

2. Vacant Unit Tax Program - Update on Year One Data and Improvements

Programme d'impôt sur les logements vacants – Mise à jour sur les données de la première année et les améliorations

Committee Recommendation(s) as amended

That Council:

- 1. Receive an update on the Vacant Unit Tax program; and**
- 2. Approve enhancements to the program and by-law as outlined in this report; and**
- 3. Amend the report by deleting the following property codes from Table 6, such that they not be recommended as eligible property codes in the Vacant Unit Tax By-law:**
 - a. Property Code 244 (Managed forest property, residence not on water)**
 - b. Property Code 245 (Managed forest property, residence on water)**
 - c. Property Code 262 (Land owned by a farmer improved with a non-farm residence with a portion being farmed); and**
- 4. Approve that the “Rural Property Exemption” piece of the report be amended to allow property owners of rural residential century homes, recreational hunt camps, or structures significantly damaged and not capable of being used for housing to apply under the following criteria:**
 - a. The structure must be on a property with at least three acres**
 - b. The structure must be on a property in a rural zone**

- c. The structure must be uninhabitable as determined by the City
 - d. An appeal must have been filed with MPAC; and
5. Approve that, on behalf of City Council and the City of Ottawa, the Mayor write to the Premier and to the Minister of Municipal Affairs and Housing to request that the Vacant Unit Taxation power be expanded to the multi-residential property class.

Recommandation(s) du Comité telles que modifiées

Que le Conseil municipal :

1. Reçoive une mise à jour sur le programme d'impôt sur les logements vacants; et
2. Approuve les améliorations apportées au programme et au règlement, comme décrit dans le présent rapport; et
3. Modifie le rapport en retirant les codes de propriété suivants du tableau 6, de sorte qu'ils ne figurent pas parmi les codes de propriété que l'on recommande d'assujettir au *Règlement sur l'impôt sur les logements vacants* :
 - a. Code de propriété 244 (Forêt aménagée, résidence non riveraine)
 - b. Code de propriété 245 (Forêt aménagée, résidence riveraine)
 - c. Code de propriété 262 (Terrain appartenant à un producteur agricole, qui a été amélioré, avec résidence non attenante à la ferme et dont une partie est en exploitation)
4. Approuve que la partie du rapport sur l'exemption pour les propriétés rurales soit modifiée pour que les propriétaires ruraux de maisons centenaires, de camps de chasse récréatifs et de structures fortement endommagées qui ne conviennent pas au logement puissent demander une exemption d'après les critères suivants :

- a. La structure doit se trouver sur une propriété d'au moins trois acres.
 - b. La structure doit se trouver sur une propriété en secteur rural.
 - c. La structure doit être inhabitable de l'avis de la Ville.
 - d. Un appel a été déposé auprès de la Société d'évaluation foncière des municipalités.
5. Approuve que le maire écrive, au nom du Conseil municipal et de la Ville d'Ottawa, au premier ministre et au ministre des Affaires municipales et du Logement pour demander que l'impôt sur les logements vacants s'applique à la catégorie Logements multiples.

For the Information of Council

The committee also approved the following direction to staff:

Councillor T. Tierney

That staff to report back as part of the 2025 Draft Operating and Capital Budgets at Finance and Corporate Services Committee on December 3, 2024, and provide a breakdown of the back of the tax bill to illustrate the total taxes collected in comparison to the total taxes retained by the municipality with details of the individual amounts remitted to other authorities.

Pour l'information du Conseil Municipal

Le comité a également approuvé la direction au personnel suivante :

Conseiller T. Tierney

Que le personnel fournisse, lors de l'examen des budgets préliminaires de fonctionnement et des immobilisations de 2025 par le Comité des finances et des services organisationnels à sa réunion du 3 décembre 2024, une ventilation de l'impôt total figurant au verso de la facture afin de faire une comparaison entre le montant total de l'impôt recueilli et le montant total retenu par la Ville, en précisant les montants versés à d'autres autorités.

Documentation/Documentation

1. Extract of draft Minutes, Joint Meeting of the Finance and Corporate Services Committee and Planning and Housing Committee, November 6, 2024.

Extrait de l'ébauche du procès-verbal, Réunion conjointe du Comité des finances et des services organisationnels et Comité de la planification et du logement, le 6 novembre 2024.

2. Deputy City Treasurer's report, Revenue Services, Finance and Corporate Services Department, dated October 28, 2024 (ACS2024-FCS-REV-0006)

Rapport du Trésorier municipal adjoint, Services des recettes, Direction générale des finances et des services organisationnels, daté le 28 octobre 2024 (ACS2024-FCS-REV-0006)

**Finance and Corporate Service
Committee and Planning and
Housing Committee
Joint Report 2
November 13, 2024**

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**Comité des finances et des services
organisationnels et le comité de la
planification et du logement
Rapport conjoint 2
le 13 novembre 2024**

**Extract of Draft Minutes 2
Finance and Corporate Service
Committee and Planning and
Housing Committee
November 6, 2024**

**Extrait de l'ébauche du procès-verbal 2
Comité des finances et des services
organisationnels et le comité de la
planification et du logement
le 6 novembre 2024**

Vacant Unit Tax Program - Update on Year One Data and Improvements

File No. ACS2024-FCS-REV-0006 - Citywide

Mr. Cyril Rogers, General Manager and Chief Financial Officer; Joseph Muhuni, Deputy City Treasurer Revenue and Lance Nowak, Program Manager, Revenue Support, Finance and Corporate Services Department (FCSD), provided an overview of the report and answered questions from the Committee. A copy of the slide presentation is filed with the Office of the City Clerk.

Committee heard from the following public delegation:

- Cheryl Parrott, Hintonburg Community Association*
- John Dickie, Chair, Eastern Ontario Landlord Organization*

[* Individuals / groups marked with an asterisk above either provided comments in writing or by e-mail; all submissions are held on file with the City Clerk.]

The following written submissions were received by, and are filed with, the Office of the City Clerk, and distributed to Committee Members:

- Email dated November 5, 2024 from Wendy and Ryan Willbond
- Email dated November 5, 2024 from Tova Barré

Following discussion and questions of staff, the Committee carried the report recommendations as amended by Motion No. FCSC-PHC 2024-02-01, 02 and 04 on a division of 15 Yeas to 2 Nays. Councillors dissented on Program Changes within the report, Councillors M. Luloff, C. Kelly and G. Darouze dissented on recommendation 1 entitled "Program Eligibility" and Councillors M. Luloff, C. Kelly, G. Darouze and W. Lo dissented on recommendation 3 entitled "Vacant Unit Tax Rate".

The following direction was also accepted by staff:

Direction to staff (Councillor T. Tierney)

That staff to report back as part of the 2025 Draft Operating and Capital Budgets at Finance and Corporate Services Committee on December 3, 2024, and provide a breakdown of the back of the tax bill to illustrate the total taxes collected in comparison to the total taxes retained by the municipality with details of the individual amounts remitted to other authorities.

Report Recommendation(s)

That the Joint Finance and Corporate Services Committee and Planning and Housing Committee recommend that Council:

- 1. Receive an update on the Vacant Unit Tax program.**
- 2. Approve enhancements to the program and by-law as outlined in this report.**

For (15): M. Sutcliffe, J. Leiper, C. Kitts, G. Gower, C. Curry, G. Darouze, L. Johnson, T. Kavanagh, C. Kelly, R. King, M. Luloff, W. Lo, S. Menard, T. Tierney, and A. Troster

Against (2): R. Brockington, and L. Dudas

Carried (15 to 2)

Motion No. FCSC-PHC 2024-02-01

Moved by G. Darouze

WHEREAS on March 23, 2022, Ottawa City Council approved the implementation of a residential Vacant Unit Tax (VUT) program through the Residential Vacant Unit Tax report; and

WHEREAS since it's implementation, Council has provided direction to make improvements to the VUT in response to concerns that have been raised by residents, leading to this Joint Committee's consideration of the report entitled Vacant Unit Tax Program – Update on Year One Data and Improvements (ACS2024-FCS-REV-0006); and

WHEREAS the report being considered today recommends the addition of four different property codes as eligible property codes, identified as codes 244, 245, 261, and 262; and

WHEREAS each of these property codes capture properties that are either managed forest properties, or have a portion being farmed; and

WHEREAS the City's 2023-2026 Strategic Plan has four strategic priorities, one of which is "a city that is green and resilient"; and

WHEREAS Ottawa has a vast agricultural and farming community which produce invaluable goods for both the local, provincial, and larger worldwide economies; and

WHEREAS during a time of concern regarding the potential impacts of climate change, as well as the impacts of food insecurity that are routinely mentioned in the City, it does not make sense to potentially impose additional taxes on properties that contribute positively in both areas;

THEREFORE BE IT RESOLVED that the Joint Committee recommend that Council amend the report by deleting the following property

codes from Table 6, such that they not be recommended as eligible property codes in the Vacant Unit Tax By-law:

- A. Property Code 244 (Managed forest property, residence not on water)
- B. Property Code 245 (Managed forest property, residence on water)
- C. Property Code 262 (Land owned by a farmer improved with a non-farm residence with a portion being farmed)

Carried

Motion No. FCSC-PHC 2024-02-02

Moved by G. Darouze

WHEREAS one of the recommendations within staff report Vacant Unit Tax Program – Update on Year One Data and Improvements (ACS2024-FCS-REV-0006) propose a rural exemption for residential dwellings such as century homes, recreational hunt camps, or structures that are significantly damaged and not capable of being used for housing; and

WHEREAS one of the requirements for a property to qualify for this exemption is that the dwelling must be on a property with at least five acres; and

WHEREAS there are likely residences in the rural area that could possibly qualify for this exemption based on the identified types of residences, but may not qualify based on the acreage element described in the report;

THEREFORE BE IT RESOLVED that the “Rural Property Exemption” piece of the report be amended to allow property owners of rural residential century homes, recreational hunt camps, or structures

significantly damaged and not capable of being used for housing to apply under the following criteria:

1. The structure must be on a property with at least three acres
2. The structure must be on a property in a rural zone
3. The structure must be uninhabitable as determined by the City
4. An appeal must have been filed with MPAC

Carried

Motion No. FCSC-PHC 2024-02-03

Moved by W. Lo

WHEREAS the Vacant Unit Tax (VUT) was approved by City Council on March 23, 2022; and

WHEREAS Section 3 of the VUT By-law includes a suite of exemptions to ensure property owners with valid reasons for their eligible property/properties to be vacant for more than 184 days are not unfairly taxed; and

WHEREAS those exemptions are rigid and only recognise situations that produce official documentation like certificates, agreements, orders, and permits, among others, ignoring the dynamic realities of home ownership or being a small landlord; and

WHEREAS there are various other equally valid circumstances for a property to be vacant for more than 184 days, such as the new exemptions proposed by report ACS2024-FCS-REV-0006, Vacant Unit Tax Program – Update on Year One Data and Improvements; and

WHEREAS the additional one per cent in property taxes from the VUT has placed significant financial strain on homeowners, and

WHEREAS the changes to the VUT in the staff report is an indicator of its nascency and need for fine-tuning, thereby recognising many homeowners may have been unfairly caught by the tax; and

THEREFORE BE IT RESOLVED THAT staff be directed to review rejected Vacant Unit Tax appeals from the 2023 and 2024 declaration years, and retroactively apply the new exemptions noted in report ACS2024-FCS-REV-0006; and

BE IT FURTHER RESOLVED THAT property tax accounts with retroactively accepted appeals under the new exemptions be credited the amount in VUT paid in those two declaration years towards future property tax bill(s), minus a cost recovery administrative fee, and

BE IT FURTHER RESOLVED THAT a special reserve account be created and funded by the proceeds from the 2024 VUT declaration year for the purposes of the retroactive appeals process and property tax credits; and

BE IT FURTHER RESOLVED THAT staff report back by memo or IPD at the following milestones:

- **Upon completion of the retroactive review process of rejected appeals from the 2023 and 2024 declaration years,**
- **When all credited amounts are issued to accounts associated with a retroactively accepted appeal, and**
- **Upon the closure of the special reserve account.**

For (6): R. Brockington, G. Darouze, L. Dudas, C. Kelly, M. Luloff, and W. Lo

Against (11): M. Sutcliffe, J. Leiper, C. Kitts, G. Gower, C. Curry, L. Johnson, T. Kavanagh, R. King, S. Menard, T. Tierney, and A. Troster

Motion No. FCSC-PHC 2024-02-04

Moved by S. Menard

WHEREAS the top Term of Council Priority this term of Council is affordable housing; and,

WHEREAS the Vacant Unit Tax (VUT) generates revenues for our capital budget for affordable housing; and,

WHEREAS the VUT also incentivises the return of vacant rental units to the market; and,

WHEREAS the VUT only applies to the residential property class, which is limited to properties with less than 7 dwelling units; and,

WHEREAS the VUT is not applicable to the multi-residential property class, which includes properties with 7 dwelling units or more; and,

WHEREAS the VUT should not unfairly target small landlords, who are more likely to be members of the Ottawa community, and to be making less profit as a landlord than the owners of large multi-residential buildings; and,

WHEREAS the Province should therefore allow municipalities to apply the VUT to a property class that is characterized by large corporate landlords who can most afford to pay; and,

WHEREAS such an expansion of the VUT's applicability would see more revenues generated for affordable housing in Ottawa, disincentivize vacancy in large buildings, and create greater fairness between large and small landlords;

THEREFORE BE IT RESOLVED THAT, on behalf of City Council and the City of Ottawa, the Mayor write to the Premier and to the Minister of Municipal Affairs and Housing to request that the Vacant Unit Taxation power be expanded to the multi-residential property class.

Carried