes used for people that must work in the city, but have their main home in the lower-mainland. Doctor's, firefighters, police would be prime examples. IF you work 12 hour shifts, and live P/T to avoid late night driving you can't have a second home and not be taxed?”

“Perhaps where a common-law, married couple or cohabiting friends share two properties (each claiming one as a principal home) and divide their time equally between the two properties for work-related reasons.”

- **4.01% of the respondents cited other reasons for a secondary home to be tax exempt. These included but were not limited to: homes owned by seniors, length of time a home has been in the family, unmarried couples who continue to maintain separate homes, non-Canadians who spend part of their retirement or vacation in Vancouver, as well as Canadian non-residents who want to maintain a home in Canada. Few also commented on alternative living arrangements, where the secondary home is used as an extension of their principal residence.**

“Canadian senior citizens on fixed incomes who paid taxes all their working lives, saved to buy a "cottage apt." (not held in a business), where the property owned for more than 5 years fully furnished, have made \$\$\$improvements and have had medical issues preventing them from fully utilizing the property. As seniors, renting would be too stressful. The tax will create great hardship which hopefully is not the goal of the City of Vancouver.”

“Length of ownership. Our home has been in the family for over twenty years and is occupied by family on most weekends and all throughout the summer. It was purchased for this intent.”

“Unmarried couples who still each have their own residence and have not jointly purchased or rented a place, but usually live together in one of the residences.”

“We live in the US and have a fully furnished condo in Yaletown that we use as a vacation home. If we rented it we could no longer come to Vancouver 6-8 times a year on vacation! You should exempt the first property for people like us. We spend a ton of money on food and entertainment while we are on vacation. Why would you want to prevent us from coming???”

“For Canadians living abroad, if their Vancouver residence is their primary Canadian residence it should be exempt. I live in the States but my Vancouver home is where I am when I am in Canada. I have a SIN and Canadian insurance.”

“A residence that augments a principal residence, and is not adjacent to (or cannot be connected to) the principal residence, but the two residences are used as if they ARE connected, should also be exempt. E.G. A home office, or guest accommodation.”

“If a residence is part of a home swap (where one family trades homes for up to 24 months) it should still be considered a principal residence.”

CANADIAN CITIZENSHIP AND LONG-TERM RESIDENCY

6.41% of the respondents mentioned Canadian citizenship and few specifically residency in British Columbia as a possible qualifier for tax exemption.

“You need to tie the home purchase tax to income tax. You pay income tax then you get the home purchase tax reimbursed; pay no income tax in Canada, then you don't get it back. This is the ONLY fair way to ensure working Canadians don't get unfairly taxed.”

“Retired seniors have owned the property (condo unit) for longer than 10 years as a secondary property targeted to be the final retirement home. The property has been and is used regularly during the years for the owner and family. There should be a "grandfather" clause. As a basic freedom, owners who are Canadian citizens/lifetime BC residents/paid taxes/grew up/educated in Vancouver and continue to contribute to Vancouver's economy should not be dictated to rent or sell.

“You need to consider all people that are not paying taxes here and take advantage of all British Columbians that work and live here for years.”

IN-HOME, LANEWAY SUITES AND SECONDARY SUITES

0.37% of the respondents would like to see tax exemptions apply to laneway homes, basement suites or other types of secondary suites within houses. In comparison, 0.51% expressed that they would like to see no tax exemptions. A few respondents mentioned that consideration might be given to having them partially taxed.

“Secondary suites and laneway homes connected to a principal residence but is not in itself a principal residence should not be subject to the tax.”

“Individuals who rent out their secondary (e.g. basement) suites regardless if long-term or short-term rental (i.e. AirBnB). These individuals rent to help pay for their mortgage. The city should not deny homeowners the right to a mortgage helper.

“Laneways which were encouraged and never had a covenant that they had to be occupied and rented. Houses that are occupied 51% of the year should be exempt or when the home sells.”

“I do not understand why you are exempting lane way homes. At the time I believe Gregor Robinson "sold" the idea to Vancouver residents as a way to increase rental stock. Every lane way house in my neighbourhood (6 of them) sits empty and has never been occupied.”

“Secondary suites and laneway homes should NOT be exempt; they are crucial parts of the rental housing stock.”

“Laneway houses should not be exempt from the tax because even though they are on the same Property, they have their own distinct address, parking spot and occupants. if they are built they should be used as they are supposed to contribute to rentals (or increased occupancy of the main residence) and density of the neighbourhood. they should be subject to the same laws as empty homes if they are built and left to languish.”

OUT OF TOWN FOR A TIME PERIOD

8.26% of the respondents referenced the requirement for tax exemptions when individuals/families need to leave town for a period of a time for various reasons.

“A homeowner who is away on sabbatical for instance and leaves their home uninhabited for an extended period of time BUT is a taxpaying resident in BC.”

“Someone that works in other parts of the world or in other provinces should be exempt from the tax. As the world becomes more mobile and open it would be regressive to limit mobility.”

“A flight attendant, commercial pilot, truck driver, or anyone with a job that requires frequent travel but has Vancouver as their home base should get a break. They should be able to prove their situation to get it, though, to avoid fraud. And there should be heavy penalties for fraud.”

“Please exempt the empty primary and secondary properties of federal MPs, military personnel, embassy workers and public servants deployed abroad in diverse missions, international long term projects and charities. They do not have the ability to manage the rental agreements and oversee the process, unless they sublease to property rental firms.”

- **Of those, 3.93% specifically referenced exemptions for principle residences that are left empty during these periods.**

“Home owner is on a documented sabbatical, work exchange or leave of absence from work with a time frame of 12 months or less. Home owners on an extended vacation for 12 months or less that is not followed by another extended leave the following year.”

“When I win the Lotto Max, I may be travelling for a while. My home will be empty during this time. Hard to say how long, since I haven't won yet, but I should be exempt from the tax, since I will be back.”

“Canada is an immigration country. We should allow people from other origins to leave their home empty for humanistic reasons, such as visiting and taking care of sick parents who live in their home country.”

- **On the other hand, 0.2% of the respondents stated that there should be no exemption for properties that are left vacant.**

“Homes owned by people on work permits should NOT be exempt.”

“There are many homes that essentially sit empty but have someone create the appearance it is occupied by checking on the house, these should be taxed.”

“Former principal residence where owner has moved away from country for maximum 5 years. i.e., work transfer. Exempt period is max 5 years and can only be claimed as refund if owner returns to reclaim residence after. It is prepaid and then refunded after reclaiming residence.”

RENTED

1.99% of the respondents stated that properties that are rented out should be exempt, with many stating that taxing secondary properties that are in the rental market, if anything, would only increase rental prices, making it even more difficult for individuals and families to find affordable homes. Respondents also expressed the possibility of obtaining a proof of rental or copies of rental agreements for those properties.

“We have rented our unit to full time tenants for 13 years. By the time we take it back for ourselves in retirement, we will have rented it for more than 17 years FULL TIME. We deserve credit for that! Even if we only stay in it 4 months per year in retirement. We do not deserve these taxes when our history can be proved. Or at least provide us with an exemption credit that equals the number of years we have rented our unit. It's only fair.”

“All rental properties should be exempt from tax to encourage owner to put their home (partial rental) and investment property in the market for rental to increase supply of rental properties.”

“No matter how many properties a Canadian citizen owns as long as the properties are rented out should not be subject to this Home Empty Tax. The reason is as a citizen we have already paid the rental income tax and property tax. we are not the cause to the current housing crisis. Therefore, should not be under this tax umbrella.”

FOR RENT OR INTENTION TO RENT

3.99% of the respondents indicated that those properties that are between tenants and/or listed for rental or the property owners have an intention to rent out the unit should also be exempt from the tax. A few offered suggestions on the acceptable duration a unit can be listed before the tax applies and also commented on reasonable rental rates.

“There has to be a reasonable time frame for an owner to sell or find a renter for a property they have recently acquired,

“Turnover time between long-term tenants should not result in a rental property being subjected to the tax. There needs to be some form of grace period in order to allow landlords to find a suitable new tenant when an old one moves out. There should also be a grace period for people trying to sell a property. For example, if you or a tenant have already moved out in anticipation of a sale but the property hasn't sold yet.”

“People who hold their houses for students, but the summer time it is the down time and they might not be willing to rent it for that time being.”

RENTAL RESTRICTIONS

5.67% of the respondents expressed their thoughts on units within strata lots that have rental restrictions. Of those, 2.33% want to see exemptions apply to those units, 0.43% would like to see no exemptions apply to those units as such exemptions, if anything, could further increase rental restrictions and have an adverse affect on the rental market, 1.59% suggest that the City should look into ways to work with the Province to ban rental restriction bylaws and 1.31% had other comments or questions.

“Many strata plans restrict rentals within their private property. The city of Vancouver cannot regulate the provincial strata laws. Furthermore, it has no business going this route. I see more private enterprise encouraged to build rental housing stock in all communities of Vancouver.”

“Those homes that are in a Strata and the Strata has restrictions on the number of units in the complex that can be rented.”

“I think if a residence has a rental restriction due to the rules of their Strata Council and an owner has to leave the property vacant as a result of these restrictions, the tax should be levied against the strata and not the individual owner.”

“You need to consider banning "rental restrictions" so that strata councils can't interfere with the rental market. In this current context, banning rental restrictions would have a much larger impact than a vacancy tax. At the very least, it should not be an excuse for an exemption, in order to put pressure on strata councils to lift the rental restriction.”

“Any additional exemptions should consider how it can be exploited as a loop hole. For example, exempting properties due to rental restrictions simply encourages strata's to pass no rental policies to avoid the tax. This encourages investors to treat property as a safe place to park capital and keep it empty. If a home is unoccupied and can't be rented it should be taxed or

sold to someone who can live in it.”

SHORT-TERM RENTALS (INCLUDING AIRBNB)

7.80% of the respondents raised the issue of short-term rentals, with 3.39% of the respondents specifically mentioning Air BnB. On the issue of short term rentals, 2.59% of the respondents expressed a need for tax exemptions for these properties and 0.91% opposing tax exemptions. Respondents had different perspectives on what time-frame should constitute short-term rental. Many of the respondents expressed a desire for a ban on Air BnB.

“I think that you need to consider what types of rental are acceptable to avoid the tax. For example, an owner who uses their second home for several months of the year cannot have tenants sign a year lease; so they will be limited to short-term leases or sub-lets which are harder to fill. If they cannot find short term tenants can they rent through VRBO or AirBnB? If so, what percentage of time will their place need to be rented to avoid the tax?”

“Property is used for investment purposes such as AirBNB where property may not be rented for periods of time due to market demands (let's face it your going to tax them as a business so don't double dip).”

“I think the City of Vancouver must take into consideration its unique, evolving, and globalized business landscape. The world wants to live in Vancouver but just as importantly the world wants to do business in Vancouver. Key to this is intermediate term (3 to 12 month) housing to facilitate the burgeoning film industry and the technology sector. It would not be feasible for US studios or companies such as Google or Microsoft to do business in Vancouver without proper housing options. This would be a significant detriment to a Canadian economy that is under diversified.”

“I work for a property management company that details with a lot of corporate relocation agencies and film production crew that come to the city for periods of 3-6 months and prefer to stay in furnished properties over hotels. I think the minimum stay should be consistent with the city bylaws and properties that are marketed for rent or occupied for at least one month/year should be exempt from the tax.”

“Exemptions for properties used part of the time should only apply if the property is used by the owner or a long term tenant. I.e. short term rentals should not make someone qualify for an exemption.

“There should be a restriction on short-term/ vacation rentals that they not be allowed for properties that would be available for a longer-term lease (empty at least 6 months of the year).”

“Vancouver is a vacation destination to many. We cannot eliminate the foreigners buying here to live part time. Can you imagine if Canadians were taxed on there part time homes in Cabo?? If you are willing to tax then the tenancy rules have to be loosened to allow for short term rentals so people can rent and use there property equally. Short term rentals will not solve the crisis you speak of however. Also rental restricted buildings have to consider the strata. If I owned in a restricted building, then my neighbour started to rent their suite I would be furious. Isn't the tenancy Act and Strata Property Act provincial governed as well? What would take precedence?”

HEALTH, ILLNESS, AND HARDSHIP

5.27% of the respondents listed various types of health issues or hardships as possible considerations for exemption. This includes issues arising from financial hardships, immigration challenges, divorce, or any other difficult transition periods.

“Financial hardship or illness. If someone can't afford to live in their home or are too ill to live alone. There should be a time limit like a year after which they can apply for an extension.”

“Older homes that would require significant upgrades to be in a rentable condition. I inherited my family home that my father purchased in 1941 but it has a 60 amp electrical service and knob and tube wiring. It would require a significant renovation to be rentable. An empty home tax would force me to sell the family home which would be demolished and a new house built but would not add to the rental housing inventory.”

“Include a general exemption for homes that were empty due to other circumstances beyond owner's control (fire, family illness, or other extenuating circumstance). People could apply for this exemption if they didn't meet one of the other exemptions.”

OWNER IN RESIDENTIAL CARE

1.45% of the respondents expressed a strong desire to see tax exemptions for owners who are in residential care, with a majority of those respondents wanting to see the removal of “reasonable of expectation of return” from the condition for the tax exemption.

“The residential care exemption should be amended to remove the "reasonable expectation of return" clause. Dealing with dementia, or physical limitations coupled with the elderly owner being FORCED to rent their home or pay a tax seems to unfairly create stress on the elderly owner.”

“I am alarmed by the stipulation "Owner was in residential care with reasonable expectation of return." Why would the City be an arbiter of "reasonable expectation of return": when my father had long term illness, his doctor could not predict what would happen next -- I am not clear on how the City intends to debate with people about "reasonable" return. If someone is in hospital or in a care facility, it is sometimes difficult to predict rehab. The individual or families should not be financially penalized or pressure put to retrofit a house to be rentable. Doctors always say that it is better to return people home as soon as possible - but if there is a renter in the place of residence....what do you do?”

“Owners in residential care should be exempted (not only in case of reasonable expectation of return). In some cases, these owners would like to hang on to the property / don't realize how ill they are, but wouldn't be able to afford an additional tax.”

- **0.06% of the respondents mentioned that they would like to see the City be more particular with exemptions due to residential care.**

“Residential care is difficult but I would be interested in stated about how often people come out of residential care. Presently in our strata building a family is making nonsense of our rental bylaw because a family member is in care and that has now been going on for 2 years. You need to put a serious time limit on any such exemption.”

“Owners in residential care must provide update health condition whether it is suitable to return their home. While the resident is living on caring facility, do they rent their property to others to generate income?”

DECEASED OWNER – ESTATE IN PROBATE

0.46% of the respondents expressed their support for tax exemptions on properties where the owner has recently died and their estate is in probate, and also expressed the need to place a reasonable time limit on such exemptions, with “recently” being too short of a time frame and in some situations a house being in probate for close to 3 years. 0.03 of the respondents believe that taxes should apply even if property is in probate.

“I think when things are in probate it is reasonable to apply the tax.”

“With respect to the deceased/probate exemption, the administration of some estate can take several years because of estate

complications. Thus, the deceased may not be "recently" deceased. Eliminate the word "recently."

"How long is "reasonable" for probate? the derelict house next door to us has been empty for 3 years "due to probate."

"If a home has a CPL (Certificate of Pending Litigation) against the title when families are trying to work out who the owner is after the owner is deceased."

UNFIT PROPERTY

1.71% of the respondents listed properties that were unfit to live in to be considered for tax exemptions. On the other hand, 0.17% of the respondents suggested that those properties should be taxed as they are signs of visible neglect.

"If the electricity or water has been cut-off and the cost of reattaching it is financially challenging. The home is no longer safe to live in, is derelict or has stood empty for year and is rat infested, or is hazardous ie asbestos, mold. Homes that are not feasible for people to live in should be exempt."

"Home is subject to police investigation, deemed condemned, awaiting permits."

"Homes that have been deemed grow op by the city and cannot be occupied by anyone."

"What about derelict homes that are not fit for habitation, but nothing seems to be happening for years? Is there some way to encourage the properties to be developed or sold and not just left sitting there awaiting for who knows what? I would not want this situation to be exempt, unless awaiting permits is issue."

"Abandoned houses should definitely be taxed."

"Property that sits empty waiting for demolition should not be subject to exemption."

WAITING FOR PERMITS

2.08% of the respondents expressed their thoughts on permits, with 1.54% suggesting that waiting for permits to be issued by the City should be considered a valid exemption period, with many suggesting a time limit on such exemptions and others expressing their frustration with this waiting period. On the other hand, 0.26% of the respondents agreed that the waiting period should not be exempt.

“A property should be exempt once the owner has applied for a development of building permit.”

“Property subject to development permit or Rezoning application.”

“Houses awaiting permits from the city for renovation/construction given the extensive backup at the permitting office (beware a loophole here!)”

“I think for renovations, probate etc there should be a time limit. No tax for 3 - 6 months, but after that the exemption becomes excessive.”

“I currently have a vacant rental property that is in need of major repairs and renovations but we CANNOT START any work because the city is taking a long time to approve and give out the permit. Meanwhile, the property is all boarded up and vandals try to break in or people treat it like a junkyard. This delay with city permits is costing a LOT: lost rental income, cleanup expenses, safety concerns, lack of housing units. If the city worked faster and turn-around time for permits were faster or need for permits lessened, then renovations can be done quicker and more housing will be available. There would be no need to tax "empty" houses! They are empty because the city is so slow with permits, there is no incentive for people to become landlords. It is so frustrating trying to fix-up a house so it's ready to be tenanted.”

“Often strata/city permits slow down that process and make the unit vacant more than intended by the home owner.”

“Those that are waiting for a year for their building permit should still be rented out. Homes where speculators are just sitting on the property should be rented out.”

“Properties under development should be occupied until ALL permits are in place.”

“I think the excuse of waiting for reno permits is being abused. If renos take years to get permits, that is another problem. Often perfectly livable homes sit empty whilst permits are pending. There are 2 homes on my street in that circumstance. They are now derelict. They didn't start out that way.”

RENOVATIONS

1.14% of respondents mentioned renovations as an exemption consideration, with many also acknowledging that renovation exemptions can be used to evade tax payments.

“Renovations without permits - sometimes people are painting or re-doing flooring and perhaps permits are not always applicable.”

“Property awaiting/undergoing minor renovations - owners should not be punished for delays caused by contractors/trades or, in the case of strata properties, time spent waiting for council approval.”

“Strata building that is being wound up and ultimately redeveloped. While the wind up process is happening, it will be impossible to find a tenant and many units will almost certainly be vacant as residents, both owners and renters, abandon the building.”

“There is a house in my neighbourhood that has been undergoing "renovations" for 2 years. I think there ought to be a time limit on how long renovated properties can be exempt. see also, new builds taking multiple years to be completed.”

LANDLORD CHALLENGES

2.22% of respondents listed various challenges that landlords experience as possible exemptions. These ranged from finding suitable tenants and the costs of evicting bad tenants to properties that are too expensive to be added to the pool of rental housing.

“One of the reasons I believe people prefer to have a home empty is the laws associated with the Residential Tenancy Act. Tenants go in and as long as they pay their rents it is difficult to evict them. They can have parties, disrupt neighbors, or other tenants and as a Landlord it is difficult to evict them. I think this is a real concern for Landlord's to rent out their vacant homes. Sometimes no rent I can be a peace of mind. That is my thoughts.”

“If the owner can prove that they have attempted to rent out the home, i.e. engaged the services of a property management company and they home is not able to be rented they should be exempt. Some higher-end homes might not be as easy to rent to the average population.”

“Places that no one wants to rent because there is a legitimate fear for one's safety eg. formerly a drug dealer or gangster's residence, the last occupant was murdered in the home, it's next door to a residence full of drunks and drug addicts.”

NON-PROFIT ORGANIZATION INVESTMENT PROPERTY

0.09% of respondents have identified investment properties associated with non-profit entities as possible exemptions.

“Churches and charities.”

“Church or religious institution renting temporary home.”

FOR PROFIT INVESTMENTS

0.57% of respondents mention investment properties owned by for-profit institutions and used in the process of doing business, as possible exemptions. In parallel 0.17% of respondents believe that property that is purchased and re-sold only for investment gains should not be tax exempt.

“Businesses keep apartments in cities all over the world for the use of travelling employees. I personally have several recreational properties in other cities and they are carefully monitored and maintained until such time as I chose to use them. Saying that, I believe such properties should be tax exempt or charged a lower tax rate.”

“Corporate housing used for short term consultants or for employees recently moved to Vancouver who are looking for permanent residence.”

“Property held by developers waiting for future development.”

“All property not designated primary residence should be taxed at double the normal tax rate. All properties registered in a company name or trust or in trust taxed at double the rate.”

“Condos purchased in pre-sale for the purpose of flipping when completed should be taxed.”

“Investment properties need to be examined and taxed.”

RECENTLY SOLD

0.83% of the respondents mentioned properties that have recently been sold, with 0.57% of the respondents suggesting exemptions during a grace period after the sale, and 0.09% of the respondents expressing the need for processes to be put in place to ensure occupancy after a sale.

“Not sure if this is covered later on in the survey, but there has to be a reasonable time frame for an owner to sell or find a renter for a property they have recently acquired, either by purchase or through inheritance, before the tax is charged.”

“Transition after buying/selling a house. i.e., recent purchase of a house, but buyer has not been able to move in immediately due to logistical/scheduling constraints.”

“When people buy new properties, there is often a transition time before moving in with either selling of their current property taking time or doing a renovation of the new one before moving.”

“If a property is sold, the new owners should pay the tax until they move in and register it as their principal residence with CRA (unless they qualify for the "renovation with permits" exemption).”

“There should be a tax on houses that have been sold but remain empty for longer than a specified amount of time (perhaps three months).”

“Regarding "Property was sold" exemption, there should be a time limit on how long this exemption applies from the date of sale.”

FOR SALE OR INTENTION TO SELL

2.25% of the respondents expressed the need for exemptions for properties that are listed on the market for sale with many suggesting that the listings should be exempt for a reasonable time period and should also be listed at fair market value, acknowledging that if otherwise, this exemption could become an opportunity for tax evasion.

“Home is on the market for sale with clear intent to sell, not just to evade tax.”

“If the home is on the market at a reasonable price, it should be exempt for a period based on home sales in the area.”

“Property listed for sale that has not yet sold should be exempt assuming that it is priced at market value (ie. should not be a loophole where people list empty properties but do not have any intention of selling).”

DENSITY

0.48% of the respondents raised the issue of density, suggesting that the City of Vancouver should consider increasing density or offering tax incentives to those with higher density living.

“Instead of taxing residents hard earning money and investments, council should consider the real problem. That Vancouver is a desirable city to live and the population is increasing. There should be consideration for increasing density and give building owners the incentive to building new and higher density rental buildings rather than keeping obsolete rules and regulations that keep the existing rental stock static and rotting.”

“I think we need more duplexes and triplexes and townhouses and low-rise (3 storey) apartments sprinkled throughout residential neighbourhoods. There are huge swaths of Vancouver that are ridiculously low density right now. There are lots of options that aren't towers that keep the look and feel of a quiet, tree-lined street and still increase housing availability and options.”

“Perhaps something about under utilization of a large property? So if a house has 4,000 Sq ft and 8 bedrooms and one person is living in it?”

OTHER

A few respondents offered other reasons for an exemption. Many of these proposed exemptions while based on the particular circumstances of the respondents could apply to a broader group.

“Units that are kept for guest quarters. Units being used as displays.”

“Aboriginal, Chinese and other minority owners should be exempted.”

“For first time home buyers and low income individuals.”

“Strata age restrictions bylaws causing suites to be vacant as owners not able to reside in unit.”

“Also, exempt second homes from a tax if the market value is less than \$400,000 or under 600 square feet. These small units make sense for those who want a pied a terre, and they wouldn't necessary be worth as much. This would shift the focus on opening up larger units to the possible stock of rental units for couples and families. Plus, not everyone is ready to be a landlord.”

“Expensive homes, especially strata, should be exempted because the people who are looking for rental homes would not be able to afford them anyway.”

“If a property owner has demonstrated that they have responsibly acquired property as an asset that is say 'part of their long term retirement plans' and wish for this asset to be maintained in a cost effective way (no maintenance cots or other costs associated with tenants/renting) then this is a positive move & removes the burden later from the tax payer.”

“I live downtown in a small condo. As there are very few 3 bedroom units available, we may consider a second condo (neighboring) if our family grows. Both would be our family's 'residence'.”

“A property which does not feasibly provide rental housing to someone living and working in Vancouver, for example Passage Island which is not connected to the mainland with any form of transportation except a boat.”

“Yeah, this should be grandfathered. We were happy to let these people in the past buy homes, pay property taxes and now were telling them they will be taxed for leaving their investment empty?”

CHALLENGES TO IMPLEMENTATION

8.23% of the respondents expressed their thoughts on the possible challenges in applying the new tax and offered suggestions on the implementation process. These include problems with self-declaration, establishing the legitimacy of claims of principle residence and tenancy, and partial use. Most respondents stated their concern with exemptions and how people would find ways to use those exemptions to evade the tax. Given the complexity in implementing and overseeing this tax, many respondents questioned whether it is a cost effective intervention.

“I think you need to be extremely careful about allowing exemptions for "partial use" or "regular use." This could make the regulation essentially unenforceable. I don't have particular sympathy for people with properties with rental restrictions, or for

properties undergoing renos. That should be the cost of doing business/owning properties for investment purposes in this city.”

“Make the government definition of residency apply: eg resident at least 183 days/year. If people are out of the country for more than 183 days/year, they lose their BC Healthcare, because they are no longer resident. Suggest make exemption for principle residence as defined by days used - if non-resident/out of country, work together with the Canada Border services, who can certainly tell you exactly when someone left and re-entered the country, so you can just count to see if it's less than 183 days.”

“3 points- for those that have legitimate second homes used during the year in buildings that don't allow short term rentals, turning that unit into a long-term rental will effectively prevent the owner from ever using the property they own. That is an extreme penalty to impose on a second home owner. Second- Any tax should also be tiered by length of time of property ownership. If a property has been owned and used as a second home for 10 years or more (for example), then the owner has shown a long-term commitment to Vancouver and has been paying property taxes and paying into the local economy. Length of ownership will help separate pure speculators from those that have an actual interest in the good of the city. Also- Just having Principle residence vs Investment Property is far too binary-2nd home owners are also significant contributors to Vancouver's economy. Please focus on taxing investors that leave their units truly vacant and empty all year vs penalizing 2nd home owners.”

DISAGREE WITH EMPTY HOME TAX

22.69% of the respondents expressed their disagreement with the empty home tax.

“I do not feel a government should be involved in determining a tax on personal use of personal property. A better approach might be: a. to provide incentives to promote the provision of rental properties; b. set up zones where only rental properties can be constructed; c. require X% of a new property to be allocated as rental only; d. allow for a greater height of building if X% is for rental units as for single homes fine owners of properties that are not maintained”

“Rather than retroactively penalize the investors who helped employ builders, lawyers, renovators, car salesmen, airline employees, retailers, etc.; helped the city to become one of the most attractive destinations in North America; helped the city not just avoid the 2008 world recession but grow its local economy, it makes more sense to better incorporate this goal into future housing developments. For example, require a portion of new units to go to the rental market. This would promote growth rather than chase off investment, which down the road will hurt the very people you propose to help. The negative impacts of the proposal will outweigh the benefits down the road. Also, not every secondary residence in Vancouver is even appropriate for the rental market. Is the city going to dictate rents and keep owners from visiting their second homes

altogether? The move will stop attracting investments which as a consequence will slow down or even stop economic growth.”

“There are already too many taxes to pay.”

OTHER SUGGESTIONS

8.37% of the respondents offered other suggestions for resolving the shortage of affordable rental housing in the City. These ranged from the banning of Airbnb type rentals and foreign ownership to creating more incentives for the development of rental buildings and changes to the BC Residential Tenancy Act to make it more desirable for landlords to rent out their property and many more.

“Consider providing a tax rebate to people who elect to rent out their property.”

“Rather than worry about non occupied housing more to the point would be to restrict the number of properties any person or group of people can own unless they can prove that some one is actually living in them.”

“I am not sure if this is the right place to mention this - but I own a condo which I rent out, but I am a long time Vancouver resident and Canadian citizen and although I rent out an apartment to a tenant - I am also a renter. The place I rent out is my nest egg and too small right now for me, my husband and daughter to live in. Therefore I rent a place and rent out the condo that I own. I feel that taxes are already too high for me as a landlord. And if I happen to move into my condo or sell it and the price went up - I am penalized with capital gains tax. Where is the incentive for people to rent out their properties? Once you do this, the capital gains is ridiculous. I am NOT a wealthy person and I am putting a place on the rental market - where is the benefit. I should be exempt because I also have to rent a place as well.”

“Please consider instead lobbying the Province and Federal government to implement a property surtax for properties with no income tax payer associated with them. The empty homes tax is going to be highly inefficient to enforce and you will spend most of the tax revenue chasing down the revenue and being mired in appeals.”

“Who will supervise this taxation. Someone has to enforce it and who will pay to deal with the anticipated flood of court cases on this issue. Part of the problem is that the city allows developers to tear down present rental units to build new million dollar units (Davie and Bute and Davie and Broughton). If you are serious, this sort of thing must be much more restrained. We also do not have adequate documentation of the numbers of "empty houses". I would suggest that this taxation issue needs to have more hard data before going forward. Control of developers is probably the best way to start. Adhere to zoning to

minimize tearing down of more reasonably priced housing for very expensive ones. Basically this tax, without more data, is another way to pick the low-hanging fruit.”

“Homes declared as a principal residence for an individual that declares an annual income that would be completely insufficient to purchase said dwelling should be taxed. These individuals are claiming low, or no, income in order to avoid income tax. Should the individuals redefine their earnings, this would exempt them from the tax.”

SURVEY DESIGN

1.03 respondents have provided feedback on the design of the survey. The meaning of “usage” was questioned by a few respondents and a few expressed their lack of understanding of the concept of rental restrictions. In the absence of additional places in the survey to leave comments, a few respondents mentioned that they were using the space provided to answer the question on other exemptions to provide other general comments on the survey.

Appendix D: Summary of Feedback Received at Open Houses, Letters, Emails, Phone Calls and Council Advisory Groups

Appendix E summarizes the TalkVancouver Survey, Open Houses, and additional Public Consultation that took place following Council endorsement of a proposed Empty Homes Tax.

1. Introduction
 2. TalkVancouver Survey
 3. Open Houses
 4. City Advisory Committees
 5. Additional Public Consultation
-

1. Introduction

Following Council endorsement of an emerging model for an Empty Homes Tax on September 20th, Staff launched a series of public engagement opportunities to seek public feedback on the proposed tax, including key policy and implementation considerations for shaping the final tax. There was a new TalkVancouver survey seeking public feedback on aspects of the proposed tax, including objectives, proposed direction, and key policy and implementation questions. Staff also sought direct feedback from the public through two Open Houses, presentations to key City of Vancouver Advisory Committees, and direct email and phone calls. These activities and events are described in detail in the following sections. In total, nearly 10,000 people responded to the TalkVancouver survey, and nearly 500 attendees were present at the 2 Open Houses. Detailed analysis of the TalkVancouver Survey is available in Appendix C (quantitative responses) and D (qualitative responses).

2. TalkVancouver Survey

The purpose of the TalkVancouver Survey was to seek public feedback on key elements of the Council-endorsed emerging model for an empty homes tax, including objectives, policy direction, exemptions, and the tax rate. In-depth analysis of survey responses is available in Appendix C (quantitative responses) and D (qualitative responses). The online survey ran from September 23rd to October 18th, 2016, and was available in English, Chinese, and Punjabi. Printed surveys were also available in all three languages at the Open Houses.

2.1 Notification

Notification of the survey was provided in English, Chinese, and Punjabi via:

- Direct mail out to all 199,999 owners of residential property in Vancouver
- Social media - Twitter and Facebook
- A new City of Vancouver website detailing the emerging and approach
- Ads in Vancouver and national news outlets

2.2 What We Heard

Responses to Quantitative/Multiple Choice Questions
<ul style="list-style-type: none">• 10,536 total respondents<ul style="list-style-type: none">○ 69% (7,264) owners, 27% (2,842) renters○ 85% (8,995) live in Vancouver○ 9% (944) own 2 or more properties in Vancouver• 74% of respondents agreed or strongly agreed that there is a rental housing crisis in Vancouver• 63% of respondents agreed or strongly agreed that the City is heading in the right direction with the proposed approach to an Empty Homes Tax• 67% of respondents agreed or strongly agreed that the amount of tax should be set at a level that is high enough to encourage owners to rent out their home• Mixed response regarding the Empty Homes Tax rate:<ul style="list-style-type: none">○ 34% of respondents support a rate lower than .5% of assessed value○ 28% of respondents support a rate between .5% and 2% of assessed value○ 37% of respondents support a rate above 2% of assessed value
Responses to Open-Ended Question Regarding Additional Exemptions
<p>The TalkVancouver Survey included one open-ended question, which asked participants to suggest additional exemptions for Staff and Council to consider for the Empty Homes Tax. An in-depth analysis of responses to this question is available in Appendix D, and several key exemption categories discussed are summarized below:</p> <ul style="list-style-type: none">• Consideration for Canadian citizens, permanent residents, and those who file Canadian income tax or more specifically for those who contribute to the BC economy.• Exemption based on number of years that a family has resided and/or paid taxes in Vancouver or owned the same property• Exemption for seniors and residents on fixed incomes and more specifically to those on limited income• Exemptions for those who consider Vancouver their main home regardless of the status of their property• Exemptions for non-citizen snowbirds or temporary migrants who might declare their Vancouver home as their principal residence were it not for citizenship laws, also consider Vancouver their home and were it not for citizenship laws

3. Open Houses

The purpose of the two Open Houses were to inform members of the public on the proposed model for an Empty Homes Tax, to seek direct public feedback on the proposed model, and to provide additional context to assist members of the public in taking the TalkVancouver survey. City of Vancouver staff were available to answer questions and receive comments, and printed boards in English and Chinese provided detailed information on the emerging model.

3.1 Location of Open Houses

Location	Date	Attendance
Vancouver Public Library Main Branch	October 15 th , 2016	200
Oakridge Auditorium	October 17 th , 2016	225

3.2 Notification

Notification was provided for the Open Houses in English, Chinese, and Punjabi via:

- Direct mail out to all 199,999 owners of residential property in Vancouver
- Social media - Twitter and Facebook
- A new City of Vancouver website detailing the emerging and approach
- Ads in Vancouver and national news outlets

3.3 What We Heard

Key Feedback from Open Houses
<ul style="list-style-type: none"> • The potential for full or partial exemption of non-primary residences (NPRs) such as second homes and vacation homes was the number one issue raised in the public open houses. In general, most owners of NPRs felt that it would be unfair for the city to tax NPRs that are used occasionally or regularly in the same way as homes that are empty for 12 months of the year. • Many open house attendees expressed that they were opposed to any empty homes tax in Vancouver, regardless of whether they would personally be impacted by the tax. Many owners expressed that they felt the tax would penalize them for a problem that they did not cause, and that they too are feeling 'squeezed' by rising property taxes and housing costs. These owners thought City resources might be better directed toward a tax on foreign owners, or on recent investment purchases. • A number of attendees expressed moderate to strong support for the Empty Homes Tax, noting their own impression of a high level of vacancy in the City's condo stock and neighborhoods. These attendees urged the City to ensure there is strong enforcement and that attention is paid to opportunities to circumvent the tax. • Many owners expressed a significant concerns regarding renting out their second homes, noting that the Residential Tenancy Act 'makes it impossible' to evict a problematic tenant. Others also expressed doubt that renters could afford or would be interested in properties renting at the high end of the market, such as condominiums and large homes. • Many open house attendees felt that the TalkVancouver survey did not permit them to adequately express their concerns with or opposition to the tax. Some also felt that timeline for public consultation was too short, and provided inadequate opportunity for the community to express their views. Many inquired about the possibility of a public hearing or the opportunity to speak before council regarding their opposition to the tax. • We heard several concerns about the impact on property values of recent

action by the Province to increase taxes on foreign property transfers, along with uncertainty regarding how this in combination with the Empty Homes Tax might impact the market.

- We heard several suggestions for ways to incentivize owners to become landlords, such as property tax breaks or arrangements with the City or third parties to shoulder some of the risk of renting.
- Regardless of the degree of support for the tax, many attendees expressed doubt as to the ability of the City to effectively regulate and enforce the tax.
- Several attendees brought their unique scenarios to the attention of staff in order to determine whether or not they would personally be eligible for the tax.
- Many retirees who attended the open houses noted that they frequently travel back and forth between their primary residences (i.e. on the Island or the Sunshine Coast) and their Vancouver residence, but that they prefer not to transfer their principal residence to their Vancouver property because of federal tax implications. They noted that the tax would likely have implications for their retirement planning.

4. City Advisory Committees

Staff delivered presentations and took questions from two key City of Vancouver Advisory Committees, the Renters' Advisory Committee and the Seniors' Advisory Committee.

4.1 Advisory Committee Dates

Committee	Date
Renters' Advisory Committee	October 12 th , 2016
Seniors' Advisory Committee	October 21 st , 2016

4.2 What We Heard

Committee	What We Heard
CoV Renters' Advisory Committee	<ul style="list-style-type: none"> • Generally supported the stated objectives of the Empty Homes Tax, with some concerns regarding the enforceability and/or potential ease of 'getting around' the tax and exemptions. • Concerns regarding potential ease of getting around the tax, particularly if homes rented to friends are exempt from taxation. • Concern about owners becoming landlords without sufficient knowledge and understanding of RTA and tenants' rights - this could leave both owners and tenants vulnerable. • Suggestion that CoV provide one-time exemptions for owners to help offset barriers to entry to becoming landlords, such as a property tax break or reduction • Suggestion that CoV and/or partners launch a campaign similar to AirBNB with real-life stories of successful landlord-tenant relationships
CoV Seniors' Advisory Committee	<ul style="list-style-type: none"> • Broad concern regarding impact of empty homes on neighborhoods and on availability of housing for renters and families, along with concern about the impact of the tax on seniors with retirement plans that include keeping a Vancouver home as a 'pied a terre.' • Encouraged Staff to clarify language around 'corporate rentals,' which Staff used as a general term for working with a third property manager on a short- or long- term basis to rent out a unit. • Several members suggested that Staff should focus on investors who own multiple properties in CoV, rather than on owners of just one second property. • Suggested a 'carrot' approach for encourage owners to rent out their properties, such as a City program to absorb some of the risk to owners. • Expressed concern regarding owners who may be falsely claiming that their Vancouver property is their principal residence even though they live outside Canada • Suggested that the exemption for properties being used by students or for work should allow for shorter tenancies, i.e. students present for just the January-April semester. Also encouraged Staff to ensure that there is a strong evidence base required to prove eligibility for the student exemption.

5. Additional Public Consultation

In addition to the Open Houses, TalkVancouver Survey, and direct outreach to City Advisory Committees, Staff received inquiries regarding the proposed empty homes tax directed through several channels, including:

- Calls to 311 and City staff

- Emails to Mayor and Council
- Emails to relevant Vancouver.ca email accounts, including eht@vancouver.ca and housing@vancouver.ca
- Official public and stakeholder comment letters to Mayor and Council
- Direct mail

Staff recorded the number of inquiries and summarized key questions and concerns, and provided phone or e-mail responses in cases where the inquiry included a request for follow-up.

5.1 Number of inquiries received, by channel (as of October 31st, 2016)

Channel	Number of Inquiries
311	130
EHT, City Clerk, and Housing email addresses	51
Direct Mail	37
Comment Letters to Mayor and Council	1
Total	219

5.2 What We Heard

Key Feedback from Inquiries to Staff
<p>Many of the inquiries to staff included many of the same concerns expressed in the Open Houses. In addition to these concerns, we heard the following:</p> <ul style="list-style-type: none"> • Many owners provided very detailed explanations of their personal circumstances with their homes, which explained why they felt they are unable to rent them out even if they are not using the properties as a principal residence. • Many owners expressed concern that they would be taxed because their strata regulations do not permit them to rent out their unit. • Several calls and letters came from residents from elsewhere in Canada and abroad who use their Vancouver property as a base to visit children or friends in Vancouver, and do not wish to rent out the property while they are not using it. Several also noted that they were prevented from using their property full-time because of immigration rules. • Several residents from abroad noted measures that had been taken in their countries of origin to deal with second homes and empty homes, including taxes on speculative activity. • Several owners suggested exemptions for properties that are being used occasionally by themselves, their family, or friends, or that are being used for storage purposes.

VANCOUVER CHARTER

[SBC 1953] CHAPTER 55

Part XXX — Vacancy Tax

Definitions for this Part

615. In this Part

"property status declaration" means a property status declaration required under section 618 (a) [*permissive vacancy tax by-law powers*];

"residential property", subject to any applicable regulations, means real property classified as class 1 property (residential) under the *Assessment Act* ;

"status", in relation to a residential property, means whether the property is any of the following, as applicable:

- (a) in a category of residential property that is exempt under section 617 (f) [*required vacancy tax by-law provisions*] from the vacancy tax;
- (b) vacant property;
- (c) taxable property;

"taxable property", in relation to a vacancy tax, means residential property that is all of the following:

- (a) vacant property;
- (b) not exempt from taxation under section 373 [*annual rating by-law*];
- (c) not in a category of residential property that is exempt under section 617 (f) from the vacancy tax;

"vacancy reference period" means a period of time specified by a vacancy tax by-law for the purpose of determining whether residential

property was unoccupied during the period such that it is vacant property;

"vacancy tax" means a tax imposed on taxable property by a vacancy tax by-law;

"vacancy tax by-law" means a by-law under section 616 (1) [*vacancy tax*];

"vacant property" means residential property that is unoccupied during the vacancy reference period for at least the total length of time specified by a vacancy tax by-law and in the circumstances established in the vacancy tax by-law.

Vacancy tax

- 616.** (1) The Council may, by by-law, impose an annual vacancy tax on a parcel of taxable property in accordance with this Part.
- (2) A registered owner of taxable property must pay the vacancy tax imposed on that parcel of taxable property by a vacancy tax by-law.
- (3) A vacancy tax, together with any applicable penalties and interest payable under section 618 (d) [*permissive vacancy tax by-law powers*], owed to the city is a debt due to the city and is a levy that
- (a) is a charge or lien on the real property on or in respect of which the vacancy tax is imposed,
 - (b) has priority over any claim, lien, privilege or encumbrance of any person except the Crown, and
 - (c) does not require registration to preserve it.
- (4) The city may use monies raised from a vacancy tax only for the purposes of initiatives respecting affordable housing and for the administration and collection of the vacancy tax.

Required vacancy tax by-law provisions

- 617.** A vacancy tax by-law must do the following:

- (a) provide for a process for the administration and collection of a vacancy tax;
- (b) establish circumstances in which residential property is to be considered unoccupied;
- (c) specify a vacancy reference period and the total length of time that apply for the purpose of determining whether a residential property is vacant property;
- (d) establish the basis on which the vacancy tax is imposed, which may be any basis in relation to taxable property;
- (e) establish the rate or amount of the vacancy tax;
- (f) establish exemptions from the vacancy tax;
- (g) establish requirements respecting notice to a registered owner of a residential property that is subject to the vacancy tax;
- (h) provide for a record of taxable properties and for a process to correct and update that record;
- (i) provide for a process to hear and determine complaints respecting the imposition of a vacancy tax, including providing for a review process for determinations of complaints;
- (j) provide for a process to refund to a registered owner any excess amount of vacancy tax paid by the registered owner and any amount of penalty and interest paid under section 618 (d) [*permissive vacancy tax by-law powers*] on the excess;
- (k) provide for the preparation of an annual report respecting the vacancy tax, which report must include the amount of monies raised from the vacancy tax and how the monies were used;
- (l) provide for making the annual report referred to in paragraph (k) available to the public.

Permissive vacancy tax by-law powers

618. A vacancy tax by-law may do any of the following:

- (a) provide that a registered owner of a residential property must make a property status declaration;
- (b) establish requirements and provide for a process respecting property status declarations;
- (c) provide for requiring a registered owner of a residential property to provide information respecting the status of the property, including providing information to support a property status declaration and submitting evidence to verify the declaration;
- (d) establish penalties and interest payable for failure to pay the vacancy tax and for failure to pay the vacancy tax by a specified date;
- (e) authorize employees of the city or other persons to enter onto residential property in accordance with section 621 [*entering onto residential property*];
- (f) provide that a vacancy tax is a levy lawfully inserted in the real-property tax roll and, if that provision is made, section 409 (2) and (3) [*special charges that are to be collected as real-property taxes*] applies.

Vacancy tax by-law variation power

619. The Council may, in a vacancy tax by-law,

- (a) establish categories of residential property, registered owners and vacant property,
- (b) make different provisions for different categories established under paragraph (a) in respect of the following:
 - (i) different vacancy reference periods and different total lengths of time that apply for the purpose of determining whether a residential property is vacant property;
 - (ii) different rates or amounts of vacancy tax;
 - (iii) different exemptions;
 - (iv) different requirements respecting notices to a registered owner;

(v) different requirements respecting a property status declaration, including respecting any information or evidence required under section 620 [*property status declarations*];

(vi) different requirements respecting information that a registered owner must provide respecting the status of a residential property of the owner, and

(c) make different provisions for different times, conditions or circumstances.

Property status declarations

620 . (1) For the purposes of administering a vacancy tax, a vacancy tax by-law may do any of the following respecting property status declarations:

(a) provide for requiring a registered owner of a residential property to provide information respecting the property and the identity and address of the registered owner and the individual occupying the property, if any, which may include information respecting the status of the property and the nature of its occupancy during the vacancy reference period;

(b) require a registered owner of a residential property to submit evidence necessary to verify a property status declaration and the status of the property during the vacancy reference period;

(c) specify the type and form of information that a registered owner must provide or of the evidence that a registered owner must submit;

(d) provide for determining the information and evidence that is to be considered satisfactory to demonstrate the status of a residential property;

(e) establish fines and penalties that may be imposed on a registered owner who, in relation to a residential property,

(i) fails to make a property status declaration,

- (ii) makes a false property status declaration,
 - (iii) fails to provide required information or to submit required evidence,
 - (iv) provides information or submits evidence that is not considered satisfactory, or
 - (v) provides false information or submits false evidence;
- (f) provide that, if a registered owner does anything listed in paragraph (e) (i) to (v), the residential property is considered to be vacant property and is subject to the vacancy tax.

(2) For certainty, a vacancy tax by-law may require a registered owner to provide information or submit evidence whether or not the owner makes a property status declaration.

Entering onto residential property

621. (1) The authority to enter onto a residential property may be exercised by an authorized employee of the city or other person authorized by the city only

- (a) in relation to a residential property for which a property status declaration may be required under a vacancy tax by-law,
- (b) for the purpose of determining the status of the property and whether the property is subject to the vacancy tax,
- (c) at reasonable times and in a reasonable manner, and
- (d) after reasonable steps are taken to advise the registered owner and the individual occupying the property, if any, before entering onto the property.

(2) An authorized employee of the city or other authorized person may enter into a residential property that is a private dwelling only if the individual occupying the property, if any, consents.

Regulations

622. (1) For the purposes of this Part, the Lieutenant Governor in Council may make regulations referred to in section 41 of the *Interpretation Act* .

(2) Without limiting subsection (1), the Lieutenant Governor in Council may make regulations for the purposes of the definition of "residential property" in section 615 [*definitions for this Part*]

(a) excluding real property that is expressly included as class 1 property (residential) under the *Assessment Act* , and

(b) including real property that is expressly excluded from class 1 property (residential) under the *Assessment Act* .