

MOTION ON NOTICE

2. Improving the Effectiveness of the Empty Homes Tax

Submitted by: Mayor Stewart

WHEREAS

1. On November 16, 2016, Vancouver City Council approved the Empty Homes Tax (EHT) program and enacted the Vacancy Tax By-law No. 11674 to impose a tax on empty and under-utilized class 1 residential properties within the City of Vancouver;
2. The City of Vancouver created the EHT to help return empty and under-utilized properties to the market as long-term rental homes for people who live and work in Vancouver;
3. Homes that are determined or deemed to be vacant are subject to a tax of 1% of the property's assessed taxable value. In order to determine which properties were subject to EHT, all homeowners are required to make an annual EHT declaration, confirming the status of their property as occupied;
4. Most residential properties are not subject to the tax, including homes that are principal residences for at least six months of the year; homes that are rented out for at least six months of the year; or homes that are eligible for one of eight exemptions as set out in the EHT by-law;
5. In the Empty Homes Tax Annual Report for the 1st year of the tax, City staff reported that a total of 7,923 homes were found to be vacant, of which 5,385 qualified for an exemption and 2,538 were charged the vacancy tax meaning that over 67% of the vacant properties were exempt from the tax. Staff also noted that audit work was ongoing and these numbers were likely to change;
6. On November 27, 2018, the Provincial Budget Measures Implementation (Speculation and Vacancy Tax) Act, 2018 came into force, which is aimed at preventing housing speculation and helping to turn vacant and underutilized properties in certain regions of the province into homes for people who live and work in B.C. This act applies in Vancouver and homeowners will be required to make an annual declaration to the province by March 31st of each year, starting in 2019, in addition to the EHT declaration;
7. The CMHC 2018 Rental Market Report showed vacancy rates for purpose built rentals and rented condo stock fell slightly between 2017 and 2018 after improving slightly from 2016 to 2017;
8. The declarations for the second year of the EHT program are currently underway with a due date of February 4, 2019;

9. During the election, there was support for an increase in the EHT rate.

THEREFORE BE IT RESOLVED

THAT Council direct City staff to report back to Council by the end of March 2019 with a plan to review and improve the fairness and effectiveness of the Empty Homes Tax in achieving the objective of returning empty and underutilized properties to the market as long term rental homes for people who live and work in Vancouver;

FURTHER THAT the plan would include:

- i. a review of the fairness and effectiveness of exemptions and definitions, considering as well the Provincial Speculation Tax definitions;
- ii. a proposed timeline to provide information on the potential impact of increasing the Empty Homes Tax rate including program benefits and potential drawbacks; and
- iii. recommendations for public consultation and further internal analysis.

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