

Redesigning the Vacant Home Tax Program

Supporting Housing Supply in Toronto

Presentation to Executive Committee

October 1, 2024



Objectives of the Vacant Home Tax Program

In response to Toronto's housing crisis, City Council approved the Vacant Home Tax (VHT) Program in 2021 as a **policy tool to improve housing availability**. The VHT program encourages property owners to rent or sell their unoccupied homes.

The VHT program relies on the support of approximately **820,000 households** through the submission of an annual occupancy declaration, to ensure the City's existing housing supply is being utilized to the greatest extent.

Currently, the VHT generates an estimated \$55 million annually, which is leveraged to support **affordable housing initiatives**, such as the City's Multi-Unit Residential Acquisition (MURA) program.



Reflecting on Challenges

Significant challenges were experienced as part of the Vacant Home Tax (VHT) process for the 2023 taxation year causing distress for:

- Many property owners who received a VHT charge for a property they continued to reside in, and
- Members of Council and their offices that fielded countless calls and provided direct support to those residents.

Staff committed to undertaking a full review of the VHT Program and bringing forward a complete program redesign for this year (2024 taxation year).

A VHT Program Redesign Team was established with representatives from:

- Revenue Services and the Office of the CFO
- Strategic Public & Employee Communications
- Technology Services and Office of the Chief Information Security Officer
- Customer Experience (311)
- Legal Services and the City Clerk's Office

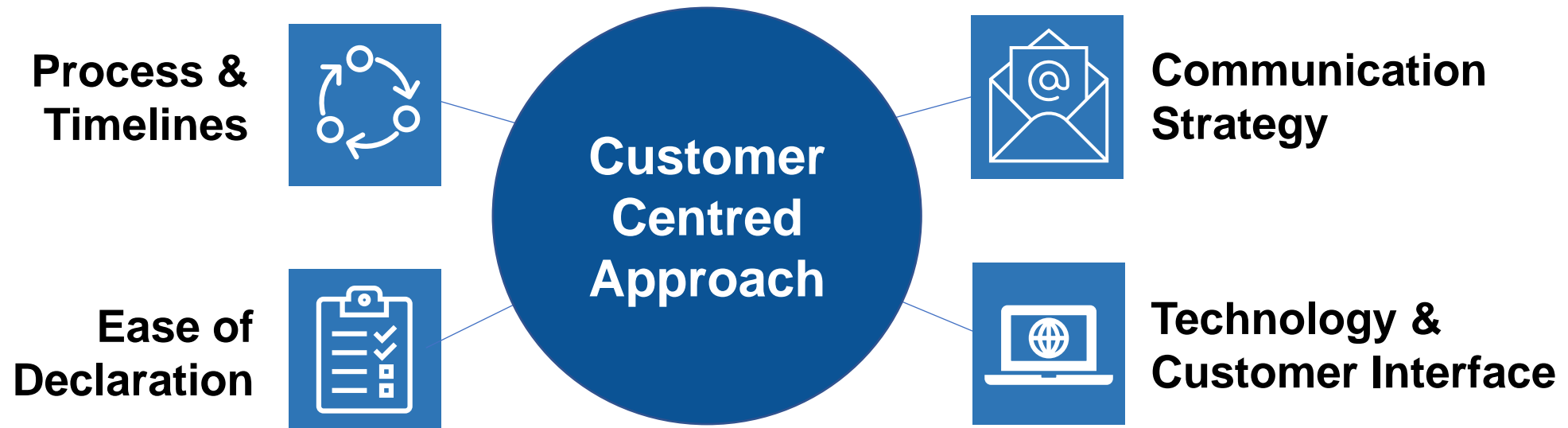
Reflecting on Challenges

The **VHT Program Redesign Team** engaged with Council, the public and key stakeholder groups and heard a variety of feedback on challenges experienced during last year's process, including the observations below:

- **Inadequate outreach and communications**, meant that residents did not understand:
 - Annual declaration requirements
 - Program awareness (i.e. what constitutes a vacant home)
- **Online portal experience**
 - Lack of progress tracking to know when your declaration was complete
 - No clear confirmation or receipt upon declaration
- **Strict timelines** with a heavy **reliance on the Notice of Complaint process** for final resolutions
- **Declaration challenges** for individuals with barriers to technology or for whom English is a second language

Commitment to Redesign

Incorporating feedback from the public, Council and staff, the **VHT Program Redesign Team** focused on program improvements across the following four key areas, all with a customer-centred approach:



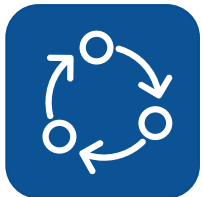
Redesign Objectives: ensure adequate timelines for declarations and put measures in place to prevent bill distribution, if required, for the successful administration of the VHT program

Identified Improvements:



Timelines

- **Extended declaration period** by an additional two months, from November 1 to April 30, **with no late fees**
- **Revised bill issuance date** to June 1, meaning staff have time to review and process before sending
- **Revised payment due dates** to September, October & November



Process

- **Increased notifications** to property owners (two direct mailouts, events and notifications supported by data)
- Improved integration with 311 and Revenue Services, with a **dedicated Customer Care team** (with access to 180 languages)
- **Delegated authority** to the CFO & Treasurer to alter bill issuance, payment dates, and Notice of Complaint deadlines, if required for the success of the program

Ease of Declaration

Redesign Objectives: ensure homeowners can declare their annual occupancy status in a format that works **best for them**, with a special focus on **new non-digital options** for those with reduced digital access and seniors, and support for those with English as a second language

Identified Improvements:



Increased Options for Declaration

- **Online Portal** – an easier-to-use online portal, with a **QR code provided in mailouts** to take homeowners directly to the website
- **Phone** – a **dedicated VHT phone line**, set up to take **declarations over the phone**
- **In-Person** – ability to submit declarations **in-person at the counter** or at an increased number of **special drop-in sessions** (i.e. Civic Centres, Councillor events, community groups, condo buildings)
- **Paper** options will also be available upon request



Additional Support

- Enhanced customer outreach, with an **increased number of drop-in sessions**
- A **dedicated Customer Care team** with access to 180 multilingual supports
- Similar to last year, homeowners have the option of another individual declaring on their behalf

Redesign Objectives: a revamped communications strategy and broad outreach, which will engage Torontonians not only about *what* they need to do but *why* this policy helps the city increase housing supply, with plain language and available in multiple languages

Identified Improvements:



Direct Communications

- **Additional mailouts, robocalls and email notifications** – from November to April, with clear instructions and fulsome information to support, and adjustments based on real-time data

Enhanced Campaign Strategy



- Increased outreach to a variety audiences through translated print and online advertising in **multilingual and specialized media outlets** and **translated messages in mailouts**
- Simplified, **clear messaging**, on the City's webpages, in mailouts, advertisements, etc.
- Enhanced communication and outreach efforts aligned with **National Housing Day** (Nov. 22)
- **Robust advertising** including posters, print ads, online ads and on social media channels
 - Will work with partners in community centres, civic centres and libraries to spread awareness
- News releases and media outreach
- **Comprehensive Councillor Toolkit** with Q&As to support inquiries, articles and social media posts updated and provided prior to every significant communication event

Redesign Objectives: develop a customer-focused and user-friendly interface which is easy to follow and provides a direct confirmation to the homeowner upon completion

Identified Improvements:



Enhanced Online Portal

- **Easier login process** to the online portal, with **simpler customer validation requirements** – this allows the user to enter their customer number and either their roll number (21 digits) or home address
- A **progress ‘tracker’** so that users know where they are in the process
- The ability to easily **print and/or save** the confirmation at the end of the process for all users
- An **email confirmation receipt upon submission** for those who provide an email address



Additional Support & Communication

- **Simplified language** so that users clearly understand the requirements
- A dedicated **response team** to address surge capacity
- Allows homeowners to **opt-in to email** reminders and communications

Importance of the VHT Program

- The VHT program is still relatively new in Toronto, however evidence from other jurisdictions has shown that it is an **effective policy tool to increase housing supply**
 - As seen in Vancouver, their equivalent policy tool has directly resulted in an increase in housing stock in the rental market
 - Number of vacant properties decreased by 54% from 2017 to 2022
- Following the second year of the program, Toronto estimates a **current vacancy rate of approximately 1% - 1.2% or 8,700 to 10,200 homes**
 - While too early to determine if the program is achieving its housing supply goals, for 2023 it is estimated that vacancies reduced by approximately 15%
- To further encourage a reduction in vacant homes and to support adequate housing supply, City Council has approved a rate increase effective for the 2024 taxation year
 - Moving forward the VHT rate will change **from 1% of a residential property's Current Value Assessment (CVA) to 3% of the CVA**

Thank You for Supporting the Process

- Staff are **committed to implementing these improvements** immediately and have confidence that the VHT is an **effective policy tool to support housing supply**
- **Thank you to Members of Council, their offices and homeowners** in contributing to the City of Toronto's objective of addressing the housing crisis
- **The declaration process for the 2024 taxation year opens on November 1, 2024 and will remain open until April 30, 2025**
- With an enhanced communication strategy and a variety of formats now available, including a user-friendly online portal and dedicated customer care team, staff hope to ensure a successful VHT program for this upcoming year and beyond
- The working group will continue to review results on an ongoing basis and explore further opportunities to improve and enhance the customer experience

Thank you!

Please visit our website:

www.toronto.ca/vacant-home-tax

