

## Vancouver Tax Targets Vacant Condominiums

The City of Vancouver (the “**City**”) has proposed implementing a tax on vacant homes in the City starting in 2017. A study commissioned by the City indicates that over 10,000 homes have been empty for more than a year, most of them condominium units. Apparently many condominium investor owners are not renting their units while waiting for their investment properties to appreciate in value.

The Province of British Columbia [enacted legislation](#) in July, 2016 that enables the City to implement this tax. The proceeds of the tax will be used to create rental housing in the City where there is a shortage of available rental housing and skyrocketing real estate prices have made home ownership unaffordable for many. However, the City’s hope is that the proposed tax will encourage owners to rent their units.

Mayor Gregor Robertson stated:

*” Vancouver’s dangerously low vacancy rate is putting our renters in crisis. Our proposed Empty Homes Tax is first and foremost about bringing rental homes back into the market.”*

The tax will not apply to principal residences and investment properties that are being occupied by a long-term tenant. It will apply to vacant investment properties and investment properties that are being marketed for short-term rentals on websites such as Airbnb.

The new tax rate is expected to be between 0.5% and 2% of the assessed value of the property. Property owners will be required to declare annually whether their properties are a principal residence or are being occupied by a long-term tenant. The City will conduct random audits and audits in response to complaints to ensure compliance. Both the tax rate and the fines for non-compliance must be sufficiently high to provide an incentive for owners to lease their properties.

Public consultations will be held before the details of the tax will be finalized.