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1) Purpose and Summary

This document provides further clarification regarding the exemptions in Section 3.2 (Property undergoing redevelopment or major renovations) and how the City interprets this section in determining whether a property is eligible for an exemption.

The information in this document is for informational purposes only and is not intended as advice or a determination of whether a specific property will be subject to the tax. If there is any discrepancy between the information provided here and the provisions of the [Vacancy Tax By-Law 11674](#), the latter will prevail.

2) Section 3.2(a)

A vacancy tax is not payable under this by-law for a parcel of residential property if the residential property was unoccupied for more than six months during the vacancy reference period in order to do one or more of the following:

(a) redevelop or safely carry out major renovations to the property:

- i. for which permits have been issued by the City by July 1st of the vacancy reference period; and*
- ii. which, in the opinion of the Chief Building Official or the Chief Building Official's delegates, are being carried out diligently and without unnecessary delay*

Interpretation

A property is not subject to the tax if a property is undergoing [major renovations](#), construction or redevelopment that causes the property to be vacant for at least six months of the vacancy reference period where:

- Building permits have been issued by July 1 of the vacancy reference period; and
- The renovation or redevelopment work is being [diligently carried out in the opinion of the Chief Building Official or their delegate](#).

The exemption for major renovation or redevelopment is only applicable to properties that are undergoing active construction for which building permits have been issued. This exemption does not apply to properties for which building permits are in review and pending issuance. This exemption also does not apply to properties where work has been performed without a permit, even if the unpermitted work has resulted in the property no longer being habitable.

Owners who are awaiting building permits must ensure that the property continues to be occupied as a principal residence or rented out for at least six months of the year. This requirement also applies to projects requiring rezoning, so owners should maintain occupancy while proceeding through the rezoning process. Unoccupied homes that are part of a land assembly may also be subject to the tax if they are not occupied while the development site is proceeding through the rezoning or development permit process.

As per the B.C. Residential Tenancy Act, a landlord must have all necessary permits and approvals in place before issuing a [Notice to End Tenancy](#).

The City's [Tenant Relocation and Protection Policy](#) applies to tenants impacted by rezoning and development permit applications who are residing in primary rental housing (i.e rental apartments), as well as secondary rental (such as rented single-family homes or basement suites) that are part of a land assembly of two or more parcels. The Tenant Relocation and

Protection Policy provides considerable flexibility for developers to rent out properties while they await permits in order to remain in compliance with vacancy tax by-law:

- Developers are not required to compensate tenants who resided in the property for less than a year before the rezoning or development application was submitted.
- Developers are not required to compensate tenants whose tenancy began after a rezoning or a development permit application was submitted.
- In the case of tenants residing in single family homes and other secondary rental properties that are part of a land assembly, tenancies of two years or less that began after the property was transferred to the developer are excluded from compensation requirements.

Notwithstanding the requirements of the City's Tenant Relocation and Protection Policy, in all cases the Provincial *Residential Tenancy Act* requirements concerning notice and compensation still apply for all residential tenancies.

Properties undergoing major renovations or redevelopment with all necessary permits in place are exempt from the vacancy tax for the duration of the construction period provided that the work is being carried out [diligently and without unnecessary delay](#).

What qualifies as a major renovation?

There are many renovations that may make occupancy unsafe or impractical while work is underway. However, very few of these will require the home to be unoccupied for six months; rather, the vast majority of renovation projects can be completed in less than six months' time.

If a renovation project can be completed in under six months, the property must either:

- Continue to be the principal residence of the owner, or other permitted occupant; or
- Be rented out (in periods of 30 or more consecutive days) for residential purposes to a non-arm's length tenant for at least six months of the vacancy reference period.

The following examples are a non-exhaustive list of projects that can usually be completed in less than six months' time and, therefore, will generally not qualify for the major renovation exemption:

- Kitchen renovation
- Bathroom renovation
- Roof replacement
- Cladding replacement
- Window replacement

- Electrical upgrades
- Plumbing upgrades
- Energy upgrades

If a renovation is considered a “major renovation”, it will require a building permit issued by the City. Renovations where no building permit has been issued are not eligible for this exemption. Other permits, such as plumbing and electrical, do not qualify unless they have been issued in conjunction with a building permit.

What does it mean to be “carried out diligently and without unnecessary delay”?

The assessment as to whether a renovation or redevelopment has been carried out diligently and without necessary delay during the vacancy reference period is performed by the Chief Building Official or their delegate(s).

The following information is considered in making a determination as to whether the renovation or redevelopment has been diligently carried out during the vacancy reference period:

- Have there been any building inspections completed during the period?
- If there have not been any building inspections completed, what are the reasons why and has the owner been diligent in rectifying the delays?
- What information has the owner provided to demonstrate that work was progressing diligently and without unnecessary delay during the period?

Will the vacancy tax apply to properties that are completed in the vacancy reference year?

Once an occupancy permit has been issued for the property, or the property passes final inspection, the property is considered complete and fit for occupancy. If this occurs in the first six months of the vacancy reference year (prior to July 1), the property does not qualify for an exemption pursuant to Section 3.2(a). Consequently, the property must either be occupied as a principal residence or rented out for at least six months of the year to be exempt from the vacancy tax, or it must be eligible for one of the other exemptions in the vacancy tax by-law, such as [Section 3.9](#).

If a property has been redeveloped for resale and the work has been completed by July 1 of the vacancy reference year, but remains unsold by December 31, it will be subject to the vacancy tax. If a property is fit for occupancy, then it should be occupied by a principal resident or tenant for at least six months of the year or meet the exemption requirements of [Section 3.9](#).

Most newly constructed properties would be exempt from vacancy tax in the first 6-18 months after they receive their occupancy permit, either because of the renovation and redevelopment

exemption (construction completed after July 1 of the vacancy reference year), or the property transfer exemption (property is sold in the year of completion or the year following completion if it was completed after July 1).

3) Section 3.2(b)

A vacancy tax is not payable under this by-law for a parcel of residential property if the residential property was unoccupied for more than six months during the vacancy reference period in order to do one or more of the following:

- (b) carry out either redevelopment or initial development of residential property that is unimproved with any dwelling units, or the rehabilitation and conservation of heritage property:*
- i. for which a complete rezoning enquiry or application, development permit application or heritage alteration permit application has been submitted by or on behalf of the registered owner and is under review by the City by July 1st of the vacancy reference period; and*
 - ii. which, in the opinion of the General Manager of Development, Buildings and Licensing or the General Manager's delegates, is being diligently pursued and without unnecessary delay*

Interpretation

A property is not subject to the tax if it is [unimproved with any dwelling unit](#) and is undergoing redevelopment or initial development where:

- Development permits have been applied for prior to July 1 of the vacancy reference period and are under review; or
- A policy / rezoning enquiry or rezoning application has been submitted prior to July 1 of the vacancy reference period and is under review; and
- The policy / rezoning enquiry, rezoning application or development permit is being [diligently pursued and without unnecessary delay](#).

A property is not subject to the tax if it is a [heritage property](#) undergoing rehabilitation or conservation where:

- Development or heritage alteration permits have been applied for prior to July 1 of the vacancy reference period and are under review; and
- The development or heritage alteration permit is being [diligently pursued and without unnecessary delay](#).

Does vacancy tax apply to vacant land?

Vacant lands that are not improved with any dwelling units are exempt if the owner has submitted a complete rezoning or development permit application to create housing supply, provided that the application is being diligently pursued by the applicant.

Vacant unimproved residential properties that are not in the development or rezoning process by July 1 of the vacancy reference period will be subject to the tax unless an exemption applies.

What does “unimproved with any dwelling units” mean?

A property that is “unimproved with any dwelling units” means any property that is vacant land with no existing building.

If there is an existing building on the property, then the exemption in section 3.2(b) does not apply. There is no exemption for a property that is unoccupied solely because the building is in a state of disrepair and not in a condition for people to live in, unless it is undergoing redevelopment or renovation with an issued building permit pursuant to section 3.2(a).

Unimproved properties that are not in the development review process continue to attract the vacancy tax as an incentive for owners to move forward with the creation of housing supply.

What does it mean to be “diligently pursued and without unnecessary delay”?

The assessment as to whether a development permit application or rezoning enquiry or application is being diligently pursued without unnecessary delay is performed by the General Manager of Development, Buildings or Licensing (General Manager) or their delegate(s).

The General Manager or their delegate(s) renders an opinion on the applicability of this exemption, and bases the opinion on several considerations including advice from the Planning department as to whether it is being diligently pursued.

There are multiple aspects considered when formulating an opinion as to whether the development permit or rezoning enquiry or application is being diligently pursued. However, one of the key factors is how responsive the applicant is, for example, when the City provides a prior to letter or deficiency list. If there are significant delays in providing a response, then the General Manager or their delegate(s) may not consider that the permit or enquiry was being diligently pursued without unnecessary delay.

What is meant by a policy / rezoning enquiry?

An “enquiry” is interpreted as a formal [Rezoning Enquiry](#) or [Policy Enquiry](#) submission.

For projects requiring [rezoning](#), submission of a full and complete rezoning enquiry or policy enquiry package and full payment of the required fee by the registered owner by July 1 of the vacancy reference period is considered to meet the requirements in Section 3.2(b).

The Planning department reviews these cases individually to ensure the enquiry is complete, and being actively and diligently pursued.

What qualifies as heritage property?

Property that:

- (a) in the opinion of a person or body authorized to exercise a power under the *Vancouver Charter* in relation to the property, has sufficient heritage value or heritage character to justify its conservation; or
- (b) is protected heritage property;

4) Section 3.2(c)

Vacancy tax is not payable under this by-law for a parcel of residential property if the residential property was unoccupied for more than six months during the vacancy reference period in order to do one or more of the following:

- (c) *carry out either redevelopment or initial development of a parcel of residential property which is unimproved with any dwelling units and is part of a phased development which either:*
 - i. *has not been rezoned, where a complete rezoning enquiry or rezoning application for at least one of the parcels of residential property which comprise the phased development has been submitted by or on behalf of the registered owner and is under review by the City by July 1st of the vacancy reference period; or*
 - ii. *has been rezoned, whether either:*
 - A. *a complete development permit application has been submitted for at least one parcel of residential property which is part of the phased development and is under review by the City by July 1st of the vacancy reference period; or*
 - B. *a development permit has been issued by the City for at least one parcel of residential property which is part of the phased development and work under the development permit is, in the opinion of the General Manager of Development, Buildings and Licensing or the General Manager's delegates, being diligently pursued and without unnecessary delay.*

Interpretation

A property is not subject to the tax if it is [unimproved with any dwelling unit](#), is undergoing redevelopment or initial development and is part of a phased development where at least one parcel in the phased development has a:

- A [policy / rezoning enquiry](#) or application submitted prior to July 1 of the vacancy reference period and is under review; or
- Development permit applied for prior to July 1 of the vacancy reference period and is under review; or
- Development permit issued by the City and work under the development permit is being diligently pursued and without unnecessary delay.

This is designed to capture parcels of land within large-scale developments of unimproved land where the City has agreed that applications for development will be submitted in phases and development will be carried out pursuant to multiple development permits.

5) Properties that are occupied by a tenant prior to the issuance of a building permit or after the completion of a building permit in the vacancy reference period

Properties that are occupied by a tenant prior to the issuance of a building permit or after the completion of a building permit in a given vacancy reference year may be eligible for an exemption under section 3.9 of the Vacancy Tax By-Law.

Section 3.9 states the following:

Vacancy tax is not payable under this by-law for a parcel of residential property if the residential property was, for a combined period of at least six months during the vacancy reference period:

- (a) unoccupied in order to redevelop or carry out major renovations to the property:*
 - i. for which permits have been issued by the City; and*
 - ii. which, in the opinion of the Chief Building Official or the Chief Building Officer's delegates, are being carried out diligently and without unnecessary delay; and*
- (b) occupied for residential purposes by an arm's length tenant under a tenancy agreement, or by an arm's length subtenant under a sublease agreement, for a term of at least 30 consecutive days either:*
 - i. prior to the issuance of such permits by the City, where the tenant or subtenant gave notice to end their tenancy, or*
 - ii. after the redevelopment or renovation work has been completed.*

For example, a property may be tenanted from January 1 to March 31, and the tenant ended the tenancy as of March 31st of the vacancy reference period. In the same vacancy reference period, the property was undergoing redevelopment or major renovations under a permit issued October 1st of the vacancy reference period. In this scenario, the property was occupied by a tenant for 3 months, and undergoing redevelopment or major renovation for 3 months with building permit(s) issued and would be eligible for an exemption under section 3.9 as the combined period is at least six months.