

Ministry of Community, Sport and Cultural Development  
**BRIEFING NOTE FOR MINISTER**

Ref#: 168092

**FOR INFORMATION**

**Date:** June 23, 2015

**Title:** Residential Vacant Property Class

**Issue:** City of Vancouver's (COV) proposal to implement a residential vacant property class for the purposes of implementing a vacancy tax on empty homes and condominiums.

**Background/Discussion:**

The COV has requested that the Province consider creating a new property class to segregate residential properties that are not occupied and otherwise "vacant". This would allow the COV to impose a separate "vacancy tax" on these properties, and this new revenue would be used by the COV to provide more affordable housing. According to the COV, unoccupied/vacant housing represents unused housing supply, which puts upward pressure on accommodation costs.

<b>Mandate Considerations:</b> Would impact assessment practices and the classification of properties.	<b>Liquefied Natural Gas Considerations:</b> N/A
<b>Fiscal Considerations:</b> Unoccupied residence owners would be levied a higher property tax than those who occupy their residences. This would increase property tax revenues for taxing jurisdictions.	<b>First Nations Considerations:</b> N/A

COV staff have identified two approaches to implementing this proposed vacancy tax:

1. **Preferred option:** The Province creates and administers a new 'Residential Vacant' property class for assessment and taxation purposes. The COV would apply a higher tax rate to those under-occupied and investment properties in the Residential Vacant sub-class (as opposed to those in Class 1 Residential). The COV proposes that the Province use data already collected on primary residence and rental income through the Home Owner Grant and income tax collection processes. Alternatively, the COV could assume this role and provide a list to BC Assessment on an annual basis. The 'Residential Vacant' classification would be administered annually and would likely involve a self-declaration and audit/complaint response process.
2. **Alternative option:** The COV will implement and charge a new business tax on vacant and under-occupied residences (i.e., these properties would be regarded as businesses, subject to a business tax). This option would require the creation of a new business tax bylaw under Section 279AA-287 of the *Vancouver Charter*. In addition, COV staff would provide information to assist owners in renting properties, and review policy regarding housing agreements and occupancy.

In either approach, the new tax revenues would be retained by the COV to fund other affordable housing initiatives.

**Considerations:**

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