



REPORT

TO: Mayor Lawlor and Members of Council

FROM: Moya Leighton, Treasurer

DATE: May 27, 2024

REPORT NO.: CS-2024-015

SUBJECT: Vacant Homes Tax

RECOMMENDATION:

THAT Report No. CS-2024-015, dated May 27, 2024, regarding Vacant Homes Tax be received;

AND FURTHER THAT Council support staff's recommendation to request the Town of Halton Hills be excluded from any potential Region of Halton by-laws that would impose a Vacant Homes Tax on the municipality;

AND FURTHER THAT a copy of this report and the associated Council resolution be forwarded to the Region of Halton as a means of a formal request for the Town of Halton Hills to be excluded from any by-laws related to the imposition of a Vacant Homes Tax.

KEY POINTS:

The following are key points for consideration with respect to this report:

- Halton Regional Council approved the resumption of work on the study of an Optional Vacant Homes Tax (VHT) on April 17, 2024.
- A feasibility study conducted by Ernst & Young LLP in 2022 documented that out of an estimated 248 vacant homes in Halton Hills, only 45 would meet the eligibility ratio for paying a Vacant Homes Tax.
- The current recommended method of declaration for Halton Region is the universal method, requiring all homeowners to self-declare each year whether their homes are vacant or occupied.

BACKGROUND AND DISCUSSION:

In 2017 through Bill 127 – Stronger, Healthier Ontario Act (Budget Measures), the Province established the legislative framework that provides municipalities with the option to implement a Vacant Homes Tax (VHT). This framework was established as a tool to potentially improve housing affordability within the Province.

Within Halton Region, a review of the VHT was initiated in 2021. Halton Region has led the engagement and retained external consultants at various states of the review. The Town of Halton Hills has supported this process through the provision of information, analysis and feedback.

In April 2022, Halton Regional Council was provided with a VHT feasibility study (Appendix A) that was prepared by Ernst & Young LLP (E&Y) through Regional report FN-15-22 (Appendix B). On the basis of that report, Regional Council gave direction to staff to proceed with the design and implementation of a proposed VHT program in Halton Region, with the following objectives :

1. Encouraging owners of vacant homes to rent, sell or occupy the home
2. Generating revenues that can be used to enhance affordable and assisted housing programs in support of the Region's comprehensive housing strategy

E&Y's initial findings included the following:

- It was estimated that 985 vacant homes within Halton Region would be eligible to pay a VHT, representing 0.5% of the total housing supply.
 - For the Town of Halton Hills, the total number of VHT eligible properties was estimated at 45 and equates to 4.57% of the Regional total
- Of the 985 Region wide vacant homes, it was estimated that 330 (33%) across the Region would be sold or rented over a 10-year period in response to a VHT
- The cost of implementing the program was estimated to be between \$3.3M and \$3.9M for the initial start-up.
- Annual program operating costs of between \$1.8M and \$2.0 M were also estimated, assuming an annual staffing level of 11-12 full time equivalents (FTEs)
- Based on the 985-home estimate, and assuming a 1% VHT was applied to the properties' assessed value, the estimated annual revenue was projected to be \$6.1M for the entire Region.
- The net annual revenue from the VHT program is estimated to be \$4.1M (\$6.1M less \$2.0M). Using 4.57% (the Town's proportionate number of vacant homes) as a base - this equates to \$187K of net revenues– (note: clarity is still required for the distribution of revenues related to the VHT)
- The universal method of declaration is currently being recommended requiring all homeowners to make an annual declaration on the occupancy status of their homes.
- Halton Region and the local municipalities do not currently have software systems with the capability to receive declarations and communicate the results for collection.

A subsequent report FN-41-23 (Appendix C) provided to Regional Council in November 2023, included the results of a public consultation process that had been undertaken by Municipal Tax Equity Consultants Inc. (MTE). Staff were also directed to pause the VHT work until such time as a Provincial Policy framework for VHT was available.

On March 27, 2024, the Province released a framework for the application of a VHT. The details of which are outlined in the following link:

<https://www.ontario.ca/page/municipal-vacant-home-tax#section-2> In April 2024, Regional Council approved the resumption of work on the study of an optional VHT for Halton Region, through report FN-12-24 (Appendix D).

An important element of the Provincial Policy Framework is that it recommends in situations where there is two-tier system in place, the upper tier municipality receive supportive statements or endorsements from the lower tier municipality with respect to the VHT. The framework makes it clear that the VHT bylaws that are established by the upper tier municipality should specify which lower tier municipalities the VHT will be in effect for, and which it will not. In light of the estimated small number of vacant homes in Halton Hills, measured against the annual reporting impact for all homeowners and anticipated administrative workload that this program will entail, staff are recommending that a request is made to the Region of Halton to exclude the Town of Halton Hills from any VHT bylaw and the associated work that is involved with the Regional Council direction to resume work on the study of an optional VHT,

STRATEGIC PLAN ALIGNMENT:

This report is administrative in nature and does not have an impact on the Town's Strategic Plan.

RELATIONSHIP TO CLIMATE CHANGE:

This report is administrative in nature and does not directly impact or address climate change and the Town's Net Zero target.

PUBLIC ENGAGEMENT:

Public Engagement was not needed as this report is administrative in nature.

INTERNAL CONSULTATION:

The Finance team were consulted on the preparation of this report.

FINANCIAL IMPLICATIONS:

This report is administrative in nature and does not have any financial implications.

Reviewed and approved by,

Laura Lancaster, Commissioner of Corporate Services

Chris Mills, Chief Administrative Officer