



COMMUNICATION UPDATE

TO:	Mayor and Members City Council
DATE:	April 24, 2024
SUBJECT:	Vacant Unit Tax – 2024 Update
WARD(S) AFFECTED:	City Wide
SUBMITTED BY:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
SIGNATURE:	

Background

On January 24, 2024, City Council approved the following Motion:

- (a) That the City Solicitor be authorized and directed to prepare the necessary Bylaw for the purposes of levying and collecting the Residential Vacant Unit Tax for the vacancy year 2024, and that the same be put before Council for consideration in the first quarter of 2024; and
- (b) That the City Solicitor be authorized and directed to include language within the By-law that provides an exemption from the Residential Vacant Unit Tax for owners of non-profit housing and designated housing projects under the Housing Services Act.

Staff had prepared a By-law to be brought to Council on the first quarter of 2024 but due to delays related to the cybersecurity incident occurred in February, the By-law will be presented for Council's consideration on April 24, 2024. This By-law includes an exemption from the Residential Vacant Unit Tax for non-profit housing units.

Other edits to reflect updated legislation and for consistency and clarity have also been included.

Provincial Framework

The 2024 Budget: Building a Better Ontario released by the Province on March 26, 2024 announced two important steps to further advance municipal Vacant Home Taxes (called the Vacant Unit Tax (VUT) in Hamilton):

- (a) The authority to introduce Vacant Home Taxes was extended to all single and upper-tier municipalities.
- (b) A Provincial Policy Framework for municipal Vacant Home Taxes which contain guidelines and recommendations to implement the tax.

This Framework provides guidelines and recommendations for municipalities who wish to introduce a Vacant Home Tax but does not introduce any new requirements related to municipal Vacant Home Taxes.

The following are the distinctions between the Provincial Policy Framework and Hamilton's proposed by-law:

- (a) Provincial framework recommends that only units that are "suitable for residential habitation" be subject to the VHT. Hamilton's proposed by-law applies to all vacant residential units;
- (b) Recommended exemption if the property is owned by a registered property owner who is in care. Unlike the Provincial guideline, Hamilton's proposed by-law exempts the principal residence only if the owner is in care;
- (c) Recommended exemption for seasonal properties. This is not included in Hamilton's proposed By-law;
- (d) Recommended exemption if property is uninhabitable (see (a) above).

The Province will also work with municipalities to explore ways of identifying foreign-owned vacant homes and to encourage imposing a higher VHT rate on such properties. This is not anticipated to apply for a VHT levied based on 2024 occupancy.

In addition, the Provincial Policy Framework introduced annual reporting in which a municipality imposing the VHT should include data related to its Vacant Home Tax in its annual Financial Information Return, according to the fields provided for relevant data (for example, total number of properties impacted, total revenues, etc.).

2024 City of Hamilton Vacant Unit Tax (VUT) Communications Plan

- April 2024: By-law approval, website update, media release, social media messaging
- June 2024: Flyer included with the property tax bill, communication update to Council, continued social media messaging
- September 2024: Flyer mail out, communication update to Council, continued social media messaging
- December 2024: Notice to declare to be sent to property owners, communication update to Council, continued social media messaging
- January–April 2025: Call to action campaign

Other Municipalities

Toronto’s declaration period for the 2023 vacancy year closed on March 15, 2024. Toronto received approximately 650,000 declarations from a base of more than 800,000 residential units, which represents a compliance rate of approximately 80%. About 150,000 notices of assessment were mailed to property owners to inform them that their property was subject to the vacant home tax, either because it was deemed vacant, given that a declaration of occupancy status was not received before the deadline, or because they declared it as such in 2023.

The lower compliance rate compared to last year’s (95% compliance rate) may be due in part to the fact that the reminder of the annual requirement to declare was included with property tax bills and, therefore, it was missed by a large number of property owners. In addition, there was an error in the system that caused the billing of some properties that had been declared on time.

Toronto staff has already reversed 62,500 vacant home tax charges and is putting measures in place to support affected property owners such as doubling the number of staff available to support in-person inquiries and extending in-person support at City Hall and Civic Centres until at least April 12. Toronto is also expediting mailouts to impacted property owners to inform them of how to appeal the charge, as well as, updating the Vacant Home Tax website to include information in multiple languages.

Ottawa’s declaration period closes on April 30, 2024 and at this time, there is no information as to the number of declarations received for the 2023 vacancy year.

APPENDICES AND SCHEDULES ATTACHED

N/A

GR/dt