



COUNCIL REPORT

Report Date: September 23, 2025
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Meeting Date: October 29, 2025
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TO: Standing Committee on Policy and Strategic Priorities
FROM: General Manager, Finance and Supply Chain Management
SUBJECT: Report Back – Maintaining Fairness & Effectiveness of the Empty Homes Tax (EHT)

Recommendations

THAT Council approve, in principle, the following amendments to the Vacancy Tax By-law No. 11674:

- (a) an amendment to section 6.4 to allow owners to file a Notice of Complaint after one year from the date of issue noted on a supplementary vacancy tax notice upon payment of a 5% penalty, calculated as a percentage of the vacancy tax levy, which penalty may be waived in specific circumstances for hardship;
- (b) an amendment to section 3.2 to clarify what is meant by the term “permit”;
- (c) an amendment to add a definition of “medical practitioner” for the purposes of section 3.11; and
- (d) a housekeeping amendment in section 3.2.

FURTHER THAT the Director of Legal Services bring forward for enactment the necessary amendments to the Vacancy Tax By-law generally in accordance with the by-law attached as Appendix A.

Purpose and Executive Summary

The purpose of this report is to seek Council approval of recommendations and considerations to improve the fairness and effectiveness of the Empty Homes Tax (EHT).

This report outlines the results of the review on the fairness and effectiveness of EHT, which included consultation with key stakeholders and City staff. The EHT program has been in effect for eight years and staff continues to observe a reduction in the number and rate of empty properties in line with the original objectives of the EHT. Staff recommend the following 3

amendments to the Vacancy Tax By-law (the “By-law”), based on the consultation feedback and data/trends observed over the initial eight years of the tax, to improve the fairness and effectiveness of the EHT including:

- Amending Section 6.4 of the Vacancy Tax By-law No. 11674 to allow owners to file a Notice of Complaint after one year from the date of issue noted on a supplementary vacancy tax notice if a penalty is paid.
- Amendments to clarify what is meant by the following terms used in two exemptions: a) permit and b) medical practitioner.

City Manager’s Comments

The City Manager concurs with the foregoing recommendations.

Context and Background

The EHT or “Vacancy Tax” is levied on empty and under-utilized class 1 residential properties in the City of Vancouver. Properties declared, determined or deemed vacant are subject to 3% tax of a property’s assessed value.

The EHT has been applied annually since 2017. Most residential properties are not subject to the tax, including homes that are principal residences or rented out for at least six months of the year; or homes that are eligible for one of nine current exemptions as set out in the By-law.

The core objectives of the EHT are:

- To return empty or under-utilized properties to use as long-term homes for people who live and work in Vancouver; and
- To prevent additional properties from becoming empty.

Since the inception of the tax, amendments to the By-law have been made regularly to ensure the core objectives of the EHT are met and considered for fairness.

Net revenues from the EHT may only be used for the purposes of initiatives respecting affordable housing, and \$169.8 million cumulatively up to November 1, 2024, were allocated for these initiatives.

Discussion

Amendments to the Vacancy Tax By-law

Late Notice of Complaint (Recommendation A(a))

Where an owner is selected for audit but does not respond and take the necessary actions to comply with audit requirements, the property is determined to be vacant, and the vacancy tax is levied.

Property owners then have 90 days to file a Notice of Complaint with the Vacancy Tax Review Officer. The Vacancy Tax By-law currently allows for the Vacancy Tax Review Officer to accept a late Notice of Complaint up to one year from the date of issue noted on a supplementary

vacancy tax notice. The By-law currently does not allow the City to accept a Notice of Complaint beyond this date.

The original intent of the one-year deadline to submit a notice of complaint was to ensure timely compliance and provide EHT revenue certainty. However, in a limited number of extenuating circumstances, owners have missed the one-year deadline, resulting in significant hardship. The current bylaw does not allow for staff discretion to extend the deadline.

Staff recommends Council approve an amendment to the By-law to allow owners to file a late Notice of Complaint after one year from the date of issue noted on a supplementary vacancy tax notice, upon payment of a 5% penalty. The proposed bylaw amendment would allow for that discretion, subject to a modest penalty to continue to provide an incentive for timely compliance for the majority of owners who meet the one-year deadline.

The penalty may be waived in specific circumstances for hardship.

This aligns with May 2023 by-law amendment in which Council approved an amendment to the By-law to allow owners to file a late property status declaration after the late declaration deadline if a penalty is paid.

Section 3.2 Property undergoing redevelopment or major renovations (Recommendation A(b)):

To uphold the integrity and effectiveness of the Vacancy Tax bylaw, it is essential to clarify the term *permit* with precision. As it stands, the bylaw lacks a clarification, which has led to instances where minor permits—such as those for superficial renovations or non-structural changes—are being used to claim active development status. A vacancy exemption for these types of permits undermines the bylaw's intent to encourage occupancy and reduce housing scarcity. The result is a growing number of homes left empty, increasing the risk of fire, attracting vandalism, and contributing to neighbourhood decline.

Staff recommend Council amending Section 3.2 to ensure that only substantive development activity qualifies for exemption, thereby strengthening the bylaw's ability to promote housing availability and urban safety.

Secondary residence for medical reasons (Recommendation A(c)):

In 2023, Council approved a new exemption under the Empty Homes Tax (EHT) for secondary residences located closer to medical treatment. This exemption requires written certification from a medical practitioner for each declaration year. However, the Vacancy Tax Bylaw does not currently clarify what is meant by the term *medical practitioner*, resulting in inconsistent interpretations and misuse of the exemption. In some cases, owners have claimed eligibility based on care that is neither specialized nor medically necessary because the treatment facility is geographically closer to the secondary residence than their principal home outside Greater Vancouver. To ensure the exemption is applied appropriately and in alignment with its intended purpose, staff recommend amending the bylaw to add a definition of "medical practitioner" consistent with the Interpretation Act [RSBC 1996] Chapter 238, Section 29

Financial Implications

The goal of these exemptions is to address potential inequities and unintended consequences, and staff considers the amendments are balanced by fairness and alignment with the core objectives of the EHT.

We have provided a high-level estimate of the impact of the amendments; however, it cannot be fully quantified as the behavior of owners may change.

Recommendation	Financial Impact	Estimated \$ Change (+/-)
Late Declaration	Anticipate majority of the units to be occupied, tenanted or exempt. Anticipate to be immaterial based on cases reviewed.	Nominal

Legal Implications

Part XXX (Sections 615-622) of the Vancouver Charter provides authority for Council to impose an annual vacancy tax. Council may amend the By-law at its sole discretion at any time. These amendments would come into force upon enactment of the amending By-law, a draft of which is attached as Appendix A.

Should Council decide to proceed with approving the recommendations to amend the Vacancy Tax By-law, the Director of Legal Services will bring forward for enactment the applicable By-law amendments that reflect Council's decision.

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APPENDIX A

DRAFT By-law to amend the Vacancy Tax By-law No. 11674 Regarding Extension of Complaint Period for Supplementary Vacancy Tax Notices and other Miscellaneous Amendments

Note: An amending by-law will be prepared generally in accordance with the provisions listed below, subject to change and refinement prior to posting.

1. This by-law amends the indicated provisions of the Vacancy Tax By-law No. 11674.
2. In section 1.2, Council adds the following new definition in the correct alphabetical order:

““medical practitioner” means a person registered by the College of Physicians and Surgeons of British Columbia and entitled under the Health Professions Act to practice medicine and use the title “medical practitioner”, or a person with similar qualifications in another jurisdiction;”.
3. In section 3.2(a)(i), Council strikes out “for which permits have been issued by the City” and substitutes “for which a building permit or, if a building permit is not required for the work being carried out, another type of permit that, in the opinion of the Chief Building Official or the Chief Building Official’s delegates, authorizes the work, has been issued by the City”.
4. In section 3.2(a)(ii), Council strikes out “Chief Building Officer’s delegates” and substitutes “Chief Building Official’s delegates”.
5. In section 6.3(b), Council adds “unless the registered owner was unable to provide information or evidence in response to a request made by the Collector of Taxes under section 4.7 or 4.8 and the penalty in section 6.4 is paid” after “no such extension will be granted beyond one year from the date of issue noted on the supplementary vacancy tax notice”.
6. In section 6.4, Council adds “under section 6.3(a), or after one year from the date of issue noted on a supplementary vacancy tax notice under section 6.3(b)” after “in which the tax is due and payable”.
7. 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.
8. This by-law is to come into force and take effect on the date of its enactment.

ENACTED by Council this day of _____, 2025

Mayor

City Clerk