



December 10, 2020

Executive Committee

EX19.3 – Policy Analysis, Potential Design and Possible Implementation of a Vacant Home Tax in Toronto

Dear Members of the Executive Committee

We are writing on behalf of the Right to Housing in Toronto (R2HTO), a coalition of organizations and individuals working to support the implementation of the human right to housing by the City of Toronto.

Toronto is in the midst of a decades long affordable and adequate housing crisis. Housing conditions for low-and moderate-income households are worsening, with more and more households lacking housing that meets human rights-based standards of affordability, security of tenure, accessibility, and habitability. This crisis is partially the result of structural changes to Toronto’s housing market that value housing as a commodity to be bought, sold, and left vacant by investors rather than a human right. The “financialization” of housing has distorted the role of housing as a social good that provides security, dignity and community and has undermined the realization of the right to housing.

R2HTO applauds the positive steps the City has taken on creating and maintaining affordable and adequate housing, on ending homelessness, and making the City’s shelter system more accessible. However, these incremental steps need to be combined with structural measures that counter the financialization and commodification that is distorting the City’s housing system and undermining the City’s commitment to the progressive realization of the right to housing. One symptom of this distortion can be seen in the growing number of homes City wide that are being deliberately held vacant by investors. As such, we support the implementation of a Vacant Homes Tax (VHT) as a key step towards growing the supply of rental and affordable housing, funding affordable and social housing initiatives and moving towards the progressive realization of the right to housing.

We know that VHTs work. We have a great example, right here in Canada, of how VHTs increase the supply and affordability of rental units and help fund housing-related initiatives. In January 2017 the City

of Vancouver implemented an “Empty Homes Tax” (EHT) that currently levies a 1.25% tax on the assessed taxable value of vacant and under-utilized properties. The primary objective of this tax is to increase the supply of housing on the rental market. While it is not possible to attribute these statistics entirely to Vancouver’s EHT, since inception the City of Vancouver saw an overall decrease of 22% in the number of vacant homes between 2017-2018.¹ In short, Vancouver’s EHT has been successful in improving the affordable housing outlook in Vancouver and ensuring residents can recover housing as a social good rather than a commodity.

As a secondary benefit, the EHT has raised millions of dollars that has been used to support affordable and social housing initiatives and residential tenants while covering one-time implementation and annual operating costs.² We recommend the City follow Vancouver’s lead and ensure revenue generated from a VHT is used towards funding affordable housing initiatives and support for tenants.

VHTs are policy tools designed primarily to increase the supply of rental housing and, as a secondary outcome, generate revenue that can help fund affordable housing initiatives. They are important policy outcomes and R2HTO fully supports the adoption and implementation of a VHT to help achieve these outcomes. However, we urge the City to view VHTs with an eye towards developing a broader housing policy that curbs housing financialization and moves the City closer to fulfilling its commitment to the progressive realization of the right to housing. Now is the time to examine how VHTs can be coordinated with the City’s broader housing policy to curb the financialization of housing and ensure safe, adequate and affordable housing for Toronto’s residents.

¹ KPMG LLP. *A Review of Issues to be Considered for the Taxation of Vacant Homes in Toronto*. November 2020.

² *Ibid* at page 35.