

EMPTY HOMES TAX REVENUE ALLOCATION

ENGAGEMENT SUMMARY AND STAFF RECOMMENDATIONS

JUNE 2018



Empty Homes Tax Revenue Allocation – Summary of Engagement and Staff Recommendations

Part I: Summary of Online Engagement

Part II: Summary of In-Person Engagement ('IdeaJam')

Part III: Staff Recommendations for Empty Homes Tax Revenue Allocation

In April 2018, the City of Vancouver announced that Vancouver's Empty Homes Tax, the first of its kind in North America, is anticipated to generate an estimated \$30 million in revenue to the City, with the net revenue after costs to be invested into affordable housing initiatives.

Of the \$30 million estimated to be generated by the tax this year, approximately \$18 million has been collected to date. The total revenue collected will pay for the one-time implementation costs (\$7.5 million) and first-year (2018) operating costs (\$2.5 million). The remaining revenue will go towards affordable housing initiatives in Vancouver.

A rigorous system of auditing is currently underway, as well as a review of disputed tax bills; therefore, the total and net revenue numbers are expected to change over the coming months. An update on declarations and revenue collection will be provided in the fall of 2018 when the majority of the audits are complete.

Following the announcement of the anticipated revenue, Vancouver City Council instructed staff to embark on a public consultation effort to solicit input from Vancouver residents about how they would like to see the revenue from the Empty Homes Tax used to support affordable housing in the city, then review the ideas for feasibility and provide recommendations to Council for allocating initial revenue.

The City launched an online platform on April 26 and asked Vancouver residents to share their own ideas and like/comment on the ideas posted on the platform. The City also hosted a one-day 'IdeaJam' workshop on May 17th, which brought Vancouver housing stakeholders and members of the public together to develop and refine additional ideas.

The results of the online and in-person consultation are outlined in Part I and II of this Engagement Summary, followed by a summary of Staff recommendations in Part III.

Part I: Summary of Online Engagement

On April 26th, 2018, the online public engagement platform (www.vancouver.ca/eh-ideas) was launched to gather ideas and generate discussion from Vancouver residents on how to re-invest the net revenue from the Empty Homes Tax into affordable housing initiatives.

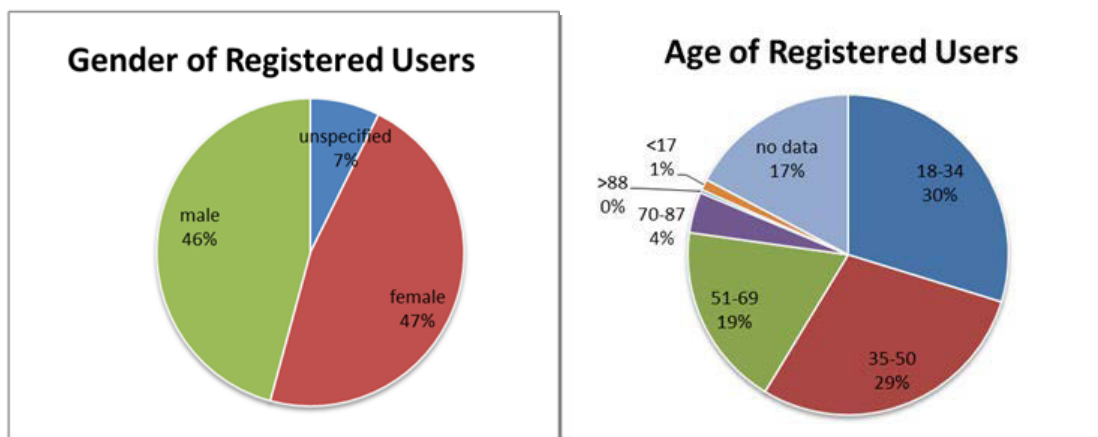
To kick off the engagement, staff seeded the platform with 7 ideas to serve as examples of initiatives that were feasible for implementation by the City and aligned with the current *Housing Vancouver* 10-year housing strategy. Members of the public were invited to comment, like, or dislike the ideas posted, and suggest with their own ideas on how to spend the funds generated from the Empty Homes Tax.

In order to foster dialogue and ensure the broadest possible participation, staff did not include limiting criteria for ideation as part of the online consultation process, such as requiring that ideas proposed were feasible for the City to implement or fell under City jurisdiction.¹ Staff lightly moderated comments and ideas, only removing content in rare instances when content was disrespectful, spam, completely out of scope and not related to affordable housing, or content that users flagged as inappropriate.

The three week online campaign, which ran from April 26th to May 17th, garnered over 130 public generated ideas, 5,160 likes and dislikes, 442 comments, for a total of almost 6,000 interactions. In total, there were 9,189 visitors and 626 registered users on the platform

The strategy that directed the most traffic to the platform was an email blast to over 15,000 people subscribed to the City's Talk Vancouver platform. Ongoing social media posts, including paid Facebook ads which featured a short video, and twitter posts highlighting interesting ideas submitted, kept a steady stream of returning and new visitors to the platform.

Participant Demographics



¹ These types of criteria – such as whether ideas were feasible for the City to implement or cost-effective given the revenue pool - were considered to be more appropriate for an in-person, facilitated dialogue where City staff could be present and answer questions, and were included in the in-person IdeaJam dialogue described in the second part of this report.

Top Ideas

Among the 130 ideas generated through the online consultation process, there were common themes as well as some duplication of ideas. Using the methodology of grouping similar ideas², and ranking by the number of overall likes, the top ideas were:

Table 1: Top Ideas from Online Consultation

Ideas	# of likes	Downvotes	Net votes
Support coops through grants to maintain and build new coops	349	50	299
House and provide supports for homeless	206	102	104
Support co-living arrangements such as senior student match, or co-living rentals	182	49	133
Support non-profits or coops in creating new affordable housing units	175	30	145
Provide land to build affordable housing	136	23	113
Create purpose built rentals	122	22	100
Contribute to purchase buildings and/or provide assistance toward improved living conditions for vulnerable residents in low-income housing	116	33	83
Support for vulnerable renters and advocacy for renters' rights	109	64	45
Enforce short term rental restrictions	97	34	63

The most popular ideas centered on initiatives that would create more rental housing at affordable rates. There was significant support for initiatives to buy land for affordable housing; support non-profits and co-ops in creating and operating new affordable housing; renewing existing co-ops and low-income SRO housing; supports for renters facing evictions; and, housing support for the city's homeless population. There were also several ideas relating to addressing broader issues around affordability in Vancouver and the region, such as speculation and foreign capital.

Several ideas and topics were subject to significant discourse among online users, with 442 comments submitted by 157 unique users. The topics that received the most discourse were:

- Addressing rental restrictions in strata that restrict homeowners from renting their units and expanding the rental stock
- Support for co-op housing and the experience of living in co-op housing
- Mitigating the negative impacts of speculative investment in Vancouver's housing market, with particular focus on the perception that foreign capital is having a negative impact on affordability
- Alternative housing forms such as tiny homes, shipping container homes, and live-aboards
- Discussion on how government defines affordability in private and non-market housing
- Support for rental rules that would limit rents to a specified share of net income

² Ideas that were similar were grouped for the purpose of data analysis, for example, "fund a guaranteed minimum income for the homeless", "house the homeless", "eliminate homelessness", "mental health, addictions & rehab", "jobs for the homeless", and "house homeless folks and low income earners" were single ideas grouped as "House and provide supports for homeless".

- Discussion on the impact of short term rentals on the rental stock
- Advocacy for tenant rights and protection

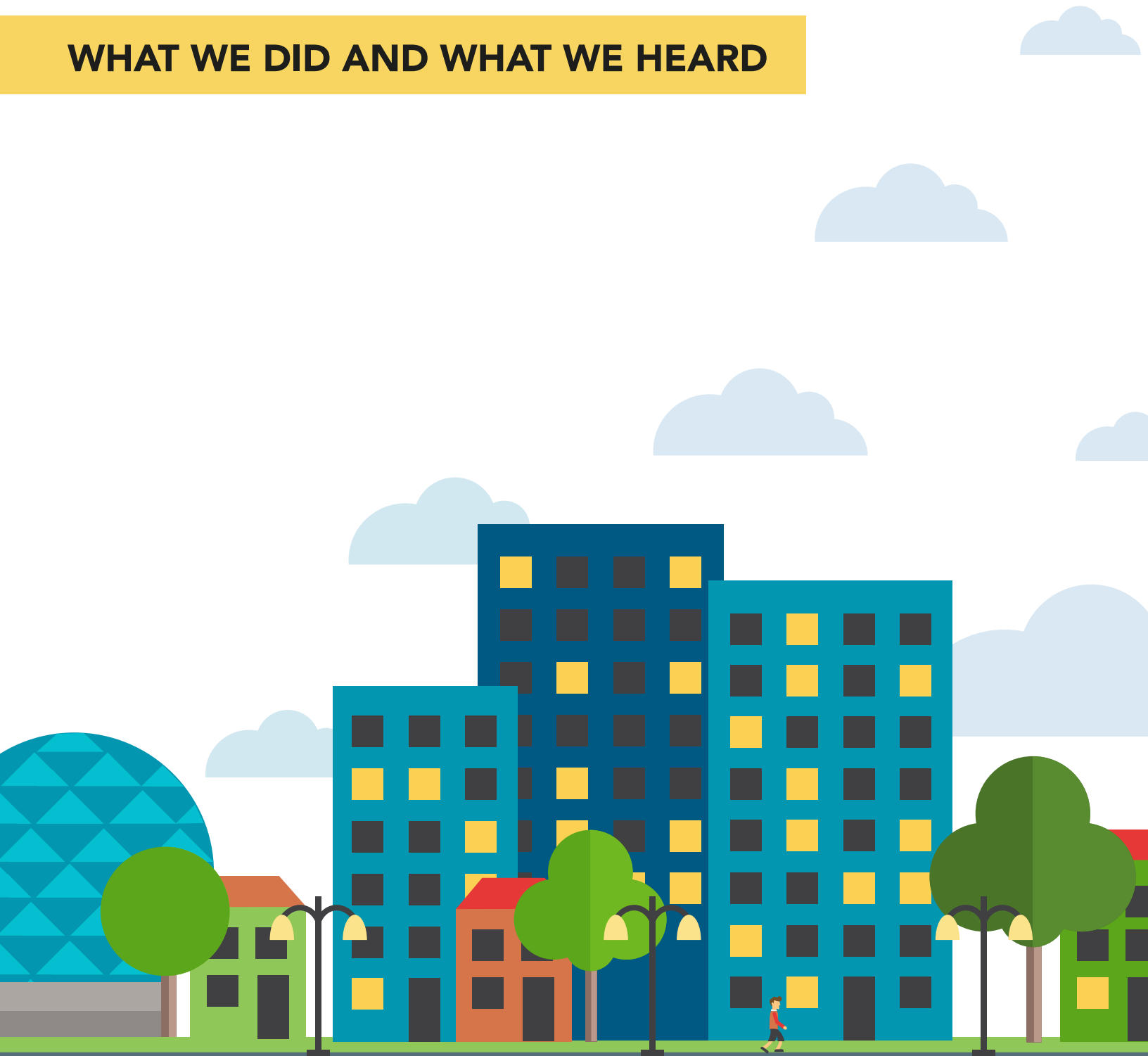
EMPTY HOMES TAX

Prepared and Designed by
 MODUS
from insight to impact

Summary Report for the Empty Homes Tax IdeaJam Event

Held on May 17, 2018

WHAT WE DID AND WHAT WE HEARD



INTRODUCTION AND BACKGROUND

The City of Vancouver is facing an unprecedented housing crisis with a severe shortage of affordable housing. The Empty Homes Tax is one of many actions the City is taking to increase the supply of rental homes and improve housing affordability in Vancouver. The program aims to return empty or under-used properties back into the rental pool for the people who live and work in Vancouver.

The City of Vancouver solicited public input on how to best invest net revenue from the Empty Homes tax into affordable housing initiatives. From April 26 to May 17, 2018, the City launched an online platform asking Vancouver residents to share their own ideas and like/comment on the ideas posted on the platform. The City also hosted an IdeaJam event on May 17th to generate new ideas.

On APRIL 23rd, the City of Vancouver announced that Vancouver's Empty Homes Tax will generate an estimated \$30 million in revenue to the City. The net revenue, after implementation and operating costs, are to be invested into affordable housing initiatives.

This report summarizes the top ideas generated by attendees of the May 17 IdeaJam held at City Lab (511 W. Broadway) that will be shared with Council for their consideration on June 19th.

WHAT WE DID



The purpose of the *Empty Homes Tax IdeaJam* was to *generate new ideas* of how to invest the Empty Homes Tax revenue and progress existing ideas from the online platform. The ideas generated in the IdeaJam will be presented to Council for consideration on June 19th.

INVITATIONS AND ATTENDEES:

The City of Vancouver invited a diverse group of residents, ranging from advocates to renters to developers and researchers. Email invitations were sent to participants from the "The Big Conversation – The Future of Housing in Vancouver", a roundtable dialogue on the Housing Vancouver Strategy that took place June 17, 2017. Email invitations were also sent to residents who actively participated on the Empty Homes Tax online platform. In total, 377 residents were invited.

31

Participants generated as many BIG IDEAS as possible

12

TOP IDEAS submitted to City staff

06

BIG IDEAS selected for further implementation planning

EVENT FORMAT:

On May 17, 31 participants attended the IdeaJam. City staff from Housing Policy and Finance provided background on Vancouver's housing crisis, the Empty Homes Tax, and objectives and criteria for the IdeaJam. City staff were also on hand to provide technical support and answer participant questions throughout the day. Participants were first asked to individually generate as many "Big Ideas" on how might we reinvest the money collected from the Empty Homes Tax into more affordable housing. Participants then shared and discussed their ideas with each other, selecting their group's top two Big Ideas. Using three criteria (projects must define and address a clear housing need, should take into account feasibility of implementation, and be viable with the current pool of funding), City staff selected 6 Big Ideas for further discussion and planning. These 6 Big Ideas were fleshed out then presented to a Dragon's Den panel, composed of housing experts Jill Atkey (BC Non-Profit Housing Association), Abigail Bond (City of Vancouver Affordable

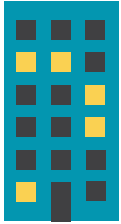
Housing) and Paul Kershaw (Generation Squeeze, UBC). The Dragons provided constructive feedback to the Big Ideas, identifying strengths and weaknesses and suggestions for further progression. Participants voted for their favourite ideas following the Dragon's Den presentations.

WHAT WE HEARD

The following are the top Big Ideas as voted by the participants.

SUPPORT FOR CO-OPS

(15 VOTES)



The City would increase funding for a wide range of actions to increase supply of co-op housing for all income levels.

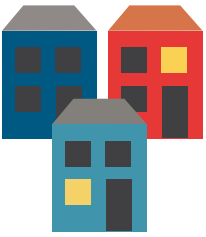
Objective: To increase the supply of co-op housing for all income levels; to streamline process to develop new stock; and to protect and retain existing co-op housing stock.

Key actions include:

- Form a task force consisting of local, regional, provincial and federal government representatives to review existing stock and operating agreements in coordinated/comprehensive manner
- Develop toolkit for external partners
- Develop co-op development policy, and transparent/clear resource list for co-ops
- Redevelop under-utilized co-ops and City land and repair existing co-op housing stock
- Establish new partnerships and build new co-ops
- Educate public about the value of co-ops

Comments from the Dragon's Den Panel:

- **Strengths**
 - * Internal education for the City
 - * Tackles middle space between renting and owning a home
 - * Expansion of existing co-op sites
 - * There is huge demand for co-ops but not enough supply
- **Challenges and Opportunities**
 - * Challenges around aggregation and economies of scale to build more units
 - * Use some of the funds to build political will – there is a need to dispel myths around co-ops



The Temporary Modular College would be a small, site-specific community comprised of modular housing units targeting the chronically homeless. The College is an alternative to the current temporary modular housing model as it not only provides housing but also focuses on peer-based mentorship programming with an emphasis on enhancing life skills of its residents. The life span of the College is intended to be 5-7 years and is intended for residents to “graduate” after having developed adequate life skills and means of economic self-sufficiency. The College is also intended to transition towards resident self-management after an initial period of management by an arms-length municipal organization

Objective: To end chronic homelessness by providing affordable housing and peer-supported environment to build life capacities.

Key actions include:

- Identifying and securing land for 8 pilot projects
- Designing communities (communities are to include shared communal and work spaces)
- Creating an arms-length municipal organization to help support the Colleges with peer programming and high-level operational oversight
- Early and often outreach and education to neighbourhoods where Colleges could be located.

Comments from Dragon’s Den Panel:

- **Strengths:**
 - * The idea of temporary housing you can graduate out of
 - * Focus on self-determination and education
 - * The use of funds to invest in people through a peer leadership model, not only buildings
- **Challenges and Opportunities**
 - * It will be important to have internal and external community involvement to meet the challenge of reaction from neighbours
 - * There needs to be rental supply for people to graduate into
 - * Some of these ideas could be adopted into existing projects



The Rent To Own Project would be a pilot program that allows middle to low income families to eventually own a home through paying rent that contributes towards a mortgage. Participants in the program will not need to pay a down payment, significantly reducing the initial financial barriers to owning a home.

Objective: To reduce financial barriers to homeownership, particularly for household with incomes under \$150,000.

Key actions include:

- Establish a knowledge committee to research and select appropriate Rent-to-Own models and identify participant criteria. This committee could consist of legal and financial experts, as well as developers and government representatives
- Identify land and secure financing
- Design buildings with community consultations
- Select participants; ensure diversity of participants
- Build the buildings
- Evaluate the program

Comments from Dragon's Den Panel:

- **Strengths**
 - * The idea is innovative
 - * Meets a well-understood demand and there is a willing market
 - * Fills a gap between rental and ownership – much needed
 - * Could be an opportunity for foreign investors to invest in this model
- **Challenges and Opportunities**
 - * Worried about the risk and need to create new financing models
 - * Is it possible for existing stock to feed into this model?



The “Innovate Infill Housing” Lab would research innovative policy solutions, building prototypes, and strategies to better utilize under-used lands with the goal of increasing affordable infill housing.

Objectives: To increase affordable housing availability through infill housing; to encourage home owners to build infill housing on their properties; and to build innovative infill typologies for less than \$150,000.

Key Actions include:

- Research and develop report on “The State of Infill”, industry report, case studies and lessons learned from current laneway program
- Identify challenges and opportunities regarding form, foundations, and servicing options
- Share and vet ideas with community education and engagement
- Text amendments to laneway program based on outreach findings
- Draft new design guidelines
- Create toolkit and guide for public for engagement and education

Comments from Dragon’s Den Panel:

- **Strengths**
 - * Tackles issue of increasing density in large single-family home stock
 - * Builds on past work, studies and successes
 - * Emphasizes research, education and engagement
- **Challenges and Opportunities**
 - * Does not necessarily create more affordable housing
 - * Not bold enough to create density needed to meet current housing crisis



More "True" Social Housing is secured housing that is affordable for households earning under \$15,000 per year. This form of social housing does not have restrictive occupancy rules, provides accessible units for aging seniors and people of all abilities, and will transition towards tenant self-management of the building after an initial 5-year period under non-profit provider management. Empty Homes Tax revenues would optimally be used toward the construction of the building itself (assuming development can occur on existing city-owned land, with the city leasing land to developer) to eliminate mortgages so that rental income would be dedicated toward ongoing maintenance, hiring of an interim property manager, and training and capacity building of tenant leaders.

Objective: To fund the development of a multi-unit rental building (roughly 40 1- and 2-bedroom units) to provide secure housing for those earning less than \$15,000 per year without restrictive occupancy rules; and with intent for long-term (after initial 5-year period) tenant self-management of the building.

Key actions include:

- Meet with non-profit housing providers and the city to explore feasibility and solicit ideas and feedback.
- Initial non-profit development and management moving towards tenant self-management (identify non-profit partner and issue RFP for construction).
- Training and capacity-building of tenants in managing building.
- Resident managers (annually elected) reporting to board.

Comments from Dragon's Den Panel:

- Strengths:
 - * Huge demand for this type of rental (1/4 of all renters have household income less than \$20,000)
 - * Liked the idea of moving towards self-managed model
 - * Opportunities for residents to be involved early on in the project, pre-development
 - * Liked the use of city-owned land
- Challenges and Opportunities
 - * 40 units is too small of an impact relative to the scale of the project
 - * Could use tax income to build political will for larger effort
 - * Needs sustained subsidy to operate long-term
 - * Idea could potentially be implemented without a new build



The City-Finance Agency would provide loans to non-profits seeking to develop low-cost rental housing.

Objective: To lower overall project costs for non-profits, resulting in reduced rental rates.

Key Actions include:

- Scoping and acquiring additional funds from federal and/or provincial government or through partnerships from other municipalities in the region
- Establish an entity as a City-owned non-profit finance corporation
- Establish an administrator to oversee loan applications for non-profit developers to request financing in lieu of a bank
- Use the \$30 million towards seed \$ to provide upfront financing at a very low interest rate (lower than banks)
- Get additional funding to sustain projects

Comments from Dragon's Den panel:

- Strengths
 - * Can meet current challenges in pre-development financing
- Challenges and Opportunities
 - * Risk duplication with offerings from other levels of government



OTHER BIG IDEAS

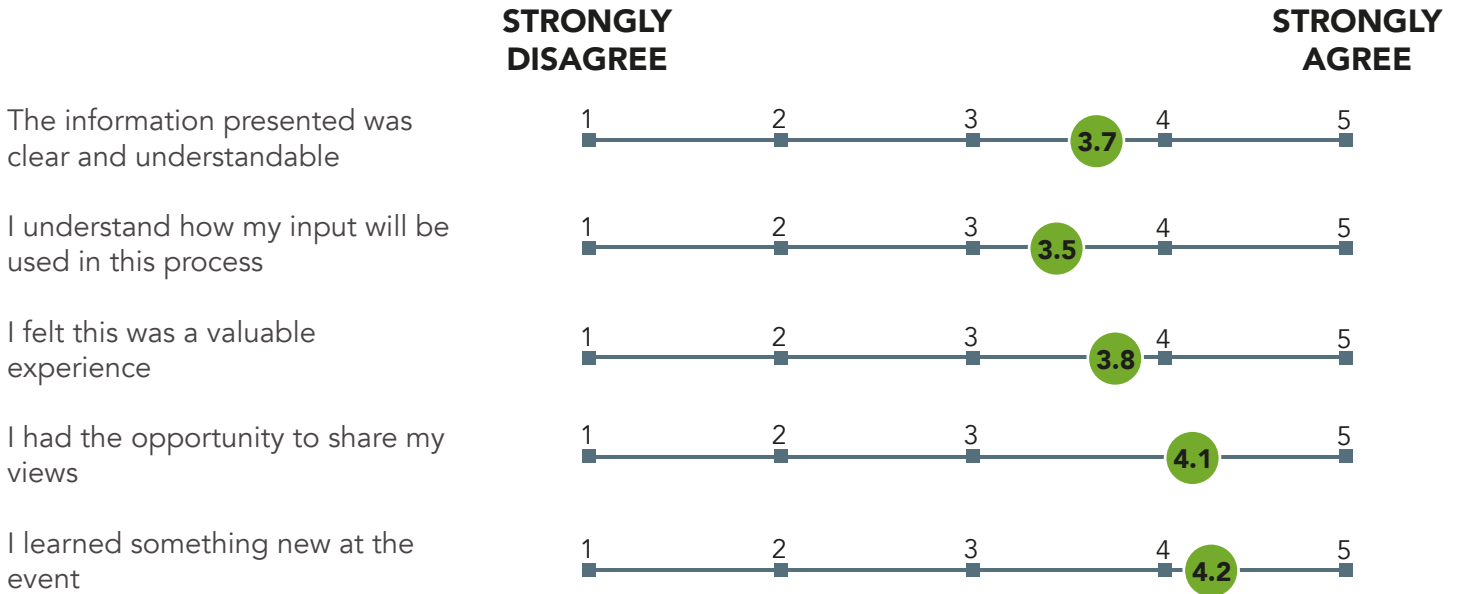
The following are other “Big Ideas” discussed during the IdeaJam but not prioritized for further development during the event:

- **CITY-ADMINISTERED RENTAL REGISTRY:** connects property owners/landlords and tenants through an online platform. City administration of the registry ensures renters that landlords are abiding to bylaws and that properties are offered at fair rents while ensuring landlords that renters are pre-screened for ability to pay and references, and also reducing effort to find good tenants
- **SUPPORTS FOR THE CREATION OF SECONDARY SUITES:** program ideas included providing grants for “house rich, cash poor” property owners needing support to build secondary suites, preparing streamlined rules and criteria, and creating renovation “packages” or pre-approved templates to reduce construction/renovation costs.
- **NEIGHBOURHOOD ADVISORY COMMITTEES:** functions as an advocate for neighbourhood-specific rental housing solutions to community housing needs and a liaison to policy-makers and developers to implement these solutions
- **ENABLE MORE RENTAL CO-HOUSING:** greater development of non-profit managed, mixed-income co-housing projects
- **DEVELOP UNDER-UTILIZED LAND:** purchase vacant lots and under-utilized lots to lease to community land trusts and other long-term nonprofit housing developers
- **MORE TARGETED SOCIAL HOUSING FOR LOW INCOME OLDER ADULTS:** housing that meets the economic, social and health needs of seniors on fixed incomes

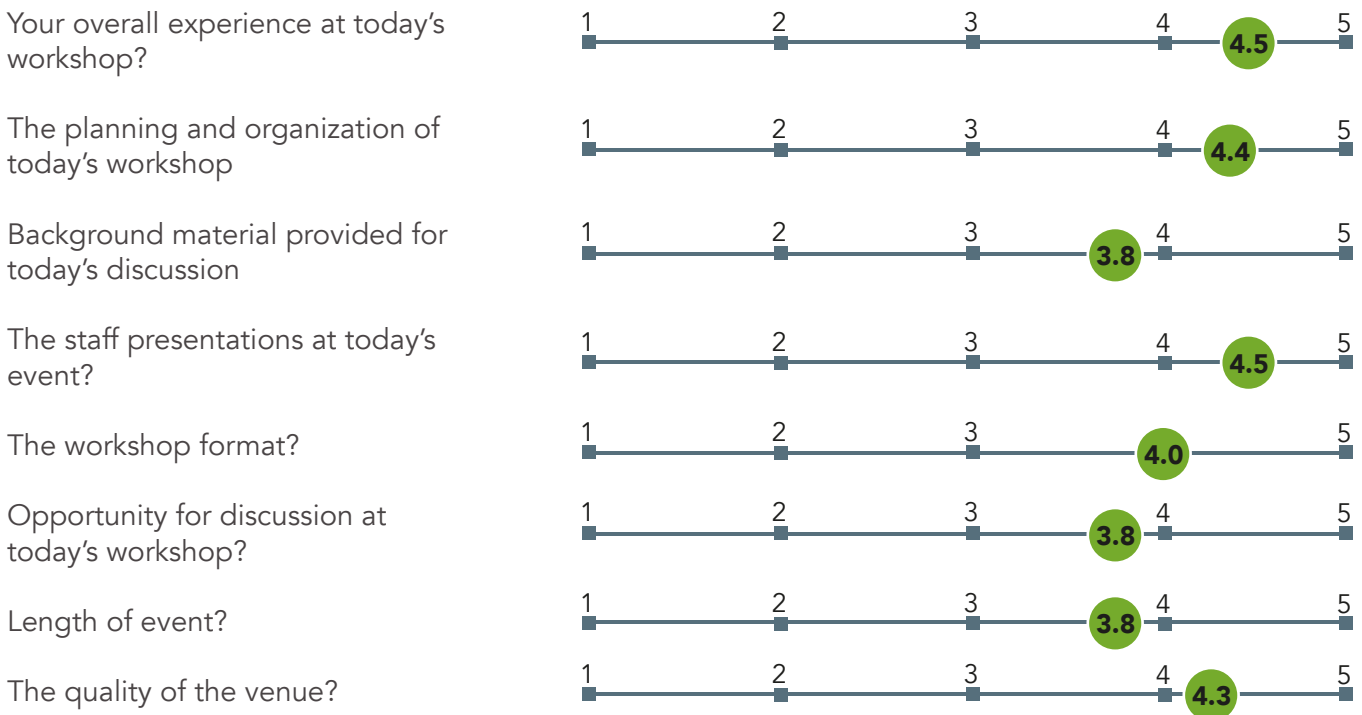
APPENDIX 1 : FEEDBACK FORM SUMMARY

The following is a summary of the feedback received from the event. The bubbles in green indicate the average ratings from participant responses.

Please indicate how much you agree or disagree with the following statements:



On a scale of one to five, how would you rate:



What worked especially well?

Participants enjoyed sharing and collaborating with people from diverse backgrounds. Participants felt the format and facilitators were engaging and helpful to keep the conversation moving forward.

What would you do differently to improve the event?

Participants felt there could have been more time for discussion and Q&A, particularly after the beginning presentation. Others would have liked the event to have been held on the weekend as opposed to week day, during work hours.

Did you have any points that you did not get to share? Please feel free to take a moment and jot them down here. Be sure to let us know what specific question or issues they are addressing.

- Housing intervention testing: need to be affordable, available, and safe.
- Match targets to median income in Vancouver. (37% toward \$50-80K is too much, need more >\$50k)
- Future considerations for EHT (upcoming years).
- Rent to own and cooperatives.
- Yes! We were told we could only speak or comment on how to spend the \$ and not policy, when later we learned we might have been able to! I'd like to focus on the demand issue more.
- Some of the info present was biased and would have been helpful to have another voice.

Were there any gaps in representation? People or groups we should consider reaching out to? If so, please list the here.

- Indigenous groups
- ethnic groups
- new immigrants
- students
- homeowners
- landlords
- building management companies
- developers

Part III: Staff Recommendations for EHT Revenue Allocation

To date, approximately \$18 million of revenue from the Empty Homes Tax has been collected, which yields approximately \$8 million in net revenue that can currently be allocated to affordable housing initiatives. Staff have reviewed the top ideas generated through the online and in-person public consultation and generated a set of recommended funding opportunities for the current collected EHT revenue.

Recommendations for Allocating Initial EHT Revenue Allocation

In order to facilitate prioritization by City staff, top ideas generated through the public engagement process were combined and sorted to create a list of unique ideas receiving top votes. Ideas which were outside the jurisdiction of the City were removed from the list.

The remaining ideas were then reviewed by staff and assessed based on the following criteria:

1. Level of support through the online and in-person public consultation
2. Alignment with existing key actions in the *Housing Vancouver* Strategy and 3-Year Action Plan
3. Feasibility for the City to implement with the current revenue stream

Staff also selected two new and innovative ideas for support – these were the top ‘new’ ideas emerging through the online consultation and in-person IdeaJam.

Staff then undertook analysis to determine the level of funding required and impact for the top ideas. The result is the list of recommendations in the following Table 2 for the allocation of the \$8 million in net revenues.

Table 2: Staff Recommendations for Empty Homes Tax Revenue

Top Ideas from Public – Aligned with Housing Vancouver Action Plan				
Staff Funding Recommendation	Idea from Public Consultation	Number of Votes/IdeaJam Ranking	Housing Vancouver Action Plan Item	Allocation
More affordable co-op and non-profit housing	Provide land and resources for affordable non-profit and co-op housing	309	Ch. 4, Key Strategies 1 + 2	\$3,175,000
	More co-op housing – grants to update and improve existing co-ops and build new co-ops	250 Top IdeaJam Idea	Ch. 4, Key Strategy 1; Ch. 7, Key Strategy 3	\$1,000,000
Improvements to low income housing	Contribute to purchase buildings and/or provide assistance toward improved living conditions in	207	Ch. 6, Key Strategy 4; Ch. 7, Key Strategy	\$3,500,000

	private SRO housing			
Support for vulnerable renters	Support for renters facing eviction	44	Ch. 8, Key Strategy 1	\$100,000
	Funding for Vancouver Rent Bank	33	Ch. 6, Key Strategy 1	\$75,000
Top Ideas from Public – New Ideas				
Funding for skills training in peer support, affordable housing management, and asset training for residents of supportive housing	‘Temporary Modular College’ – temporary modular housing with on-site peer-based mentorship programming		Top Idea from EHT IdeaJam	\$100,000
Matching empty/underutilized homes and rooms with renters looking for housing	Shared housing models like senior/student housing arrangements		Top idea from online consultation	\$50,000
TOTAL:				\$8,000,000

Next Steps

- If the recommended allocations receive Council approval, the next step will be for Staff to undertake relevant procurement/granting processes in order to assign funding to the identified ideas
- Additional revenue will be allocated as part of the 2019 Budget process