

Vacant Homes Tax gets support from Aurora Council

A move by the Region of York to place a Vacant Homes Tax on properties to support affordable housing initiatives has received the support of Aurora Council.

Regional Council recently greenlit a feasibility study for a so-called 'Vacant Homes Tax' intended to 'improve the availability of rental units' in York Region while, at the same time, fund affordable housing projects.

Such a tax on vacant properties could be set between 1 and 2 per cent and, according to the Region, could generate between \$15 million and \$90 million each year which would, in turn, be re-invested into affordable housing initiatives.

'The need for more affordable housing options in York Region is well-established,' said a report before Regional Council. 'Complete communities include rental and ownership housing options that meet the needs of residents of all ages, stages and abilities. A variety of affordable housing options supports economic development, is a major contributor to individual and community health and wellbeing, and, as was communicated to Council in January 2021, is required to support growth projections in the Regional Official Plan.'

'The annual affordable housing monitoring exercise measures the affordability of new homes against affordability thresholds calculated based on Provincial definitions. The 2020 analysis was presented to Council in June 2021 and identified that only 8 per cent of new housing was affordable, well below Regional Official Plan affordable housing targets of 25 per cent across the Region and 35 per cent within centres and corridors.'

As housing supply has 'not kept pace with residents' needs,' it is more difficult now than ever for residents to find affordable housing, the Region concluded.

Municipalities like the Region of York Were given the go-ahead to explore Vacant Homes Tax models in 2017, one of 16 measures that were part of the Province of Ontario's Fair Housing Plan. In order for municipalities to adopt these measures, public consultation needs to take place, and a business case needs to be drafted.

Toronto and Ottawa are expected to put a tax in place next year, and others are in the preliminary stages of looking into whether or not it is feasible.

Among the factors being considered is determining and defining what constitutes a 'vacant' home, what circumstances would require exemptions, and how property owners might dispute findings.

'Currently, there is no data readily available to confirm York Region's vacancy rate in the secondary market,' said the Region. 'Staff used water consumption levels from 2018 and 2020 as one method to estimate potential vacancy rates. Using a 2016 Statistics Canada report that provides an estimate of property units occupied by usual residents, analysis was conducted to isolate vacant units from those that are newly constructed and are unoccupied to determine York Region's estimated vacancy rate. A 3 per cent vacancy rate was derived.' It is recognized that further work from a consultant will be required to refine estimated vacancy rates in the secondary market.

'The tax is a policy tool aimed at changing homeowner behaviours; it is expected to dampen speculative activities to help release more housing units to the secondary market. If successful, the Vacant Home Tax would likely be a declining source of revenue as homeowners would occupy or lease out their homes to avoid the tax.'

While it is yet to be determined whether such a model will be successful in York Region, Aurora Council members said it is an idea worth exploring.

?I was really glad to see there was going to be a study on a vacant home tax and that any money that is made would go towards affordable housing initiatives,? said Councillor Wendy Gaertner last week, highlighting the revenue that could be generated from the initiative. ?I really hope this study recommends we have that.?

Support was also offered by Mayor Tom Mrakas, who serves as Aurora's lone voice at the Regional Table.

?While the [report] speaks to \$15 - \$90 million in gross revenues, I agree it is a big number, and the fact it was important that we stipulate the money go back into looking at how we can go about providing affordable housing, that was a big part [in moving forward],? he said. ?Ultimately, we shouldn't even be making money because there should be no vacant properties. The idea is eventually we will end up in a spot where that money would decrease time after time and we would get to a point where we're not really making any revenues on it because there are no vacant properties.

?In the meantime, let's utilize the money and put it towards affordable housing.?

By Brock Weir Editor Local Journalism Initiative Reporter