

EMPTY HOMES TAX

2024 ANNUAL REPORT



2023 Vacancy Reference Year

(January 1, 2023 to December 31, 2023)

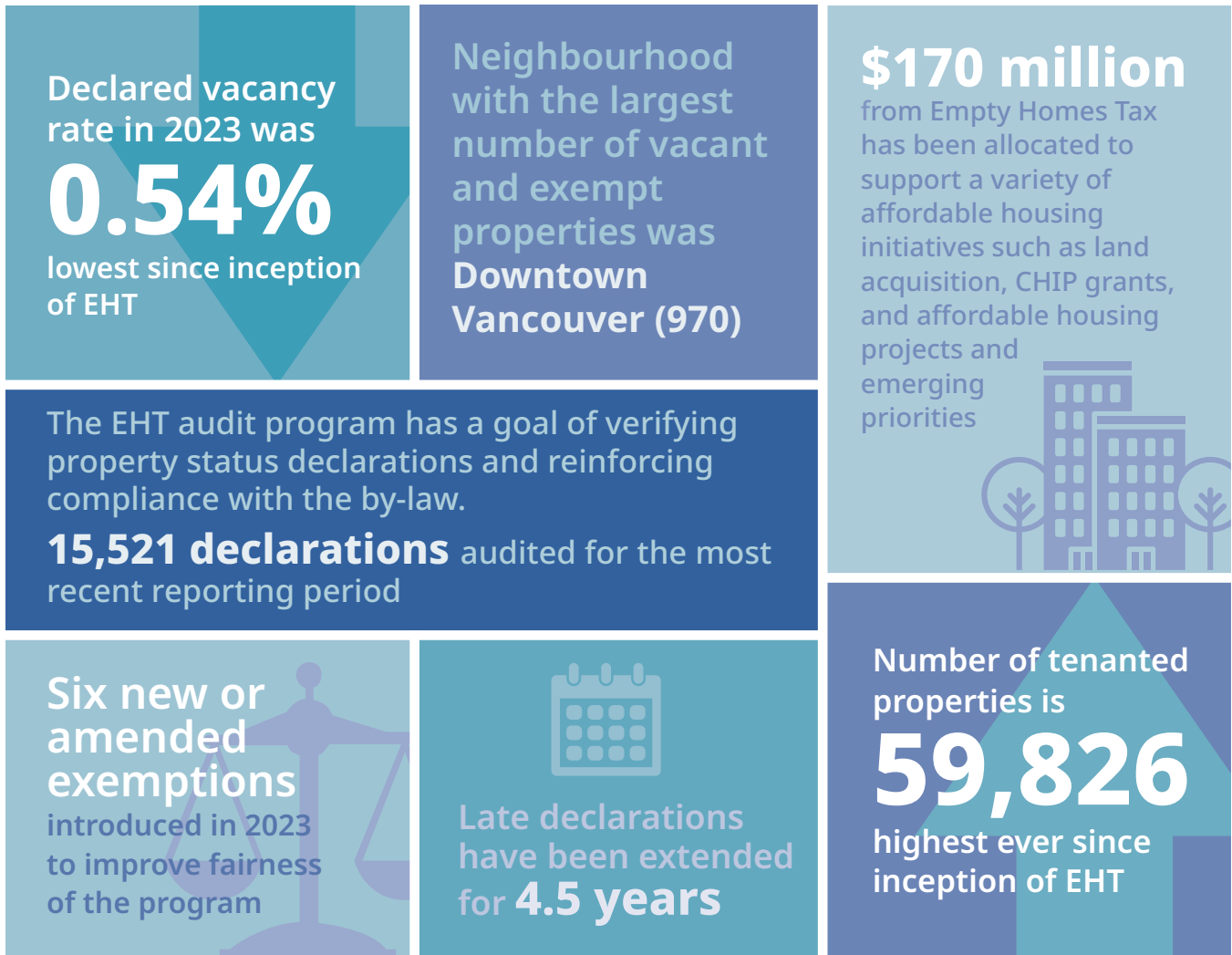
Activity to November 1, 2024



**HOUSING
VANCOUVER**

CONTENTS

Introduction	1
How Does the Empty Homes Tax Work?	2
Is the Empty Home Tax Working?	2
Monies Raised	6
Use of Funds	6
Compliance Activity	7
Appendix: Key EHT Program Indicators by Reference Year	9



INTRODUCTION

In 2017, the City of Vancouver created the Empty Homes Tax (“EHT”), also known as the Vacancy Tax, with goals to address the housing affordability and availability challenges, increase the supply of rental housing in Vancouver, combat housing speculation and generate revenue for housing initiatives. The EHT is levied on empty and under-utilized residential properties on an annual basis.

Vancouver was the first city in Canada to implement a Vacancy Tax. In recent years, other cities, such as Hamilton, Oakville, Ottawa, and Toronto, have implemented similar vacant unit taxes. The Province of B.C. and the federal governments have also introduced taxes on vacancy or underused housing such as the British Columbia Speculation and Vacancy Tax (SVT) and the Federal Underused Housing Tax Act (UHTA).

While isolating the effect of a single policy like the EHT in Vancouver’s dynamic housing market is challenging, City staff continue to observe positive trends. This report presents the data to date on these trends, including key performance indicators, compliance activities, and an overview of funds raised and how they are allocated.

Net revenues collected from the EHT have been used for the purposes of initiatives respecting affordable housing. As all revenue and compliance activity related to the vacancy reference period starts in the following year, this report includes revenue and compliance data up to November 1, 2024.

Learn more about the history of the EHT at vancouver.ca/ehf and other actions the City is taking to tackle housing affordability and availability through the Housing Vancouver Strategy.

HOW DOES THE EMPTY HOMES TAX WORK?

To determine whether a property will be assessed the tax, residential property owners in Vancouver are required to declare their property status each year. Properties that are declared vacant, determined vacant (through the compliance process), or deemed vacant (properties that have not made a property status declaration) are subject to a tax on the property's assessed taxable value. The tax rate was 1% at inception in 2017, increased to 1.25% in 2020 and then to 3% in the 2021 vacancy reference year.

Most residential properties are not subject to the EHT, 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 an exemption, as set out in the Vacancy Tax By-law.

In May 2023, Council approved six new or amended exemptions to improve fairness and effectiveness of the EHT program. These exemptions were effective in the 2023 tax reference year. New exemptions included properties that are uninhabitable due to hazardous conditions or natural disasters, residences occupied for medical treatment purposes and newly constructed housing units listed for sale by developers. Since being introduced, a total 337 properties have declared one of the 3 new exemptions. The exemptions have helped improve the fairness of the program as those who have declared would have originally been impacted by the vacancy tax. Staff continue to monitor the impact of these exemptions to ensure they are in alignment with the intent of the EHT program.

Additionally, owners may now file a late property status declaration up to four and a half years from the vacancy reference year and subject to a late filing penalty.

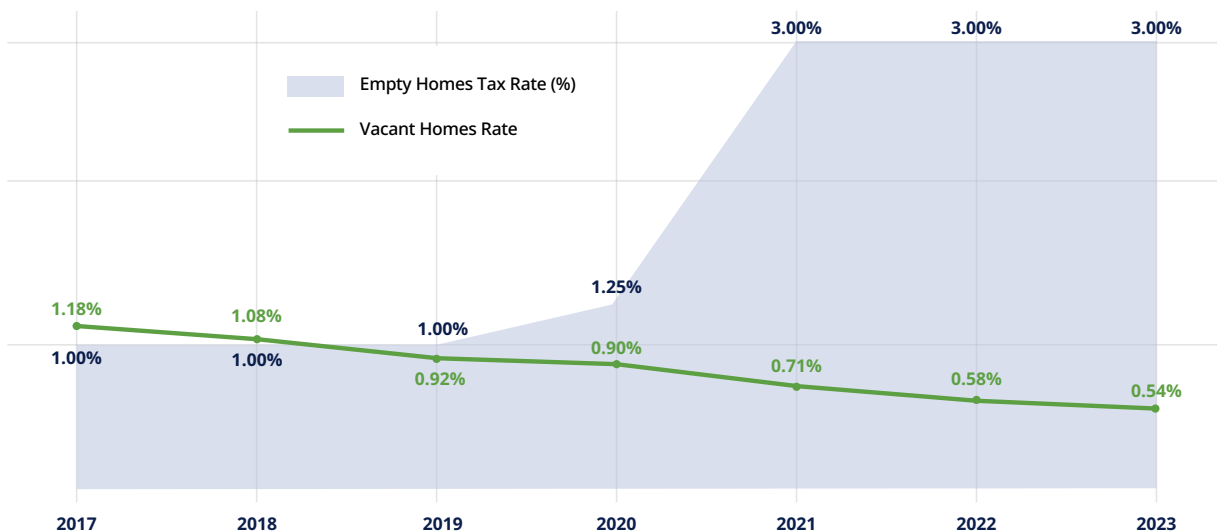
IS THE EMPTY HOMES TAX WORKING?

The 2023 vacancy reference year declared vacant rate was 0.54%, the lowest since the inception of the tax. There is continued evidence that the Empty Homes Tax is reducing the number of vacant residential properties in Vancouver, increasing housing availability in line with the goals of the Empty Homes Tax program. From the 2017 to 2023 reference years, the number of declared vacant properties decreased by 68.6% based on data collected by the City under the Empty Homes Tax program. Many of these vacant homes became part of the long-term rental market, increasing rental options in a challenging market with few vacancies.

Isolating the effects of the Empty Homes Tax program alone is challenging when assessing its impact on Vancouver's housing market, given the multitude of factors impacting the supply of and demand for rental housing, such as increasing immigration, construction costs, and home ownership costs. Taking these into consideration, the following highlights showcase the positive effect of the Empty Homes Tax impacting Vancouver:

- 1. A continued downward trend in vacant homes*:**
 The vacant homes rate has been steadily decreasing since the program's inception, with a more pronounced decline observed, following the increase in the Empty Homes Tax rate to 3%, in 2021. Despite the number of new housing units added to the housing stock every year, this overall trend is favorable and aligns with the overall objective of EHT program.

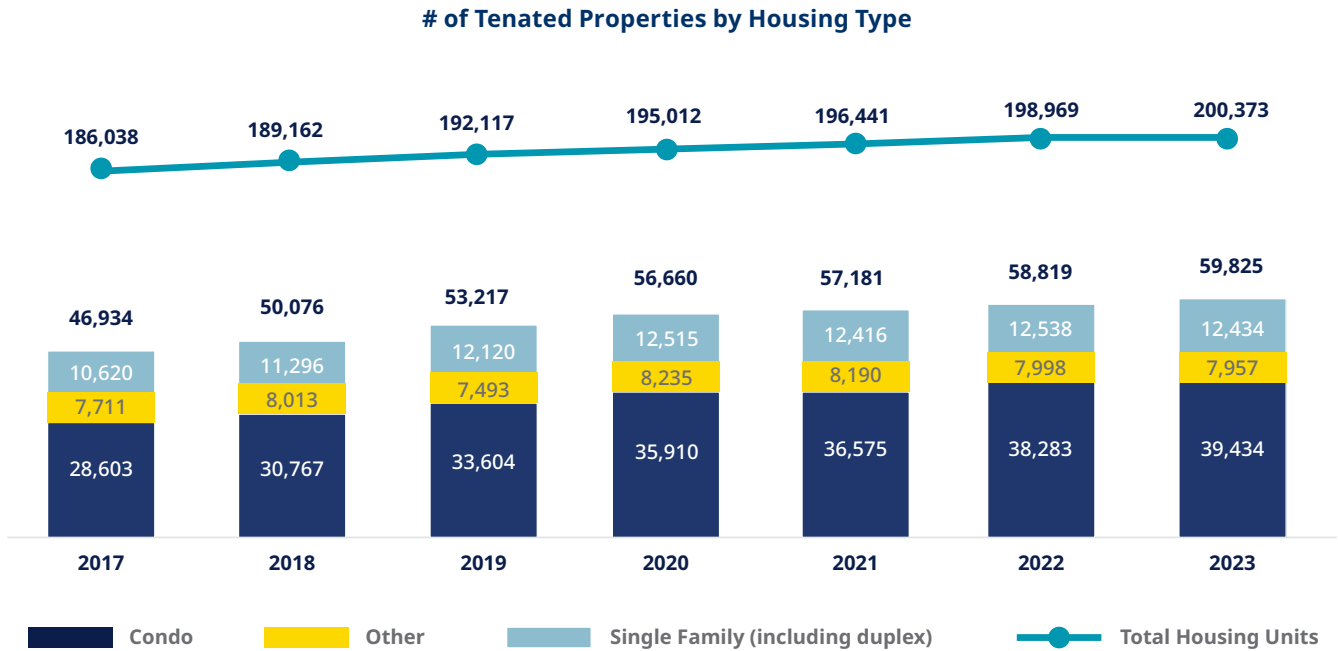
Long term trend of Vacant Homes* Rate vs Empty Homes Tax Rate



* Includes properties declared vacant, determined vacant (through the compliance process), and deemed vacant (properties that have not made a property status declaration)

2. **A steady increase in the number of tenanted properties:**

The chart below illustrates the increase in tenanted properties since the inception of the Empty Homes Tax. Overall, the number of tenanted units has continued to grow with the most pronounced increases seen in condominium units. This trend aligns with the goals of the Empty Homes Tax to improve housing availability for long-term rental use rather than leaving homes vacant.



This data excludes insights on basement/secondary suites – since a tenanted single-family home could refer to a fully rented house or a rented suite in an otherwise empty home.

There was an increase of 1,006 tenanted properties between 2022 and 2023; this includes an increase of 1,151 tenanted condominiums, a decrease of 104 single-family homes, and net a decrease of 41 of other property types.

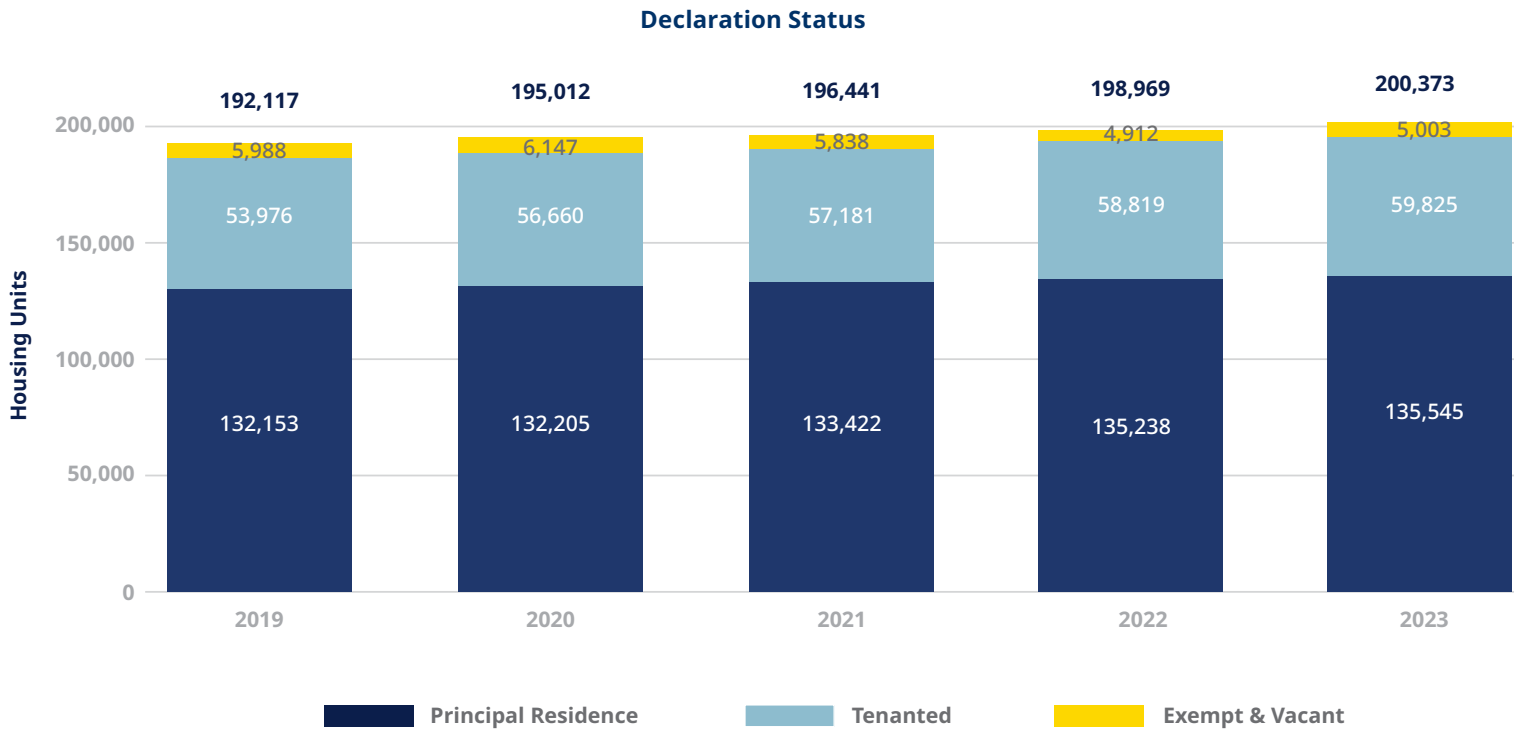
The Canada Mortgage and Housing Corporation’s (CMHC) Rental Market Report*, released in January 2024, shows rental condominium growth continued to be an integral part of rental supply growth in Metro Vancouver. According to CMHC, the rental condominium universe in the City of Vancouver increased from 38,765 (October 2022) to 40,217 (October 2023). A portion of these units were added as the result of newly tenanted units that were previously held vacant, as identified and incentivized through the EHT program.

Differences in data collection methodology for rented condominiums in the CMHC Rental Market Report may not always align with EHT property status data.

* CMHC, Rental Market Report (January 2024), www.cmhc-schl.gc.ca

3. Empty Homes Tax effective in encouraging new homes being occupied rather than vacant:

The data in the chart below illustrates that the number of vacant and exempt properties remained relatively constant or decreased as the number of total properties required to declare has increased each year. In 2023, 1,073 properties were vacant; a reduction of 83 fewer units from 2022. In contrast, in 2023, 3,930 properties were exempt, an increase of 174 units from 2022. Six new or amended exemptions were introduced for fairness which contributed to the increase of units that were exempt. See appendix for detailed breakdown of exemptions and vacant declarations data.



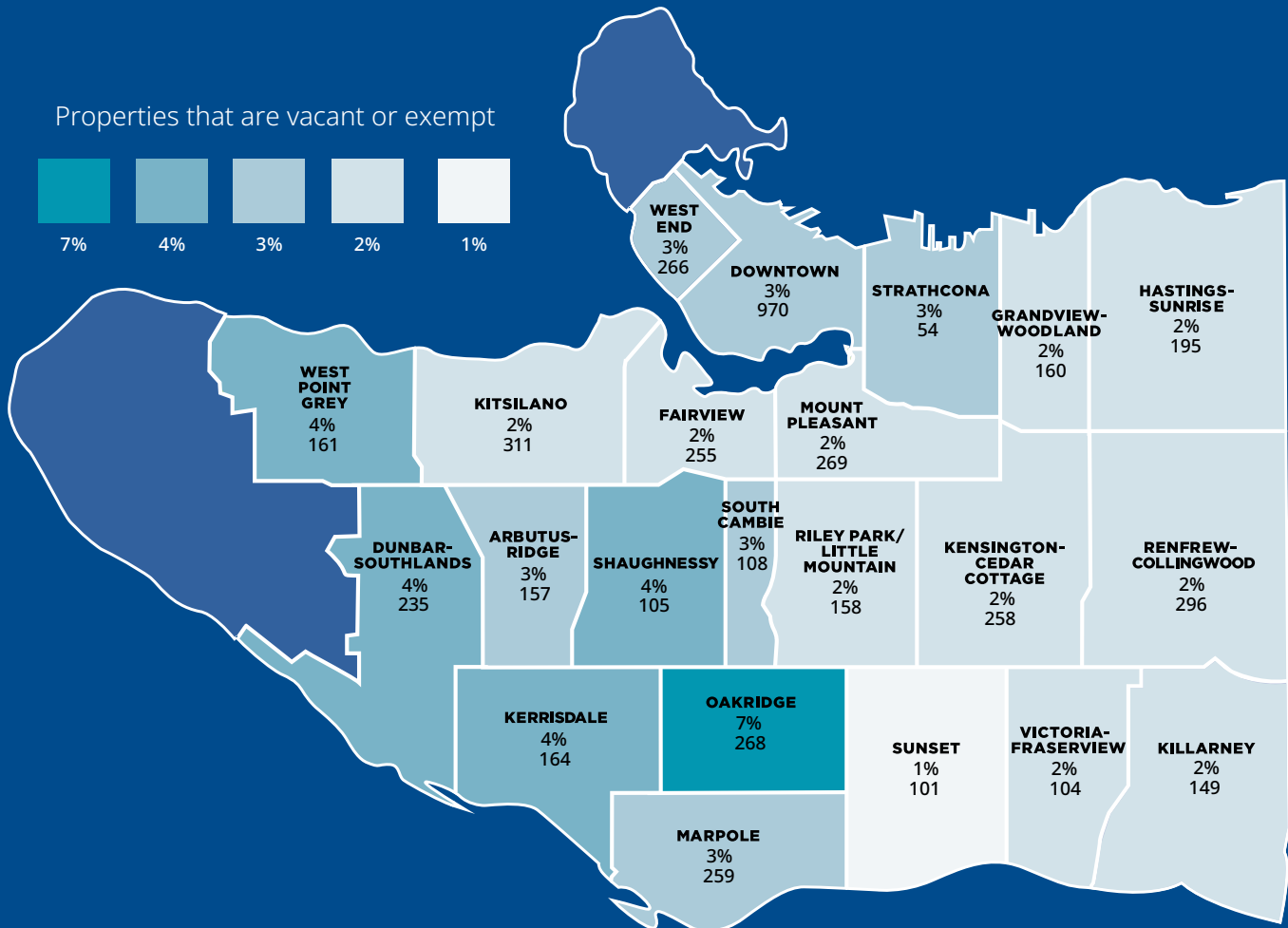
4. Continued revenue generation to support housing initiatives in Vancouver:

Since the EHT program launched, more than \$169.8 million of collected revenues from the tax has been allocated to support affordable housing initiatives in Vancouver. These funds are used to support the delivery of new social, supportive and non-profit co-op housing through the City’s Community Housing Incentive Program (CHIP) and acquisition of new land for housing.

* Includes properties declared vacant, determined vacant (through the compliance process), and deemed vacant (properties that have not made a property status declaration)

2023 EHT VACANT AND EXEMPT PROPERTIES

(5,003 total – shown as percentage of total/number of properties per neighborhood)



Aligning with the high density of condominiums in the downtown core, the largest number of vacant and exempt properties was recorded in Downtown Vancouver. The Oakridge neighborhood recorded the highest percentage of unoccupied properties, relative to the number of residential properties in this neighbourhood that were required to declare. This was mainly due to properties exempt for renovation or redevelopment.

MONIES RAISED

Revenue

Revenue by activity for the period ending November 1.

	2022 \$ Millions	2023 \$ Millions	2024 \$ Millions
Tax Levy	\$67.0	\$45.5	\$47.0
Penalties	\$1.8	\$1.2	\$1.4
Total Tax and Penalties	\$68.8	\$46.7	\$48.4
Collected	\$32.5	\$32.0	\$32.0

Annual revenue for each year is estimated at November 1, even though late declaration and compliance activities continue for a longer time period. Additional revenue after November 1, 2024 will be included in next year's revenue results.

If a payment for an EHT tax notice is not made by December 31 of the year levied, outstanding amounts may be added to the owner's property tax account and start accruing interest on January 1 of the following year.

Late and unpaid EHT balances are subject to the same penalties for non-payment as property taxes, including a late payment penalty of 5%.

USE OF FUNDS

Since the inception of the Empty Homes Tax, \$169.8 million has been allocated to support a variety of affordable housing initiatives to increase the supply and affordability of social housing and to support renters.

Money collected from the EHT is first allocated to cover operating costs associated with administering and collecting the tax with the remainder being available for initiatives respecting affordable housing.

The information and table summarize the funding allocation for additional EHT amounts in the current reporting period (November 2, 2023, to November 1, 2024).

Community Housing Incentive Program

The Community Housing Incentive Program (CHIP) provides non-profit housing providers with capital grants towards the development of new social housing projects in Vancouver. These grants help offset construction costs to deliver projects at a deeper level of affordability and aim to put non-profit and co-op housing providers

in a strong position to attract other funds to deliver their projects, including federal and provincial funding programs.

CHIP grants help achieve the new 2024-2033 10-year Housing Vancouver target of 10,000 new social, supportive, and non-profit co-op housing units for low and moderate-income residents. CHIP is a key way the City supports the work of non-profit housing providers, who play a crucial role in delivering affordable housing in Vancouver.

Land Acquisition/ Development opportunities

The City supports the delivery of social housing through the provision of City-owned land, working in partnership with senior government and non-profit partners to develop new social, supportive and non-profit co-op housing. EHT funding supports the City's housing land acquisition program to secure new sites with development opportunity. Individual acquisition opportunities funded by EHT are approved as sites are secured.

Emerging Priorities

The environment to deliver housing is dynamic and evolving in the face of rising inflation, interest rates and construction costs post COVID. The City is responding through the development and actioning of a new [3-Year Action Plan \(2024-2026\)](#), with over 50 actions across seven key topics to make housing more livable and affordable for residents. The continuation of EHT is a key action within the plan that helps address speculation, continuing to ensure housing serves people who currently live or intend to live and work in Vancouver. EHT funds also support the City's response by funding staff on affordable housing projects and through the creation of new initiatives and capital programs for emerging priorities to ensure continued progress towards the City's long term housing goals.

EHT FUNDING AVAILABLE FOR THIS REPORTING PERIOD*:

Priority	Funding Allocation \$ millions
Funding for land acquisition and CHIP grants	15.0
Funding for staff working on affordable housing projects	3.7
Emerging priorities	8.7
TOTAL	27.4

*Funds available for allocation are net of allowance for refunds and EHT administration expenses.

PROJECTS FUNDED BY EHT THROUGH THE CHIP GRANTS SUPPORTING AFFORDABLE HOUSING INITIATIVES

VANCOUVER NATIVE HOUSING SOCIETY

1766 Frances Street

SOROPTIMIST INTERNATIONAL OF VANCOUVER

546 W 13th Ave

FIRST UNITED/L'UMA

420 E Hastings Street

YWCA

388 Slocan Street



First United/L'uma
Image from Arcadis Architects



YWCA

COMPLIANCE ACTIVITY

Using a risk-based approach, as well as random audits, the EHT audit program has a goal of verifying property status declarations and reinforcing compliance with the by-law.

The Vacancy Tax By-law equally applies to all property owners; therefore, all property status declarations are subject to the audit process, in line with best practices for provincial and federal tax programs.

Audits

Audits completed during the period November 2, 2023 to November 1, 2024 are outlined below, along with a comparison to the prior years ending on November 1st.

	Period to November 1*		
	2022	2023	2024
Audits Completed	12,806	14,219	15,521

* The number of audits completed in each activity period include audits for multiple vacancy reference years.

The effective non-compliance rate of the EHT audit program over the past three vacancy reference years, net of appeal outcomes to November 1, 2024, are shown in the table to the right.

Effective Non-Compliance Rate by Vacancy Reference Year

	2021	2022	2023 [†]
Audits Completed	10,558	12,929	6,005
Non-Compliant Audits	253	197	22
Non-Compliance Rate	2.4%	1.5%	0.4%

[†] Many audits for the 2023 vacancy reference period are still in progress, and audits for the 2023 vacancy reference period can be initiated until December 31, 2025.

Some data for the 2021 and 2022 vacancy reference years has been restated to reflect subsequent compliance activities since data for those years was reported in prior annual reports.

Property owners who were found to be non-compliant were levied the EHT. Revenue generated from non-compliant audits during the period from November 2, 2023 to November 1, 2024 was \$18.8 million.

Owners found non-compliant in their audits have the opportunity to submit a Notice of Complaint. If they are unsuccessful in their complaint, owners may request a review by an external review panel.

Many audits are still in progress for the previous two declaration periods and owners may file a Notice of Complaint and external review request to dispute the non-compliant audit determination in future years. As a result, revenue generated from audit activities may be adjusted in future years.

Notice of Complaints

Notice of Complaints received were primarily triggered in instances where property owners had failed to make their declaration on time, or where property owners disagreed with their audit determination. To contest the EHT notice they received, the property owners were required to submit a Notice of Complaint.

Total complaints completed by the vacancy tax review officer to November 1, 2023, are as follows:

	Period to November 1*		
	2022	2023	2024
Accepted*	761	781	820
Rejected	110	82	88
Total	871	863	908

* Most of the accepted complaints related to property owners who were originally deemed vacant because they failed to make a declaration.

Late Declarations

Owners who have not submitted a property status declaration by the opening of the subsequent year's declaration period, can make a late declaration by filing a Notice of Complaint.

The deadline to submit a late property status declaration, without penalty, is the second business day of July in the year following the original declaration deadline.

Further late filing extensions are available, up to the second business day of July of the fifth year following the vacancy reference period. In these instances, there will be a late filing penalty of 5%.



APPENDIX: KEY EHT PROGRAM INDICATORS BY VACANCY REFERENCE YEAR

The EHT Annual Report reports on several key metric indicators related to performance of the tax program, including the number of properties converted from vacant to occupied; the number of new properties reported as vacant; and the number of properties declared as tenanted. These indicators were developed in partnership with housing policy experts.

Indicator #1: Number of properties required to declare

- The number of residential properties required to declare is 200,373 and it increased by 1,404 properties (0.7%) between 2022 and 2023. The new properties are predominately newly developed condominiums.

	2021	2022	2023	2022 to 2023 Change	
Condo	105,581	108,266	109,921	1,655	1.5%
Single Family Including Duplex	80,645	80,595	80,522	-73	-0.1%
Other	10,215	10,108	9,930	-178	-1.8%
TOTAL	196,441	198,969	200,373	1,404	0.7%

Housing categories were developed by grouping BC Assessment use codes. Duplexes are included in the single-family category, and row houses are included in the condominium category. Other includes non-stratified multi-unit buildings and other miscellaneous codes (e.g. strata parking stalls and vacant lots)

Indicator #2: Change in vacant and exempt properties

- In 2023, 3,930 properties were exempt, an increase of 174 units from 2022. In contrast, 1,073 properties were vacant; a reduction of 83 fewer units from 2022.
- Six new or amended exemptions were introduced for fairness which contributed to the increase of units that were exempt.

Number of vacant and exempt properties

All types	2021	2022	2023	2022 to 2023 Change	
Vacant	1,398	1,156	1,073	-83	-7.2%
Exempt	4,440	3,756	3,930	174	4.6%
TOTAL	5,838	4,912	5,003	91	1.9%

Number of vacant and exempt properties by property type:

Condo	2021	2022	2023	2022 to 2023 Change	
Vacant	1,112	921	840	-81	-8.8%
Exempt	2,142	1,606	1,749	143	8.9%
TOTAL	3,254	2,527	2,589	62	2.5%

Single Family	2021	2022	2023	2022 to 2023 Change	
Vacant	221	196	210	14	7.1%
Exempt	1,869	1,757	1,824	67	3.8%
TOTAL	2,090	1,953	2,034	81	4.1%

Other	2021	2022	2023	2022 to 2023 Change	
Vacant	65	39	23	-16	-41.0%
Exempt	429	393	357	-36	-9.2%
TOTAL	494	432	380	-52	-12.0%

Indicator #3: Breakdown of exemptions by type

- Among the eleven exemptions available, the majority of the exempt properties were under the redevelopment/renovation exemption (36%) and property transfer (40%) exemption.
- Most properties claiming property transfer (72%) in 2023 were condos; most properties claiming renovation (79%) were single-family homes.

Breakdown of exemption types by property type

Property Transfer	2021	2022	2023	2022 to 2023 Change	
Condo	1323	854	1022	168	19.7%
Single Family (including duplex)	794	478	517	39	8.2%
Other	44	27	33	6	22.2%
TOTAL	2161	1359	1572	213	15.7%

Redevelopment/Renovation	2021	2022	2023	2022 to 2023 Change	
Condo	138	126	140	14	11.1%
Single Family (including duplex)	973	1158	1126	-32	-2.8%
Other	197	213	160	-53	-24.9%
TOTAL	1308	1497	1426	-71	-4.7%

Strata Restriction*	2021	2022	2023	2022 to 2023 Change	
Condo	499	372	104	-268	-72.0%
Single Family (including duplex)	2	1	0	-1	N/A
Other	6	1	1	0	0.0%
TOTAL	507	374	105	-269	-72.0%

Other	2021	2022	2023	2022 to 2023 Change	
Condo	182	254	483	229	90.2%
Single Family (including duplex)	101	121	181	60	49.6%
Other	182	152	163	11	7.2%
TOTAL	465	527	827	300	56.9%

* Strata restriction exemption will not be applicable for 2024 vacancy reference period, aligning with provincial amendments enacted to end all strata rental restriction bylaws.

Indicator #4: Occupancy status of previously vacant/properties

- Of the 1,156 vacant properties in 2022, 49% were occupied in 2023 (26% principal residences, 23% tenanted).

Status	2023
Principal Residence	304
Tenanted	267
Occupied Total	571
Exempt	83
Vacant	476
Declaration not required	26
Total	1,156

Indicator #5: Average assessed value of vacant property vs. all properties

- For 2023, the average assessed value of a vacant condo (\$1.2M) is 20% higher than the average condo (\$1.0M).
- The average assessed value of a vacant single-family home (\$2.8M) is 7.7% higher than the average single-family home (\$2.6M).

Overall, the average assessed value of vacant properties was \$2.0M compared to the average value of \$1.8M for all properties.

	Vacant 2023	All Properties 2023	% Higher Assessment
Condo	\$ 1.2M	\$ 1.0M	20.0%
Single Family	\$ 2.8M	\$ 2.6M	7.7%
Total	\$ 2.0M	\$ 1.8M	11.1%



For More Information:

Visit: vancouver.ca | Phone: 3-1-1

Outside Vancouver: 604-873-7000

Hỏi chi tiết **Obtenga Información**

資料查詢 ਜਾਣਕਾਰੀ ਲਏ 3-1-1