

## UPCOMING DATES

### MAY

- 3 Brampton Council, 4:30 p.m.  
Caledon General Committee, 2:30 p.m.  
Georgina Council, 9:00 a.m.  
Hamilton General Issues Committee, 9:30 a.m.  
Mississauga Council, 9:30 a.m.  
Richmond Hill Committee of the Whole, 10:00 a.m.  
Whitchurch-Stouffville Council, 7:00 p.m.
- 4 York Region Committee of the Whole, 9:00 a.m.
- 8 Ajax General Government Committee, 1:00 p.m.  
Brock Committee of the Whole, 10:00 a.m.  
Halton Hills Council, 3:00 p.m.  
King Council Public Planning Meeting, 6:00 p.m.  
Milton Council, 7:00 p.m.  
Mississauga Planning & Development Committee, 6:00 p.m.  
Newmarket Committee of the Whole, 1:00 p.m.  
Oshawa Economic & Development Services, 1:30 p.m.  
Scugog General Purpose & Administration Committee, 1:30 p.m.  
Uxbridge Council, 10:00 a.m.  
Whitby Committee of the Whole, 7:00 p.m.



## ■ PEEL REGION PROPOSES VACANT HOME TAX

# UNLOCKING THE HOUSING MARKET

Lana Hall

**P**eel Region is proposing the introduction of a vacant home tax, aimed at encouraging homeowners in the region to put unoccupied secondary residences on the market, thereby increasing local housing supply. But some question whether a vacancy tax is really enough to make a significant dent in the housing supply crunch.

Last week, Peel Region council authorized staff to submit a proposal to the **Ministry of Finance** requesting authority to implement a vacant home tax (VHT) in Peel. The proposal was supported by a study from **Ernst & Young LLP (EY)**, which recommended a program framework for Peel Region based on the experiences of other Canadian cities that have implemented VHTs, such as the **City of Toronto** and the **City of Vancouver**. EY's recommendations include assigning an initial tax rate of 1 per cent

on vacant homes, establishing a voluntary declaration process requiring all homeowners to indicate whether a home is occupied, and authorizing seven potential exemptions from the tax.

The tax would apply to homes in the region that are vacant for more than 184 days in a calendar year, unless they meet the exemption criteria. Since the actual number of vacant homes in Peel Region has never been calculated, EY's report used water usage data as a proxy for estimating how many of the region's homes might be unoccupied. Using this data, EY estimated that approximately 3 per cent of homes in Peel Region could be chronically vacant, or about 13,000 residential units. The firm estimates that approximately 3,000 of these dwellings would be eligible for the VHT. Based on these numbers, EY estimated the program could earn the Region around

\$17 million over ten years using the recommended program framework, when accounting for an anticipated increase in the Region's housing stock and rising property values over time.

VHTs have long been touted as a potential revenue tool for cities, with the goal of encouraging homeowners to sell or rent vacant units to the market, thereby increasing local housing stock. The City of Vancouver implemented a VHT in 2017, while the **City of Ottawa** and Toronto followed suit in 2022 and 2023 respectively.

But according to Peel Region chief administrative officer, **Gary Kent**, the program is less about earning revenue than it is about putting unused housing stock back onto the market.

"Really, it's a housing tool," Kent told Peel Region council at its meeting on April 27. "I know there's been some talk about the

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# UNLOCKING THE HOUSING MARKET

CONTINUED FROM PAGE 2

revenue generated, but really, we have to understand the math on that. Ideally, there's no revenue generated because every home is occupied."

**Toronto Metropolitan University** centre for urban research and land development co-founder and senior research fellow **Frank Clayton** says a VHT is not likely to have a significant impact on revenue nor on housing availability. He references Toronto's recent VHT data, which shows that in Toronto, only 2,100 homes have been declared eligible for the tax.

"That's not even worth the administration costs of running a program," Clayton told *NRU*. "If Peel really wants to do something, it should focus on getting its planning system much more expedient and get a lot more projects through the planning process in a range of projects ... This is a diversion to make it look like they're doing something."

There are other methods of increasing housing stock that Clayton believes are more viable, such as permitting secondary suites.

"We need like 60,000 [housing units] a year," he says. "... Focus on why we're not getting a lot of basement apartments or secondary suites in Mississauga. Brampton's getting all

kinds of them. That's the easiest thing, to get more people building secondary suites in their houses, and there's a huge supply of potential housing."

**City of Mississauga** ward 11 councillor **Brad Butt** questions whether there is any data that shows VHT revenue has actually gone towards affordable housing or housing projects, something he would like to see evidence of before supporting a VHT for the Region.

"Everybody says, 'Well, it's not really about the money, it's about affordable housing,'" he said at the council meeting on April 27. "I really need to see how this implementation of a VHT actually leads to affordable housing actually being built, subsidized ... or whatever. I understand [the revenue projections] but how is it actually having an impact on affordable housing?"

EY associate partner **Mohamed Bhamani**, who led the study for Peel Region said that while the tax is too new in most cities to have meaningful data on this, the City of Vancouver reported a 50 per cent reduction in vacant homes since the implementation of the VHT five years ago.

"It's based on the premise that if there is more housing in the market, that changes the

supply and demand calculation, there is more supply and that contributes to more affordable housing," Bhamani said.

In an interview with *NRU*, councillor Butt reiterated that he thinks the program needs more research on its success in other cities before being implemented in Peel Region.

"We need to know a lot more about whether or not the vacant home tax does two things. Number one, does it actually get people to fill vacant homes, either by selling it or renting it to somebody? And number two, does this actually have an impact on affordable housing? I'm not convinced at this stage that it does either."

To move the program

forward, Peel Region will submit its proposal to the province requesting authority to implement the tax. If authority granted, the VHT program would likely not start until at least 2025. 🌱

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