



Centre for Equality Rights in Accommodation  
Centre pour les droits à l'égalité au logement

December 10, 2020

**Executive Committee - EX19.3 – Policy Analysis, Potential Design and Possible Implementation of a Vacant Home Tax in Toronto**

Dear Members of the Executive Committee

The Centre for Equality Rights in Accommodation (“CERA”) is a not-for-profit charitable organization that has been working to advance the right to housing for over 30 years. We do this by providing services to individuals who are facing eviction or a human rights violation in their housing, by delivering public education and capacity-building on housing rights and the right to housing, and by working to advance rights-based housing policy to address the issues facing individuals at a more systemic level.

While skyrocketing housing prices create unprecedented wealth for real estate investors across Toronto, thousands of low and moderate-income renters struggle to afford adequate housing and face the threat of eviction. This stark contrast is partially the result of the increased “financialization” of housing in Toronto where housing is viewed as a commodity to be bought, sold, and left vacant by investors rather than a social good and human right that provides security, dignity and community to our City’s residents. CERA is calling on the City to combine the positive steps they have taken towards the progressive realization of the right to housing with structural measures to curb the financialization and commodification that is distorting the City’s housing system. This effort starts with the implementation of a Vacant Homes Tax (VHT).

Vancouver’s experience with implementing a VHT demonstrates the effectiveness of this policy tool in reducing the number of vacant homes, increasing the supply of rental homes, curbing financialization, and generating revenue for affordable housing initiatives and supporting tenants. In short, Vancouver’s VHT has been successful in improving the affordable housing outlook in Vancouver while ensuring residents can recover housing as a social good rather than a commodity. CERA urges the City to follow Vancouver’s lead and we offer the following recommendations based on lessons learned from Vancouver’s experience with a VHT.

CERA supports the adoption and implementation of a VHT to help increase the supply of rental housing and generate revenue to help fund the City's affordable housing initiatives. To achieve these worthy policy outcomes, the City must ensure the VHT is set at a rate high enough to ensure property owners place vacant homes on the rental market. The City of Vancouver has learned this lesson and is set to increase their VHT to 3% from 1.25% for the 2021 tax year as a means to encourage owners of vacant homes to place them on the rental market.<sup>1</sup> Given how rapidly housing values are appreciating across Toronto, CERA recommends the City re-evaluate the amount of the VHT each year to determine whether a higher rate may be necessary to achieve the desired policy outcomes of increased supply of rental homes.

We also recommend the City follow Vancouver's lead and ensure revenue generated from a VHT is used towards funding affordable housing initiatives and support for tenants.

As noted in the KPMG study, the City does not currently have existing reliable data on the number of vacant homes across Toronto.<sup>2</sup> CERA urges the City to adopt Vancouver's practice of collecting and monitoring vacancy, availability, affordability and geographic-based data that can be gathered through VHT reporting requirements.

Finally, we recommend the City view VHTs as one policy among a broader set of housing policies that seek to curb housing financialization and move the City closer to fulfilling its commitment to the progressive realization of the right to housing. The homes left vacant by investors are not generally affordable for lower and moderate-income renters. On its own, a VHT will not transfer enough homes to the market, or generate enough revenue, to meet the demand for affordable housing or fully fund the City's affordable housing initiatives. As the KPMG study notes, a VHT cannot be used in isolation to meet the growing need for affordable and adequate housing across the City.<sup>3</sup> Now is the time to encourage intergovernmental and interdivisional coordination to examine how VHTs can fit within the City's broader housing policy to help end financialization and ensure safe, adequate and affordable housing for Toronto's residents.

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<sup>1</sup> <https://vancouver.ca/news-calendar/empty-homes-tax-rate-to-increase-to-3-for-2021-tax-year.aspx#:~:text=Today%20City%20Council%20directed%20City,du%20by%20February%20%2C%202021.>

<sup>2</sup> KPMG. *A Review of Issues to be Considered for the Taxation of Vacant Homes in Toronto*. November 2020 at page 9. <https://www.toronto.ca/legdocs/mmis/2020/ex/bgrd/backgroundfile-158978.pdf>

<sup>3</sup> Ibid at page 9.