

# Empty Homes Tax Annual Report

2022 Vacancy Reference Year  
(January 1, 2022 to December 31, 2022)

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Activity to November 1, 2023



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# INTRODUCTION

In 2017, the City of Vancouver created the Empty Homes Tax ('EHT'), also known as the Vacancy Tax, in an effort to address the housing affordability and availability challenges and to increase the supply of rental housing in Vancouver. The EHT is levied on empty and under-utilized residential properties on an annual basis.

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 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, 2023.

Learn more about the history of the EHT, and other actions the City is taking to tackle housing affordability and availability at [vancouver.ca/ehf](https://vancouver.ca/ehf).

## 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, determined, or deemed vacant<sup>1</sup> 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 the 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 addition to the current exemptions, Council approved six new or amended exemptions to improve fairness and effectiveness of the EHT program in May 2023, most of these exemptions will be effective in the 2023 tax reference year. New exemptions include properties that are uninhabitable due to hazardous conditions or natural disasters, and residences occupied for medical treatment purposes. Other exemption changes include vacancy due to major renovation or redevelopment of properties and new housing units listed for sale by developers.

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?

There is strong evidence that the Empty Homes Tax is reducing the number of vacant residential properties in Vancouver. From the 2017 to 2022 reference years, the number of vacant properties decreased by 54% based on data collected by the City under the EHT program.

External data has also highlighted the positive impact of the EHT on Vancouver's rental housing supply. The Canada Mortgage Housing Corporation (CMHC)<sup>2</sup> observed a significant shift toward long-term rental in Vancouver from 2018 to 2019 following the introduction of EHT and the Speculation and Vacancy Tax, with an increase of 5,920 condominium units in the long-term rental stock. This increase exceeded the number of new condominiums added to the stock during that period, indicating a shift toward long-term rental from a previous use, which was attributed to the newly introduced taxes. Since then, the overall number of condominium units in the rental pool reported by CMHC continues to increase due to both increasing supply and a shift toward long-term rental, with the EHT continuing to encourage the shift toward long-term rental and maintaining the use of existing units as long-term rental. According to CMHC, between 2021 and 2022 there was an overall increase of 1,631 units to the condominium rental universe in the City of Vancouver.

Since the tax launched, more than \$142 million of net revenues from the tax has been allocated to support affordable housing initiatives in Vancouver.

<sup>1</sup> Properties that have not made a property status declaration are "deemed" vacant. Properties are "determined" vacant through the compliance (audit, complaint or review).

<sup>2</sup> Differences in data collection methodology for rented condominiums in the CMHC Rental Market Report may not always align with EHT property status data.

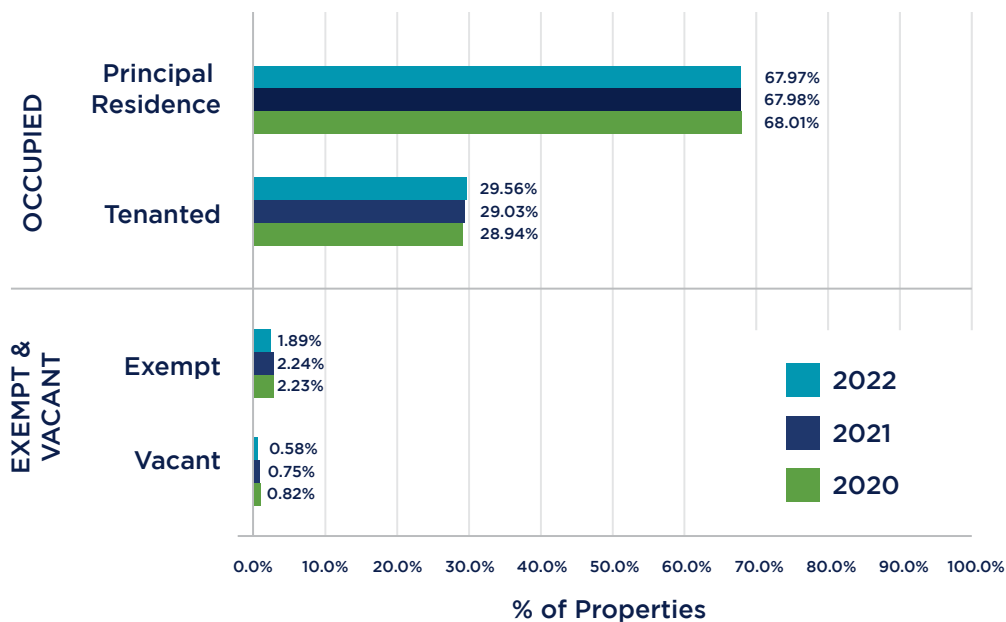


## VANCOUVER DECLARATIONS: VACANCY AND GEOGRAPHIC DATA

Property Status: 2020 to 2022 Tax Reference Years

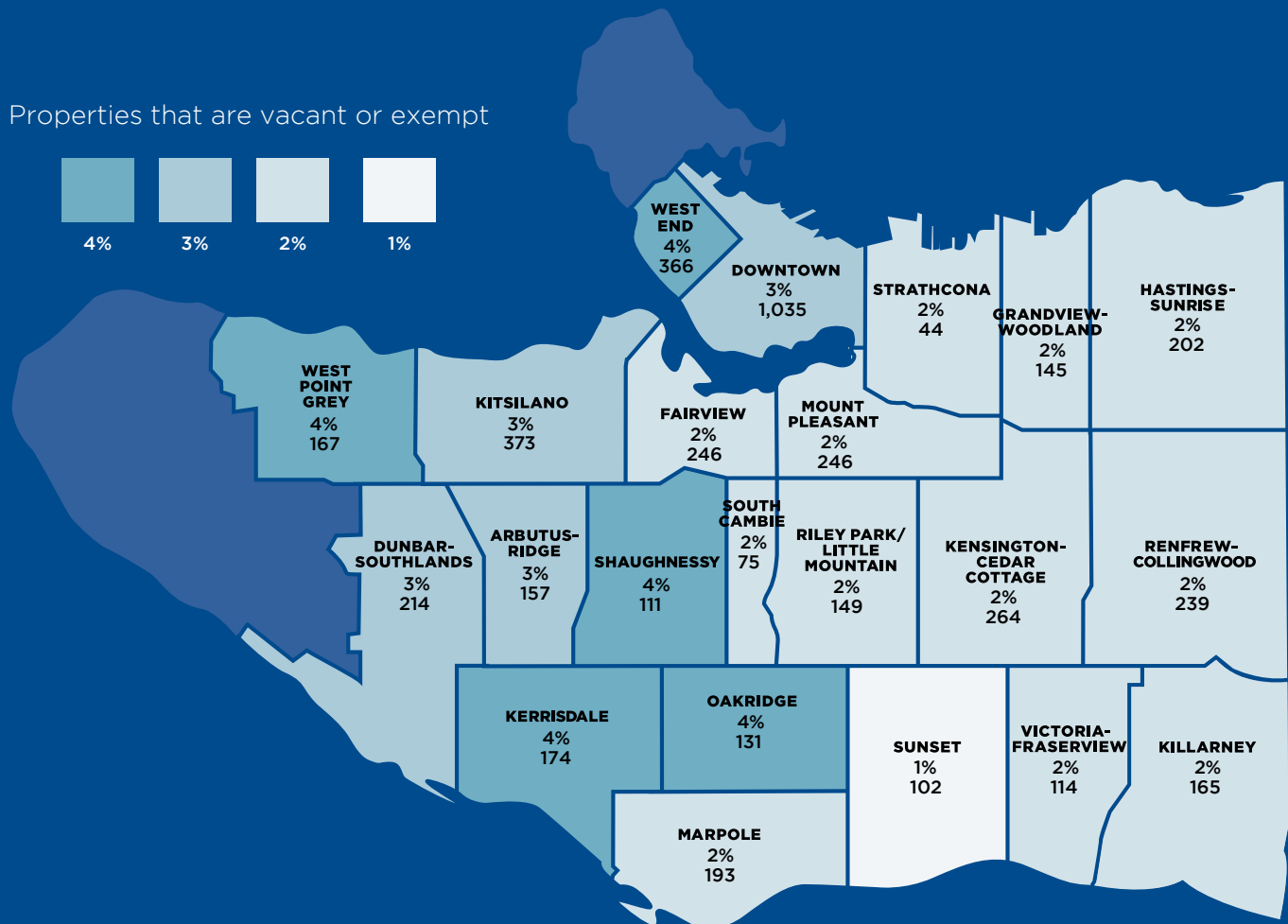
	2020	2021	2022
<b>EXEMPT &amp; VACANT</b>			
Exempt	4,392	4,440	3,756
Vacant*	1,755	1,398	1,156
<b>OCCUPIED</b>			
Principal Residence	132,205	133,422	135,238
Tenanted	56,660	57,181	58,819
<b>Total</b>	<b>195,012</b>	<b>196,441</b>	<b>198,969</b>

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



# 2022 EHT VACANT AND EXEMPT PROPERTIES

(4,912 TOTAL – SHOWN AS PERCENTAGE OF TOTAL/NUMBER OF PROPERTIES)



Similar to the prior year, the majority of exempt and vacant properties are condominiums, which account for 41% of combined exempt and vacant properties.

Aligning with the high density of condominiums in the downtown core, the largest number of vacant and exempt properties was recorded in Downtown Vancouver. Kerrisdale, Oakridge, Shaughnessy, West End, and West Point Grey where these neighbourhoods also recorded the highest percentage of unoccupied properties, relative to the number of residential properties in these neighbourhoods that were required to declare.

# MONIES RAISED

## Revenue

Revenue by activity for the period ending November 1.

	2021 \$ Millions	2022 \$ Millions	2023 \$ Millions
Tax Levy	\$26.0	\$67.0	\$45.5
Penalties	\$1.8	\$1.8	\$1.2
Total Tax and Penalties	\$27.8	\$68.8	\$46.7
Collected	\$20.8	\$32.5	\$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, 2023 will be included in next year's revenue results.

Revenue decreased in the current activity period mainly due to the decrease in vacant properties.

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 of approximately 11.2% starting 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%.

## 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, 2022 to November 1, 2023 are outlined below, along with a comparison to the prior years ending on November 1.

	Period to November 1*		
	2021	2022	2023
Audits Completed	9,876	12,806	14,219

\* 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, 2023, are shown below:

Effective Non-Compliance Rate by Vacancy Reference Year			
	2020	2021	2022*
Audits Completed	11,890	10,282	5,944
Non-Compliant Audits	576	367	42
Non-Compliance Rate	4.8%	3.6%	0.7%

\* Many audits for the 2022 vacancy reference period are still in progress, and audits for the 2022 vacancy reference period can be initiated until December 31, 2024.

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, 2022 to November 1, 2023 was \$17.8 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 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 were in disagreement with their audit determination. In order to contest the EHT notice they received, these 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*		
	2021	2022	2023
<b>Accepted*</b>	<b>900</b>	<b>761</b>	<b>781</b>
<b>Rejected</b>	<b>171</b>	<b>110</b>	<b>82</b>
<b>Total</b>	<b>1,071</b>	<b>871</b>	<b>863</b>

\* Most of the accepted complaints related to property owners who were originally deemed vacant because they failed to make a declaration. For 2023, 29% of the accepted complaints were for properties previously deemed vacant. 61% of the complaints accepted in 2023 related to owners who disagreed with their non-complaint audit determination.

Property owners whose complaints were rejected were required to pay the tax or request a review of their case from the external review panel. The external review panel is the last appeal stage to determine the property status and the status determined by the review panel is considered final. The review panel activities are ongoing. For reviews that were accepted, the tax was rescinded.

## Late Declarations

Owners who have not submitted a property status declaration by the opening of the subsequent year's declaration period are required to submit a Notice of Complaint to make a late property status declaration. For the 2019 vacancy reference period and beyond, the deadline to submit a late property status declaration is the second business day of July in the year following the original declaration deadline. If a registered owner is granted an extension to file a property status declaration, the owner is required to pay a penalty of 5% of the vacancy tax levy after the second business day of July in the year after the tax is due and payable.



## USE OF FUNDS

Since the inception of the Empty Homes Tax, \$142 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 annual operating costs associated with administering the tax with the remainder being available for initiatives respecting affordable housing.

The information and table below summarize the funding allocation for additional EHT amounts in the current reporting period (November 2, 2022 to November 1, 2023).

### Community Housing Incentive Program (CHIP)

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 10-year Housing Vancouver target of 12,000 new social and supportive housing units and prioritize homes affordable to households with incomes below \$80,000. CHIP is also a key way the City supports the work of non-profits, who play an important role in both operating and delivering affordable housing to low-income households in Vancouver.

### Land Acquisition/ Development opportunities

A key role for the City in the delivery of social housing is the provision City-owned land to develop new social housing in partnership with senior government and non-profit partners. EHT funding supports the City's housing land acquisition program to secure new sites which are then readied for development. 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 and interest rates and construction cost escalation post COVID. Senior government funding programs, provincial legislation, land use policies, and permitting processes are changing as a result. EHT funds support the City's response to these changes through the enhancement and creation of new initiatives and capital programs to ensure continued progress towards the city's long term housing goals.

## EHT FUNDING AVAILABLE FOR THIS REPORTING PERIOD\*:

Priority	Project Description	Funding Allocation \$ millions
	Funding for land acquisition and CHIP grants	20.0
	Funding for staff working on affordable housing projects	3.8
	Emerging priorities	3.3
	<b>TOTAL:</b>	<b>27.1</b>

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



# APPENDIX 1: KEY EHT PROGRAM INDICATORS BY VACANCY REFERENCE YEAR

As part of the EHT Annual Report, staff report on several indicators related to performance of the tax against key metrics, 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	Key Trends
<b>1. Number of properties required to declare</b>	<b>Increase in properties required to declare EHT</b> <ul style="list-style-type: none"> <li>The number of residential properties required to declare is 198,969, and it increased by 2,528 properties (1.3%) between 2021 and 2022. The new properties are predominately newly developed condominiums.</li> </ul>
<b>2. Change in vacant and exempt properties</b>	<b>Reduction in vacant and exempt properties from 2021 to 2022</b> <ul style="list-style-type: none"> <li>In 2022, 3,756 properties were exempt; a reduction of 684 fewer units than 2021.</li> <li>In 2022, 1,156 properties were vacant; a reduction of 242 fewer units than in 2021.</li> </ul>
<b>3. Breakdown of exemptions by type</b>	<b>Renovation is the largest exemption category, followed by property transfer and strata rental restriction</b> <ul style="list-style-type: none"> <li>The majority (40%) of exempt properties in 2022 claimed the renovation exemption; 36% claimed the property transfer exemption, and 10% claimed the strata rental restriction exemption.</li> <li>Most properties (63%) claiming transfer in 2022 were condos; most properties (77%) claiming renovation were single-family homes.</li> </ul>
<b>4. Change in tenanted properties</b>	<b>Increase in tenanted properties from 2021 to 2022</b> <ul style="list-style-type: none"> <li>There was a net increase of 1,638 tenanted properties between 2021 and 2022; this includes an increase of 1,708 tenanted condominiums, increase of 122 single-family homes, and net decreases of 192 of other property types.</li> <li>This data does not provide insights on basement/secondary suites – since a tenanted single-family home could refer to a fully rented house or just a rented suite in an otherwise empty home.</li> <li>Significant flows were also observed between categories in and out of tenanted, indicating overall that this stock is less secure than purpose-built rental.</li> </ul>
<b>5. Occupancy status of previously vacant/properties</b>	<b>Properties vacant in 2021 converted to occupied in 2022</b> <ul style="list-style-type: none"> <li>Of the 1,398 vacant properties in 2021, 52% were occupied in 2022 (27% principal residences, 25% tenanted).</li> </ul>
<b>6. Average assessed value of vacant property vs. all properties</b>	<b>Vacant property has a slightly higher assessed value than properties overall</b> <ul style="list-style-type: none"> <li>For 2022, the average assessed value of a vacant condo (\$1.6M) is 60% higher than the average condo (\$1.0M).</li> <li>The average assessed value of a vacant single-family home (\$3.7M) is 48% higher than the average single-family home (\$2.5M).</li> <li>Overall, the average assessed value of vacant properties was \$2.7M compared to the average value of \$1.7M for all properties and 86% of vacant properties are condos.</li> </ul>

## APPENDIX 2: DETAILED DATA

### Indicator #1: Number of properties required to declare<sup>†</sup>

	2020	2021	2022	2021 to 2022 Change	
Condo	104,153	105,581	108,266	2685	2.5%
Single Family Including Duplex	80,640	80,645	80,595	-50	-0.1%
Other	10,219	10,215	10,108	-107	-1.1%
<b>TOTAL</b>	<b>195,012</b>	<b>196,441</b>	<b>198,969</b>	<b>2,528</b>	<b>1.3%</b>

### Indicator #2: Change in vacant and exempt properties<sup>†</sup>

#### Number of vacant and exempt properties by property type:

Condo	2020	2021	2022	2021 to 2022 Change	
Vacant	1,377	1,112	921	-191	-17%
Exempt	2,230	2,142	1,606	-536	-25%
<b>TOTAL</b>	<b>3,607</b>	<b>3,254</b>	<b>2,527</b>	<b>-727</b>	<b>-22%</b>

Single Family	2020	2021	2022	2021 to 2022 Change	
Vacant	307	221	196	-25	-11%
Exempt	1,775	1,869	1,757	-112	-6%
<b>TOTAL</b>	<b>2,082</b>	<b>2,090</b>	<b>1,953</b>	<b>-137</b>	<b>-7%</b>

Other	2020	2021	2022	2021 to 2022 Change	
Vacant	71	65	39	-26	-40%
Exempt	387	429	393	-36	-8%
<b>TOTAL</b>	<b>458</b>	<b>494</b>	<b>432</b>	<b>-62</b>	<b>-13%</b>

All Types	2020	2021	2022	2021 to 2022 Change	
Vacant	1,755	1,398	1,156	-242	-17%
Exempt	4,392	4,440	3,756	-684	-15%
<b>TOTAL</b>	<b>6,147</b>	<b>5,838</b>	<b>4,912</b>	<b>-926</b>	<b>-16%</b>

<sup>†</sup> 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 #3: Breakdown of exemptions by type**

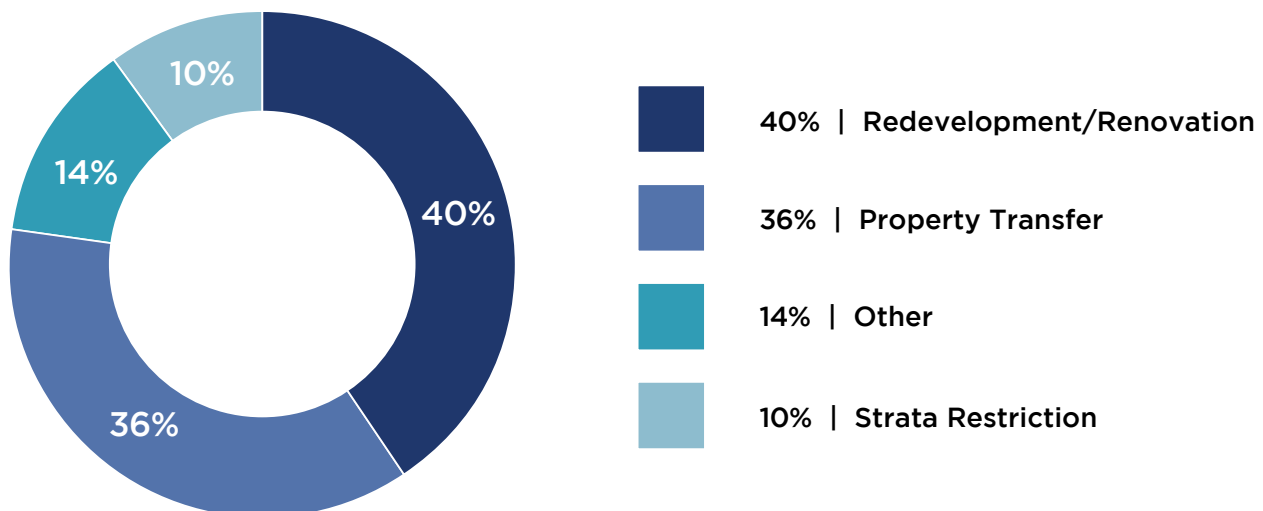
**Breakdown of properties by property type that qualified for an exemption:**

Condo	2020	2021	2022	2021 to 2022 Change	
Property Transfer	1,283	1,323	854	-469	-35%
Redevelopment/ Renovation	126	138	126	-12	-9%
Strata Restriction	530	499	372	-127	-25%
Other	291	182	254	72	40%
<b>TOTAL</b>	<b>2,230</b>	<b>2,142</b>	<b>1,606</b>	<b>-536</b>	<b>25%</b>

Single Family	2020	2021	2022	2021 to 2022 Change	
Property Transfer	672	794	478	-316	-40%
Redevelopment/ Renovation	917	973	1,158	185	19%
Strata Restriction	2	1	0	-1	-100%
Other	184	101	121	20	20%
<b>TOTAL</b>	<b>1,775</b>	<b>1,869</b>	<b>1,757</b>	<b>-112</b>	<b>-6%</b>

Other	2020	2021	2022	2021 to 2022 Change	
Property Transfer	15	44	27	-17	-39%
Redevelopment/ Renovation	182	197	213	16	8%
Strata Restriction	10	6	1	-5	-83%
Other	180	182	152	-30	-16%
<b>TOTAL</b>	<b>387</b>	<b>429</b>	<b>393</b>	<b>-36</b>	<b>-8%</b>

**Breakdown of properties that qualified for an exemption in 2022:**



**Indicator #4: Change in tenanted properties**

	2020	2021	2022	2021 to 2022 Change	
Condo	35,910	36,575	38,283	1,708	4.7%
Single Family	12,515	12,416	12,538	122	1.0%
Other	8,235	8,190	7,998	-192	-2.3%
<b>TOTAL</b>	<b>56,660</b>	<b>57,181</b>	<b>58,819</b>	<b>1,638</b>	<b>2.9%</b>

**Indicator #5: Occupancy status of previously vacant properties****Current status of 2021 vacant properties in 2022**

Status	2022
Principal Residence	379
Tenanted	347
<b>Occupied Total</b>	<b>726</b>
Exempt	109
Vacant	549
Declaration not required	14
<b>Total</b>	<b>1,398</b>

**Indicator #6: Average assessed value of vacant property vs. all properties**

	Vacant 2022	All Properties 2022	% Difference in Assessment Values
Condo	\$1.6M	\$1.0M	60.0%
Single Family	\$3.7M	\$2.5M	48.0%
<b>Total</b>	<b>\$2.7M</b>	<b>\$1.7M</b>	<b>58.8%</b>



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