



ADMINISTRATIVE REPORT

Report Date: June 20, 2017
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Meeting Date: June 28, 2017

TO: Standing Committee on Policy and Strategic Priorities

FROM: General Manager of Planning, Urban Design & Sustainability in
Consultation with the General Manager of Finance, Risk and Supply Chain
Management

SUBJECT: Amendments to Vacancy Tax By-Law

RECOMMENDATIONS

- A. THAT Council approve the amendments to Vacancy Tax By-Law No. 11674 as described in this report and instruct the Director of Legal Services to bring forward a by-law to amend Vacancy Tax By-Law No 11674 generally as set out in Appendix A for enactment.
- B. THAT Council receive for information additional data on the number of homes that may be impacted by the Vacancy Tax By-Law and the Empty Homes Tax (EHT) as described in this report.

REPORT SUMMARY

Council approved the Vacancy Tax By-Law and Empty Homes Tax (EHT) on November 16, 2016. Since the by-law was enacted, the EHT project team has been working on design and implementation of the EHT program. Through the program design work and public feedback, the team has identified a number of amendments to the by-law for Council's consideration. This report provides the rationale for each of the recommended amendments as well as additional data on the number of homes that may be impacted by the EHT.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

- Part XXX (Sections 615-622) of the *Vancouver Charter* provides authority for Council to, by by-law, impose an annual vacancy tax.

- On November 16, 2016 Council approved the Vacancy Tax By-Law No. 11674 to levy a tax on empty and under-utilized Class 1, residential properties within the city of Vancouver.
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- On March 29, 2017 Council approved in principle the Housing Vancouver Emerging Directions subject to further investigation, public consultation and analysis.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

Vancouver is in the midst of a severe housing crisis. The EHT is an important policy initiative for the City of Vancouver given the potential to motivate owners of empty and underutilized homes to rent out their properties and create a significant increase in rental housing supply. Over the past 7 months, the staff team responsible for implementing the EHT have identified several potential amendments to the Vacancy Tax by-law for consideration by council. The City Manager recommends approval of the by-law amendments.

REPORT

Background/Context

Overview of the Vacancy Tax By-law and the EHT

The EHT is a tax on empty and under-utilized Class 1 Residential properties in the city of Vancouver. Homes that are determined or deemed to be empty will be subject to a tax of 1% of the property's taxable assessed value. The EHT will be applied annually, with the first tax year having begun on January 1, 2017. Most homes will not be subject to the tax, including those that are:

- Principal residences for at least six months of the year;
- Rented out for at least six months of the year (in periods of 30 or more consecutive days); or
- Eligible for an exemption set out in the by-law.

Net revenues generated from the program will be invested into affordable housing initiatives.

Every owner of residential property in Vancouver will be required to make an annual property status declaration. In December of each year, owners will receive instructions outlining how to make their declaration. Property status declarations for the 2017 tax year will be due by February 2, 2018. Failure to declare will result in the property being deemed vacant and subject to the EHT.

Late and unpaid EHT will be subject to the same remedies for non-payment as property taxes, including:

- A late payment penalty of 5%;
- Daily interest on arrears; and
- The tax sale process.

If an owner makes a false declaration, fails to provide required information or evidence to support a declaration, or provides false information or evidence, the property will be deemed vacant and subject to the tax. The City may also prosecute, which may result in fines of up to \$10,000 per day of the continuing offense, in addition to payment of the EHT.

Public Awareness Campaign and Stakeholder Engagement

Staff have continued to engage with residents and key stakeholders throughout the implementation period (Table 1).

Table 1: Public Awareness Campaign and Stakeholder Engagement

Timeline	Audience & Format	Description/ Key Message
Nov. 2016	Letter from Mayor Robertson to every residential property owner in Vancouver.	Empty Homes Tax enacted by Council
Dec. 2016	Media event and news release.	LandlordBC can help owners to rent out empty homes
Feb. 2017	Letter from Revenue Services to new properties on the tax roll.	Empty Homes Tax enacted by Council
Feb. 2017	Video for CoV website, YouTube and Social Media.	Understanding the Empty Homes Tax
Mar. 2017	Notices sent to every residential property owner in Vancouver. Media Release, Print Ads and Social Media Campaign.	Owners are encouraged to rent out empty and under-used homes by July 1 in order to meet six-month occupancy requirement
May. 2017	3rd party FAQ document to be circulated to BC realtors, (CoV review).	Understanding the Empty Homes Tax
May. 2017	Notices sent to every residential property owner in Vancouver.	
June. 2017	Property developer specific FAQ document circulated to development industry.	

Public Feedback on the EHT

There have been over 5,000 311 interactions about the EHT over the past 7 months. Interactions that involved a response from the EHT staff team were coded based on the key topic area(s). As of May 28, 2017:

- 30% of interactions involved concerns regarding the impact of the EHT on owners of second homes;

- 27% were property owners attempting to declare their property's occupancy status or confirm information required in support of their declaration;
- 21% involved requests for information about exemptions; and
- 22% involved other comments and questions about the EHT or complaints about the EHT.

Strategic Analysis

Since the by-law was enacted, the EHT project team has been working on design and implementation of the tax. Through this work and public feedback, the team has identified a number of amendments to the by-law for Council's consideration (see Appendix A).

Recommended Amendments to the Vacancy Tax By-Law

Staff are recommending an amendment for vacant unimproved lands and heritage retention projects where rezoning, development permit, or heritage alteration permit applications are under review.

The Vacancy Tax By-law currently provides an exemption if a property has been unoccupied for more than 180 days during the applicable tax year because the property was under redevelopment or major renovation, permits have been issued, and the work is being diligently pursued. This provision was put in place to encourage owners to maintain occupancy for as long as possible, given the shortage of rental housing supply in the city. It is also consistent with the BC Residential Tenancy Act, which requires that all permits be in place when an owner issues a Notice to End Tenancy. The provision is also intended to prevent owners from submitting development applications in order to avoid the EHT, and then delaying or failing to carry out the actual work.

However, in the case of vacant unimproved lands that have no dwellings on-site and whose owners are diligently proceeding with a rezoning or development permit application, it is not possible for the property to be occupied in accordance with the requirements of the by-law. Therefore, staff recommend an amendment to the Vacancy Tax By-Law to exempt vacant lands that are not improved with any dwelling units if the owner has submitted a complete rezoning or development permit application to create housing supply, provided that the application is being diligently pursued by the applicant. For projects requiring rezoning, submission of a full and complete letter of enquiry package and full payment of the required fee by the registered owner will meet this requirement. Vacant unimproved properties that are not in the development review process will continue to attract the EHT as an incentive for owners to move forward with the creation of housing supply.

Staff also recommend that this exemption apply when a registered owner has submitted a development permit or heritage alteration permit application for the rehabilitation and conservation of heritage property. For this exemption, the property must be heritage property as that term is defined in the *Vancouver Charter*, meaning property that, in the opinion of Council or its delegate, either "has sufficient heritage value or character to justify its conservation", or "is protected heritage property".

The protection of heritage resources is an important objective of City Council but the permit application process for these projects is more complex and time consuming compared to non-heritage projects, largely because a public hearing is required for a heritage designation and most heritage revitalization agreements. This exemption would align with Council's objectives of protecting heritage resources.

Finally, staff are also recommending that unimproved vacant parcels of Class 1 residential land that are part of a phased development be exempted from the EHT if a rezoning application is under review for the phased development, or the property is already rezoned and another parcel within the development is moving forward with an application to create housing supply or is already under construction with issued permits. This aligns with the exemption for unimproved vacant lands discussed above, but is required to capture parcels of land within large-scale developments of unimproved land where the City has agreed that applications for development will be submitted in phases and development will be carried out pursuant to multiple development permits.

Staff are recommending amendments to change the definitions of residential property and registered owner.

The current Vacancy Tax By-Law uses the *Vancouver Charter's* definition for "residential property" which is "real property that is classified as Class 1 property (residential) under the British Columbia Assessment Act". However, the British Columbia Assessment Act defines Class 1 property (residential) to include some property types that, by their nature, should not attract the EHT, such as day cares, preschools, nursing homes and rest homes. Under the *Vancouver Charter*, the Province may enact a regulation to exclude real property that is expressly included in its definition of Class 1 property (residential), but the Province has not yet enacted this regulation and it is uncertain whether this will be resolved before the end of this year. Staff therefore recommend an amendment to the definition of "residential property" to exclude specific types of properties. This may need to be amended again in the future if the Province does enact a regulation, but this is critical for this first tax year.

The by-law also uses the *Vancouver Charter* definition for "registered owner" as the person registered at the Land Title Office as entitled to the fee simple. However, in the case of leasehold strata lots where the tenant is recorded as taxable on the property tax roll, the current by-law would apply to the land owner and not the leasehold tenant. Under the property tax program, leasehold tenants under the BC Strata Property Act are recorded as taxable on the property tax roll and are responsible for payment of property taxes. Staff recommend an amendment to the definition of registered owner to include a leasehold tenant as defined in the BC Strata Property Act who is recorded as taxable on the real property tax roll in order to be consistent with the property tax program.

Staff are recommending miscellaneous minor amendments regarding the process for making a declaration.

Property status declarations will be made online (with minor exceptions). Therefore, registered owners will receive instructions on how to complete their declaration, not an "actual declaration" as stated in the current bylaw. Staff propose minor by-law amendments to provide clarity.

Staff are recommending miscellaneous minor amendments to clarify exemptions.

Staff have been closely monitoring enquiries from the public and recommend minor changes to certain exemptions to provide clarity (Table 2):

Table 2: miscellaneous minor amendments to clarify exemptions

Section	Topic Area	Recommended Amendment
3.4	Rental Restriction or Prohibition	Clarify that this exemption also applies to strata bylaws which prohibit rentals altogether (but must still be in effect as of November 16, 2016)
3.7	Court order	Clarify that the exemption applies to court order, court proceedings prohibiting occupancy, or government order

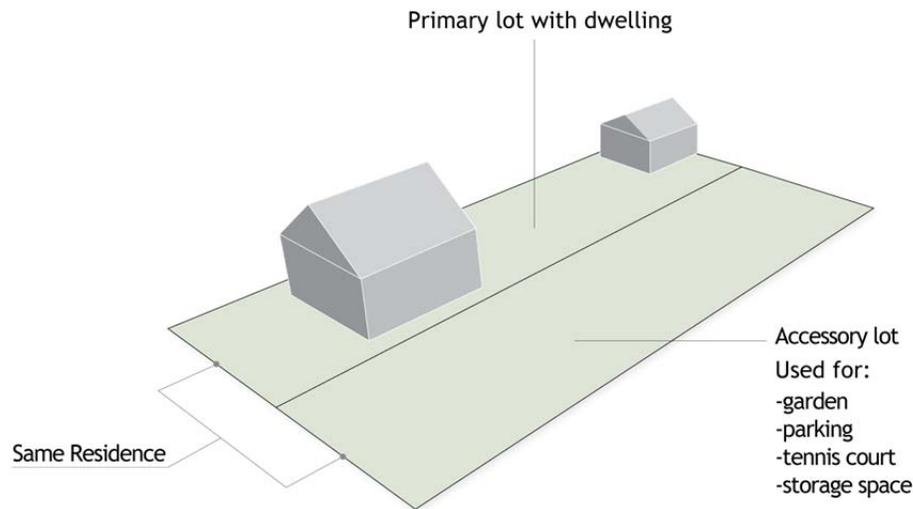
Additional Clarifications Not Requiring By-Law Amendment

This section of the report identifies additional issues addressed in public feedback that require clarification but not by-law amendment.

Contiguous Parcels

Following public enquiries, staff were made aware of the need to clarify how contiguous parcels of land that are used as one residence and adjacent strata lots that have been joined will be treated under the Vacancy Tax By-Law. Figure 1 below illustrates how there can be situations where an owner's property consists of two or more adjacent parcels that are used as one residence.

Figure 1: Example of Contiguous Parcels Used as One Residence



For the purposes of the EHT, contiguous parcels of land that are used as one residence will be treated as one residence. Therefore, provided that such contiguous parcels are a principal residence, rented out for at least six months of the year, or qualify for an exemption from the EHT, the tax will not apply to any of the parcels.

In some cases, BC Assessment may treat multiple contiguous parcels as a single parcel and there may be only one property tax folio; in this case, only one property status declaration will need to be submitted. Owners of contiguous parcels of land which have separate property tax folios will be required to submit a property status declaration for each parcel and will complete them in the same manner. Owners will need to be prepared to provide information and evidence to demonstrate that the contiguous parcels are used as one residence.

In order for adjacent strata lots to be considered as one residence, the strata lots must be joined by a permitted interior connection (such as a door or staircase) and used as one contiguous residence for the purposes of the EHT. Owners will need to be prepared to provide information and evidence to demonstrate that the adjacent strata lots were joined pursuant to an issued permit and are used as one residence.

Second Homes

Approximately 30% of the feedback received through 3-1-1 regarding the EHT has been about second homes. Reports to Council in September and November 2016 detail the careful consideration given to the impact of the EHT on second homes, which weighed the impact of the tax on second home owners against the effectiveness of the tax and the enforceability of the program. The overarching goal of the EHT is to substantially increase the number of homes being made available for rent given the low rental

vacancy rate in Vancouver. Creating an exemption for second homes could significantly impact the City’s ability to achieve this goal.

Capping the Tax

Staff have received requests to institute either a dollar value cap on the EHT that a property can attract, or a lower tax rate based on the value of a property. This request was made in order to shield empty luxury properties from a high EHT bill (for example a \$10 M home would be subject to an annual EHT of \$100,000).

Staff are not recommending an amendment, as high value homes could be occupied or rented, in whole or in part, and thereby add to housing supply. In addition, part of the rationale for the flat 1% tax rate was to align the total taxes payable for vacant residential property (property taxes and EHT) with property taxes for Class 6 businesses; instituting a cap would be inconsistent with this rationale. As stated in the November 16, 2016 Council report, the tax rate will be reviewed periodically to ensure the effectiveness of the program.

Homes Listed for Rent or Sale

Staff have received requests to create an exemption for homes that are actively listed for rent or sale by owners who are concerned that they may not be able to achieve a “fair price” for their property. Staff are not recommending an amendment to exempt homes that are listed for rent or sale. There are two key reasons for this:

1. The current rental market vacancy rate is 0.8% in the city and 0.7% in the region overall. A vacancy rate of between 3% and 5% is considered to be a healthy balance between supply and demand. Given the current market conditions, owners should be able to ensure rental occupancy for the required minimum of six out of twelve months mandated in the current by-law.
2. The current bylaw allows up to 18 months for developers of new homes to sell the unit following completion of construction activities (Figure 2).

Figure 2: Hypothetical timeline of new construction and sale

Timeline	2017												2018											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Property Status	Under construction until after July 1, 2017						Listed for sale and sold prior to December 31, 2018																	
Empty Homes Tax Implications	Exempt from the Empty Homes Tax for all of 2017 due to construction												Exempt from the Empty Homes Tax for all of 2018 due to change of ownership											

There is a reasonable amount of time for a new home to be listed for sale and sold to the 1st buyer. Staff will continue to monitor the real estate market and impacts of the EHT on the creation of new housing supply and may recommend policy changes if market conditions changes significantly.

Additional Data on the Number of Homes that may be Impacted by the EHT

On November 16, 2016, when considering the approval of the Vacancy Tax By-law, council requested that staff do further analysis with the Canada Mortgage and Housing Corporation and other organizations as needed to assess the number of homes in the city that are subject to the 2017 EHT, including those frequented for family purposes, and report back to Council in advance of the 2018 EHT period. This section of the report summarizes new census data that provides further insights into the number of homes that could be impacted by the EHT.

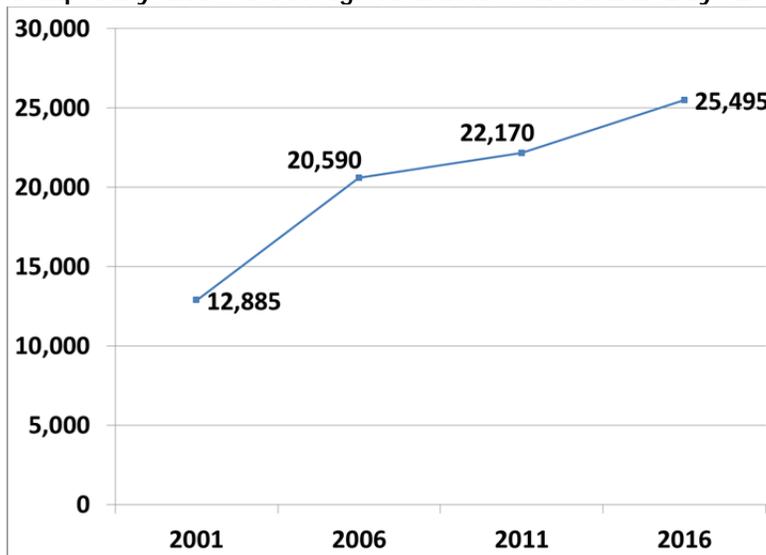
On Census day, May 10, 2016, Statistics Canada identified 25,495 dwelling units in the City that were either unoccupied, or occupied by temporary and/ or foreign residents. About 86% of these dwellings were unoccupied (21,820) and 14% were occupied by temporary and/ or foreign residents (3,675).

Statistics Canada defines unoccupied dwellings "as a private dwelling which meets the two conditions necessary for year-round occupancy, but in which no individual is residing on May 10, 2016. The two conditions for year-round occupancy include: a source of heat or power and shelter from the elements" (Statistics Canada, 2016).

Temporary and or foreign residents "refer to a private dwelling occupied solely by foreign residents and/or by temporarily present persons on May 10, 2016. A temporarily present person of a dwelling is a person who resides there on May 10, 2016, but has a usual place of residence elsewhere in Canada. A foreign resident is a person whose usual place of residence is outside Canada" (Statistics Canada, 2016).

Census Data shows that the number and percent of total dwellings that were either unoccupied or occupied by temporary and/ or foreign residents has gone up over previous periods. The number of homes with this status on census day increased from 12,885 in 2001 (5.2% of all dwellings) to 25,495 in 2016 (8.2% of all dwellings) (Figure 3).

Figure 3: Number of Dwelling Units that were Either Unoccupied, or Occupied by Temporary and/ or Foreign Residents on Census Day: 2001-2016



The majority of dwellings that are unoccupied or occupied by foreign and/or temporary residents in the City are apartments. The share of total apartment units that were unoccupied or occupied by temporary or foreign residents on census day increased from 6.3% in 2001 to 8% in 2016 (Table 3).

Table 3. Dwellings that were Unoccupied or Occupied by Temporary and/or Foreign Residents: Apartments vs. Total Dwellings

	Apartments Units*		Total Dwelling Units	
	# of units unoccupied or occupied by temporary/ foreign	% of Total Apartment Units	# of units unoccupied or occupied by temporary/ foreign	% of Total Units
2001	8,855	6.3%	12,885	5.2%
2006	13,890	8.5%	20,590	7.5%
2011	14,795	8.6%	22,170	7.7%
2016	15,280	8.0%	25,495	8.2%

*Consists of apartment units in a building that has five or more storeys and fewer than five storeys, but not apartment/flats in a detached duplex.

Compared to the rest of the region, the share of total apartment dwellings that are either unoccupied or occupied by temporary and/or foreign residents is 1% higher in the city of Vancouver than in the rest of Metro Vancouver (Table 4).

Table 4. Apartment Dwellings that were Unoccupied or Occupied by Temporary and/or Foreign Residents: City of Vancouver vs. Metro Vancouver

	Number of <u>apartment</u> dwellings that are either unoccupied or occupied by temporary and/ or foreign residents	% of total <u>apartment</u> dwellings
City of Vancouver	15,280	8.0%
Rest of Region	16,870	6.9%
Metro Vancouver Total	32,150	7.4%

The 2016 Census data provides additional insight into the potential scale of the number and type of homes that will be subject to the EHT. However, this data should be understood with the following key considerations in mind:

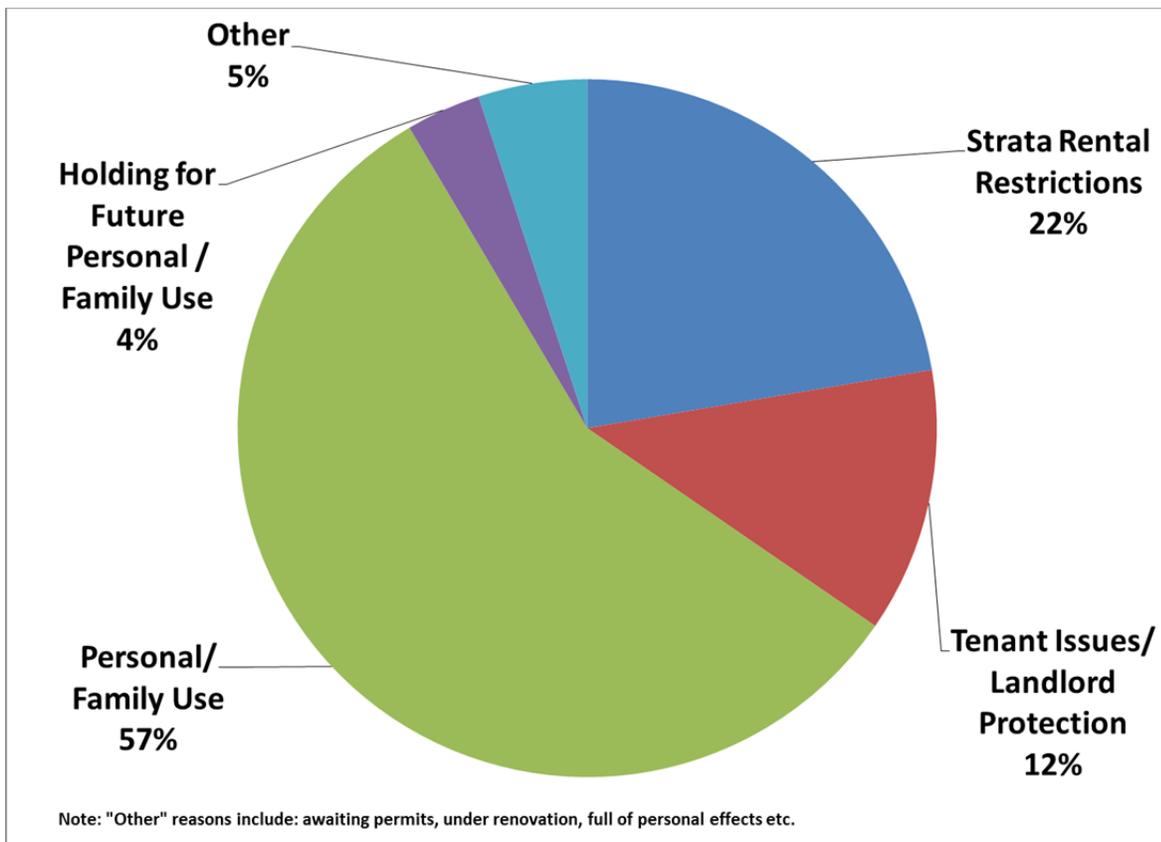
1. Census data tells us about the status of a home on census day in May 2016. It does not provide insights into the length of time that the home had a particular status.
2. Census data does not provide information about the number of homes that would be exempt from the EHT for reasons such as recent sale of the property or newly constructed homes with new residents on their way or any of the other exemptions included in the EHT by-law.

3. Many owners may have changed the status of their properties during the first half of 2017 in response to Council’s approval of the EHT. The census data from May 2016, would not reflect these recent changes in owner behaviour.

2016 Survey Data

In addition to further information about the number of homes that would be subject to the EHT, Council has expressed an interest in understanding the reasons why owners of non-principal residences do not rent out the home. As part of a city survey in the fall of 2016, owners were asked to comment on the reasons why they were 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).

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



Implications/Related Issues/Risk (if applicable)

Implementation Update

Staff are working to ensure the successful implementation of the EHT which is an innovative approach to address a global problem. The program is predicated on an annual self-declaration of property status by approximately 180,000 property owners coupled with a robust audit program. Sizing the process, technology and people components of the solution is a challenge as there is no prior years' data for the City of Vancouver or good sources of data from any other global government agencies. Solutions being built must be flexible with the ability to scale up and down based on feedback at each stage of the process during the year.

Property owners will have the ability to make their declaration online, via 3-1-1, in-person and by mail. Property owners will receive information on how to declare online with their Advance Tax Notice in the fall, it is anticipated that 60% or more will complete their declaration in this way. Key considerations in the development of this solution are:

- Declarations have been designed to be as simple as possible within the technical limitations associated with the underlying systems, the premise being that the simpler the declaration, the more people will use this channel.
- Web servers hosting the Vancouver.ca website are equipped to manage the spikes in traffic.

It is estimated that delivery of this notice could generate up to 60,000 EHT calls for 3-1-1. Calls will be inquiries some of which may lead to a declaration. In preparation for these projected volumes, staff have been preparing mitigation strategies to minimize potential disruption to other city services. These include:

Mail-Out Period Extension

- Historically the Advance Tax Notice has been mailed out during a single week. As part of the implementation, the mail outs will begin slowly and ramp up; the speed of the ramp up will be based on actual 3-1-1 call volumes received; this window may be extended to up to 6 weeks.

3-1-1 / Telephony

- The current phone system is not structured to withstand a spike of 60,000 calls and will need to be enhanced to manage increased volumes. Not only does the increase in call volumes have a potential to impact 3-1-1 wait times, but a sudden spike of traffic can also impact the phone system itself, which in addition to 3-1-1, services the whole City back office and other service centres such as Help Desk, Parking Operations and Engineering Dispatch.
- - Incoming call capacity will be upgraded.
 - New licenses will be purchased to increase the number of 3-1-1 agents permitted to take calls.

- The IVR (Integrated Voice Response) system will be enhanced to manage call traffic in a more complex manner leveraging queues and routing rules.
- Options will be added to the IVR to enable homeowners to request an SMS/Text message with a link to the online declaration.
- It should be noted that the phone system does have a maximum capacity and that should we hit that capacity during the surge in VT traffic, homeowners will be advised to call back at a later time. This is to ensure that the city wide phone system remains intact.
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- To handle the anticipated incoming call surges, 3-1-1 will be expediting recruitment for all current and planned vacancies, and also planning to hire approximately another 30 staff for a period of 90-120 days starting November 2017.

The Revenue Services front counter at City Hall is also not setup to handle the number of people who may wish to declare in-person; it is anticipated that there could be line ups especially in the first year. A temporary expansion to upgrade the physical space is being planned; a more permanent expansion may be warranted in future years. In addition an estimated 10 temporary front counter staff will be hired for the same 90-120 period.

The Manager of Vacancy Tax has been hired, and is working with Ernst and Young to develop the audit program and provide direction on the technology solutions needed to support this work flow. The goal is to have these in place by November 2017. Complaint and appeal processes are also in development again with a target date of November for technology solution. It is anticipated that once the declaration period starts staff will have minimal capacity to work on these developmental aspects of the program. A retrospective will be required starting in 2018 to recommend improvements that if approved would be undertaken as a follow on project in 2018 / 2019.

Financial

In the November report to council, one-time incremental funding of \$4.7 million was identified, over the next 3 years which included project team resources as well as setup cost for the new administration, audit and collection team and technology to automate the process. Current estimate for project cost is \$7.4 million (Tables 5 and 6).

Table 5: Annual Cost Estimates

Year	Nov 2016 Cost Estimate	Jun 2017 Cost Estimate
2016	\$400,000	\$200,000
2017	\$2,100,000	\$5,300,000
2018	\$2,200,000	\$1,900,000
	\$4,700,000	\$7,400,000

The revised estimates reflect the results of further implementation analysis and refining the requirements of the program. Through the past several months,

technology solutions have been designed and implementation plans enhanced. Additional costs, as noted below have been incurred in communications and system upgrades to ensure the city is well prepared should there be a large number of inquiries and questions regarding the implementation. While it is impossible to accurately predict the service requirements, given this is the first year of the implementation, communications, staffing and technology plans are being enhanced to prepare as best as possible for potentially high levels of enquiry by property owners.

Table 6: Cost Estimate Details

	Nov 2016 Budget	Budget Change Required	Revised Budget
Project Team	\$880,000	(\$80,000)	\$800,000
Business Support	\$180,000	\$670,000	\$850,000
Technical	\$1,450,000	\$650,000	\$2,100,000
Professional Services	\$1,400,000	\$1,350,000	\$2,750,000
Hardware and Software	\$100,000	\$300,000	\$400,000
Contingency	\$690,000	(\$190,000)	\$500,000
Total	\$4,700,000	\$2,700,000	\$7,400,000

Business support includes internal subject matter experts in areas such as revenue services, tax policy, housing policy, legal services and communications. Organizational design work has been started and identified that Vacancy Tax Department staff needed to be hired earlier in the year than previously assumed; the team needs to be substantially staffed and fully operational by the start of November 2017.

Technical support includes internal resources, 3-1-1, web site development, and systems configuration and testing. Previous estimate was based on a much lower anticipated volume of 3-1-1 calls, as such, additional 3-1-1 staff are required in 2017.

Professional services includes IT software vendor costs, where a design consultancy engagement earlier in the year identified that to meet the timeline, modifications were required to two existing systems that would cost double the original estimate. Other increases relate to the cost associated with an additional mailout sent to property owners in March and the addition of targeted advertising cost estimate to ensure that the communications plan is robust.

As a result of the solution design, additional items were identified to ensure that the solution is robust, a large portion of this cost pertains to the upgrade of the phone system.

As previously stated the one-time project costs and annual operating costs will be funded by the future revenues collected from the program; for example, collection of the 1 percent tax from 740 properties each with an assessed value of \$1 million would provide the \$7.4 million required to implement the tax.

Legal

Part XXX of the *Vancouver Charter* authorizes the City to, by by-law, impose an annual vacancy tax and this by-law may be amended by Council at its sole discretion at any time. These amendments would have effect upon enactment of the amending by-law attached as Appendix A and would apply to the 2017 tax year. The proposed amendments to the Vacancy Tax By-law are to clarify existing provisions and to broaden an existing exemption which would result in fewer properties being subject to the EHT. The amendments will not result in increased application of the EHT or take away any exemptions that were previously provided and as such, these changes can be made during the tax year.

CONCLUSION

Since the enactment of the Vacancy Tax By-Law and Empty Homes Tax (EHT) in November 2016, the EHT project team has been working on design and implementation of the tax. Through the program design work and public feedback, the team has identified a number of amendments to the by-law for Council's consideration. This report has provided the rationale for each of the recommended amendments as well as additional data on the number of homes that may be impacted by the EHT.

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BY-LAW NO. _____

A By-law to amend the Vacancy Tax By-law

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

1. This By-law amends the indicated provisions of the Vacancy Tax By-law.
2. In section 1.2 Council inserts the following new definitions in correct alphabetical order:

“heritage property” means property that:

(a) in the opinion of a person or body authorized to exercise a power under the *Vancouver Charter* in relation to the property, has sufficient heritage value or heritage character to justify its conservation, or

(b) is protected heritage property;”

“phased development” means the development of one or more parcels of residential property where the Director of Planning has agreed that the development will be undertaken in phases over time under more than one development permit;”

3. In section 1.2 Council strikes the definitions of “registered owner”, “residential property” and “taxable property” and replaces them as follows:

“registered owner” means the person or persons registered in the land title office as entitled to the fee simple or, in the case of a leasehold strata unit created by a leasehold strata plan, means the leasehold tenant as defined in the *Strata Property Act*, S.B.C 1998, c.43, provided that such leasehold tenant is recorded as taxable on the real property tax roll;” and

“residential property”, subject to any applicable regulations, means real property classified only as class 1 property (residential) under the British Columbia *Assessment Act* and its regulations, but does not include phased development parcels or land or improvements or both used solely for nursing homes, rest homes, cookhouses, strata accommodation property or child daycare purposes (including group daycares, preschools, special needs daycares, family daycares, out of school care, residential care, emergency care and child minding), as may be further described in the British Columbia *Assessment Act* and its regulations;”

“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 either section 373 or 396 of the *Vancouver Charter*; and

(c) not exempt from the vacancy tax under this by-law;”

4. Council strikes section 3.1 and replaces it with the following:

“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 last registered owner of the residential property on title 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.”

5. Council strikes section 3.2 and replaces it with the following:

“3.2 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 in order to either:

- (a) redevelop or safely carry out major renovations to the property:
 - i. for which permits have been issued by the City; and
 - ii. which, in the opinion of the Chief Building Official, are being carried out diligently and without unnecessary delay, or
- (b) carry out either redevelopment or initial development of residential property that is unimproved with any dwelling units, or the rehabilitation and conservation of heritage property:
 - i. for which a complete rezoning enquiry or application, development permit application or heritage alteration permit application has been submitted by or on behalf of the registered owner and is under review by the City; and
 - ii. which, in the opinion of the Director of Development Services, is being diligently pursued and without unnecessary delay, or
- (c) carry out either redevelopment or initial development of a parcel of residential property which is unimproved with any dwelling units and is part of a phased development which either:
 - i. has not been rezoned, where a complete rezoning enquiry or rezoning application for at least one of the parcels of residential property which comprise the phased development has been submitted by or on behalf of the registered owner and is under review by the City during the vacancy reference period; or
 - ii. has been rezoned, where either:
 - (A) a complete development permit application has been submitted for at least one parcel of residential property which is part of the phased development and is under review by the City during the vacancy reference period; or

- (B) a development permit has been issued by the City for at least one parcel of residential property which is part of the phased development and work under the development permit is, in the opinion of the Director of Development Services, being diligently pursued and without unnecessary delay."
6. In section 3.3, Council inserts the word "facility" after the words "supportive care".
 7. In subsection 3.4 (b), Council adds the words "either prohibited rentals altogether or" between the words "strata" and "restricted".
 8. In section 3.7, Council adds the words ", court proceedings or order of a governmental authority" after the words "court order".
 9. In Section 4.2 Council strike the words "a property status declaration form" and replace with "either a property status declaration form or instructions to make a property status declaration".
 10. In section 4.3 Council strike the words "the property status declaration form" and replace with "the property status declaration form or the instructions to make the property status declaration".
 11. Council strikes section 4.5 and replaces it with:

"4.5 For each real property tax folio, a registered owner or his or her agent or authorized representative must complete and return only one property status declaration to the City in the form and manner required by the City on or before the 2nd business day of the February following the receipt of the property status declaration form or instructions to make the property status declaration."
 12. This By-law is to come into force and take effect on the date of its enactment.

ENACTED by Council this _____ day of _____, 2017

Mayor

City Clerk

EXPLANATION

Vacancy Tax By-law

Enactment of this by-law will implement Council's resolution of June 28, 2017 to amend the Vacancy Tax By-law.

Director of Legal Services

_____, 2017