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To: ["Direct to Mayor and Council - DL"](#)
Date: 3/18/2022 9:18:26 AM
Subject: 2021 EHT declaration - Preliminary Stats

Dear Mayor and Council,

The following is a brief update on the 2021 Empty Homes Tax status based on data as of the declaration deadline which was February 2, 2022, . As a reminder, Council passed a motion to increase the tax rate from 1.25% to 3% effective for tax year 2021. A few key highlights on the initial assessment of properties and the preliminary estimated revenue based on declarations received by the deadline for 2021 tax year are:

*The number of properties that were vacant and declared an exemption was 4,168, virtually unchanged from the 2020 year of 4,124.

*The number of properties that 'declared' vacant decreased from 765 properties in 2020 to 653 properties in 2021 (~15% decrease). These properties would be assessed the vacancy tax.

*Despite the reduction in the number of declared vacant properties from prior year, the estimate of revenue on declared vacant properties would see an increase from \$15M in 2020 to \$32M (a \$17M increase) in 2021 due to the increased tax rate and higher assessed property value.
oFor comparison, had the rate been applied at 1.25% on the 2021 vacant properties, the estimated revenue would be \$13M instead of \$32M.

*As the EHT staff performs compliance activities to validate the declaration status of those declared occupied or exempt, there will be some properties that are 'determined' vacant from audits and will be levied a vacancy tax.

*Currently, there are approx. 8000+ properties that missed the declaration deadline and these properties become 'deemed' vacant and will be issued a vacancy tax notice and bylaw fine for not declaring on time. However, the number of deemed vacant properties will reduce significantly as property owners have until Jul 2023 to submit a late declaration. Based on past experience with late declarations, the revenue on these deemed vacant properties is estimated to be in the range of ~\$15M-\$30M.

The preliminary estimate of total revenue, net of administration expenses, for 2021 tax year is \$43-\$58M. As a point of reference, the City recognized \$24M in EHT revenue net of administration expenses in the prior year. Note that EHT funds available to support affordable housing initiatives is based on the timing of the actual collection of the revenue, so it would be allocated over that time period.

Key dates subsequent to initial declaration deadline of Feb 2, 2022 are:

*Feb 4 2022 – Late Declaration process available

*Feb 7 – Feb 11 – Vacancy Tax Notices and Bylaw Fines (\$250) issued and mailed to citizens

*Feb 28- Deadline to file a bylaw fine dispute. If left unpaid, the ticket amount increased to \$375 after March 21 2022

*April 14 2022 – Deadline to pay Vacancy Tax otherwise a 5% late payment penalty will be applied after this date

Should there be any questions, please feel free to contact me or Patrice Impey.

All the best,
Karen

Karen Levitt, Deputy City Manager (she/her)

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