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2020 OPERATING BUDGET BRIEFING NOTE

Vacant Homes Tax – Report Status and 2020 Implementation Impacts

Issue:

- At Budget Committee on January 17, 2020, Budget motion 5e (1) was adopted which requested a budget briefing note "on the status of the Vacant Home Tax report and what implementation impacts would be for 2020." This note responds to these requests.

Background:

- The purpose of a VHT is to encourage vacant homeowners to make their homes available for rent and/or occupied, with owners choosing to keep such units vacant being levied a tax;
- In the autumn of 2019 staff hired a professional services consultant to assist the City in:
 - determining key aspects of whether a vacant home tax could achieve the objective of increasing the supply of affordable housing;
 - reviewing potential impacts of a VHT policy;
 - identifying challenges and solutions; and
 - assessing potential tax designs and features.
- The scope of the study includes research on the following topics:
 - The nature and trends in the Toronto housing market that perpetuate the occurrence of vacant homes;
 - The extent to which vacant homes are negatively affecting the supply of affordable housing;
 - Definition of a vacant home for taxation and potential exemptions;
 - Means of identifying vacant homes;
 - Tax rate setting and whether a vacant home tax will motivate property owners to sell or rent out their vacant homes;
 - Measurements of effectiveness for such a tax;
 - Administrative start-up costs, annualized costs, and potential revenue;
 - Jurisdictional scan

Key Points:

Status:

- Staff are actively working with the consultant to finalize the above referenced study on implementing a VHT in Toronto;
- A companion staff report to introduce the study and its findings, and to report out on issues, next steps and actions necessary to implement such a tax for council consideration will be prepared for Executive Committee with a target date of Q2 - 2020;

Implementation impacts for 2020 –

- The staff report will inform Council's decision. Subject to Council's decision, next steps in 2020 may include the following:
 - a project team to oversee the initial implementation and early troubleshooting;
 - business support including internal and/or external subject matter experts in areas like revenue generation, tax policy, housing policy, legal services, and communications;
 - technical and professional services for website development, system configuration and testing, additional public consultations as necessary; and
 - Development of necessary by-laws/by-law amendments;
 - Development of early communication materials, and associated advertising/placement costs;
 - hardware and software costs related to development of on-line registration/reporting and remittance system, and additional expenditures to test the system, including Privacy Impact Analysis, Threat-Risk Assessment, Load/Impact testing, User Acceptance Testing, etc. IT vendor costs to link public declaration reporting portal to a tracking and billing system and a design consultancy engagement to ensure that the infrastructure is properly designed and functional.

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