

Public Consultation Results and Update - Vacant Home Tax

Date: April 9, 2018
To: Executive Committee
From: Acting Chief Financial Officer
Wards: All

SUMMARY

City Council at its meeting of July 4-7, 2017 considered the report [EX26.4 Implementing a Vacant Home Tax in Toronto](#), which provided an overview of recent Government of Ontario actions intended to address housing affordability and bring stability to the real estate market, including the option for Toronto and other interested municipalities to implement a vacant residential unit tax. City Council directed staff to undertake public consultation on the potential implementation of a tax on vacant residential units, the possible public benefits of such a tax, and to consider possible administrative approaches for identifying vacant units.

Vacant home taxes are designed as a policy tool intended to affect the behaviours of owners of vacant homes to sell or rent out such homes and thereby make available units for occupation, rather than a revenue generating tool for a municipality.

During the fall of 2017, staff engaged the public through various media advertising, a dedicated website, social media, an on-line survey, a public meeting and open house and through an independent public opinion poll.

The results of this public engagement process found, in broad terms, that the majority of residents in Toronto felt that there was an affordable housing issue in Toronto, that vacant homes were negatively impacting the supply of rental housing, and that they supported the concept of a vacant home tax. However, the public was less certain that putting vacant homes into the rental supply would lead to more affordable housing or would make rents more affordable.

Notwithstanding this level of initial public support, a review of public policy implications has identified a number of challenges to implementing an effective vacant homes tax:

- the extent to which vacant homes are negatively affecting the supply of affordable housing is not well understood;
- whether a vacant home tax will motivate property owners to sell or rent out their property;
- how to measure the effectiveness of a vacant home tax in increasing the supply of housing and impact, if any, on affordable rents;
- addressing privacy related restrictions on the use of 'big data' which otherwise could be used to help identify vacant units and make any such program more targeted and effective; and,
- quantifying the expected revenue and administrative costs related to the tax.

This report presents initial feedback from the public consultations and recommends reporting back on a potential design of a vacant home tax. This will allow staff to gather further research and better empirical evidence to support, if appropriate, the design and implementation of an effective and efficient vacant homes tax policy that will achieve the objective of increasing the supply of housing and provision of affordable rents.

RECOMMENDATIONS

The Acting Chief Financial Officer recommends that:

1. Executive Committee direct the Chief Financial Officer to undertake further research on a vacant home tax program and report through Executive Committee, as appropriate, following the start of the 2018 to 2022 term of Council.

FINANCIAL IMPACT

This report recommends undertaking further research on the potential design of an effective and efficient vacant home tax program, with a report back to Executive Committee in 2019.

Funding in the order of \$100,000 to \$200,000 for specialized consulting services (such as real estate experts, tax advisors, economists, and academics) to undertake this research and to assist in the design of this tax will be accommodated within existing Corporate Finance budget allocations.

The Acting Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

On April 20, 2017, the Ontario Government announced its sixteen-point Fair Housing Plan intended to help more people find affordable places to live, increase supply of residential units, protect buyers and renters, and bring stability to the real estate market. <https://news.ontario.ca/mof/en/2017/04/ontarios-fair-housing-plan.html>

On May 17, 2017, Bill 127 - Stronger, Healthier Ontario Act (Budget Measures), 2017, received Royal Assent in Provincial Legislature, which amended and repealed various Acts to implement the Ontario Government measures contained in the 2017 Ontario Budget, including the sixteen-point Fair Housing Plan. Associated amendments to the City of Toronto Act were subsequently proclaimed into force on January 1, 2018, providing the City with authority to implement a tax on vacant residential units. <https://www.ontario.ca/laws/statute/06c11#BK401>

On July 4, 2017, City Council adopted EX26.4 "Implementing a Vacant Home Tax in Toronto" which directed staff to undertake public consultation on the potential implementation of a tax on vacant residential units, identify possible public benefits of such a tax, and to consider possible administrative approaches to identifying vacant units. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX26.4>

COMMENTS

Housing prices and rents in major world cities have experienced unprecedented growth over the last several years, fueled by economic factors such as a growing population, rising employment, higher incomes and historically low borrowing costs, as well as the global movement of wealth.

Municipalities levying a tax on vacant homes is also a relatively new phenomena. In other cities it has been spurred by the premise that there is a significant number of speculators hoarding empty houses and condos for capital gain as property prices skyrocket, while housing affordability is slipping away for many residents. It is believed that if these empty dwellings became available, there would be more affordable places in which to live. However, empirical evidence to support such a premise is sparse.

Vacant home taxes are designed as a policy tool intended to affect the behaviours of vacant homeowners to sell or rent out such homes and thereby make available units for occupation. Administrative costs are expected to be high to implement such a tax and revenue yield has not been tested. Incremental revenues from the tax, if any, could be dedicated to housing affordability programs.

British Columbia, faced with extraordinary escalation in home prices and rents in the Vancouver region, implemented a 15% foreign buyer property transfer tax in 2016 and permitted the City of Vancouver to implement a vacant home tax. In 2017, Vancouver

was the first jurisdiction in Canada to adopt a vacant home tax program. However, because vacancy is determined retrospectively, the initial effectiveness of this tax will not be known until at least the second quarter of 2018.

Other jurisdictions have also adopted similar programs, however, differences in taxing regimes and laws governing privacy and data collection limit direct comparisons and replication. A discussion of vacant home tax programs identified in other jurisdictions is contained in this report.

The housing market within Toronto and the Greater Golden Horseshoe (GGH) has similarly experienced unprecedented growth over the past few years. Prices and rents have increased by double digit percentages year-over-year, and the average year over year house price increase in Toronto peaked at over 30% in early 2017.

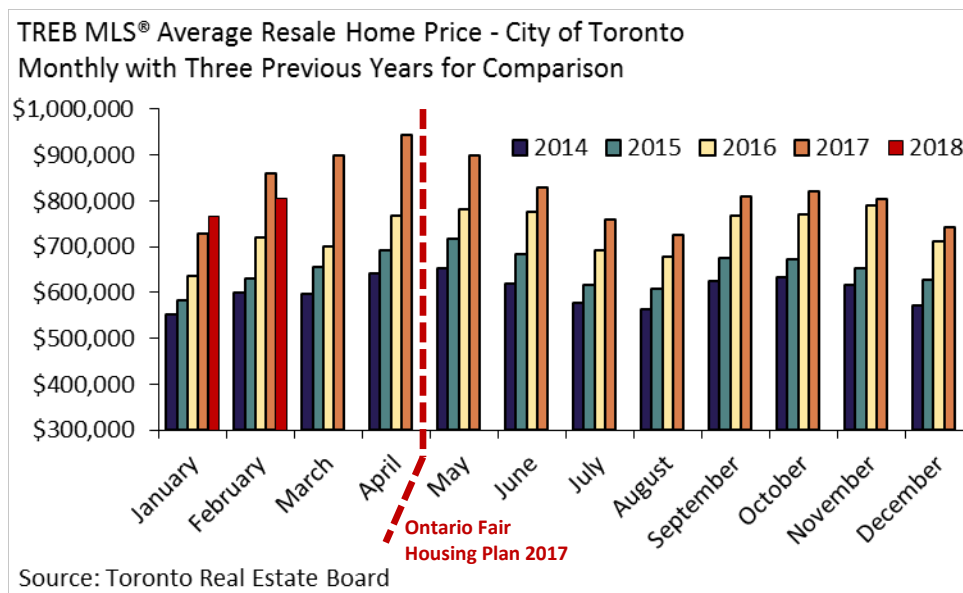
In response to these unprecedented market conditions in the GGH, the Ontario Government introduced the Ontario Fair Housing Plan in April 2017, a sixteen point action plan intended to address housing affordability and bring stability to the real estate market, including the introduction of Ontario's 15% Non-Resident Speculation Tax (NRST), intended to curb speculative activity in the housing market; and the ability for Toronto and other municipalities to introduce a vacant home tax (VHT), intended to increase the supply of readily available homes for occupancy.

Since the introduction of this plan and tax collections from the NRST beginning in April 2017, and although there is no evidence of direct correlation, the Toronto housing market has shown signs of cooling-off with days-on-market increasing and average selling prices decreasing after April, with some rebounding in prices in the fall of 2017 and early 2018 (see Chart 1).

Federal agencies also made changes relating to the housing market including three successive one-quarter percent interest rate increases by the Bank of Canada, and the January 1, 2018 implementation of a new 2% mortgage stress test requirement for 'uninsured' residential purchases by the Office of the Superintendent of Financial Institutions (OSFI).

These collective impacts have seemingly moderated the housing market prices (as shown in the following chart) and sales volumes, although recent term price increases and longer term effects will need to be monitored.

Chart 1
Toronto – Monthly Average Sale Price - All Homes



Public Consultations

During the fall of 2017, staff undertook a communications and consultation process regarding the potential implementation of a tax on vacant residential units in Toronto. Through this process, the City sought input on the possible public benefits of such a tax, and possible administrative approaches to identifying vacant units. The findings from the public consultation process are intended to inform staff and Council in developing a vacant home tax that is appropriate for Toronto.

Staff sought input from homeowners and the public through the following methods:

- A dedicated web-page on the City's internet site with information about a vacant homes tax
- On-line media ad purchases directing people to the City's web-page
- An on-line survey on the web-page (with over 7,000 survey responses)
- A public open house meeting with facilitated group discussions (30 attendees)
- A telephone poll survey conducted by Ipsos on behalf of City (1,000 responses)

The City's dedicated website and results of the on-line survey and Ipsos public opinion poll can be viewed at:

<https://web.toronto.ca/city-government/budget-finances/property-tax-policy/vacant-homes-tax-public-consultation/>

Key Findings from Public Consultation

The key findings of both the on-line survey and the Ipsos public opinion poll are summarized below. Appendix A provides a summary of the findings of the open house, on-line survey, and public opinion poll.

Most Toronto residents surveyed (77%-87%) feel that there is insufficient affordable housing in Toronto. However, there is no clear consensus around the best way to address it. About four in ten believe a vacant home tax would have a positive impact on affordable housing, and a similar level of support was found for introducing a Non-Resident Speculation Tax or investing more public funds into subsidized housing would have an equally positive impact.

As a general concept, most residents surveyed support a vacant home tax for Toronto (73%-78%) either strongly or somewhat. Only a soft majority of residents (57%) believe that putting vacant homes into the rental housing supply will lead to lower/more affordable average rents, while 43% do not believe it will make rents more affordable.

Support for a vacant home tax was strong until possible details and outcomes of the tax are considered, at which point support declines. Support for the tax declines to 53% when those consulted were asked to consider that it is unclear what any impact a vacant home tax would have on the Toronto real estate market. Support declines to 39% when respondents were asked to consider that the cost of implementing a VHT may be higher than the revenue generated through the tax, therefore may end up costing tax payers to implement the tax.

The surveys found that the people who reported owning a vacant unit (2%-4% of respondents) would be looking to charge at least \$1500 per month if they were to rent out their property. Most owners who are currently renting out a residential property they own charge \$1500 or more per month (65% of respondents), and 9% charge \$2,000 or more.

When asked for their opinion on a preferred administrative approach for the City to identify vacant properties, the most support was for Mandatory Declaration for all property owners (71%, with 36% strong support), followed by Self-Declaration only for those with vacant properties (64%, with 27% strong support), and a Complaint-based option (53%, with 19% strong support).

When asked whether the City of Toronto should move ahead with a tax on vacant homes, abandon the idea, or suspend its decision for a year to study how the vacant home tax recently adopted in Vancouver works out, 62% would prefer the City to move ahead, while 27% think it should suspend its decision for a year to study how the vacant home tax works out in Vancouver, and 10% think the idea should be abandoned.

Considerations for Moving Forward with a Vacant Home Tax

During the City's initial consultation process, two themes predominated: (i) whether vacant homes were contributing to the affordable housing problem in Toronto; and (ii) whether a vacant home tax would make a significant impact in addressing the problem. The key questions raised were:

1. What is the number of vacant homes in Toronto?
2. Would a tax motivate owners to rent or sell their vacant homes?
3. If they were rented, would the rents be affordable, and if not, would the tax revenue be enough to contribute to affordable housing measures?
4. Is a vacant home tax an appropriate tool to increase the supply of affordable housing?

1. What is the number of vacant homes in Toronto?

There is no reliable estimate for the number of residential units that may be vacant in Toronto but could otherwise be rentable. Privacy laws in Ontario limit the use of available data to identify vacant residential units. There are also practical limitations to available data, for example, identifying the presence of individuals in residential units in large multi-unit buildings. There are approximately 752,000 residential units in Toronto, about half of which are condominiums in multi-unit buildings. These same privacy issues are even more relevant for enforcement of the tax after implementation.

Recent anonymized and aggregated hydro and water consumption data suggested 15,000 to 28,000 residential units (2%-4% of total) with low consumption in Toronto. Low consumption does not necessarily mean a unit is vacant and/or readily occupiable. There may be a number of legitimate reasons for vacancy or low consumption. It may be that the unit is undergoing renovation, the owner is in convalescent/respice care, the owner is travelling for extended time periods, or even that the owner is highly environmentally conscientious. Further, building records suggest that over 6,000 building permits for residential new builds and major renovations remain open at this time, and from this amount, some potentially may not be occupiable.

In order to better understand the number of vacant units that could be rentable, this report recommends further study, including engaging real estate experts to assist in developing a reliable means to identify the number of vacant homes in Toronto, which in fact could be made to contribute to the supply of housing.

2. Would a tax motivate owners to rent or sell their vacant units?

This question was asked during the public engagement process. The reasons given by vacant property owners for not renting their property included:

- They want to keep the property so they can use it occasionally;
- They wanted to keep the option of selling the property open;

- They did not want to deal with the long-term commitment and challenges of renting property; or
- They were unable to rent it.

The majority of respondents indicated that a tax on vacant homes would not likely encourage them to rent out their property. Based on average rents in Toronto for a single family home of \$3,500 monthly (\$42,000 annually), or \$2,700 monthly for a 2 bedroom condo (\$32,000 annually), a 1% vacant home tax on assessed value like that adopted in Vancouver is relatively small in comparison to the rent an owner is willing to forego by keeping a unit vacant.

When asked about the amount of tax that would motivate owners of vacant homes to sell or rent out their property, the most frequent response indicated a tax of greater than 3% of assessed value would motivate owners to act.

The Table below illustrates the tax impact resulting from various tax rates on the average home and average condominium.

Table 1
Tax Impacts of Various Vacant Home Tax Rates

	Average Assessed Value	Average Annual Rent Potential	Current Property Taxes (City+School)	Impact of 1% Vacant Home Tax	Impact of 3% Vacant Home Tax
Average Single Family Detached Home	975,000	\$42,000	\$6,450	\$9,750	\$29,250
Average Condominium Unit	425,000	\$32,000	\$2,800	\$4,250	\$12,750

(as of 2017)

The desired outcome would be to identify an optimal rate that would motivate owners to rent out their vacant units, yet not be punitive to those who feel they have valid reasons to not rent out their property and allow them to pay a fair and reasonable tax in lieu of renting out. It is also possible that too high a rate would result in higher rates of tax avoidance, resulting in neither new rental units nor tax revenue.

Again, this report recommends further study, including engaging real estate experts and tax advisors to assist the City in determining the optimal vacant home tax rate as part of tax design.

3. Will a vacant home tax result in increased affordable housing?

The general feedback received suggested that even if a vacant home tax motivated owners to rent out their private property, they would offer it at full market rates, not at rents the City considers affordable (i.e. at or below CMHC average rents).

Of the owners of vacant units who respond to the City's survey, 80% indicated if they were to rent out their units, they would be seeking rents of greater than \$1,500 per month, with almost 40% of respondents indicating desired rents of more than \$2,500 per month.

Some of the participants at the City's open house expressed that they did not feel it was the role of private property owners to provide subsidized housing, which they felt was the role of government.

This report recommends further study, including engaging economists and real estate experts in order to better understand what would motivate owners to rent out their vacant units, so the tax may be appropriately targeted and designed.

4. Is a vacant home tax an appropriate tool to increase the supply of affordable housing?

The City has an existing framework for evaluating the appropriateness of various revenue and tax tools. The hallmarks of a good tax tool is that it is shared in a fair and objective manner having regard for capacity to pay, that it can be provided at a low administrative cost with an objective assessment mechanism, that tax avoidance will be negligible and that the tax will be accepted by the public. A comparison of the proposed vacant home tax against the six principles of a good tax system is shown in Table 2 below.

Table 2
Principles for Evaluating Taxes and Revenue Tools

Evaluation Criteria	Principle	Vacant Home tax
Incidence/Fairness	Taxpayer has the ability to pay	Likely, as additional carrying cost
	Tax is visible	Requires communications to make visible
	Tax avoidance is low	Tax avoidance is likely to be high
Efficiency	Low Administrative / Enforcement Costs	Costs potentially high, Revenues uncertain

Evaluation Criteria	Principle	Vacant Home tax
	Limited City Investment	Admin/tech costs high (depends on admin. model)
	Easy to administer	Challenging
Policy Fit	Tax aligned with policy	May increase available housing supply, Inefficient in creating affordable housing
Minimizes negative economic impacts	There will be minimal negative economic impacts	Yes, intent to curb speculative buy-hold homes
Revenue Quality	Revenues > Costs, stable	Unknown
Legislative Authority	Provincial authorization	Yes, recent

Based on this evaluation, a vacant home tax does not meet many of the principles of a good tax. While not all principles can always be achieved to the same degree, the City must carefully balance these considerations in achieving an optimal tax design. The City may benefit from a detailed analysis of the market motivations, tax tolerance ranges and tax avoidance preponderances of the vacant homeowner whether local, domestic or foreign ownership, and occupancy ranges of fully unoccupied to occasional rented out.

For this reason, staff recommend further research and consultation in relation to market motivations, tax avoidance potential, revenue potential and expected cost of administration, be undertaken with market experts before any final tax design can be recommended.

Information Collection, Use and Privacy Protection Issues

If homes that are rentable but are intentionally being left vacant could be readily identified, then a vacant home tax would be simpler to implement and would be a sensible tool to apply to achieve the policy objectives of increasing housing supply or providing a source of funds for housing initiatives, or both.

Current technology exists (and continues to be generated daily) that can provide a wealth of information on individuals and their property. Smart meters record the consumption of water, hydro and other utilities. Garbage set out patterns are readily observable. GPS built into phones and automobiles record the whereabouts of these devices. Cashless financial transactions record the location of the card (and possibly the goods or services purchased) when used. Canada Border Services (CBSA) tracks the entry and exit of individuals from the country. Individuals also register their identity

and other information from time to time on various government and non-government documents.

The use of this data, particularly when combined through "big data analytics", can identify patterns and connections that can be used to decide a course of action (eg implementing a specific tax). However, unless the City has the authority to collect data from multiple sources and combine it for the purposes of identifying vacant homes, then it is in contravention of the Municipal Freedom of Information and the Protection of Privacy Act (MFIPPA). While big data can offer great opportunities, it can also present other privacy challenges, such as the unintended identification or re-identification of individuals, inaccurate results or predictions, the use of biased data and unauthorized secondary uses of personal information.

Under Ontario's privacy laws, including MFIPPA in Ontario, there are strict rules governing how information is collected, used and disclosed to ensure that the privacy of Ontarians is protected. Many of the activities required to implement, administer and audit compliance with a vacant home tax require information that readily identifies rentable homes intentionally left vacant. None of the information the City currently collects about homes, their owners or people who reside in them is collected for these purposes. The general effect of these protections is to limit and restrict the use of data for any reason other than its primary or original purpose. MFIPPA is not necessarily a barrier to begin collection of information for purposes related to a vacant home tax. City Council can create legal authority allowing City staff to begin collecting data, including personal information, under certain circumstances.

The Information and Privacy Commissioner of Ontario (IPC) works closely with government institutions to provide guidance on privacy best practices related to information collection and use, and compliance in big data projects.

City staff have made initial contact with the IPC on the topic of data use and the protection of privacy as it relates identifying potentially vacant residential units. Continued discussions will focus on opportunities to develop new data sources for the purposes of a vacant home tax, in addition to the use of existing data sources such as:

MPAC Assessment Roll data: Analysis of owner names, corporate names, tenant names, property addresses and mailing addresses may help identify properties more likely to be owned as investment or storage of wealth properties, for focused audits of compliance with the vacant home tax by-law the City is considering.

Solid Waste set-out patterns: While this data is not currently collected, recorded observations of garbage set-out patterns may help identify vacant properties.

Planning, Building, and Committee of Adjustments applications data: In some Plans of Subdivisions and Site Plan applications, vacant properties are identified. Building permit and Committee of Adjustments applications could also be used to

confirm the reasons a property may be vacant, for example, in a request for exemption from the vacant home tax.

Municipal Licensing and Standards and 311 data: Information logged into the MLS or 311 case management systems may help identify vacant properties.

Tax Design Challenges

The underlying challenge to implementing a vacant home tax is in identifying vacant homes. Secondary challenges include determining if an appropriate exemption condition exists and/or confirming occupancy based upon evidence from the owner.

Vancouver proceeded in implementing its empty home tax by working around the privacy restrictions surrounding the use of water or hydro data by requiring all homeowners to submit mandatory occupancy declarations each year. Failure to declare would result in being assessed the tax, and false declarations bear significant penalties in addition to the tax.

While a mandatory declaration approach received the highest support during Toronto's consultation, this approach would mean requiring 752,000 residential property owners in Toronto to provide a declaration of their property occupancy status on an annual basis (compared to 225,000 in Vancouver). Failure to provide the required declaration could be deemed a vacancy and trigger the tax liability. It is difficult to anticipate the significant administrative challenges associated with adoption of such an approach for Toronto. In addition, it may be felt to be intrusive by the majority of residential property owners who live in their homes as a principle residence. Volume, language and other barriers may lead to significant under reporting or misreporting by residents, which would then have to be corrected at great inconvenience to all.

Vancouver has provided updated cost estimates for its three year program implementation phase that have increased from \$4.7 million estimated in 2016 to a current estimate of \$7.4 million, and notably which is still in advance of its initial mandatory declaration launch in early 2018. Initial revenue estimates were reported at \$2.2 million per year, with annual operating costs of \$1.5 million.

Other administrative approaches could include a self-identification reporting model and/or a complaints-based approach. A self-identifying model would avoid the need for all property owners to report. Property owners would self-determine if their property meets the criteria of vacancy, and if so, report such circumstance to the City for the purpose of the tax. Such an approach could be accompanied with substantial penalties for failure to declare, including special fines to discourage tax avoidance. Identifying tax avoidance would however be challenging given the limited means by which a municipality can identify vacant units.

While there remain some challenges and matters to be resolved, staff have identified the core elements of a vacant home tax framework as:

- defining the conditions of vacancy that would be subject to the tax
- establishing the tax rate
- setting out exemptions from the tax
- establishing a process for administering and collecting the tax
- providing audit and enforcement powers
- establishing a dispute resolution mechanism

Suggested – Declaration Reporting:

Instances where no self-declaration reporting required:

- The principal residence of the registered owner is exempt from the tax;
- The principal residence of an occupier (e.g. family member or friend of owner) is exempt from the tax;
- Not the principal residence of the register owner, but rented out at least 28 consecutive days and cumulatively at least 6 months per year, is exempt from the tax.

Instances where Self-declaration reporting is required:

- Not the principal residence of register owner, and no long term tenant or occupier, is taxable and must be declared vacant.

International experiences with vacant homes and related tax measures

As noted in this report, staff have closely examined and are monitoring the implementation of Vancouver's Empty Home Tax as the most relevant example of market conditions and tax regime authority comparable to Toronto.

Other notable major world cities that have enacted this form of tax are Paris, France and Melbourne, Australia (via the State of Victoria).

Initial examination of the taxes has shown that Paris employs a taxing regime based on a surcharge tax on an average market rent factor that is not consistent with taxing authority in Ontario. This leaves Vancouver and Melbourne as the most similar to the taxing authority and policy approaches that Toronto is considering.

Further, a key distinction in the approach chosen to identify vacant homes is that Vancouver requires mandatory occupancy status declaration of all residential owners, while Melbourne requires only vacant homeowners to self-declare. Both programs will rely heavily on audit and investigative measures to enforce the tax. At this time both programs have been implemented with actual tax collection beginning soon in 2018. Vancouver extended the deadline for residents to provide the mandatory declaration to March 5, 2018, in recognition that many residents had still not filed, in this the first year

of the tax. The deadline for self-reporting notification of a vacant residential property in Melbourne, Victoria, Australia was January 15, 2018. As such, it is still too early to review or assess both of these programs as to the efficiency and effectiveness on delivering policy objectives, or on costs. Further reporting by these authorities will afford the opportunity to provide some performance based results from these initial tax programs.

It is noted that British Columbia has recently announced through its budget, a proposed increase to its foreign buyer land transfer tax from 15% to 20% and broadened its application to other regions besides Metro Vancouver, plus the planned introduction of an additional assessment based new speculation property tax for those who do not pay income tax in the province for those same regions. Although there are some differences in the Toronto housing market, which is still reacting from adjustments from recent policy measures, staff will continue to monitor the effects of these and other measures on the housing markets.

There are other major world cities with varying reports of large supplies of vacant homes that have not enacted vacant home taxes. Notably London and New York City have examined the issue but have not implemented a vacant home tax. A deeper understanding of the market dynamics and policy decisions in these jurisdictions will be included as part of future reporting.

CONTACT

Christopher Toomey, Senior Financial Analyst
Corporate Finance, 416-397-4283, Christopher.Toomey@toronto.ca

Adir Gupta, Director, Financial Strategies and Policies
Corporate Finance, 416-392-8071, Adir.Gupta@toronto.ca

SIGNATURE

Joe Farag
Acting Chief Financial Officer

ATTACHMENTS

Appendix A – Summary of Public Consultation

APPENDIX A

SUMMARY OF PUBLIC CONSULTATION

Open House

The open house was held on August 22nd, attended by approximately 30 residents. A staff led presentation was given outlining the City's ability to implement a vacant home tax, learnings from the Vancouver implementation experience, benefits and challenges and current and next steps.

This was followed by an interactive session between three stations discussing the topics of:

- (i) is a vacant home tax an appropriate approach to help with affordable housing/rentals,
- (ii) preferred administrative model approach, and,
- (iii) possible exemptions or other considerations.

Approximately thirty residents attended the open house, with more non-supporters of the vacant home tax than supporters of the tax. The reasons given for not supporting such a tax included:

- questionable impact on affordable housing availability
- government is responsible for affordable housing, not the private sector
- don't want hassle of renting; want to use occasionally; flexibility to sell
- landlords are being targeted/losing protection

Those supporting the tax felt that it would help increase the supply of affordable housing. They also provided a response that, by providing landlords with the right support and training, tenant disputes could be mitigated.

With respect to possible approaches to identifying vacant units, the majority of respondents preferred a mandatory declaration approach, requiring all property owners to submit a declaration of their occupancy status, over a self-declaration approach, which they felt would lead to avoidance of declaring vacancy.

With respect to possible exemptions from the tax, the following suggestions for exemption from the tax were offered:

- Principal residences regardless of stay
- Second homes (including for family members)
- If listed for sale/rent (no time limit)

On-line Survey

Over 7,000 responses were received over a 3 week period. The survey was driven through advertising in various media outlets, including a banner on the City's landing page, and media coverage of the City's intent to consider a vacant home tax.

Results of the survey indicated a response split of 58%/42% between homeowners and renters respectively. The survey also received a 3% response rate from persons who reported they owned a vacant residential property in Toronto that has been vacant for more than six consecutive months.

The following table summarizes the findings of the on-line survey across owners, renters and owners of vacant units.

Results of City's On-Line Survey
(bracketed figures represent number of responses)

Question	OWN	RENT	OWN & HAVE VACANT UNIT
Feel there is an affordable housing problem in Toronto	80% (2321)	96% (2237)	59% (153)
Support a VHT	62% (1853)	87% (2069)	33% (53)
Feel vacant homes are impacting the supply of affordable housing	52% (1558)	76% (1807)	32% (51)
Support Mandatory Declaration	49% (1308)	74% (1612)	32% (43)
Support Self-Identification	19% (480)	16% (332)	17% (23)

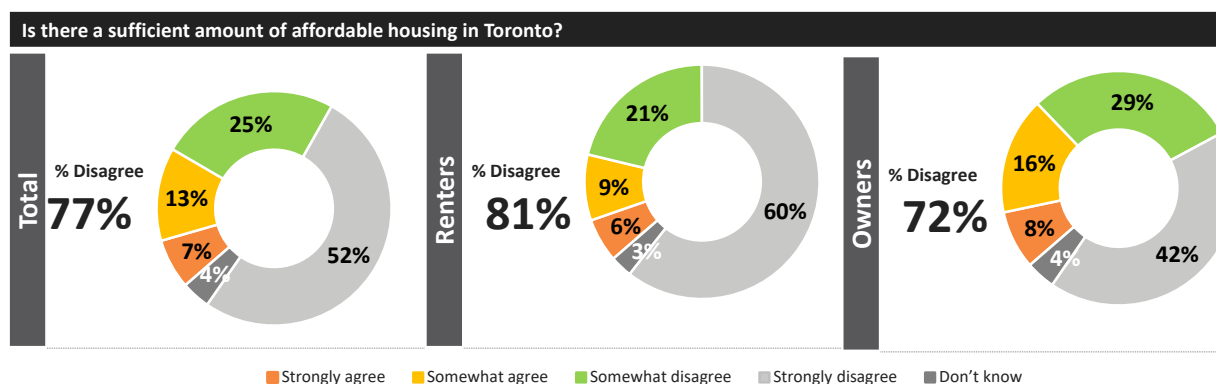
Public Opinion Poll - Ipsos

Ipsos was retained by the City to conduct a representative sample of 1,000 Toronto residents. The sample was weighted equally toward homeowners and renters, to gauge their respective views and knowledge about affordable housing issues the concept of a vacant home tax and whether or not the respondent owned a property in Toronto that they did not live in. Approximately 2% of the respondents reported they owned a vacant residential property in Toronto that has been vacant for more than six consecutive months.

Key findings of Public Opinion Poll:

Supply of Affordable Housing:

Most Toronto residents (77% of respondents) felt there is insufficient affordable housing in Toronto. This clearly affirmed the public's consciousness with current housing affordability conditions.

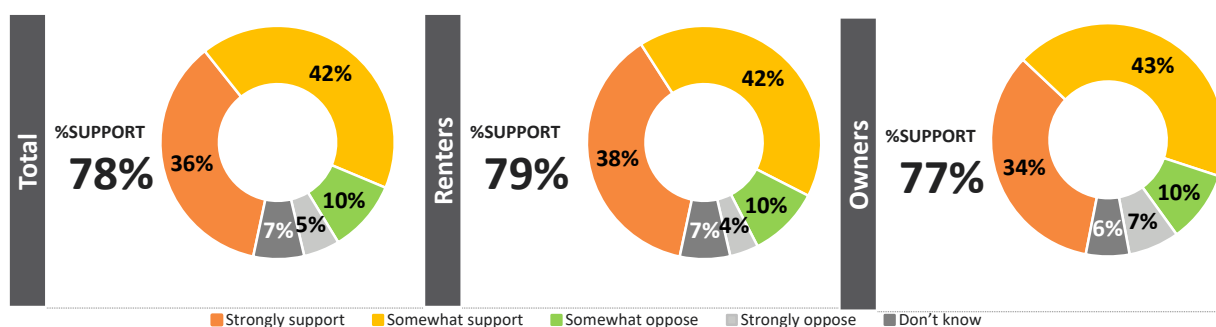


However, there is no consensus around the best way to address it. About four in ten (38%) believe a vacant home tax would have a positive impact, and as many residents think introducing a Non-Resident Speculation Tax (38%) or investing more public funds into subsidized housing (37%) would have a positive impact.

Support for a Vacant Home Tax:

78% of respondents supported the idea of introducing a tax on vacant homes. When further asked for reasons of support:

- 62% believed it would increase the amount of rental housing available
- 49% believed it would lead to more affordable housing
- 43% believed it would reduce the amount of foreign ownership/speculation market



For those who did not support the tax, when asked for their reasons to oppose the tax:

- 53% responded that vacant homes should not be taxed more than occupied homes as property taxes already levied and no services used
- 49% believed owners should not be penalized if property is vacant
- 42% believed it would not increase the amount of rental housing available

However, once possible details and challenges of implementing a vacant home tax are considered, support for such a tax declines from the initial 78% as follows:

- Only 54% still support the tax given that the monthly rent that owners of vacant homes may want may not be affordable for many potential renters
- Only 49% still support the tax given the possibility of owners of vacant homes may take steps to avoid the tax such as hiring a live-in caretaker or family member, rather than rent or sell
- Only 39% still support the tax given that the cost of implementing a vacant home tax may be higher than the revenue generated through the tax

Would a Vacant Home Tax increase the Amount of Rental Housing?

Only a soft majority believe that putting vacant homes into the rental housing supply will lead to an increased supply of housing (62%) or to more affordable average rents (49%), while 43% believe it will reduce the amount of speculation in the marketplace. The perception that a vacant home tax will lead to more rental housing available and make housing any more affordable are the most common reasons for supporting the tax.

	Total	Renters	Owners
I believe it will increase the amount of rental housing available	62%	64%	60%
I believe it will lead to more affordable housing	49%	53%	44%
I believe it will reduce the amount of foreign-ownership/speculation market	43%	42%	44%
I believe that those who can afford vacant homes should pay more tax	38%	41%	36%
Other	1%	1%	1%

Preference for how the City should proceed:

In summation from all the detailed questions, a final question on how to proceed was asked, given three possible choices:

- 62% prefer City to move ahead on implementation
- 27% prefer suspending decision until further evidence from the Vancouver tax experience

- 10% think the idea should be abandoned

Complete results of the on-line survey and Ipsos public opinion poll can be viewed at:

<https://web.toronto.ca/city-government/budget-finances/property-tax-policy/vacant-homes-tax-public-consultation/>