



COUNCIL REPORT

Report Date: May 19, 2026
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VanRIMS No.: 08-2000-20
Meeting Date: June 2, 2026
[Submit comments to Council](#)

TO: Vancouver City Council
FROM: Director of Finance
SUBJECT: Maintaining the Fairness & Effectiveness of the Empty Homes Tax

Recommendations

- A. THAT Council approve, in principle, an amendment to Vacancy Tax By-law to expand eligibility for the Vacant New Inventory exemption, currently limited to residential properties that are part of a residential development of 5 or more residential properties, to include residential properties that are part of a residential development of 2 or more residential properties;
- FURTHER THAT the Director of Legal Services, be instructed to bring forward for enactment a by-law in accordance with this decision.
- B. THAT Council request that the Mayor write a letter to the Province to seek amendments to the *Speculation and Vacancy Tax Act* to provide for a comparable update to the Province's Vacant New Inventory exemption in order to ensure consistent treatment, reduce unintended barriers to housing delivery, and support shared housing supply objectives.

Purpose and Executive Summary

This report recommends expanding eligibility for the Vacant New Inventory exemption provided under the Empty Homes Tax ("EHT" or "Vacancy Tax") to include developments with 2 or more residential properties such as duplex and multiplex projects.

The current exemption, modeled after the one included in the Province's Speculation and Vacancy Tax ("SVT"), limits eligibility to residential properties that are part of a development of 5 or more properties. Excluding smaller projects from the New Vacant Inventory exemption is inconsistent with recently adopted municipal and provincial housing policies meant to encourage development of small-scale, multi-unit housing in low density areas.

The recommended update will ensure that projects delivering new housing units through small scale duplex and multiplex developments are not subject to the EHT, reducing the financial risks for developers undertaking such projects that advance the City's housing objectives.

Council Authority/Previous Decisions

- On [November 16, 2016](#), Council approved the Empty Homes Tax program ([RTS 11709](#)) and the Vacancy Tax By-law No. 11674 to return empty or under-utilized properties to use as long-term rental homes for people who live and work in Vancouver and to relieve pressure on the City's rental housing market.
- On [June 28, 2023](#), Council enacted a bylaw to amend the Vacancy Tax By-law No. 11674 which included the addition of a new Vacant New Inventory exemption for property that is unsold for each vacancy reference year after the occupancy permit has been obtained, until it is sold or occupied. ([RTS 15175](#))
- On [October 17, 2023](#), Council enacted by-laws to amend the Zoning and Development By-law and other by-laws to add multiplex as a new housing option and simplifying of regulations in low density areas ([RTS 15854](#)).

City Manager's Comments

The City Manager concurs with the foregoing recommendations.

Context and Background

EHT 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. EHT revenue can only be used for affordable housing initiatives and for the administration and collection of the EHT.

Since the inception of the tax in 2017 the EHT has been regularly refined to improve fairness and effectiveness in an ever evolving economic and policy context. 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.

In May 2023, Council approved introduction of the Vacant New Inventory exemption to ensure the tax did not discourage the delivery of new housing supply during a period of slower market absorption. The added exemption was consistent with a similar exemption provided under the Provincial SVT and restricted eligibility to residential properties part of a residential development of 5 or more residential properties.

Subsequently, in October 2023, Council introduced multiplex as a new housing option and simplified of regulations in low density areas. This was followed by Provincial Small-Scale Multi-Unit Housing (SSMUH) legislation in November 2023, intended to allow additional residential density in areas limited to single-detached and duplex housing throughout B.C. to help address the housing crisis.

Discussion

Expanding Vacant New Inventory exemption to include smaller scale multi-unit developments

The City’s inventory of newly constructed housing units that have been completed but not sold, has been growing in recent years driven by higher interest rates and other economic factors.

Inventory of Completed and Unabsorbed Units (December 2017-2025)									
	2017	2018	2019	2020	2021	2022	2023	2024	2025
Single	304	243	176	138	105	105	125	131	113
Semi-detached	49	45	46	95	69	136	236	269	297
Row	24	10	3	10	22	5	22	37	33
Apartment	54	133	472	98	351	209	186	200	302
Total	431	431	697	341	547	455	569	637	745

Source: CMHC Housing Market Information Portal

Vacant New Inventory declarations increased significantly, rising from 261 in 2024 to 597 in 2025, an increase of approximately 130%.

EHT Vacant New Inventory declarations				
	2022	2023	2024	2025
	n/a	248	261	597

Under the current EHT By-law, a residential property must be part of a residential development consisting of 5 or more residential properties to qualify for the Vacant New Inventory exemption. Through routine EHT compliance initiatives relating to the 2023 and 2024 reference years, staff identified approximately 10 cases where Vacant New Inventory exemption declarations were submitted for properties that form part of residential developments containing fewer than 5 units. In these cases, the declarations were denied, and the properties were subject to EHT.

Feedback from affected owners indicates that this creates inequitable treatment relative to larger developments, despite both contributing to housing supply and facing similar absorption risks.

At the same time, there has been a marked increase in duplex and multiplex development approvals, reflecting recent policy changes supporting small-scale multi-unit housing.

Ground-Oriented Ownership (excluding SFDs) Approvals (2017-2025)									
	2017	2018	2019	2020	2021	2022	2023	2024	2025
Duplex	106	98	142	146	224	374	626	552	456
Multiplex	-	-	-	-	-	-	-	150	746
Subtotal	106	98	142	146	224	374	626	702	1,202

Source: City of Vancouver Development Permit System

Staff believe restricting the Vacant New Inventory exemption to projects with 5 or more units is not aligned the City and Provincial Housing objective of enabling small-scale, multi-unit housing options. Therefore, staff recommend Council approve an amendment to the Vacancy Tax By-law to expand eligibility for the Vacant New Inventory exemption, to include residential properties that are part of a residential development of 2 or more residential properties.

Without this amendment, small-scale multi-unit projects face a disproportionate risk of vacancy tax during slower absorption periods, which increases financial risk of such projects and may discourage development of duplex and multiplex housing undermining recent municipal and provincial policy changes intended to expand “missing middle” supply.

Alignment with Provincial Speculation and Vacancy Tax

The proposed update to the City’s EHT Vacant New Inventory exemption will create misalignment with the Provincial SVT program where new units in small development projects that may qualify for relief under an updated EHT Vacant New Inventory exemption could continue to be subject to the SVT. This creates inconsistency for property owners and may limit the effectiveness of municipal changes intended to support small-scale, multi-unit housing delivery.

Without a similar change to the Provincial SVT, the financial burden on small-scale, multi-unit housing projects may persist. Greater alignment between municipal and provincial vacancy tax programs also improves clarity, reduces administrative complexity, and better supports shared objectives to encourage housing supply.

Therefore, staff recommended that Council request that the Mayor write a letter to the Province to seek equivalent amendments to the Speculation and Vacancy Tax Act to expand eligibility for SVT’s Vacant New Inventory exemption to properties in developments of 2 or more. In addition, staff will proactively engage with the Province to encourage consideration of such amendments to the SVT program.

Financial Implications

While the expansion of the Vacant New Inventory exemption may reduce future revenue from the EHT, staff believe expanding the exemption to include smaller scale multi-unit development is aligned with the objectives of the EHT and the City and Province’s broader housing objectives.

The proposed changes would apply retrospectively beginning with the 2022 reference year, consistent with the existing Vacant New Inventory exemption introduced in 2023. Staff have reviewed historical application of the exemption in small scale multi-unit projects and have identified approximately 12 cases where the vacancy tax would no longer be due, totaling approximately \$0.7 million of the approximately \$194.5 million of EHT levied for those periods.

Legal Implications

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 amendment to vacant new inventory exemption

Note: A 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 3.9(a), Council strikes out “a residential development of 5 or more residential properties” and substitutes “a residential development of 2 or more residential properties”.

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

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