

COUNCIL MEMBERS' MOTION

3. Increasing the Empty Homes Tax to Five Percent and Improving Compliance

Submitted by: Mayor Stewart

WHEREAS

1. Most recent Statistics Canada data show the City of Vancouver continues to have one of the lowest vacancy rates in the country at 1.1 percent;¹
2. The Empty Homes Tax (EHT), also known as the "Vacancy Tax", was introduced in 2017 to return empty and under-utilized properties to the market as long-term rental homes for people who live and work in Vancouver;
3. The program requires residential property owners in Vancouver to self-declare their property status each year;
4. Properties declared, determined, or deemed vacant are currently subject to a tax of three percent of the property's assessed taxable value;
5. Most residential properties are not subject to EHT, including homes that are principal residences for at least six months of the year, homes rented out for at least six months of the year, or homes that are eligible for other exemptions such as death of the registered owner or major renovation activity;
6. According to the *Empty Homes Tax Annual Report 2020*, 5,854 of 195,012 (three percent) of Vancouver homes were deemed vacant, of which 4,227 were exempted under current council bylaw provisions and 1,627 deemed not exempt and subject to the tax;²
7. Also, according to the *Empty Homes Tax Annual Report 2020*, "There is strong evidence that the Empty Homes Tax is reducing the number of vacant residential properties in Vancouver." and, according to a recent Canadian Mortgage and Housing Corporation report, "...of the 8,824 units converted to long-term rental in the Vancouver CMA in 2019, an estimated 5,097 (58 percent) were located in the City of Vancouver;³ and
8. Additional information provided by staff shows City of Vancouver staff performed over 8,000 audits in 2019 and over 9,000 in 2020, with an

¹<https://www03.cmhc-schl.gc.ca/hmip-pimh/en/TableMapChart/Table?TableId=2.1.31.3&GeographyId=2410&GeographyTypeId=3&DisplayAs=Table&GeographyName=Vancouver#TableMapChart/5915022/4/Vancouver>

² <https://vancouver.ca/files/cov/vancouver-2021-empty-homes-tax-annual-report.pdf>

³<https://www.cmhc-schl.gc.ca/en/blog/2020-housing-observer/increase-supply-rental-condominiums-vancouver>

average of 6.4 percent of those audited found to be in non-compliance.

THEREFORE BE IT RESOLVED

- A. THAT the Empty Homes Tax will be increased from three percent to five percent for the 2023 vacancy tax reference year.
- B. THAT the number of audits will be doubled from the current rate of 9,000, and increased to 20,000 for the 2023 vacancy tax reference year.
- C. THAT staff be directed to report back to council by Q1 2023 regarding:
 - How the Empty Homes Tax might be used to reduce the large number of short-term rental properties;
 - How the Empty Homes Tax exemptions might be altered to improve fairness so that those with legitimate reasons for vacancy are not penalized;
 - What additional measures the City may need to counteract the Empty Homes Tax avoidance;
 - How the Empty Homes Tax will be affected by the new federal anti-flipping measures that tax profits from properties sold within 12 months of a purchase; and
 - How increasing the rate to 10 percent might further increase rental stock.

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