



The Regional Municipality of Halton

Report To:	Regional Chair and Members of Regional Council
From:	Cyndy Winslow, Commissioner, Finance and Regional Treasurer
Date:	October 23, 2024
Report No.:	FN-26-24
Re:	Halton Regional Optional Vacant Home Tax Program

Recommendation

1. THAT Regional Council receive the requests from the following Local Municipalities to be excluded from a Vacant Homes Tax program;
 - a. Town of Milton through Report No. ES-009-24, dated May 13, 2024
 - b. Town of Halton Hills through Report No. CS-2024-015, dated June 17, 2024
 - c. City of Burlington through Report No. F-27-24, dated September 17, 2024
2. THAT the Regional Clerk forward a copy of Report No. FN-26-24 to the City of Burlington, the Town of Halton Hills, the Town of Milton, and the Town of Oakville for their information.

Report

Executive Summary

- On April 20, 2022, staff provided Regional Council with a Vacant Homes Tax feasibility assessment completed by Ernst & Young LLP (EY) through Report No. FN-15-22 re: "Optional Vacant Homes Tax in Halton Region". Regional Council authorized staff to proceed with a study of a proposed Vacant Homes Tax (VHT) in Halton Region, which included undertaking a public engagement to obtain input and feedback from Halton residents and stakeholders.
- On March 27, 2024, the Provincial Policy Framework was released, which provides guidelines and recommendations for municipal Vacant Home Taxes. The Province also announced that it is extending authority broadly to all single- and upper-tier municipalities to impose a municipal tax on vacant homes.
- The Provincial Policy Framework recommends in the case of municipalities with an upper tier and lower tier structure, that upper tiers receive supportive statements or endorsements from lower tiers to participate in the VHT program.

- This report provides Regional Council with the findings of the study that was completed by EY on an optional Vacant Homes Tax Program in Halton Region, and provided through attachments #4, #5, #6 and #7 to this report.
- The following Local Municipalities have approved resolutions that they be excluded from any potential by-laws that would implement a vacant home tax within their respective municipalities:
 - Attachment #1: The Town of Milton through Report No. ES-009-24, approved on May 13, 2024
 - Attachment #2: The Town of Halton Hills through Report No. CS-2024-015, approved on June 17, 2024
 - Attachment #3: The City of Burlington through Report No. F-27-24, approved on September 17, 2024
- Should the Council of the Town of Oakville approve to implement a Vacant Homes Tax, it will be required to provide a supportive statement to Halton Region indicating its participation in the program.
- To proceed with implementation of a vacant homes tax for any Municipalities that are participating, a Regional By-law would need to be approved which would provide the authority to impose the vacant home tax, specify in which lower tier(s) the VHT applies, and set out the tax rate and vacancy definition. The Local Municipality's Council approved Vacant Home Tax program would be included with the Regional By-law as an attachment.

Background

On May 17, 2017, *Bill 127 – Stronger, Healthier Ontario Act (Budget Measures), 2017*, received Royal Assent and amended and repealed various Acts to implement the measures in the 2017 Ontario Budget, including the Fair Housing Plan. The *Municipal Act, 2001* was also amended and Part IX.1 Optional Tax on Vacant Residential Units was introduced. Under this legislation, interested municipalities may tax vacant residential units in certain circumstances.

At Regional Council on April 20, 2022, staff provided Council with a feasibility assessment completed by EY (Report No. FN-15-22, re: Optional Vacant Homes Tax in Halton Region) on a VHT in Halton Region. Based on the results of the feasibility assessment, Council authorized staff to proceed with a study of a proposed Vacant Homes Tax in Halton Region, which included undertaking a public engagement to obtain input and feedback from Halton residents and stakeholders. The results of the

public engagement were provided to Council through Report No. FN-41-23 re: “Update on Optional Vacant Home Tax in Halton Region”.

On November 28, 2022, the Province announced that they would establish a Provincial-Municipal working group to consult on a Provincial Policy Framework, which would set out the key elements of local vacant home taxes, and facilitate the sharing of information and best practices. On March 27, 2024, the Provincial Policy Framework was released, which provides guidelines and recommendations for municipal vacant home taxes. The Province also announced that it is extending authority broadly to all single- and upper-tier municipalities to impose a municipal tax on vacant homes. Ontario Regulation 143/24 which amends O. Reg. 458/22, released on March 27, 2024, provides authority to all single- and upper-tier municipalities to implement municipal Vacant Home Taxes.

On April 17, 2024 through Report No. FN-12-24 re: “Update on the Optional Vacant Homes Tax in Halton Region – Provincial Policy Framework Released”, staff provided an update to Council on the policy framework. The Provincial Policy Framework provides high-level recommendations related to:

- Exemptions and the definition of vacancy;
- Tax rates;
- Tax year, tax collection and administration;
- Appeals and dispute resolution;
- Public consultations; and
- Annual reporting.

In the case of municipalities with an upper tier and a lower tier system of government, it also recommends as best practice that:

- Upper tiers receive supportive statements or endorsements from lower tiers, including approaches to ensuring that lower tiers will be able to retain revenues sufficient to offset their costs of Vacant Home Tax collection and administration;
- Upper tiers be responsible for setting out key aspects of a Vacant Home Tax, such as rates and definition of vacancy; and
- Upper tiers adopt Vacant Home Tax by-laws that specify in which lower tiers the Vacant Home Tax will be in effect, and in which lower tiers it would not be.

With the assistance of an external consultant, EY, Regional Staff worked closely with the Local Municipalities to complete the study of an optional Vacant Homes Tax in Halton Region, which entailed developing the design of the program, incorporating the

Provincial Policy Framework, updating revenue and cost projections, and developing potential implementation timelines.

Discussion

Vacant Homes Tax Study

The original scope of the study entailed developing a VHT program based on all four local municipalities participating in the program. A program framework, financial analysis, and an implementation plan was developed by EY for this scenario, based on the experiences and best practices observed in other municipalities which have implemented VHT programs. The universal declaration method was recommended through the study, as it is the leading practice in Canadian municipalities that have implemented a VHT, and supports robust risk mitigation, improved audit and compliance effectiveness, and offers an accessible peer group to support continuous improvement. A hybrid administration model was recommended through the study, which included program implementation and administration undertaken by Halton Region, with billing and collection of taxes occurring at the local municipality level. Full details of this scenario can be found in attachments #4, #5 and #6 of this report.

The scope of the engagement was expanded to include an additional scenario which considers a VHT program implemented by a local municipality. This additional scenario was developed based on the design of the original scenario, incorporating the recommendations from the Provincial Policy Framework, and adjusted to reflect a local municipality implementation based on data and cost estimates provided by the Town of Oakville. The full details of this additional scenario can be found in attachments #5 and #6 of this report.

A Halton Region-implemented Vacant Homes Tax program is no longer a viable scenario at this time, as the Towns of Milton and Halton Hills, and the City of Burlington have approved resolutions to be excluded from any potential by-laws that would implement a Vacant Home Tax within their municipalities at this time.

Without the participation of all four local municipalities, there are financial and operational limitations of a Halton-implemented program which make it not feasible from an administration or cost perspective. Challenges with a Regional implementation without the participation of all four Local Municipalities include:

- The EY study projected one-time implementation costs of \$1.6 million and average annual operating costs of \$4.1 million for a Halton-implemented Vacant Homes Tax program with all four local municipalities participating (details can be found in

attachment #5 to this report). The cost of administration for a Halton-implemented program requires the revenues and economies of scale achieved through the participation of all four local municipalities in order to be financially viable.

- Costs would be incurred for additional FTEs as a result of the increased manual effort due to the lack of system integration between the Region and Local Municipalities, thus increasing operating costs and reducing overall net revenues relative to a program implemented by a local municipality.
- Challenges in implementing and communicating the program to residents, due to the mixed participation of local municipalities, which may result in public confusion and financial implications due to additional customer service staff required, and significant amounts of late or missed declarations and resulting false vacancies.
- Challenges with ensuring that the implementation and annual operating costs that would be incurred through a Halton-implemented model do not impact the tax payers of the local municipalities that are not participating in the VHT program.
- Challenges with the allocation and utilization of net revenues. In a Halton-implemented program, the net revenues would be managed by the Region to support Regional housing priorities and initiatives, which may not align with the objectives of the Local Municipality.

Therefore this report focuses on the implementation and administration of the program undertaken by a local municipality.

Vacant Homes Tax Study: Local Municipality-Implemented Program

Halton Region By-law Requirements

As per the *Municipal Act, 2001*, s. 338.2, in order to implement a Vacant Homes Tax, Halton Region would be required to approve a by-law annually which would provide the authority to impose the vacant home tax, specifies in which lower tier(s) the VHT applies, and sets out the tax rate and vacancy definition.

1. Tax Rate

When designing the VHT, the selection of the tax rate to charge is an important component. The neighbouring municipalities in Ontario that are planning to or have implemented a VHT are generally starting with a tax rate of 1.0% of the assessed value. This tax rate would be levied annually against the property's assessed value and would be in addition to the residential property tax rate. The study considered a range of possible tax rates and estimated revenues, as outlined in attachment #5 to this report.

Neither the applicable legislation nor the Provincial Policy Framework set out any requirements related to the tax rate for Vacant Home Taxes. The Province encourages imposing a higher tax rate on foreign-owned vacant homes, and has indicated that it will work with municipalities to explore ways of identifying such properties.

Halton Region, as the upper-tier Municipality, would be responsible for approving the VHT tax rate annually through a Regional by-law. Regional staff would consult with staff at the local municipalities that choose to implement a VHT to determine the recommended tax rate that would be applied for all participating municipalities for Regional Council's approval.

2. Vacancy Definition

The *Municipal Act, 2001* states that municipal Vacant Home Taxes may apply to residential units that are classified in the residential property class under the *Assessment Act* and are taxable under that act for municipal purposes. Vacant Home Taxes are taxes on assessed value collected under Part X of the *Municipal Act, 2001*.

The Provincial Policy Framework recommends that only self-contained residential units that are suitable for residential habitation and are occupied for less than 6 months (183 days) of the year be subject to Vacant Home Taxes.

The Vacancy Definition recommended by the EY study, which aligns with the Provincial Policy Framework, and was endorsed by the Area Treasurers is "unoccupied for at least 183 days within the reference period, with no single occupancy for less than 30 days".

Vacant Home Tax Program Components Approved by the Local Municipality

The study undertaken by EY provides a recommended program framework which aligns with the Provincial Policy Framework, and best practices experienced in other municipalities that have implemented VHT programs. If a Local Municipality wishes to implement a VHT program, it has the discretion to utilize the external consultant work undertaken to date and recommendations provided through the study, or to develop a program which best supports local priorities and objectives.

The Local Municipality would be responsible for developing and implementing the following program components:

1. Approving a VHT Program which defines the eligible properties, exemptions from the tax, reference period, audit & inspection powers, and dispute resolution mechanisms.
2. Development and implementation of processes including communication, declarations, billing & collections, audit & compliance, customer service, and reporting.

3. Administering the revenues, program costs, and allocation of net revenues.

The program components will be described in further detail below.

1. Approving a VHT Program, which defines:

- *Eligible properties:* The study recommends that eligible properties include all properties in the residential class that can be occupied on a year-round basis, and that Life lease & Co-op, Multi-unit and Special Residential properties be taxed on the whole property rather than on a per unit basis, and condos under development not be eligible for VHT until the condo has been registered and individual units have their own roll number and assessment.
- *Exemptions from the tax:* The study and Provincial Policy Framework recommend the following exemptions:
 - Principal residences
 - It was owned by a registered property owner who has died in the applicable reference (occupancy) year / tax year
 - It is owned by a registered property owner who is in care (for example, institutionalized or hospitalized)
 - Ownership of the property was transferred in the reference year / tax year
 - It is undergoing major redevelopment or renovations that, in the judgement of the municipality, are being pursued within a reasonable timeframe
 - It is subject to a court or municipal order prohibiting occupancy and the owner has made reasonable efforts to remedy the circumstances that led to the order
 - It is a seasonal property that is not inhabitable on a year-round basis
 - It is otherwise uninhabitable for reasons beyond the owner's control
- *Reference (occupancy) period:* As recommended in the Provincial Policy Framework, Vacant Home Taxes should be imposed on the Current Value Assessment of properties in the reference year during which occupancy status is determined. Setting the reference period to a calendar year basis aligns with property tax calculation and collection schedules in the local municipalities
- *Audit and inspection powers of the municipality:* Authority of the municipality to perform audits and request information or evidence to support declarations and occupancy status.
- *The establishment and use of dispute resolution mechanisms:* The Provincial Policy Framework recommends that a municipality imposing a Vacant Home Tax should establish processes for appeals and dispute resolution related to the imposition of Vacant Home Taxes.

The Local Municipality's approved VHT program would be referenced in the Regional By-law as an attachment.

2. Development and Implementation of Processes:

- *Communications:* To achieve a high compliance rate on program launch, jurisdictions such as Vancouver have engaged in proactive outreach prior to and during the declaration process. This includes using multiple communication channels and media, establishing in-person activities for accessibility, and conducting outbound engagement through call centres.
- *Declarations:* There are various declaration methods that municipalities can use to identify the homes that are eligible to be taxed. These include:
 - Universal Declaration: the most commonly used method thus far, which requires all property owners in the municipality to declare the vacancy status of their property each year;
 - Self Declaration/Declaration by Exemption: requires only those that fit the vacancy definition to declare their property as vacant each year;
 - Complaint-based: relies on complaints or tips received to identify potentially vacant homes.

The EY study recommends the universal declaration method, as it is the leading practice in Canadian municipalities that have implemented a VHT, and supports robust risk mitigation, improved audit and compliance effectiveness, and offers an accessible peer group to support continuous improvement.

EY have prepared a supplementary report, which is included as attachment #7 to this report, which provides a comparison of vacant home tax declaration methods.

A dedicated system will be required to enable declaration and audit functions. For local municipalities that choose to implement a VHT, they would be responsible for identifying systems that best fit their specific needs, potentially including CentralSquare or other third-party software.

- *Billing & Collections:* It is anticipated that the local municipal tax collection software (CentralSquare) may be configured to support VHT billing and collections. The Local Municipalities are in various stages of transitioning to using CentralSquare as their tax billing and collection system. The relevant tax procedures and processes would need to be updated to reflect the implementation of a VHT, and new processes would need to be developed to support the identification and tracking of late and outstanding declarations and payments.
- *Audit & Compliance:* The audit and compliance process is an important function to ensure the success of the VHT program, and the level of staff required to support

this function will depend on the number of exemptions and declarations received, and the desired compliance rate. A dedicated declaration and audit system will be required to collect documentation and evidence to support declarations, and track the audit function. A dispute resolution process will also need to be established to resolve disputes related to the VHT.

- *Customer Service:* A dedicated communications plan for a VHT program would need to be developed, to proactively inform residents prior to and during the implementation of a VHT program. Trained staff would be required to handle incoming queries, and systems and platforms would be required to address VHT-related communications.
- *Reporting:* The Provincial Policy Framework recommends that a municipality imposing a Vacant Home Tax should include data related to its Vacant Home Tax in its annual Financial Information Return (FIR), in order to support evidence-based evaluation of outcomes.

The EY study provides detailed processes and an implementation plan for an optional VHT program, outlined in attachments #4 and #6 to this report.

3. Revenues, Program Costs, and Allocation of Net Revenues

In the case of a local municipality-implemented VHT program, the local municipality would receive the revenues, be responsible for the implementation and ongoing program costs, and for the allocation and utilization of net revenues.

Financial Analysis

For the financial model, the estimated number of vacant homes was derived using the latest available aggregate water consumption data. This estimate was then adjusted to reflect the projected number of eligible vacant homes, taking into account possible exemptions, and based on experience to date derived from the City of Vancouver. As shown in Table 1 below, the financial model projected a total estimate of 816 vacant homes in the Region. This estimate is lower than the estimate of 985 eligible vacant units that was derived through the Feasibility Assessment undertaken in 2022 (FN-15-22), likely due to changes in housing market conditions over the past several years. High interest rates have raised home ownership costs, therefore reducing the financial return on homes held vacant. Low or negative housing price inflation further reduces financial returns on vacant homes and may incentivize owners to seek additional returns through renting or limit losses through sale. Lastly high rental price growth can contribute to strengthening the incentive to place units on the rental market.

Table 1: Estimated Eligible Vacant Homes

	Burlington	Halton Hills	Oakville	Milton	Total
Feasibility Assessment, April 2022	265	45	420	255	985
Implementation Study, October 2024	258	45	332	181	816
Change	-7	0	-88	-74	-169

Revenue estimates were developed by EY’s financial model using key inputs and assumptions provided by Regional data and EY’s analysis of the experience of the City of Vancouver. Based on these assumptions, housing supply, and an estimate of 332 eligible vacant properties in the Town of Oakville, EY’s model projected average annual revenues of \$2.8 million for the first 10-years of the program with a 1% tax rate, comprised of \$2.76 million in tax levy revenues and \$0.07 million in penalty revenues.

Cost estimates for administering a VHT program in a local municipality include one-time implementation costs and annual operating costs. The EY financial model, provided as attachment #5 to this report, calculated cost estimates based on data provided by the Town of Oakville and observed annual auditor capacity from other municipalities. The cost of implementing a declaration and audit system was based on an estimated Regional system cost; the cost for a declaration and audit system will vary by municipality. The estimate derived by EY for additional staffing is based on leading practices in implementing VHT programs in other jurisdictions. Based on these assumptions, the housing supply and estimated number of vacant properties in the Town of Oakville, it is estimated that a total of 14 FTEs would be required to administer the program, including:

- 9 FTEs to support Audit & Compliance
- 3 FTEs to support Operations
- 1 FTE to provide Customer Service, and
- 1 FTE to support the overall management of the program.

There may be capacity within a local municipality’s existing operations to absorb some of these functions, and it is recommended that further analysis be undertaken by a local municipality that chooses to implement a VHT to determine the incremental FTE requirement.

It is estimated that the implementation costs would be approximately \$1.6 million, with average annual costs to operate the program estimated to be \$2.2 million as shown in Table 2 below.

Table 2: Estimated Costs Summary

\$Millions	Implementation Costs	Average Annual Operating Costs
Declaration and Audit Systems*	\$1.0	
Other Costs (Business Support, Public Consultations, Project Team)	\$0.5	
Contingency	\$0.1	
Staffing (14 FTEs)		\$2.1
Annual software licence fees*		\$0.1
Total	\$1.6	\$2.2

*Estimate based on Regional system cost. Local system cost estimate will vary by municipality

Table 3 below illustrates the estimated average annual net revenues projected for the program of \$0.6 million, after deducting the estimated annual operating costs of \$2.2 million. The model estimates that the number of vacant homes required to break even annually is approximately 220, not including the implementation costs that would need to be recovered. However it is important to note that the estimated breakeven number is based on the average assessment value of residential properties in the Town of Oakville, and the actual breakeven number will vary as a result of the actual assessment values of vacant homes experienced. It is expected that the implementation costs, which are estimated to be \$1.6 million, would be recovered from the net revenues of the program, with a payback period of less than 3 years.

Table 3: Summary of Annual Net Revenues

Estimated Average Annual Net Revenues (\$Millions)	
Total Average Annual Revenues	\$2.8
Annual Operating Costs	\$2.2
Net Revenues	\$0.6
Estimated Number of Vacant Homes Required to Break Even	220
Estimated Payback Period for Implementation Costs	2.7 Years

Full details of EY's financial analysis can be found in attachment #5 to this report. It is important to note that the Town of Oakville would need to undertake a detailed review of the cost estimates (implementation and annual operating) derived by the EY study to yield a financial model that reflects the Town's specific system requirements, staffing and cost estimates. The Towns of Milton and Halton Hills, and the City of Burlington have approved resolutions to be excluded from any potential by-laws that would implement a Vacant Home Tax within their municipalities at this time. Additional

financial analysis would be required for each of these local municipalities should they choose to implement a VHT in the future.

Municipal Scan

Staff continue to monitor the VHT status, and learn from the experiences of surrounding municipalities that have implemented a VHT.

The City of Toronto [reported](#) significant challenges related to its Vacant Home Tax declaration process for the 2023 taxation year. The VHT declaration rate for the second year of the program was considerably lower than the declaration rate for its first year, which resulted in over 167,000 properties that were deemed vacant following the March 15, 2024 deadline. The City noted that challenges were experienced related to communicating the requirement to declare property status on an annual basis, coupled with implementation challenges associated with the program design. To address these challenges, the City will be implementing the following [updates](#) to its program for the 2024 taxation year:

- Updating its declaration process to include a longer declaration period
- Implementing a revamped, user-friendly portal to declare occupancy status
- Providing property owners with confirmation of declaration by email, or a confirmation number if declaring by phone
- Introducing a dedicated Customer Care Centre enabling homeowners to declare by phone with support available in 180 languages. Homeowners will also have the option to submit their declarations in person at Toronto City Hall and civic centres.
- Continuing to waive the late declaration fee, although this may be reinstated in future years based on the success of the VHT program redesign.
- Updating the process for issuing Vacant Home Tax bills to a more data-driven approach, allowing the City's CFO to delay sending bills if the overall declaration rate falls short of expectations.

The following tables highlight jurisdictions across Ontario that have implemented VHT, are considering implementation or have opted not to implement the VHT.

VHT Municipal Scan (as of September 27, 2024)

Municipalities that have Approved the Implementation of VHT					
Municipality	Feasibility Study	Framework Approval	Effective Date	Tax Collection Year	Declaration Method
City of Toronto	2017 – 2021	December 2021	2022	2023	Universal
City of Ottawa	2020 – 2021	March 2022	2022	2023	Universal
City of Hamilton	2019 – 2022	February 2022	2024	2025	Universal
City of Windsor	2021-2023	November 2023	2024	2025	Self-Declaration / Complaint Based
City of Sault Ste. Marie	2023-2024	April 2024	2024	2025	Complaint Based

Municipalities that are Considering, or have Opted not to Implement a VHT	
City of Guelph	Staff at the City of Guelph took a report to its Council on September 22, 2023, recommending not to move forward with the vacant homes tax, citing that it was unlikely to generate either the necessary revenue gains or fulfill the City's anticipated policy and economic goals.
City of London	On July 23, 2024, the City of London approved a recommendation to take no further action towards the implementation of a Vacant Home Tax using the mandatory declaration model, and further investigate alternative strategies to reduce the number of vacant residential units.
Durham Region	Based on a review of water consumption data, there does not appear to be a significant number of vacant residential properties in the Region (under 0.4%) to warrant the administrative costs of developing and implementing a vacant home property tax in Durham at this time.
Niagara Region	Niagara Region did not implement a vacant home tax, rather it was determined that the Local Area Municipalities were more suited to develop and implement the tax policy. To date, the City of St. Catharines has reported to be investigating the VHT.
Peel Region	On June 8, 2023, the Province passed <i>Bill 112, The Hazel McCallion Act, 2023</i> , which planned to dissolve Peel Region on January 1, 2025. On July 6, 2023, Peel Region paused the vacant homes tax implementation due to the uncertainty of Bill 112.
Waterloo Region	Staff at Waterloo Region decided not to take a Regional program to its Council. The City of Kitchener undertook a feasibility study for their local municipality only. Based on the results of the study, Kitchener decided not to move forward.
York Region	In November 2023, York Region decided not to proceed with the implementation of a Vacant Home Tax, based on an updated analysis demonstrating that the Vacant Home Tax would not be financially self-sustaining. York Region may revisit the Tax as a potential policy option through its forthcoming Affordable Housing Implementation Plan.

Recommended Next Steps & Implementation Timeline

Upon approval of this report, if the Council of the Town of Oakville would like to implement a Vacant Homes Tax within its municipality, it will be required to provide a supportive statement to Halton Region indicating its intent to participate in the program. A Regional by-law would then be brought forward to Regional Council for approval to provide the authority for Town of Oakville to impose a vacant home tax which would include the vacancy definition and tax rate set and approved by Regional Council, and the Town of Oakville's Vacant Homes Tax program would be included as an attachment to the by-law. In accordance with the legislation, a by-law would need to be passed in the year to which it relates, i.e. in the year that the vacant home tax would be based on, or the reference year. With the legislative changes made as a result of the 2024 Provincial Budget, there is no longer a requirement for municipalities to apply for Provincial designation; upper and single tier municipalities have been given the authority to impose a vacant homes tax through passing a municipal by-law.

EY have developed an implementation plan (attachment #6 to this report) which details the next steps and implementation initiatives that would be required to implement a Vacant Homes Tax program. EY have developed a tentative timeline indicating the earliest potential implementation of a Vacant Home Tax in a local municipality based on information provided by the Town of Oakville. The Towns of Milton and Halton Hills, and the City of Burlington have approved resolutions to be excluded from any potential by-laws that would implement a Vacant Home Tax within their municipalities at this time. Further analysis would be required for each of these local municipalities to develop implementation plans should they choose to implement a VHT in the future. The local municipalities will have the option to implement a vacant homes tax in the future, as part of the Region's annual tax policy review and by-law approval by Regional Council. Implementation of a vacant homes tax in a local municipality will be dependent on Halton Region receiving supportive statements or endorsements from the respective Councils of the Local Municipalities.

Financial/Program Implications

The cost of the study of an optional Vacant Homes Tax in Halton Region was funded through the approved 2024 Operating Budget.

If a Local Municipality approves the implementation of a Vacant Homes Tax, all revenues, implementation and ongoing costs associated with the program would be managed within the Local Municipality, including the allocation and utilization of any net revenues.

Respectfully submitted by,

Debbie Symons
Director, Budgets and Tax Policy

Cyndy Winslow
Commissioner, Finance and
Regional Treasurer

Approved by,

Jane MacCaskill
Chief Administrative Officer

If you have any questions about the content of this report, please contact:
Debbie Symons, Director, Budgets and Tax Policy

Attachments:

Attachment #1: Town of Milton Report No. ES-009-24 re: Vacant Home Tax
Attachment #2: Town of Halton Hills Report No. CS-2024-015 re: Vacant Homes Tax
Attachment #3: City of Burlington Report No. F-27-24 re: Vacant Home Tax
Attachment #4 – Ernst & Young LLP Halton Region: Vacant Home Tax Program Design Framework
Attachment #5 - Ernst & Young LLP Halton Region Vacant Home Tax Implementation Study: Financial Analysis Report
Attachment #6 - Ernst & Young LLP Halton Region Vacant Home Tax Implementation Study: Implementation Plan
Attachment #7 - Ernst & Young LLP Supplementary Report: Comparison of Vacant Home Tax Declaration Methods

Additional Information:

The sources listed below are for supplemental information and reference only. Halton Region is not responsible for the currency, accuracy, or legality of the content from any external links.

None



Council Meeting

Resolution Number 072-24

Title: Vacant Home Tax

Date: May 13, 2024

Moved by Councillor Challinor

Seconded by Councillor Ijaz

THAT Halton Region be advised that the Town of Milton would like to be excluded from any potential by-laws that would implement a Vacant Home Tax within the municipality.

THAT a copy of the Town of Milton's resolution along with report ES-009-24 be circulated to the Region of Halton, the City of Burlington, the Town of Halton Hills and the Town of Oakville.

Chair



The Corporation of the Town of Milton

Report To: Council

From: Glen Cowan, Chief Financial Officer / Treasurer

Date: May 13, 2024

Report No: ES-009-24

Subject: Vacant Home Tax

Recommendation: THAT Halton Region be advised that the Town of Milton would like to be excluded from any potential by-laws that would implement a Vacant Home Tax within the municipality.

THAT a copy of the Town of Milton's resolution along with report ES-009-24 be circulated to the Region of Halton, the City of Burlington, the Town of Halton Hills and the Town of Oakville.

EXECUTIVE SUMMARY

- On April 17, Halton Regional Council provided authorization for work to resume on the study of an optional Vacant Home Tax (VHT). Next steps will include finalizing the design and timing of the VHT program, updating cost and revenue projections, and preparing by-laws. The Region intends to seek statements or endorsements from local municipal Councils in the fall of 2024.
- To date, a VHT has been implemented in the cities of Ottawa and Toronto. Municipalities that have assessed the VHT and decided not to implement it include the Regions of Durham and York, as well as cities such as Guelph and Kitchener. Other municipalities remain at various stages of assessment of the VHT.
- Town staff believe that sufficient information currently exists for the Town to arrive at the determination that the implementation of a VHT is not in Milton's best interest at this time. This conclusion has been arrived at with consideration of the feasibility assessment work and municipal scans that have occurred since the evaluation process was initiated in 2021, with the rationale outlined in further detail in the report below.
- Housing affordability and the availability of housing will continue to be areas of focus for the Town and all levels of government. The Town of Milton will continue to implement a number of initiatives to increase housing densities, accelerate approval

EXECUTIVE SUMMARY

timelines, provide financial incentives and provide dedicated staff resources for affordable housing solutions.

- Should Council prefer to wait until the fall of 2024 in order to adopt a position with respect to a potential VHT, a resolution could be passed to simply receive report ES-009-24 for information at this time.

REPORT

Background

In 2017 through Bill 127 - Stronger, Healthier Ontario Act (Budget Measures), the Province established the legislative framework that provides municipalities with the option to implement a Vacant Home Tax (VHT). In April 2022, Halton Regional Council was provided with a [VHT feasibility study](#) that was prepared by Ernst & Young LLP through report [FN-15-22](#). On the basis of that report, Regional Council gave direction to proceed with the design and implementation of a proposed VHT program in Halton Region. A subsequent report ([FN-41-23](#)) was provided to Regional Council in November 2023, which included the results of a public consultation process that had been undertaken by MTE Consultants Inc.

At the November 2023 Regional Council meeting, direction was provided for the VHT work to be paused until such time as the Provincial Policy Framework for VHT was released. On March 27, 2024, that [framework](#) was released by the Province, and it included guidelines and recommendations for the VHT. At the same time, the Province released [Ontario Regulation 143/24](#), that provides authority to all single and upper tier municipalities to implement a VHT. In April 2024 through report [FN-12-24](#), Regional Council authorized the resumption of work on the study of an optional VHT for Halton Region.

The Provincial Policy Framework recommends that, in the case of two-tier municipal governments, the upper tier municipality receive supportive statements or endorsements from lower tier municipalities with respect to the VHT. The framework makes clear that the VHT bylaws that are established by the upper tier municipality should specify which lower tier municipalities the VHT will be in effect for, and which it will not.

Through FN-12-24, Halton Region has outlined the intended next steps, which include finalizing the proposed VHT program, as well as the implementation timeline, for Regional Council's consideration. Supportive statements or endorsements will also be sought from

Background

local municipalities, followed by approval of Regional by-laws for the participating municipalities.

The following report has been prepared in order to provide Milton Council with an opportunity to establish a position with respect to a potential VHT within the municipality. Although Council could choose to wait until the Fall of 2024 in order to adopt a position (as the Region has proposed), Town staff feel that sufficient information currently exists already to inform a decision, and efficiencies could be created should Council provide a direction at this time.

Discussion

The VHT framework was established as a tool to, amongst other considerations, potentially improve housing affordability within the Province. The legislation allows a municipality to impose a tax on vacant residential units that meet the criteria established by the municipality. Once designated, Council has the authority to pass a by-law to impose a VHT on the assessed value of a vacant home in the residential property class. The by-law must contain the applicable tax rate and the conditions of a vacancy that, if met, make a unit subject to the tax. The by-law may also contain possible exemptions from the tax, rebates, audit and inspection powers and a dispute resolution mechanism.

Since its inception, a VHT has been implemented in the cities of Toronto and Ottawa. Municipalities that have assessed the VHT and decided not to implement it include the Regions of Durham and York, as well as cities such as Guelph and Kitchener. Reasons for not proceeding have included concerns about the financial viability (i.e. not self sustaining), insufficient vacant homes to warrant the administration of a VHT, and/or the expectation that the VHT was not likely to fulfill the intended policy or economic goals. A number of other municipalities are at various stages of review and consideration of a VHT.

Within Halton Region, a review of the VHT was initiated in 2021. Halton Region has led the engagement and have retained external consulting support at various stages of the review. Local municipalities have supported the process through providing information, analysis and feedback. As noted in Regional report FN-15-22, the objective in implementing a VHT would be two-fold:

1. It is a policy measure to encourage owners of vacant homes to rent, sell or occupy the home
2. Revenue generated from the VHT could be used to enhance affordable and assisted housing programs in support of the Region's comprehensive housing strategy

There are four main operational components in administering a VHT, being:

1. Reporting - a process to identify the homes that are to be taxed. The primary options would be a mandatory universal declaration process for all property owners, a self

Discussion

- declaration process for only those that are vacant, or a complaint based program to identify vacant homes.
2. Collections - collection of both the VHT and any related penalties for non-compliance.
 3. Compliance - which includes investigations to determine if there are properties that are not in compliance.
 4. Communication - to address queries, complaints, and to build awareness of the program and the responsibilities of property owners.

Ernst & Young LLP (E&Y) was retained by the Region to assess the potential for a VHT to achieve the two primary objectives, as well as to consider an implementation plan in relation to the operational areas. Their initial findings were presented through FN-15-22 and included the following:

- It was estimated that 985 vacant homes within Halton Region would be eligible to pay a VHT, representing 0.5% of the total housing supply.
 - For Milton specifically, the total number of VHT eligible properties was estimated at 255.
 - Of the 985 unit total, it was estimated that 330 vacant homes across the Region (33%) would be sold or rented over a 10 year period in response to a VHT.
- Based on this estimate, and assuming a 1% VHT was applied (based on the property's assessed value), the estimated annual revenue was projected to be \$6.1 million within the Region (comprised both of the VHT (\$5.8 million) and penalties (\$0.3 million).
- The cost to implement a VHT program was estimated to be \$3.3 million to \$3.9 million for the initial implementation, and \$1.8 million to \$2.0 million in annual operating costs. These estimates assumed that an annual staffing level of 11-12 Full Time Equivalents (FTE) would be required.
- It was acknowledged that these estimates were preliminary and would be subject to change through a more detailed implementation planning stage. Risks of any program included revenue uncertainty, tax system and process challenges, and the potential for high rates of non-compliance or incorrect declarations subject to the declaration methodology that was adopted.

Subsequent to E&Y's report, additional time was dedicated towards a detailed design of a VHT program. E&Y was re-engaged to support this process, and although the analysis will continue in 2024, initial updated findings in 2023 included:

- Consistent with Toronto and Ottawa, the feasibility assessment recommended the universal declaration method as the primary method for the potential implementation of a VHT in Halton Region.
- Based on preliminary work undertaken to date, the staffing complement that will be required is projected to be greater than what was anticipated in the feasibility assessment. As program design and financial modeling work is still underway, these projections remain subject to further change.

Discussion

- Halton Region and the local municipalities do not currently have systems with the capability to receive declarations and communicate the results for collection. Therefore new software systems and processes would need to be developed.
- It was also noted that several local municipalities are currently in the process of migrating to a new property tax software system (CentralSquare), with completion dates ranging from 2024 to 2026. These software migrations are currently separate and distinct from the implementation of a VHT declaration and administration platform.

Recommendation

Staff recommend that Milton advise the Region that the Town is not interested in further pursuing the implementation of a VHT in the municipality at this time. The rationale supporting this recommendation includes:

- Neither of the two primary objectives for a VHT appear to be achieved in a material way or with sufficient certainty
 - Only a minimal impact on vacant units is anticipated based on the modelling undertaken (only 255 eligible VHT units in Milton to begin with, of which 33% were estimated to be sold or rented in response to a VHT over a 10 year period)
 - Uncertainty exists with respect to the financial viability of the program, and the risks associated with both the potential revenue that could be generated and the costs to administer a VHT
- Based on the relatively minor number of units that are expected to be returned to the market in response to a VHT, no material impact on housing prices is expected to occur as a result of a VHT program.
- Use of the universal declaration method is concerning
 - As 99.5% of residential properties are not expected to be vacant, and given the prevalence of non-responses to the annual declaration that is expected based on the experience in other municipalities, the universal declaration method does not appear to be an effective or fair method of implementing the program.
 - It has been reported that in the City of Toronto for the year 2022, whereas there were 2,336 properties that declared as vacant, there were 44,902 properties that were initially deemed vacant due to no declaration being made (the majority of which were not vacant).
- A number of municipalities that share similar characteristics with the Town of Milton have already arrived at the same conclusion and have discontinued efforts to progress with a VHT.
- In 2021 the Federal Government introduced an Underused Housing Tax (UHT) program that applies a tax of 1% of a properties' value to vacant properties that are owned by those who are not Canadian residents. As such, some of the intended outcomes of the VHT may be achieved via the UHT, without the need for duplication.
- The Town is undertaking a significant change in the form of a new property tax software, as well as the introduction of a public portal for property owners to use to

Discussion

manage their accounts. It is recommended that the Town's effort and focus remain on that initiative which is expected to go live to the public in 2026.

It is recommended that Council adopt a position at this time on the basis of the information that is already available. Doing so in advance of the Region's remaining development of the full VHT program and by-laws will allow the Region's analysis and review to be more aligned with final scope of the program that will be adopted, and it will create efficiencies for Town staff who can focus their efforts on our property tax software transition.

Housing affordability and the availability of housing solutions will continue to be an area of focus for the Town and Region. Although the assessment of a VHT program has not demonstrated that it will have a material affect on the availability of housing or home prices, there are a number of initiatives being undertaken at all levels of government to improve housing market conditions. At the Town, for example, current initiatives being undertaken include but are not limited to:

- Allowing increased housing density on a single lot, including promoting the 'missing middle', encouraging accessory dwelling units and promoting infill development.
- Enhancing delegated authorities to expedite approval processes.
- Enhancing the public portal that is available for building permit approval to streamline and enhance the approval process.
- Providing financial incentives for affordable and rental units that are created (development charge incentives, building permit fee rebates, etc.)
- Adding additional staff with a focus on affordable housing solutions

Alternatives Considered

As outlined in Regional report FN-12-24, Halton Region has proposed that additional program design, including an updated financial projection and the development of VHT by-laws, occur between now and the fall of 2024, after which statements or endorsements from local municipal councils would be sought. If Milton Council preferred to make a decision with respect to VHT in the fall after the additional implementation details become available, Council could choose to amend the recommendations presented in this report, and instead receive report ES-009-24 for information.



Financial Impact

The cost of the external consultants that have supported the review of the VHT has been funded by the Region of Halton. To date, the Town's contributions have included staff time to help inform the review process, including research, analysis and consultation.

Should a VHT be implemented, it is expected that any net proceeds (after VHT program expenses) will be managed by Halton Region and utilized primarily towards enhancing affordable and assisted housing opportunities within the Region.

Respectfully submitted,

Glen Cowan
Chief Financial Officer / Treasurer

For questions, please contact: Glen Cowan

Phone: Ext. 2151

Attachments

None

Approved by CAO
Andrew M. Siltala
Chief Administrative Officer

Recognition of Traditional Lands

The Town of Milton resides on the Treaty Lands and Territory of the Mississaugas of the Credit First Nation. We also recognize the traditional territory of the Huron-Wendat and Haudenosaunee people. The Town of Milton shares this land and the responsibility for the water, food and resources. We stand as allies with the First Nations as stewards of these lands.



**THE CORPORATION
OF
THE TOWN OF HALTON HILLS
Council Meeting**

Title: Final Disposition - Report No. CS-2024-015

Date: Council Meeting - June 17, 2024

THAT Report No. CS-2024-015, dated May 27, 2024, regarding Vacant Homes Tax be received;

AND FURTHER THAT Council support staff's recommendation to request the Town of Halton Hills be excluded from any potential Region of Halton by-laws that would impose a Vacant Homes Tax on the municipality;

AND FURTHER THAT a copy of this report and the associated Council resolution be forwarded to the Region of Halton as a means of a formal request for the Town of Halton Hills to be excluded from any by-laws related to the imposition of a Vacant Homes Tax.

CARRIED

Recommendation No.: GC-2024-0066

Resolution No.: 2024-0099



REPORT

TO: Mayor Lawlor and Members of Council

FROM: Moya Leighton, Treasurer

DATE: May 27, 2024

REPORT NO.: CS-2024-015

SUBJECT: Vacant Homes Tax

RECOMMENDATION:

THAT Report No. CS-2024-015, dated May 27, 2024, regarding Vacant Homes Tax be received;

AND FURTHER THAT Council support staff's recommendation to request the Town of Halton Hills be excluded from any potential Region of Halton by-laws that would impose a Vacant Homes Tax on the municipality;

AND FURTHER THAT a copy of this report and the associated Council resolution be forwarded to the Region of Halton as a means of a formal request for the Town of Halton Hills to be excluded from any by-laws related to the imposition of a Vacant Homes Tax.

KEY POINTS:

The following are key points for consideration with respect to this report:

- Halton Regional Council approved the resumption of work on the study of an Optional Vacant Homes Tax (VHT) on April 17, 2024.
- A feasibility study conducted by Ernst & Young LLP in 2022 documented that out of an estimated 248 vacant homes in Halton Hills, only 45 would meet the eligibility ratio for paying a Vacant Homes Tax.
- The current recommended method of declaration for Halton Region is the universal method, requiring all homeowners to self-declare each year whether their homes are vacant or occupied.

BACKGROUND AND DISCUSSION:

In 2017 through Bill 127 – Stronger, Healthier Ontario Act (Budget Measures), the Province established the legislative framework that provides municipalities with the option to implement a Vacant Homes Tax (VHT). This framework was established as a tool to potentially improve housing affordability within the Province.

Within Halton Region, a review of the VHT was initiated in 2021. Halton Region has led the engagement and retained external consultants at various states of the review. The Town of Halton Hills has supported this process through the provision of information, analysis and feedback.

In April 2022, Halton Regional Council was provided with a VHT feasibility study (Appendix A) that was prepared by Ernst & Young LLP (E&Y) through Regional report FN-15-22 (Appendix B). On the basis of that report, Regional Council gave direction to staff to proceed with the design and implementation of a proposed VHT program in Halton Region, with the following objectives :

1. Encouraging owners of vacant homes to rent, sell or occupy the home
2. Generating revenues that can be used to enhance affordable and assisted housing programs in support of the Region's comprehensive housing strategy

E&Y's initial findings included the following:

- It was estimated that 985 vacant homes within Halton Region would be eligible to pay a VHT, representing 0.5% of the total housing supply.
 - For the Town of Halton Hills, the total number of VHT eligible properties was estimated at 45 and equates to 4.57% of the Regional total
- Of the 985 Region wide vacant homes, it was estimated that 330 (33%) across the Region would be sold or rented over a 10-year period in response to a VHT
- The cost of implementing the program was estimated to be between \$3.3M and \$3.9M for the initial start-up.
- Annual program operating costs of between \$1.8M and \$2.0 M were also estimated, assuming an annual staffing level of 11-12 full time equivalents (FTEs)
- Based on the 985-home estimate, and assuming a 1% VHT was applied to the properties' assessed value, the estimated annual revenue was projected to be \$6.1M for the entire Region.
- The net annual revenue from the VHT program is estimated to be \$4.1M (\$6.1M less \$2.0M). Using 4.57% (the Town's proportionate number of vacant homes) as a base - this equates to \$187K of net revenues– (note: clarity is still required for the distribution of revenues related to the VHT)
- The universal method of declaration is currently being recommended requiring all homeowners to make an annual declaration on the occupancy status of their homes.
- Halton Region and the local municipalities do not currently have software systems with the capability to receive declarations and communicate the results for collection.

A subsequent report FN-41-23 (Appendix C) provided to Regional Council in November 2023, included the results of a public consultation process that had been undertaken by Municipal Tax Equity Consultants Inc. (MTE). Staff were also directed to pause the VHT work until such time as a Provincial Policy framework for VHT was available.

On March 27, 2024, the Province released a framework for the application of a VHT. The details of which are outlined in the following link:

<https://www.ontario.ca/page/municipal-vacant-home-tax#section-2> In April 2024, Regional Council approved the resumption of work on the study of an optional VHT for Halton Region, through report FN-12-24 (Appendix D).

An important element of the Provincial Policy Framework is that it recommends in situations where there is two-tier system in place, the upper tier municipality receive supportive statements or endorsements from the lower tier municipality with respect to the VHT. The framework makes it clear that the VHT bylaws that are established by the upper tier municipality should specify which lower tier municipalities the VHT will be in effect for, and which it will not. In light of the estimated small number of vacant homes in Halton Hills, measured against the annual reporting impact for all homeowners and anticipated administrative workload that this program will entail, staff are recommending that a request is made to the Region of Halton to exclude the Town of Halton Hills from any VHT bylaw and the associated work that is involved with the Regional Council direction to resume work on the study of an optional VHT,

STRATEGIC PLAN ALIGNMENT:

This report is administrative in nature and does not have an impact on the Town's Strategic Plan.

RELATIONSHIP TO CLIMATE CHANGE:

This report is administrative in nature and does not directly impact or address climate change and the Town's Net Zero target.

PUBLIC ENGAGEMENT:

Public Engagement was not needed as this report is administrative in nature.

INTERNAL CONSULTATION:

The Finance team were consulted on the preparation of this report.

FINANCIAL IMPLICATIONS:

This report is administrative in nature and does not have any financial implications.

Reviewed and approved by,

Laura Lancaster, Commissioner of Corporate Services

Chris Mills, Chief Administrative Officer



SUBJECT: Vacant Home Tax
TO: Committee of the Whole
FROM: Finance Department

Report Number: F-27-24

Wards Affected: All

Date to Committee: September 9, 2024

Date to Council: September 17, 2024

Recommendation:

Direct the Chief Financial Officer to advise Halton Region that the City of Burlington would like to be excluded from the by-law(s) that would implement a Vacant Home Tax within the municipality; and

Direct the City Clerk to forward a copy of the City of Burlington's resolution along with finance department report F-27-24 to the Region of Halton, Town of Oakville, Town of Milton and the Town of Halton Hills.

PURPOSE:

Vision to Focus Alignment:

- Designing and delivering complete communities
- Providing the best services and experiences
- Protecting and improving the natural environment and taking action on climate change
- Driving organizational performance

Executive Summary:

This report is prepared to allow Council to establish a position on a Vacant Home Tax (VHT) within the City of Burlington.

- Halton Regional Council, on April 17, 2024, approved the resumption of work to review and finalize the design, costing and timelines of the Optional Vacant Homes Tax (VHT). The Region intends to seek statements of exclusion or endorsement from the local municipal Councils in the fall of 2024.
 - The feasibility assessment work conducted by Ernst & Young LLP (EY) in 2022 estimated that in Burlington potentially 265 vacant homes would be eligible to pay the Vacant Homes Tax.
 - Further, the current recommended method of declaration for Halton Region is the universal method, requiring all homeowners to self-declare each year whether their homes are vacant or occupied.
 - To date, VHT has been implemented in a few single tier cities in Ontario: Ottawa, Toronto and Hamilton. Some municipalities that have reviewed the VHT and decided not to implement the program include the Regions of Durham, York, Niagara and Waterloo, as well as the cities of Guelph, Kitchener and London. Other municipalities remain at various stages of assessment of the VHT.
 - Staff suggest it is in Burlington's best interest to be excluded from the implementation of a VHT, at this time. In staff's opinion, the feasibility assessment work and municipal scans taken place since the start of the evaluation process in 2021 provides support for the recommendation.
 - Housing affordability and the availability of housing is a priority for the City of Burlington and all levels of government. The City continues to implement many initiatives to increase housing densities, accelerate approval timelines, provide financial incentives (e.g. DCs), dedicated planning staff and other resources to support implementing the Housing strategy.
 - Should Council choose to wait for the Region's Q4 2024 report to adopt a position on the VHT, Council could receive report F-27-24 for information.
-

Background and Discussion:

In 2017 through *Bill 127, Stronger, Healthier Ontario Act*, the Province established the legislative framework providing municipalities with the option to implement a Vacant Homes Tax (VHT). Regional Council holds the authority to pass a by-law to impose a VHT in the Region. For two-tier municipalities, the Provincial Policy Framework recommends that the lower tier municipalities provide statements of exclusion or endorsement for participation in the program.

Highlighted below is a summary of Region reports and related information brought forward to Regional Council on VHT to date.

- April 20, 2022, through Halton Region report FN-15-22, regional council received a VHT feasibility assessment of adopting a VHT prepared by Ernst & Young LLP (EY). Based on the report, Regional council gave direction to staff to proceed with undertaking the design and implementation study of a proposed VHT program in Halton Region.

- November 22, 2023, a subsequent report FN-41-23 was provided to Regional Council with an update on the work undertaken to date on a VHT Program for Halton Region, which included results of a public consultation process undertaken by MTE Consultants Inc. on behalf of the Region. As well, at the council meeting, a motion was passed to pause the VHT work until such time the Provincial Policy Framework for a VHT were established and released by the Province.
- March 27, 2024, the policy framework was released by the Province which included guidelines and recommendations for the Vacant Home Tax.
- On April 17, 2024, through report FN-12-24, with the release of the Provincial Policy Framework Regional, Council approved the resumption of work on the study of a potential VHT program for Halton Region, and report back in the fall of 2024.

The Provincial Policy Framework makes it clear that VHT by-laws established by the upper tier municipality should specify which lower tier municipalities the VHT will be in effect for, and which it will not be.

Halton Region report FN-12-24 outlined the intended next steps, which include finalizing the design of the proposed residential VHT program, as well as the implementation timeline for Regional Council's consideration. Statements of endorsements or exclusion will be sought from the local municipalities, followed by approval of Regional VHT by-laws for the participating municipalities. Regional staff are scheduled to report back in Q4 of 2024 with Halton Region's proposed VHT program and implementation timeline for Council's consideration.

As of the date of this report, the Town of Milton and Town of Halton Hill's Councils have approved resolutions to be excluded from a VHT program and by-law(s) that would implement a Vacant Home Tax. It is anticipated that the Town of Oakville will provide their position and a resolution later this fall.

Local municipalities do have the choice to opt into the program each year as part of the Region's annual tax policy review and by-law(s) approval at Regional Council.

This report is brought forward to provide Council with an opportunity to establish a position regarding a Vacant Home Tax (VHT) for the City of Burlington at this time. For reasons highlighted later in this report staff are of the opinion there is adequate information available to inform a decision.

Strategy/process/risk

The VHT Provincial framework was established as a tool to potentially improve housing affordability within the province. It allows municipalities to levy a tax on vacant residential units based on established criteria. Once established, Regional Council has the authority to pass a by-law to impose a VHT based on assessed property values, inclusive of tax rates, vacancy conditions, exemptions, rebates, audit and inspection powers, and dispute resolution mechanisms.

Staff continue to scan surrounding municipalities to monitor their VHT status. A vacant home tax has been implemented by the single-tier municipalities of Ottawa, Toronto, Hamilton and Windsor. Some of the municipalities that have reviewed the optional VHT and decided not to implement a VHT include, but not limited to, the Regions of Durham, York, Niagara and Waterloo, including cities such as Guelph, Kitchener, and London. Reasons for refraining from implementing include concerns over financial feasibility and sustainability, insufficient vacant properties to justify VHT costs and administration, and skepticism regarding achieving intended policy or economic goals. Other municipalities are currently at different phases of their VHT review. At present, a VHT program has not been implemented in a two-tier municipality in Ontario.

Commencing in 2021 Halton Region has led the VHT process including retaining external consultants to assist in the review of the VHT design and implementation process. The local municipalities have supported the review process by providing information, analysis, data and feedback.

Halton Region's report FN-15-22 identified two key objectives of a VHT implementation:

- A policy measure to reduce the number of vacant homes and encourage owners of vacant homes to rent, sell, or occupy the home, and
- To provide net revenues to support Halton Region's assisted housing programs and comprehensive housing strategy.

The operational components of the VHT involves four key components:

- Reporting: a process to identify residential homes that are to be taxed. Options include universal declaration by all property owners, self-declaration for vacant properties only, or a complaint-based program identifying vacant homes.
- Billing and Collections: collection of the VHT and associated penalties for non-compliance.
- Audit and Compliance: includes investigations to determine property compliance.
- Communication: addressing inquiries, complaints, and enhance property owners' awareness of the program and their responsibilities.

Ernst & Young LLP (EY) assessed the VHT potential to achieve the primary objectives and created an operational implementation plan for the Region of Halton. Below are early findings noted in Region report FN-15-22.

- Projected 985 vacant homes eligible for VHT in Halton Region (an average of 0.5% of total housing supply in Halton).
 - For Burlington specifically, 265 properties were identified as possibly eligible.
 - Further analysis suggests that 33% of all Regional projected properties, which is about 330 units over a 10-year period, could potentially be sold or rented in response to the VHT.
- Currently based on this estimate and additional assumptions (for all four municipalities), an annual revenue projection of \$6.1 million for the Region was estimated (comprising \$5.8 million from VHT and \$0.3 million from penalties).
- Initial implementation costs were projected at \$3.3 million to \$3.9 million, with annual operating costs estimated at \$1.8 million to \$2.0 million, necessitating 11-12 Full Time Equivalent (FTE) required.
- The feasibility assessment recommended a universal declaration method, consistent with Toronto and Ottawa, to be the primary approach for the potential VHT implementation in Halton Region.
- Estimates are preliminary and subject to change with more detailed modeling and an implementation plan. Identified risks include revenue uncertainty, tax system and processes challenges, and potential high rates of non-compliance or incorrect declarations based on declaration methodologies.

With additional work on the design of the VHT program in 2023, EY also identified the following:

- The preliminary detailed work suggests the staffing complement and related costs required are projected to be greater than originally anticipated in the 2022 feasibility assessment noted above.
- Halton Region and local municipalities currently do not have the system capabilities to support the declaration process for VHT. New software systems and processes will be required.
- Also, it was noted that several local municipalities are in the process of migrating to a new property tax software system (CentralSquare), with completion dates ranging from 2024 to 2026. These software migrations are currently separate from the execution of a VHT declaration and administration platform.

Also, further work on detail design and financial modeling for the program has been underway by EY with Regional staff scheduled to report back to Regional Council later this fall. This includes updates to the financial analysis and a review of the financial structure of the program including lower tier(s) responsible for implementation and administration given that two municipalities have opted out of the VHT program.

Recommendation

Staff are recommending the City be excluded from the implementation of a Vacant Home Tax (VHT) program at this time and advise the Region accordingly. The reasoning for the recommendation includes the following:

- Based on the assessment work, neither of the primary objectives for a VHT appear to be achieved with sufficient certainty or in any material way:
 - Based on the modeling estimates indicate a minimal impact on vacant units are anticipated. With only 265 eligible VHT units in Burlington of which possibly 33% were anticipated to be sold or rented over a ten-year time period.
 - Uncertainty exists regarding the financial viability of the program, and the risk associated with both the anticipated revenue that could be generated and administrative costs related with the program.
- Given the relative minor number of housing units anticipated to revert to the market in response to a VHT, there is no material impact on housing prices or availability is expected to occur as a result of a VHT program.
- Concerns arise regarding the universal declaration method. With 99.5% of residential properties expected not to be vacant and considering the high prevalence of non-responses to annual declarations, as observed in other municipalities, this method may not appear to be an effective or fair form for program implementation. As an example, it was reported in the City of Toronto for the year 2022, there were 2,336 properties that declared as vacant, yet initially there were 44,902 properties deemed vacant due to no response being made under the universal method (the majority of which were not vacant).
- Based on a municipal scan, several municipalities with similar characteristics to Burlington have come to the same conclusions and ceased efforts to proceed with a VHT.
- In the past few years, the Federal Government introduced the Underused Housing Tax (UHT), which applies a 1% tax on vacant properties owned by non-Canadian residents. This initiative may achieve some of the intended outcomes of the VHT (without municipal duplication).
- Burlington is also undergoing an important transition to a new property tax system, initiating the integration with our ERP software (Workday) alongside plans of introducing an on-line public portal platform for property owners to manage their property tax accounts in the upcoming year. It is recommended the City focus resources and efforts on these initiatives prior to pursuing an uncertain and complex two-tier VHT implementation.

Based on information to date and the uncertain financial viability of the VHT, staff propose Council adopt a position to be excluded from the VHT program at this time.

Housing affordability and housing solutions will continue to be a crucial focus for the City of Burlington and the Region. Even though the assessment of a VHT has not demonstrated that the program will have a material change the housing market, there

are many projects underway, at all levels of government, to improve the availability of housing. Here in Burlington, examples of current initiatives include but are not limited to:

- Working toward implementing Council's motion on four units as of right and increasing housing options.
- Building new tools like the Community Planning Permit System and generally enhancing delegated authority to expedite approval processes.
- Initiating work on a Housing focused Community Improvement Plan and providing financial incentives for affordable and rental units that are created (e.g. DCs).
- Enhanced the public portal that is available for building permit approval to streamline and improve the approval process.
- Providing dedicated planning staff and other resources to support implementing the Housing Strategy and the Housing Accelerator Fund Action Plan (CMHC) with a focus on affordable housing solutions.

Options Considered

Halton Region's report FN-12-24 noted that additional program design, updated financial projections and proposed VHT program will be reported to Regional Council in Q4 of 2024. Subsequently, the remaining local municipal council(s) will be required to provide their statements of exclusion or endorsement. Should Council prefer to wait till after the Region's fall report to adopt a position on a potential VHT, Council could receive and file report F-27-2024.

Financial Matters:

Total Financial Impact

The City's contributions to date include staff time to assist in the review process, including research, analysis, and consultation. The costs of external consultants supporting the review of the VHT has been funded by the Region of Halton.

Should a VHT program is implemented, based on Halton Region reports to date, revenues (net of VHT program expenses) will be managed by Halton Region and used mainly to enhancing affordable and assisted housing opportunities throughout the Region.

Other Resource Impacts

Potential additional risks to net revenues, including additional enforcement resourcing needs, possible litigation costs, revenue impacts of any additional exemptions, limited number of vacant homes, and complexities related to implementing a VHT in a two-tier municipal environment, which cannot be quantified.

Climate Implications:

N/A

Conclusion:

The VHT feasibility assessment has not demonstrated to have a material effect on the key policy objectives to materially increase the supply of housing or enhance affordable and assisted housing program. As well, uncertainty exists regarding the financial sustainability of the program with the risk associated with the anticipated revenue that could be generated and costs to administer the VHT program. Staff will continue to have dialogue with the Region through Tax policy discussions for future consideration of the VHT program. As resonated through Council's mandate, Burlington will continue to focus efforts on housing affordability and solutions, continued enhancements to our planning and building permit approval processes and the dedicated resources to support the Housing Strategy and the Housing Accelerator Fund Action Plan

Respectfully submitted,

Ann Marie Coulson

Manager of Taxation and Assessment

(905) 335-7600 ext. 7655

Notifications:

Region of Halton, Town of Oakville, Town of Milton, Town of Halton Hills

Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.

Halton Region: Vacant Home Tax Program Design Framework

25 September 2024



The better the question. The better the answer.
The better the world works.



Building a better
working world

DISCLAIMER

Ernst & Young LLP (“EY”) prepared the attached report only for the Region of Halton (“Client”) and the Project Steering Committee comprising of senior officials from the Region (collectively, the “Steering Committee”) pursuant to an agreement solely between EY and Client. EY did not perform its services (the “Review”) on behalf of or to serve the needs of any other person or entity. Accordingly, EY expressly disclaims any duties or obligations to any other person or entity based on its use of the attached report. Any other person or entity must perform its own due diligence inquiries and procedures for all purposes, including, but not limited to, satisfying itself as to the financial condition and control environment of the Steering Committee, and any of its funded operations, as well as, the appropriateness of the accounting for any particular situation addressed by the report. EY did not perform an audit or review (as those terms are identified by the CPA Canada Handbook - Assurance) or otherwise verify the accuracy or completeness of any information provided by the Client or the Steering Committee or any of its funded operations financial statements. Accordingly, EY did not express any form of assurance on accounting matters, financial statements, any financial or other information or internal controls. EY did not conclude on the appropriate accounting treatment based on specific facts or recommend which accounting policy/treatment the Steering Committee, or any funded operations should select or adopt. The observations relating to all matters that EY provided to the Steering Committee were designed to assist the Steering Committee in reaching its own conclusions and do not constitute EY’s concurrence with or support of Client's accounting or reporting or any other matters.



Table of Contents

	Page
1. Executive Summary	4
2. Declaration & Reporting	15
3. Audit & Compliance	30
4. Billing & Collection	45
5. Additional Considerations	54

An aerial photograph of a city, likely Columbus, Ohio, showing a complex highway interchange with multiple overpasses and ramps. A river flows through the lower portion of the image. The city skyline is visible in the background with various buildings and green spaces. The image is overlaid with a semi-transparent dark grey filter.

Executive Summary

DESIGNING THE VACANT HOME TAX | REPORT PURPOSE

This report is intended to present the results of analysis performed through this engagement to design a Vacant Home Tax (VHT) framework for the Region of Halton.

The report outlines the process, findings, and conclusions of the development of a program design with a delineation of responsibilities between the Region and local municipalities and detailed program parameters for a Region-wide Vacant Home Tax implementation.

The program design presented in this report was developed based on multiple inputs including findings from municipal stakeholder consultations, engagements with Region and local municipality finance, tax, assessment, legal and privacy, communications, IT and data departments, and updated insights from Canadian jurisdictions (such as Vancouver and Toronto) that have implemented a Vacant Home Tax.

Further, additional considerations are identified to support the Region's implementation decision-making, including key risks and a potential implementation timeline.

DESIGNING THE VACANT HOME TAX | CONTEXT AND BACKGROUND

There are a number of policy levers and revenue tools that can be explored by municipalities to address a housing affordability crisis - a tax on vacant homes being one of them. The tax is commonly implemented in rapidly growing urban centres which face challenges related to housing such as rapidly appreciating house prices (at a rate higher than the growth of income) or low availability of homes for sale or rent.

The objectives of a Vacant Home Tax are to be (1) a policy tool to improve housing affordability, and (2) a revenue tool to support housing programs.

In 2017, the Ontario government passed Bill 127 (“Stronger, Healthier Ontario Act”). Schedule 19 of the Bill included amendments to the Municipal Act to allow municipalities designated by the Minister of Finance by Regulation to implement a by-law imposing taxes on vacant residential units in certain circumstances.

According to the legislation, any by-law passed by a single-tier or Regional municipality wishing to impose this tax must include the following:

- | | | |
|---|--|--|
| 1 | Tax rate* | The percentage of the assessed value of the home to be paid. |
| 2 | Conditions of vacancy that, if met, make a unit subject to the tax* | Definition of a Vacant Home. |

* mandatory item

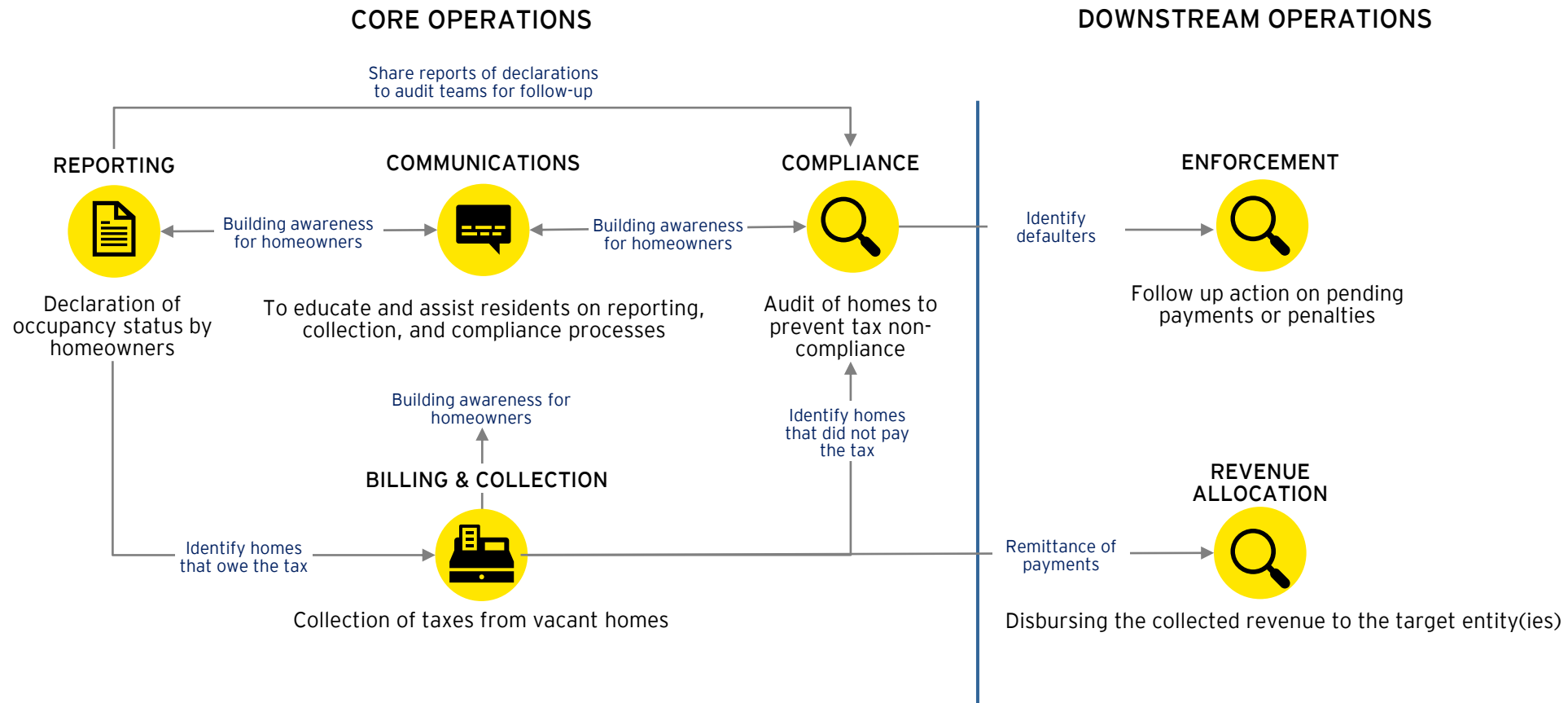
The by-law may also include such matters that the council of the municipality considers appropriate, including the following, which may be determined by the local municipalities:

- | | | |
|---|---|--|
| 3 | Rebates or exemptions from the tax | Situations that exclude a home from taxation despite meeting the definition of a Vacant Home. |
| 4 | Audit and inspection powers | The actions a municipality may take to ensure compliance. |
| 5 | Establishment and use of dispute resolution mechanisms | Processes in place (e.g. appeals) to resolve disputes related to vacancy status, payments, or other elements of the tax. |

In addition, the Provincial Policy Framework released on March 27, 2024, recommends that Regional municipalities receive supportive statements or endorsements from local municipalities, and adopt VHT by-laws that specify in which local municipalities the Vacant Home Tax will be in effect, and in which local municipalities it will not be.

VACANT HOME TAX DESIGN | CORE AND DOWNSTREAM OPERATIONS

Operations of the vacant home tax can be segmented into two major groups - core operations and downstream operations - as illustrated below. Core operations consist of functions that occur consistently and are required for the program to function effectively. Downstream operations are supporting (enforcement) or end-state (revenue allocation) functions that occur inconsistently (as-needed) or represent the output of the overall process, respectively.



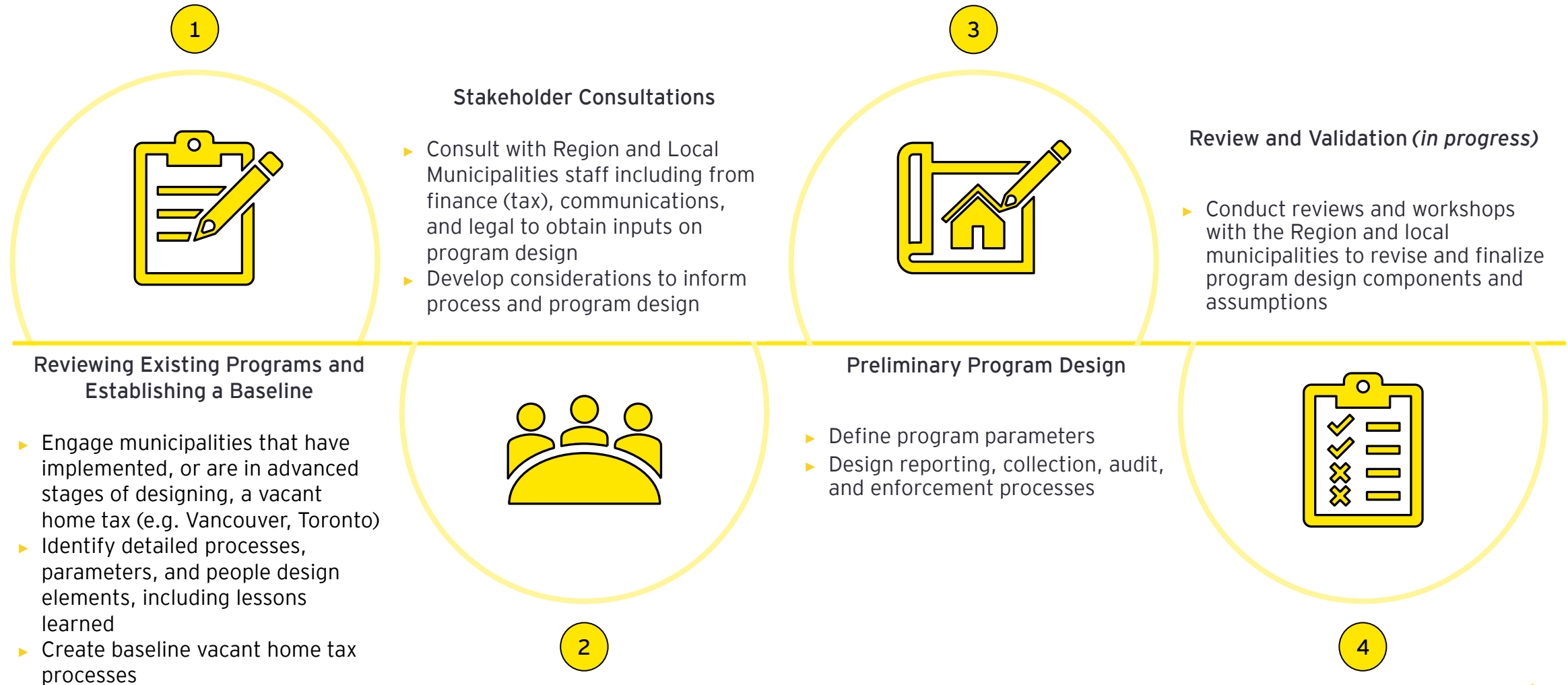
DESIGNING THE VACANT HOME TAX | APPROACH

The Region of Halton engaged EY to develop a detailed design of the Vacant Home Tax program including the people, processes, policy, technology, and governance associated with its operation. The program design described in this report includes:

1. Refining and confirming key vacant home tax parameters including definition, tax rate, exemptions, and other components
2. Designing a detailed process flow of declaration / identification of vacant homes
3. Refining a detailed process flow for billing and collection
4. Developing a detailed process flow for audit and compliance activities, including an audit mechanism and approach, and identifying potential audit techniques
5. Designing a customer service and dispute resolution process along with the grievance redressal mechanism
6. Finalizing the breakdown of roles and responsibilities between the Region and local municipalities

DESIGNING THE VACANT HOME TAX | APPROACH

The approach taken to developing a vacant home tax program design includes the following:



VACANT HOME TAX DESIGN | DEFINITION AND PROFILE

While developing the policy and by-law for the vacant home tax, municipalities are required to define what qualifies a home to be designated as vacant. Below are the parameters of the tax and the rationale for each in Halton.

Parameter	Rationale
<p><u>Definition:</u> Unoccupied for at least 183 days within the reference period, with no single occupancy for less than 30 days</p>	<p>Approved by consensus by Halton Treasurers</p>
<p><u>Tax rate:</u> Initial tax rate of 1%</p>	<p>Most common rate observed to be chosen by municipalities</p> <p><i>Note: Vancouver initially selected a 1% tax rate, and as of 2021 has increased the tax rate to 3%. Toronto, Ottawa, and Hamilton have similarly selected a 1% tax rate for initial implementation.</i></p>
<p><u>Reference Period:</u> Calendar year</p>	<p>Similar to property taxes, the vacant home tax is calculated based on the most recent assessed values of homes. Setting the reference period to a calendar year basis aligns with property tax calculation and collection schedules in local municipalities. For example, if the VHT billing year is 2025, the reference period is 2024.</p>

UPDATED INSIGHTS FROM OTHER JURISDICTIONS

Since the beginning of this engagement, other jurisdictions have updated the design of their Vacant Home Tax programs. The following is a summary of updated insights from other Canadian jurisdictions.

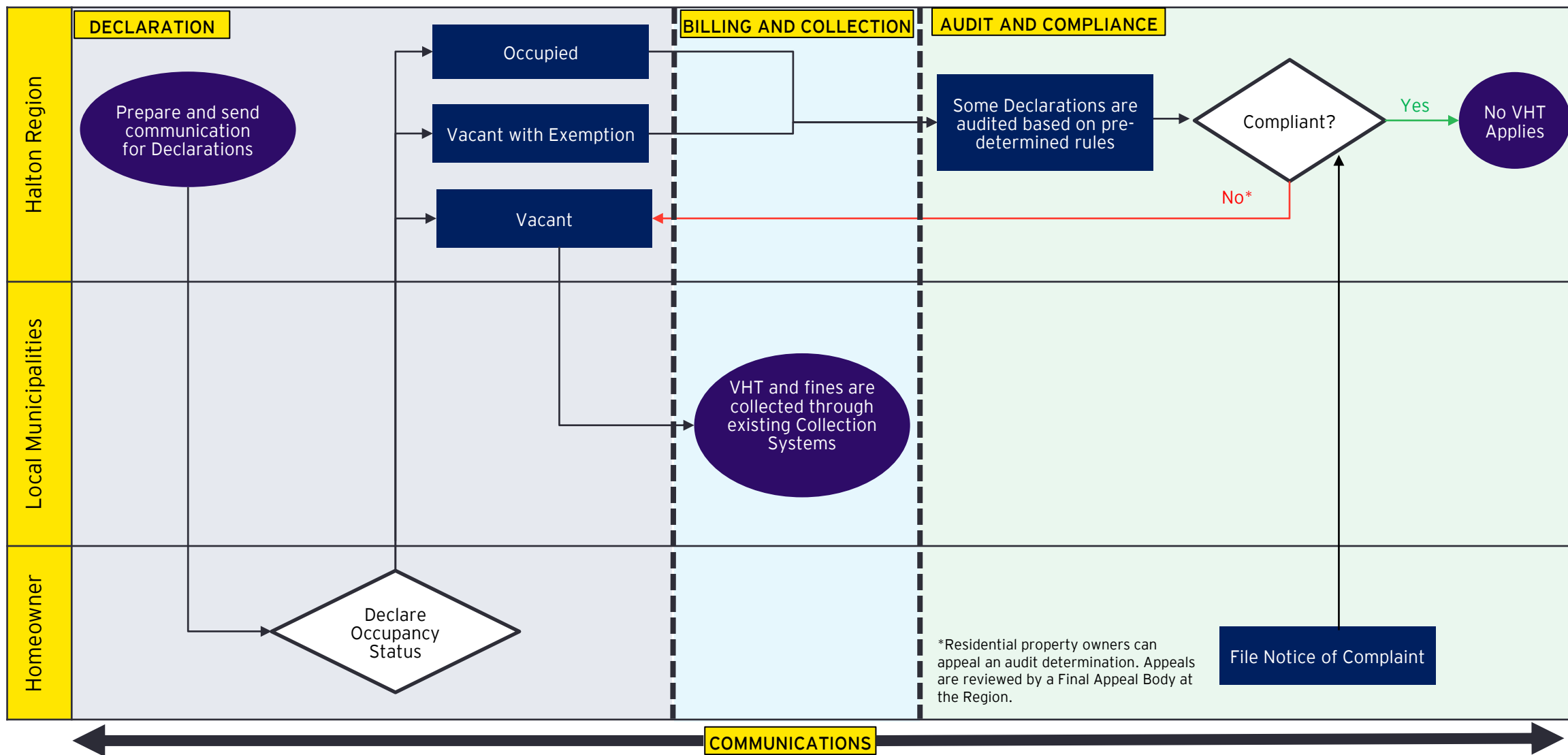
	Vancouver**	Toronto	Hamilton	Ottawa
Definition	Residential property is considered to be vacant property if it has been unoccupied for more than six months during the vacancy reference period it is deemed to be vacant property in accordance with this by-law	A property is considered vacant if it is not the principal residence of the owner or any permitted occupants or was not occupied by tenants for at least six months during the previous calendar year or is otherwise deemed to be vacant under the bylaw	Vacant Residential Unit: A residential unit that has been unoccupied for more than 183 days during the previous calendar year or is deemed vacant by the City of Hamilton. Unoccupied Property: A residential unit is unoccupied when it is not the principal residence of the owner or a permitted occupier and is not occupied for residential purposes by one or more tenants for more than 183 days during the previous calendar year.	A property is considered vacant if it has been unoccupied for more than the aggregate of 184 days during the previous calendar year, is not the Principal Residence of an Occupier, and it is not occupied for residential purposes by a Tenant under a Tenancy Agreement, or by a subtenant under a Sublease Agreement, for a term of at least 30 consecutive days; or it is deemed to be a vacant unit by the City of Ottawa in accordance with this by-law.
Tax Rate	1% (2017-2019), 1.25% (2020), 3% (2021-Present)	1%	1%	1%
Declaration & Reporting	<ul style="list-style-type: none"> • Online • Declaration due in February • Exemptions: Death of Owner; Renovations; Owner in Care; Strata Rental Restriction; Transfer of Property; Occupancy for Full-Time Employment; Court Order; Limited-Use Residential Property; 	<ul style="list-style-type: none"> • Online and paper declaration form • Notice issued December 31, declaration due February 1 • Exemptions: Death of Owner; Renovations; Owner in Care; Transfer of Property; Occupancy for Full-Time Employment; Court Order 	<ul style="list-style-type: none"> • Declarations are mailed in December and are due in March the following year • Exemptions: Death of Owner; Renovations; Sale of Property; Owner in Care; Court Order; Property listed for sale; property transferred under a non-arm's length sale; property listed for rent; federal or provincial court order prohibiting occupancy, sale, or rent 	<ul style="list-style-type: none"> • Online and in-person declaration • Declaration due in March • Exemptions: Sale of Property; Court/Government Order; Death of Owner; Owner in Care; Construction/Renovation; Combination Exemption; Cottage Rental
Collection	<ul style="list-style-type: none"> • Payment is due in April 	<ul style="list-style-type: none"> • Payment collected in three installments: May, June, and July 	<ul style="list-style-type: none"> • Payments collected in two installments: June and September 	<ul style="list-style-type: none"> • Payment collected in June
Audit & Compliance	<ul style="list-style-type: none"> • Risk-based and random audits • Notice of Complaint reviewed by Vacancy Tax Review Officer and final appeal reviewed by Vacancy Tax Review Panel 	<ul style="list-style-type: none"> • Random or specific-criteria audits • Notice of Complaint reviewed by the City and final appeal reviewed by Appellate Authority 	<ul style="list-style-type: none"> • Random and specific-criteria audits • Notice of Complaint reviewed by Program Administrator and final appeal reviewed by Appellate Authority 	<ul style="list-style-type: none"> • Specific-criteria audits • Notice of Complaint and Request for Review (final appeal) reviewed by an independent reviewer

NOTE: Information is current as of March 2023. All jurisdictions listed are single-tier municipal governments and may have different considerations than the Region of Halton's two-tier government.

** Vancouver's 2022 Empty Homes Tax Annual Report cites a 20% reduction in vacant properties from 2020 to 2021. Additionally, 49% of properties declared, deemed, or determined vacant in 2020 were occupied in 2021.

DELIVERY MODEL | OVERALL PROCESS

Below is an overview of the proposed Vacant Home Tax program design. Additional details can be found in the following pages.



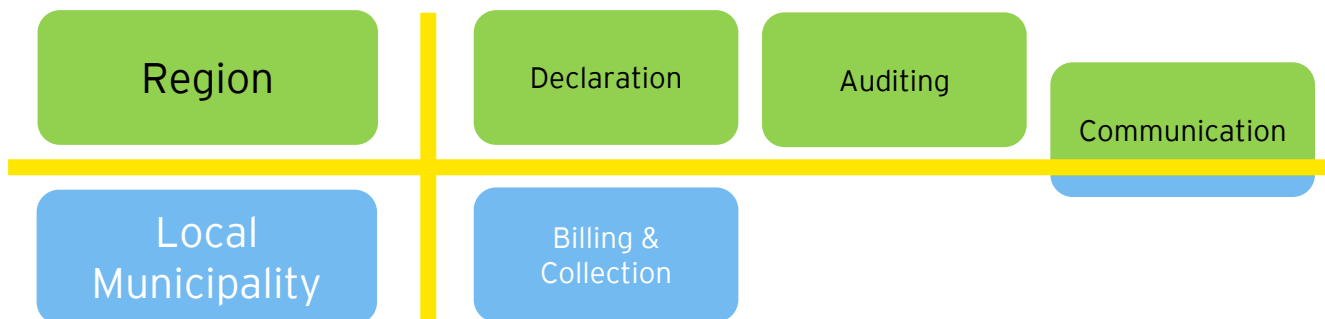
DELIVERY MODEL | FLOW OF RESPONSIBILITIES

The delivery model has been designed to leverage the authorities, capabilities, and capacities of each municipal partner to maximize effectiveness and reduce operational complexity and cost. This model assigns billing and collection to local municipalities in order to leverage existing property tax collection systems, while centralizing declaration system, audit, and customer service/communications responsibilities at the Regional level.

HOW IT WOULD WORK

- ▶ The Region would be responsible for establishing and managing the declaration system, including sending declaration notices, establishing and overseeing audit and compliance activities and systems, and managing customer service for residents. The local municipalities would direct any queries they receive from homeowners to the Region.
- ▶ The local municipalities would leverage existing property tax collection systems and processes with the required functionality enhancements to impose and collect a vacant home tax on properties that have been declared as vacant by the homeowner or deemed as such through subsequent audits.
- ▶ While the Region would be responsible for auditing declarations, it would coordinate with local municipalities to collect fines and arrears using existing collection and enforcement tools.

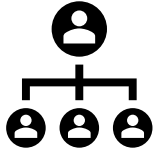
RESPONSIBILITY



Municipalities will be responsible for collecting the tax revenue along with directing any inbound homeowner inquiries to the Region. Communications, customer service, declarations and audit/compliance responsibilities are primarily centralized at the Region.

VACANT HOME TAX DESIGN | KEY CONSIDERATIONS

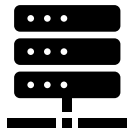
The capability and capacity to deliver a Vacant Home Tax does not currently exist within the Region or local municipalities. Investment in systems and people will be required to enable the program and will be simplified by a consistent collection system across municipalities.



A dedicated Vacant Home Tax Unit within the Region will be required to conduct audit and compliance activities, address escalated homeowner inquiries, and support continuous improvement through ongoing policy analysis and updates.



Halton and local municipalities do not currently have systems with capability to receive declarations and communicate the results for collection. New systems and processes - including the need for both a portal and database - will need to be developed and can be based on the Region's internal platform.



Local municipalities are changing (or planning to change) collection systems, with target completion dates ranging from 2024 (Oakville and Burlington) to 2026 (Milton). When complete, all municipalities will be on the same system (CentralSquare) and will have similar capabilities.



External-facing audit capability, including the systems and personnel to receive and verify documentation from residents, does not currently exist at the Regional or local municipal levels.

An aerial photograph of a city, likely Columbus, Ohio, showing a complex highway interchange with multiple overpasses and ramps. A river is visible on the left side of the image. The city buildings and green spaces are visible in the background. The image is overlaid with a semi-transparent dark grey filter.

Declaration & Reporting

DECLARATION & REPORTING

The first step in the Vacant Home Tax process requires all homeowners to declare the occupancy status of their homes.

The Declaration & Reporting process is the initial step in core vacant home tax operations:

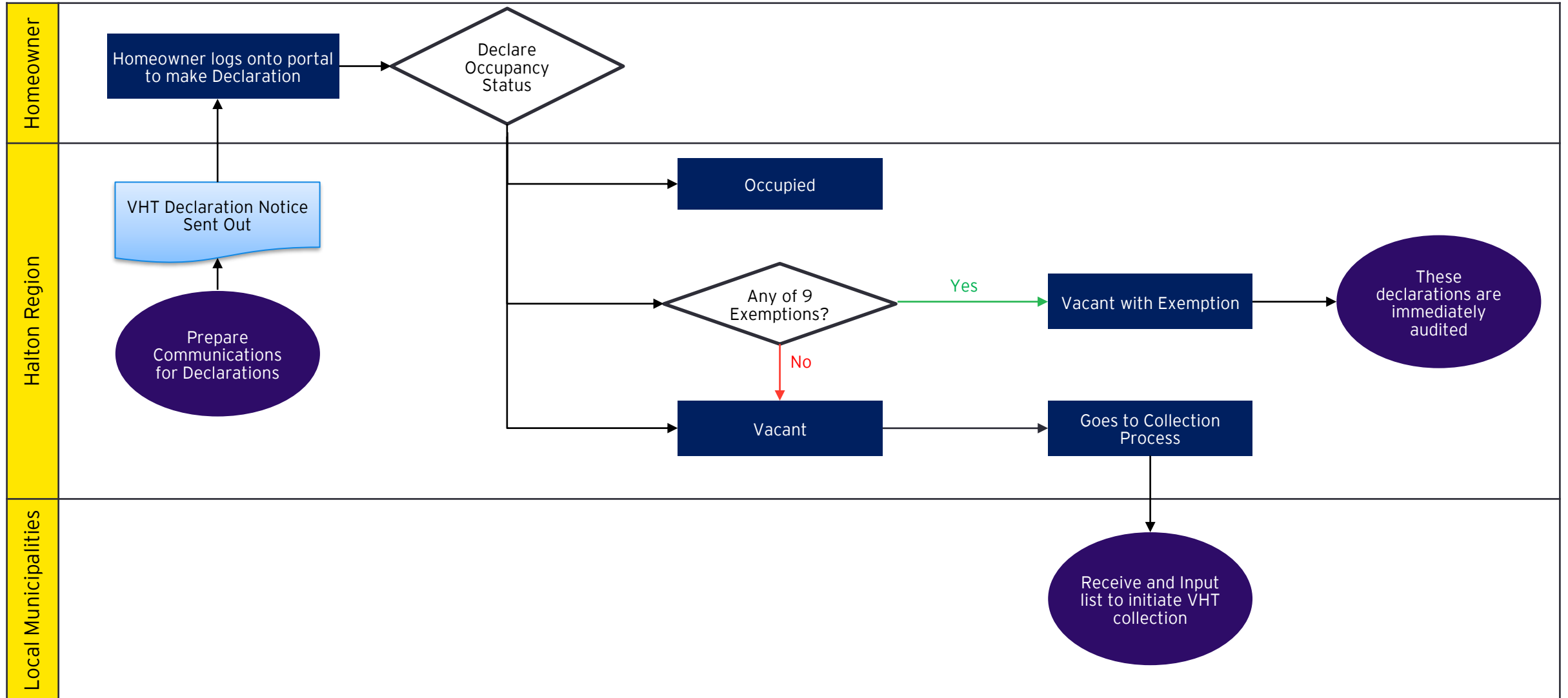
- All Halton homeowners are required to declare whether a home is occupied as a principal residence, vacant with exemption, or vacant.
- A notice informing the homeowner of the requirement to declare the home's occupancy status is sent by the Region.
- Homeowners enter and confirm their declaration through a Region-administered declaration portal. A home declared vacant but exempt requires substantiating evidence to be uploaded.
- Homes declared vacant, or deemed vacant through the Audit & Compliance process, will proceed to the Billing and Collection process.
- Homes declared occupied, or confirmed occupied through the Audit & Compliance process, will not proceed beyond Declaration.

Leading Practice: **Universal Declaration**






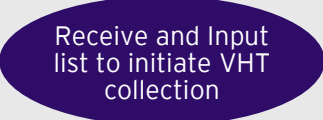
As the method adopted by all Canadian jurisdictions implementing a VHT, a Universal Declaration method supports robust risk mitigation, improved audit and compliance effectiveness, and offers an accessible peer group to support continuous improvement.

DECLARATION & REPORTING | PROCESS

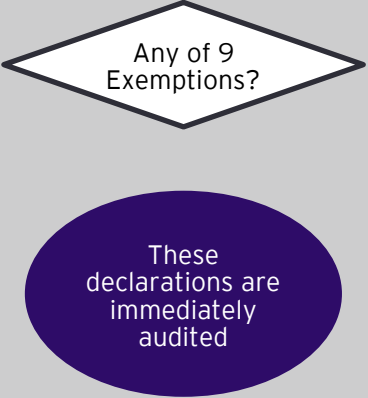
The process of identifying vacant homes in the Region through declarations reported by homeowners is outlined below.



DECLARATION & REPORTING | KEY COMPONENTS

Legend	Description
 <p>Prepare Communications for Declarations</p>  <p>VHT Declaration Notice Sent Out</p>	<p>Region to create and disseminate written communication to homeowners indicating the requirement and deadline to declare status, instructions to access the declaration system (including their unique Access Code), and contact information for outstanding questions or concerns. The Region may also include detailed instructions on how to submit documents through the Declaration System, in particular documents with identifiable information.</p> <p>The Region will proactively conduct an awareness campaign using a variety of communication methods such as mailed paper notices, social media, advertisements, and information sessions to inform Halton homeowners that they will need to declare the occupancy status of their primary residence.</p>
 <p>Homeowner logs onto portal to make Declaration</p>	<p>Homeowners log onto the declaration website using the unique Access Code sent to them and their Postal Code. Before declaring property status, homeowners must first acknowledge that the Region will collect evidence required for the initial reporting, audit and compliance for the purpose of imposing the Vacant Home Tax. The homeowner then enters their declaration along with any supporting information or required documentation (e.g. when declaring a vacant home with exemption).</p> <p>Homeowners may call Access Halton or visit the Region in person for assistance submitting their declaration.</p>
 <p>Occupied</p>	<p>Home has been declared occupied as a principal residence and no tax applies. Home may be selected for audit to verify status.</p>
 <p>Vacant</p>  <p>Receive and Input list to initiate VHT collection</p>	<p>Home has been declared vacant and the tax applies. These declarations are immediately sent to local municipalities through a single complete list for collection through a template that is compatible with their local tax collection system.</p>

DECLARATION & REPORTING | KEY COMPONENTS

Legend	Description
	<p>Homeowners may select from any of the following nine (9) exemptions:</p> <ol style="list-style-type: none">1. Transfer of Ownership2. Death of Owner3. Owner in Care4. Major redevelopment or renovations5. Court order prohibiting occupancy6. Seasonal Property7. Uninhabitable8. Properties purchased part-way through year9. Exempting previously vacant properties <p>If any of the above apply to the home, the homeowner must upload <u>the appropriate documentation</u> to substantiate their claim and declare the exemption to which no vacant home tax applies. Exemptions are immediately sent to the Regional audit system to be audited.</p> <p>If none of the above exemptions apply, the homeowner declares the home to be Vacant.</p>

DECLARATION & REPORTING | CHANGES REQUIRED

The proposed declaration and reporting process requires primarily technological changes in the form of a new declaration system

	PEOPLE	PROCESS	TECHNOLOGY
REGION	Some incremental effort is anticipated for initial setup and ongoing maintenance of the declaration system (e.g. software updates) as well as ongoing policy reviews and updates, but is not anticipated to result in the need for incremental IT or policy Full-Time Equivalents.	Design online declaration forms and implement a reporting process for homeowners.	Implement a dedicated declaration system with the ability to: <ul style="list-style-type: none"> • Generate a template or report in a format compliant with the local tax collection system identifying tax roll numbers for the local municipalities to bill • Receive documents from homeowners and transfer those to the Regional audit system • Integrate the declaration system with the Region's selected audit software.
BOTH	Resource requirements will be monitored following implementation of the program to identify any incremental employee impacts.		
LOCAL MUNICIPALITY	As the declaration system will be established and maintained by Halton, no ongoing incremental employee impacts are expected.	Upload or input the report generated by the Regional declaration system into the local tax collection system to charge the VHT to applicable homeowners.	Ensure CentralSquare and Vailtech are able to receive and input the template or report generated by the Regional declaration system.

DECLARATION & REPORTING | OCCUPIED DECLARATIONS

The first step in the Declaration & Reporting Process requires the homeowner to identify themselves. The following is a table that outlines what information is required when an individual declares a property as occupied. The purpose of collecting this information is to ensure all communications related to the Vacant Home Tax are addressed to the right individual.

DECLARE OCCUPIED	
Declaration	Information Required on Declaration
Owner	N/A
On Behalf of Owner	Owner's Full Name, Phone Number, and Email (<i>Optional</i>) Declarer's Full Name, Phone Number, and Email (<i>Optional</i>)
Corporation	Name of Corporation Contact Full Name, Phone Number, and Email (<i>Optional</i>)
Principal Residence with a Permitted Occupant ¹	Number of Occupants Full Name and Phone Number for Each
Tenanted ²	Number of Agreements in Vacancy Period Year Names on Each Agreement

1. Property was used as a principal residence by a family member, friend, or other permitted occupier who is 18 or older for at least 183 days of the year.

2. Property was rented to one or more arm's length tenant(s) or subtenant(s) for residential purposes for at least 183 days of the current year with no single occupancy for less than 30 days.

DECLARATION & REPORTING | EXEMPTIONS

The following is a proposed list of nine exemptions that homeowners may select from during the Declaration process. The table includes the definition for each exemption. Homeowners will also be required to upload documentation to substantiate their declaration, which can be found on the “Evidence Required for Audit and Compliance” slide. This supports risk mitigation and improves audit and compliance effectiveness. As all residential property owners are required to declare the status of their home, historical evidence is built that allows for a risk-based, targeted approach to audits and enables compliance activities to become more effective and efficient over time. When collecting substantiating information upfront and then validating through the audit process, the risk of “false positives” is reduced, which helps to ensure that tax levies and fines are only collected following a defensible process.

Exemption		Definition	Covered under Vacancy Definition	Covered under Eligible Properties
1	Transfer of Ownership	The transfer of 100 percent of the legal interest in the property was registered in the Land Title Office to an Arm’s Length party during the reference period.		
2	Death of Owner	The property was unoccupied for at least 183 days because of the death of the registered owner in the applicable reference period or in the previous period. This exemption is only available in the year of death and the subsequent year.	✓	
3	Owner in Care	Property was unoccupied for at least 183 days because the owner, tenant, or permitted occupant resided in a hospital, long-term, or supportive care facility and had previously been using the property as a principal residence or occupying it for residential purposes as a tenant.		
4	Major Redevelopment or Renovation	Renovations that are greater than or equal to 25% of the total value of the property or take over 6 months are exempt from the tax, until renovations are completed.		

DECLARATION & REPORTING | EXEMPTIONS

The following is a proposed list of nine exemptions that homeowners may select from during the Declaration process. The table includes the definition for each exemption. Homeowners will also be required to upload documentation to substantiate their declaration, which can be found on the “Evidence Required for Audit and Compliance” slide.

Exemption		Definition	Covered under Vacancy Definition	Covered under Eligible Properties
5	Court Order Prohibiting Occupancy	Property was unoccupied for at least 183 days because the property was under: a court order; court proceedings; or an order of a governmental authority prohibiting occupancy or prohibiting the owner from renting or selling the property. Note: in cases where occupancy is not permitted due to the owner's neglect, an exemption will not be granted.		
6	Seasonal Property	The property is unoccupied for at least 183 days as the residence is not available or habitable for year-round occupancy.		✓
7	Uninhabitable	Properties that are unoccupied for at least 183 days due to being uninhabitable as a result of environmental or accidental damage such as a fire, natural disaster, or other accident are exempt for one year.		
8	Properties purchased part-way through year	Properties sold to an arm's length party during the reference year.		
9	Exempting previously vacant properties	Properties purchased during the billing year that were vacant in the reference year. This exemption applies irrespective of the date of property transfer within the reference year.*		

*Note: As the VHT applies to properties rather than residential property owners, a deadline date may unfairly impact those who purchased a previously vacant property after listed deadline.

DECLARATION CONSIDERATIONS

Consultations with staff from the Region and local municipalities indicated the declaration and reporting function is likely best centralized within Halton, confirming decisions approved by area treasurers.

Local Municipalities	Halton Region
<ul style="list-style-type: none"> ▶ As no declaration system currently exists within local municipalities, declaration may best reside with the Region to ensure consistency and avoid duplicative investments and systems for a Region-wide VHT implementation. ▶ A declaration system's primary purpose should be to automate the declaration process to the greatest extent possible. Any manual effort is likely to be highly labour intensive and cost-prohibitive. As such, local municipalities will need to ensure that their local tax billing systems are able to receive and input the template-based report generated by the Region's declaration system to optimize efficiency. 	<ul style="list-style-type: none"> ▶ Any system built or sourced needs to be integrated with the audit system and must also have the capability of receiving files from homeowners ▶ The declaration system must be able to produce a template-based report that is compatible with the local tax collection system in order for local municipalities to accurately charge the VHT to the list of properties declared or deemed vacant ▶ Requires significant initial communications effort to ensure that homeowners are aware of declaration requirements, and understand the definitions of and exemptions from the vacant home tax by-law ▶ New FTEs may be required to offer in-person or over-the-phone declarations support, including for different segments of the population (i.e. those with limited digital literacy) ▶ Privacy mechanisms will be important to consider, as the system will be handling potentially sensitive information.

DECLARATION RISKS

Key risks, and associated mitigation measures, related to the Declaration & Reporting process are outlined below.

Risks	Mitigation Measures
<p>Privacy implications and potential breaches to data privacy associated with storing confidential data from residents.</p>	<p>Storing declaration information centrally in a single Region-managed system will allow Halton to put in place appropriate safeguards to prevent unauthorized access to information.</p> <p>Records related to the Vacant Home Tax should be retained according to the Region's records retention policies and aligned with taxation-related record retention practices.</p>
<p>Multiple potential points of contact for queries regarding the Declaration process. As residents are accustomed to contacting local municipalities about support with Property Taxes, there may be confusion about who to contact about the Vacant Home Tax.</p>	<p>All communications related to the program, aside from the tax bill, will originate from the Region and will clearly identify Halton as the primary point of contact for all inquiries related to the program. Additionally, any call centres and front line staff at the local municipalities may redirect homeowners to contact the Region.</p>
<p>Some residential property owners may fail to declare their occupancy status.</p>	<p>Communications approaches and tactics are designed to ensure multiple potential points of contact for homeowners and residents to improve overall program awareness. Further, particularly in the first implementation year, the Region may use additional measures to account for potential communications challenges, such as extending declaration deadlines and waiving declaration-related penalties in certain cases.</p>
<p>Administrative burden of reversing VHT billings can have material resource impacts with high volumes.</p>	<p>Communications tactics and the Declaration and Audit and Compliance processes are designed to mitigate the risk of needing to reverse VHT billings by using multiple points and methods of contact, collecting relevant information through declarations, using an escalating penalty system, and carefully reviewing evidence related to declarations prior to deeming a home vacant in the absence of a vacant declaration.</p>

DECLARATION | COMMUNICATIONS OVERVIEW

Communication with homeowners is on-going throughout the vacant home tax process, but has two key phases as outlined below.

INITIATION PHASE

- Initial targeted direct mail campaign informing homeowners that a Vacant Home Tax will be implemented
- Includes an explanation of what the tax is, why it is being implemented, an overview of what the process will be, and any other pertinent information for the homeowner to be aware of

ONGOING OPERATIONS PHASE

- Sending out regular reminders, instructions, and deadlines for Declarations, Collection, and Audit
- Handling inbound queries, complaints, and grievances from homeowners
- Escalating queries as needed through the appropriate channels (Access Halton and the Region's dedicated Vacant Home Tax Unit)

Leading Practice: Proactive Outreach

To achieve a high compliance rate on program launch, jurisdictions such as Vancouver have engaged in proactive outreach prior to and during the declaration process. This includes using multiple communication channels and media, establishing in-person activities for accessibility, and conducting outbound engagement through call centres.

DECLARATION | COMMUNICATION APPROACH

Inbound and outbound declaration-related communications are expected to decline following the first year of implementation, as observed in Vancouver, resulting in differing communication approaches over time.

	Year 1	Year 2 and Beyond
OBJECTIVES	<ol style="list-style-type: none"> 1. Ensure broad awareness of requirement to declare 2. Maximize declaration compliance rate 3. Utilize all available communication channels to compensate for limitations (e.g. availability of detailed homeowner contact information) 	<ol style="list-style-type: none"> 1. Provide ongoing reminders of requirement to declare to existing homeowners 2. Inform new homeowners of requirement to declare 3. Leverage data collection to increase effectiveness of communication efforts
POTENTIAL TACTICS	<ul style="list-style-type: none"> • Direct mail to Halton residential addresses via the Region's print and communication services • Public information sessions at Region and local municipal facilities including libraries, community centres, and others • News and radio releases and advertisements • Social media advertisements and posts on Halton/local channels • Targeted outbound communications (e.g. to seniors) from Access Halton and through in-person targeted outreach • In-person Declaration Clinics at Region and local municipal facilities to collect declarations 	<ul style="list-style-type: none"> • News and radio releases and advertisements • Social media advertisements and posts on Halton/local channels • Direct mail to homeowner addresses (<i>optional</i>)
RISKS	<ol style="list-style-type: none"> i. Homeowners, particularly those residing outside of Halton, may not receive declaration notifications and therefore may not submit a declaration ii. Certain populations (seniors, newcomers, people with disabilities) may face barriers to submitting a declaration iii. If a property owner does not submit a declaration, the property is likely to be deemed vacant and the owner may need to go through the complaints and appeals process to reverse the charge iv. Due to potentially limited access to information in the first year, there would be no way to directly contact the homeowner 	<ol style="list-style-type: none"> i. Reduced outreach efforts may result in lower overall reach
MITIGATIONS	<ol style="list-style-type: none"> i. A multitude of communication channels are used to ensure wide reach for awareness and notification. Further, Halton may elect to extend declaration deadlines and/or waive declaration fees to provide additional flexibility. Should the tax be levied on homeowners that did not declare, they may file a Notice of Complaint citing that they did not receive the declaration notice. ii. Communication will be designed to consider accessibility including choice of media, use of multiple languages, and design (including optimizing for text to speech, readability for visual impairment, etc.) 	<ol style="list-style-type: none"> i. Communication in subsequent years of implementation is not anticipated to require the same intensity of effort as initial implementation. As seen with Vancouver, high (over 99%) compliance rates are achievable with limited communication, as most homeowners are aware of declaration requirements in subsequent years. However, the Region may send targeted direct mail to homeowners based on contact information collected in Year 1. Further, the Region may use any tactics from Year 1 to augment communication efforts in subsequent years.

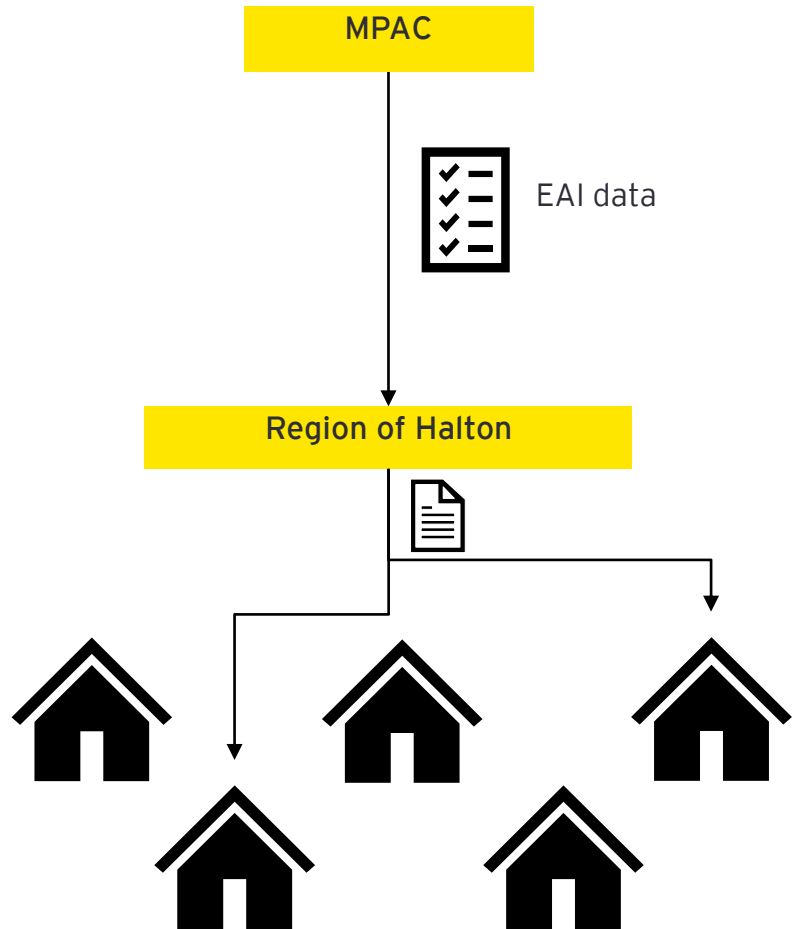
DECLARATION & REPORTING | COMMUNICATIONS CHANGES REQUIRED

Changes required to implement communications processes are focused on ensuring trained staff and robust processes are in place.

	PEOPLE	PROCESS	TECHNOLOGY
REGION	<p>Access Halton or other communications staff may be required to handle queries, complaints, and grievances.</p> <p>Additional communication staff may be required in a new vacant home tax organizational unit to support escalated cases.</p> <p>Upskill existing customer service staff to manage queries about the vacant home tax.</p>	<p>Develop training materials and processes for front-line communications staff.</p> <p>Ensure communications are accessible in multiple languages, for the visually impaired, and for segments of the population such as seniors.</p> <p>Develop staged communications processes, including escalation points.</p>	<p>Adjust Access Halton, phone, and other communications systems as appropriate to support a new organizational unit and the ability to escalate vacant home tax-related communications as needed</p>
BOTH	<p>Resource requirements will be monitored following implementation of the program to identify any incremental employee impacts.</p>		
LOCAL MUNICIPALITY	<p>Inform and train appropriate staff to support initial awareness campaign and direct queries to Halton. There may be communication impacts and increased inbound call volumes as homeowners are accustomed to contacting their local municipalities. Resource requirements will be monitored to identify any incremental employee impacts, but local municipalities have noted an estimate of 1 FTE for six months to manage related call volumes.</p>		

DECLARATION NOTICES | COMMUNICATION TACTICS

Halton will use data from MPAC to send targeted declaration notices to homeowners in the first year of VHT operation



1. MPAC provides EAI data to Halton, which includes homeowner contact information. *(Note: MPAC has verified the ability to share this information for this specific purpose)*
2. The Region uses homeowner mailing addresses to send targeted communications identifying the requirement to declare, providing instructions on how to declare, and providing an Access Code unique to the property

Approach Considerations

- Maintains the ability to target communication to homeowners, decreasing risk of missed communication
- Improves privacy and security, reducing the risk of false declarations and false positives, by allowing two-factor authentication through a unique Access Code
- Decreased risk of resident confusion and decreased likelihood of inbound calls to local municipalities as communication is coming directly from Halton
- Does not require incremental data sharing agreements or transfers between Halton and other stakeholders (e.g. local municipalities)

An aerial photograph of a city, likely Columbus, Ohio, showing a complex highway interchange with multiple overpasses and ramps. A river flows through the city, and various urban buildings and green spaces are visible. The image is overlaid with a semi-transparent dark grey filter.

Audit & Compliance

AUDIT AND COMPLIANCE

An overview of the Audit and Compliance Process is provided below.

Following receipt of a declaration, the Audit and Compliance Process is initiated.

- A multi-stage approach, including multiple points of contact and opportunities for review, is used to minimize the risk of tax levies on occupied or exempt homes.
- A new audit system is required to manage external-facing audits. Integration with the declaration system will be required.
- A dedicated Vacant Home Tax Unit within the Region will manage audit and compliance activity.
- All homes declared as vacant with exemption are audited based on evidence provided through the declaration process.
- Homes declared as occupied are audited at rates based on remaining audit capacity and total audit volume targets set by Halton.
- Declarations may be subject to audit for up to two (2) years following the date of declaration.
- Audit findings may be appealed once. Appeals are reviewed and a final determination is made by a dedicated Final Review Body consisting of either a Vacancy Tax Review Officer or third-party review service provider.

Leading Practice: **Exemption-Based Audits**

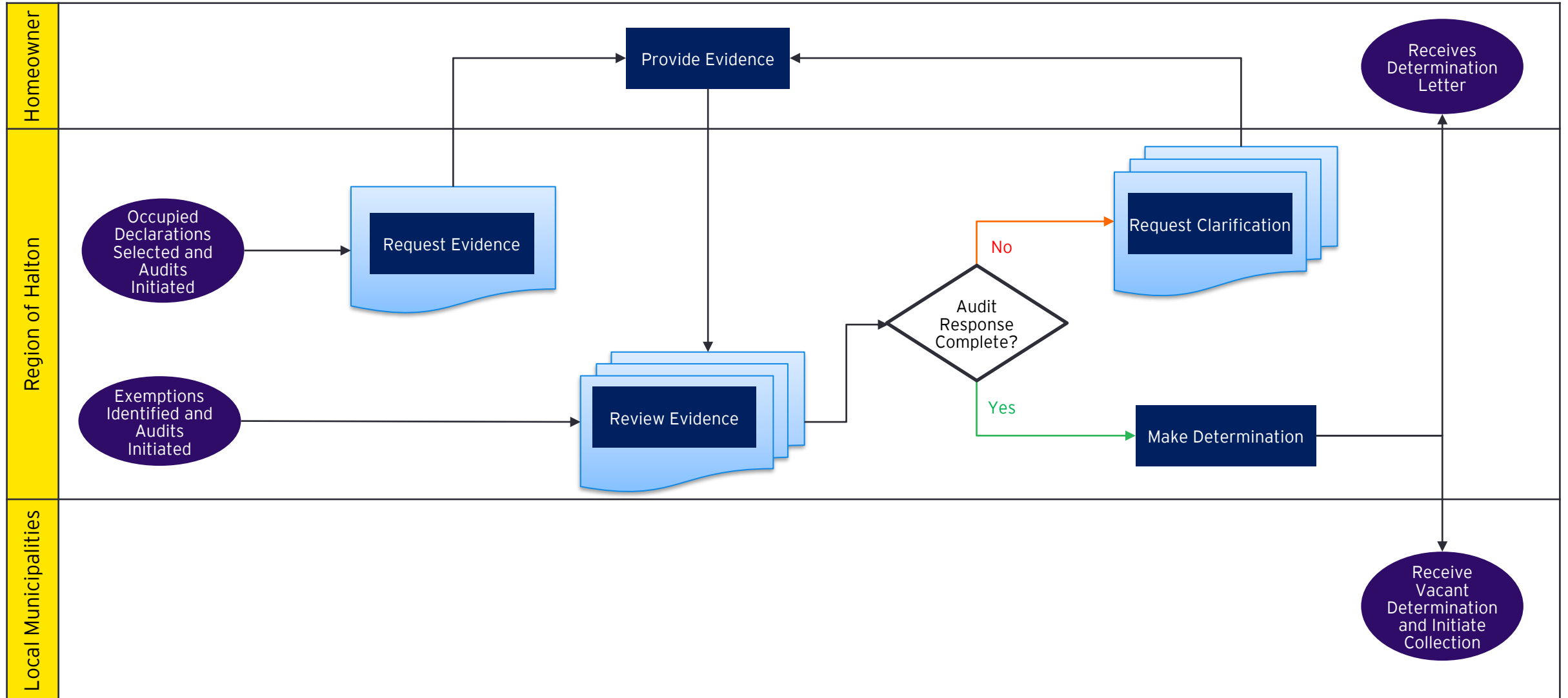
Properties declared vacant but exempt are relatively higher risk due to misunderstanding or false declaration. Auditing all exempt declarations has proven to improve the effectiveness of compliance activities.

Leading Practice: **Declaration Process Evidence Collection**



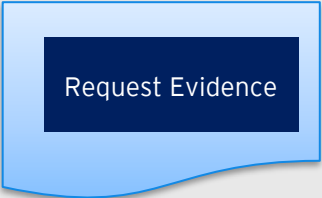

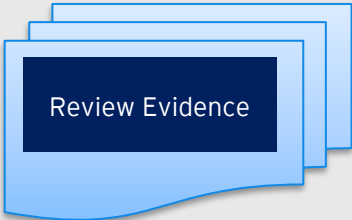
Collection of evidence through the declaration process, particularly for homes declared vacant with exemption, significantly improves audit efficiency and reduces administrative effort.

AUDIT AND COMPLIANCE | AUDIT PROCESS




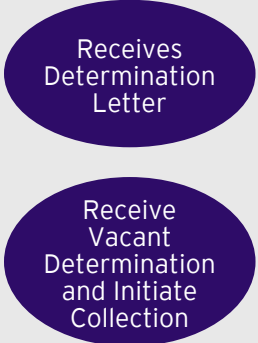
The process for conducting investigations, at the Region level, to confirm the declared vacancy status of a property is outlined below.



AUDIT AND COMPLIANCE | KEY COMPONENTS - AUDIT

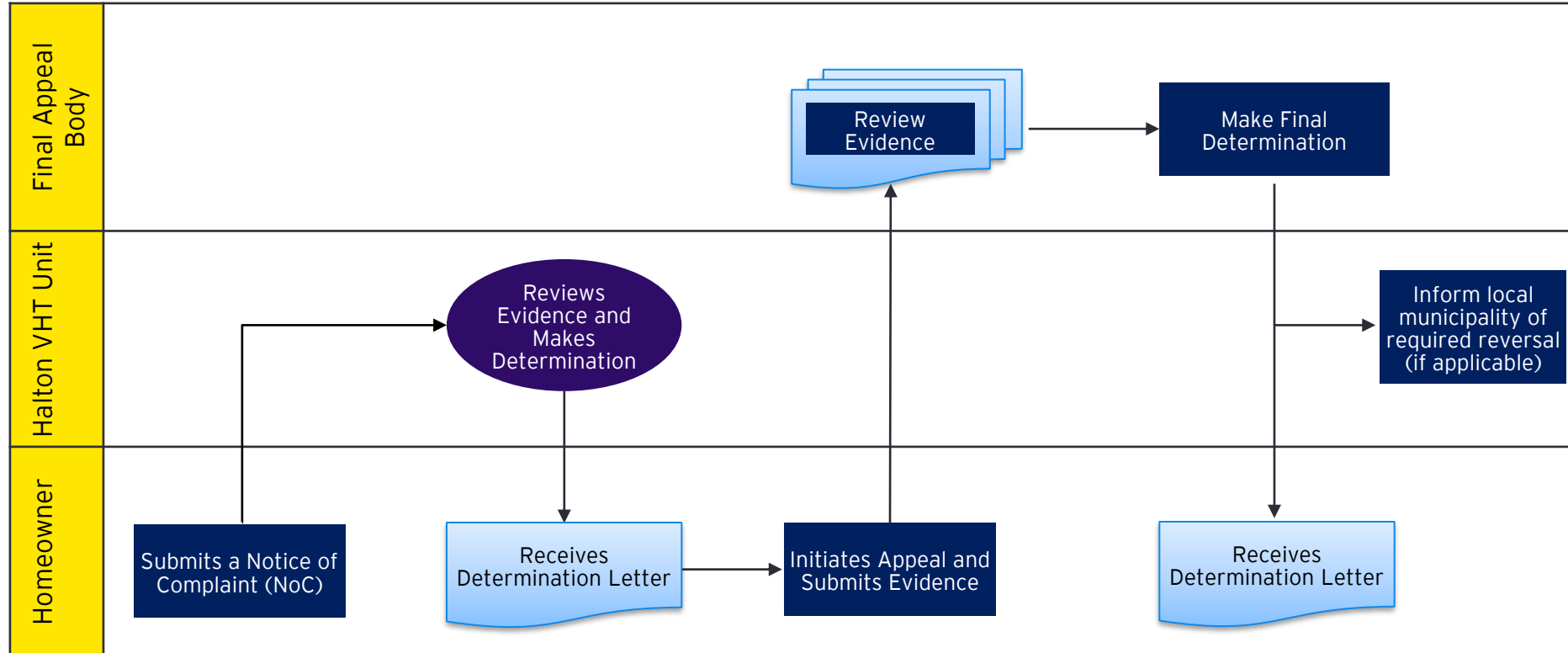
Legend	Description
 	<p>Audits are initiated within the Region's audit system based on the type of declaration received. Each property is assigned a Case Number and is assigned to a dedicated Compliance Analyst.</p> <p>Audits are immediately initiated for properties declared vacant but exempt. Remaining auditor capacity is dedicated to audits initiated on random samples or complaint-based selections of occupied declarations.</p>
	<p>In the event of an audit on an occupied declaration, the Compliance Analyst sends a communication to the homeowner requesting evidence to determine the validity of the declaration status.</p>
	<p>Using their unique tax roll number or other identifier, the homeowner provides requested evidence via online portal (uploaded through the audit system), mail (directly mailed to the Halton VHT Unit), or in person (submitted confidentially to a front desk agent and forwarded to the Halton VHT Unit).</p>
	<p>The Compliance Analyst reviews information provided by the homeowner through the declaration process (for vacant but exempt declarations) or document request (for occupied declarations).</p>

AUDIT AND COMPLIANCE | KEY COMPONENTS - AUDIT

Legend	Description
	<p>Based on the evidence provided, the Compliance Analyst concludes whether the information is sufficient to make a determination. If the Compliance Analyst is able to complete an audit, a determination is made. If not, further clarification and documentation is requested as required.</p>
	<p>If the evidence provided by the homeowner is insufficient, the Compliance Analyst sends a communication to the homeowner requesting clarification and further information.</p>
	<p>The Compliance Analyst makes a determination on the Case File after reviewing provided evidence.</p>
	<p>The homeowner receives a determination letter from the Region outlining the determination of the audit, the rationale, and next steps. If the homeowner is found compliant, no further action is required and the audit process ends.</p> <p>If the homeowner is found non-compliant, the Audit System changes the declaration status of the property in the declaration system. The amended declaration initiates the billing and collection process and the homeowner is required to pay the tax in addition to any applicable penalties.</p> <p>The homeowner is provided the option to appeal the determination, with instructions outlined in the determination letter.</p>

AUDIT AND COMPLIANCE | COMPLAINT AND APPEAL PROCESS

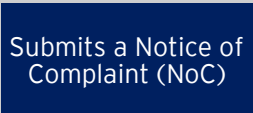



The process for appealing audit determinations at the Region level is outlined below.



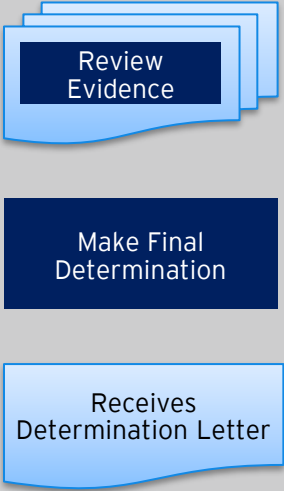
***Leading Practice:
Final Appeal Body***

The Final Appeal Body is a person (or persons) independent from the original audit or review that makes a final determination on appeals. As with Toronto, Ottawa, and Hamilton, a senior municipal employee such as the Regional Treasurer may take this role in Halton.

AUDIT AND COMPLIANCE | KEY COMPONENTS - COMPLAINT AND APPEAL

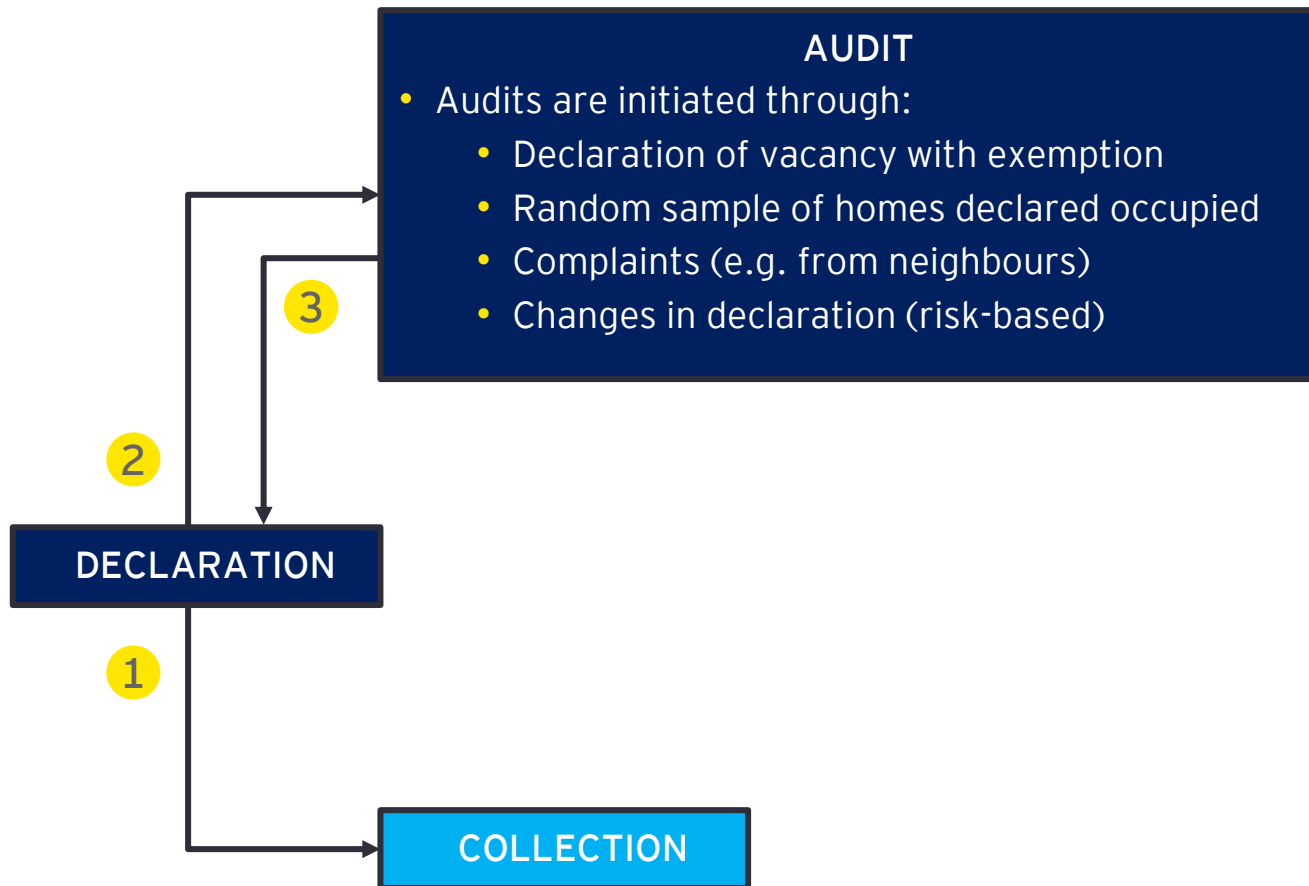
Legend	Description
	<p>The homeowner completes an online form and submits supporting evidence to substantiate their claim.</p> <p>A Notice of Complaint can be submitted in the following cases:</p> <ol style="list-style-type: none"> 1. The homeowner did not submit a declaration during the declaration period 2. The homeowner believes an incorrect declaration was submitted 3. The homeowner wishes to dispute the tax levied 4. The homeowner wishes to dispute an audit determination <p>The deadline for submitting a Notice of Complaint is set as 90 days from the date of issuance of the Vacant Home Tax bill.</p>
	<p>Staff within Halton's dedicated Vacant Home Tax Unit review the Notice of Complaint and associated evidence provided by the homeowner. A determination is made on the submitted claim and a determination letter is issued to the homeowner.</p>
 	<p>After receiving the determination letter indicating the results of the initial review from the Region, the homeowner initiates an appeal, and the case is sent to the Final Appeal Body for review.</p>

AUDIT AND COMPLIANCE | KEY COMPONENTS - COMPLAINT AND APPEAL

Legend	Description
 <p>Review Evidence</p> <p>Make Final Determination</p> <p>Receives Determination Letter</p>	<p>The Final Appeal Body reviews evidence submitted by the homeowner and makes a final determination independent of the initial review. A communication is sent to the homeowner through the Region's audit system indicating the final decision.</p> <p>If the Final Appeal Body finds in favour of the appellant, the Region will then notify the homeowner's local municipality to administer the reversal against the tax account.</p>

AUDIT AND COMPLIANCE | INFORMATION FLOW

Once a declaration is entered in the system, it may flow directly to collection or move to audit for validation. Audits may change status in the declaration system, which subsequently initiates application and collection of the vacant home tax.



AUDIT

- Audits are initiated through:
 - Declaration of vacancy with exemption
 - Random sample of homes declared occupied
 - Complaints (e.g. from neighbours)
 - Changes in declaration (risk-based)

In this process, limited information-sharing to the municipalities takes place. There is a one-way flow from declaration to collection and a two-way flow between declarations and auditing.

1. Vacant declarations trigger application and collection of the tax
2. Declarations are audited based on predetermined rules (all exemptions are audited, occupied declarations are audited at random or based on risk)
3. Depending on audit results, a change in declaration may take place, triggering application and collection of the tax

AUDIT AND COMPLIANCE | CHANGES REQUIRED

The following changes are anticipated to be required at the regional and local municipal levels to enable the audit and compliance process.

	PEOPLE	PROCESS	TECHNOLOGY
REGION	<p>Create a new organizational unit to support the ongoing operation of the Vacant Home Tax.</p> <p>It is anticipated that the organization will require incremental Full-Time Equivalent (FTE) positions directly, and additional supporting positions may be required in other organizational units.</p>	<p>Design new vacant home tax audit process to validate declarations, including appeals process, audit checklist, and communication and escalation procedures.</p>	<p>Develop and implement an Audit System which includes features such as:</p> <ul style="list-style-type: none"> • Status tracking • The ability for residential property owners and Regional staff to both scan and upload files • Notification issuance • Integration with the Declaration System to allow audit staff to amend declarations.
BOTH	<p>Resource requirements will be monitored following implementation of the program to identify any incremental employee impacts.</p>		
LOCAL MUNICIPALITY	<p>No anticipated changes.</p>	<p>Amend (or develop new) billing and collection processes for off-cycle billing to support fine and tax collection.</p>	<p>Ensure property tax collection system, or associated vacant home tax module, is capable of supporting off-cycle billing for fines or audit-driven tax levies.</p>

AUDIT AND COMPLIANCE | AUDIT SCENARIOS

Audits will be based on claimed exemptions, random samples, complaints, and behavioural changes to align with other jurisdictions.

	PROS	CONS
<p>EXEMPTION-BASED</p> <p>The compliance team will audit units that residential property owners declared to be exempt to ensure the declaration was correct</p>	<ol style="list-style-type: none"> 1. If data are readily available, audits can be conducted quickly by referencing easily accessible information 2. Having clearly defined, rules-based exemptions can increase the total audit capacity of staff and overall audit accuracy 3. Encourages compliance as the owner knows if they declare an exemption, they are likely to be audited 	<ol style="list-style-type: none"> 1. If data are not readily available for high volume exemptions, the audit process can require significant effort and lead to increased operating costs 2. May not achieve the goal to increase total housing supply if owners successfully claim fraudulent exemptions on their vacant homes
<p>RANDOM SAMPLE</p> <p>The compliance team will randomly audit units that residential property owners declared to be occupied to ensure the declaration was correct</p>	<ol style="list-style-type: none"> 1. Encourages compliance and proper declaration as the owner can, at anytime, be audited, and face fines for non-compliance 2. Increases the number of audited units as there is a dedicated team that is responsible for auditing, potentially lowering non-compliance 	<ol style="list-style-type: none"> 1. More expensive to implement as it will require hiring full-time compliance auditors and require customized auditing processes and systems 2. May be seen as intrusive by the public
<p>HOMEOWNER COMPLAINTS</p> <p>The compliance team would only investigate units that are suspected to be vacant by neighbours, or Regional/City service staff (e.g. waste management staff) who observe the lack of inhabitation at an address</p>	<ol style="list-style-type: none"> 1. Easier to implement, as it does not require a dedicated audit team since only complaints are investigated (can be done by by-law officers) 2. Cheaper to implement as an online form or existing call centres can be leveraged to intake complaints 	<ol style="list-style-type: none"> 1. May not have a large uptake if neighbours are not keen to report vacancy 2. May not achieve the goal to increase total housing supply if owners do not believe they will be audited 3. Pushes onus of ensuring compliance onto residents instead of the Region
<p>RISK-BASED ASSESSMENT</p> <p>The compliance team uses judgemental sampling methods to select units for inspection based on defined risk parameters so that audit resources are dedicated to high risk areas, rather than casting a wide net across all homes</p>	<ol style="list-style-type: none"> 1. Allows audit teams to select homes which are considered to be of special audit interest based on risk-profiles (e.g. same exemption criteria declared for multiple years) 2. High potential for digitization and streamlining through the use of analytics as more information on non-compliance trends become available 	<ol style="list-style-type: none"> 1. High reliance on the professional judgement auditors which can be developed only after a reasonable amount of historical information is available to determine high risk areas 2. Presents risks of bias against various communities

EVIDENCE REQUIRED FOR AUDIT AND COMPLIANCE

Evidence required to audit and verify each listed declaration and exemption is detailed in the table below. More information may be requested during the Audit & Compliance process.

EVIDENCE FOR AUDIT

Declaration	Examples of Evidence Required
Principal Residence for a Permitted Occupant	<u>One</u> of: Driver's Licence; or Government Photo ID card(s) with address; and <u>Two</u> of: CRA Notice of Assessment; Official Government Agency Correspondence; Homeowner's Insurance Certificate; Vehicle Insurance & Registration; Utility Bills. More information may be requested during the audit process.
Tenanted	<ol style="list-style-type: none">1. Rental Agreement2. Proof of Rental Income

EVIDENCE REQUIRED FOR AUDIT AND COMPLIANCE

Evidence required to audit and verify each listed declaration and exemption is detailed in the table below. More information may be requested during the Audit & Compliance process.

EVIDENCE FOR AUDIT

Exemption		Examples of Evidence Required
1	Transfer of Ownership	1. Title Transfer of Deed, and one of: 2. Statement of Adjustments; 3. Copy of Land Transfer Tax; 4. Letter from Lawyer, as needed
2	Death of Owner	Copy of Death Certificate of Owner
3	Owner in Care	Signed Letter from Care Facility on Letterhead
4	Major Redevelopment or Renovation	1. Copy of the Building Permit 2. Letter from Contractor with Start and End Date
5	Court Order Prohibiting Occupancy	Copy of the Court Order
6	Seasonal Property	Evidence may not be required as associated property codes would not be considered eligible for the tax.
7	Uninhabitable	1. Copy of the Fire Report or other emergency services report 2. Letter from Insurance Provider including date of damage and scope of work
8	Properties purchased part-way through year	See "Transfer of Ownership" above.
9	Exempting previously vacant properties	See "Transfer of Ownership" above.

AUDIT AND COMPLIANCE CONSIDERATIONS

Consultations with staff from the Region and local municipalities indicated the audit and compliance function is likely best centralized within Halton, confirming decisions approved by area treasurers.

Local Municipalities	Halton Region
<ul style="list-style-type: none"> ▶ Local municipalities do not have existing IT systems to undertake external-facing audits ▶ The incremental cost of audit and compliance staff may not be offset by regular or audit-derived revenue in individual local municipalities ▶ There does not appear to be a role for local municipalities in the audit and compliance process 	<ul style="list-style-type: none"> ▶ Any system built or sourced needs to be integrated with the declaration system and must also have the capability of receiving files and issuing notifications to homeowners ▶ Because of evidence collected through the declaration process and the audit system's capability to collect evidence directly from homeowners, data-sharing with local municipalities is not anticipated to be required ▶ The audit and compliance function represents the bulk of resources assigned to the dedicated Vacant Home Tax Unit, as has been observed in other jurisdictions ▶ Evidence required for audit scenarios will determine the level of effort required for each, and subsequently overall audit capacity ▶ Evidence collected for vacant but exempt properties through declaration will materially improve audit effectiveness and enable higher overall capacity

AUDIT AND COMPLIANCE RISKS

Key risks, and associated mitigation measures, related to the Audit & Compliance process are outlined below.

Risks	Mitigation Measures
<p>Prior to an appeal or Notice of Complaint determination, a homeowner may choose to pay the Vacant Home Tax and the levy may subsequently be reversed. Reversal of charges is administratively burdensome and may increase operating costs for local municipalities.</p>	<p>The program, including the audit and compliance process, is designed to incentivize compliance and prevent reversal of charges.</p> <p>A Notice of Complaint may be submitted within 90 days of the declaration deadline, tax payment deadline, or audit determination date.</p> <p>Homeowners that do not pay the tax during the review period, and are subsequently deemed ineligible to pay the tax, will not incur any tax charges. However, fines associated with late declaration would apply.</p>
<p>Privacy implications and potential breaches to data privacy associated with storing confidential data from residents.</p>	<p>Storing declaration information centrally in a single Region-managed system will allow Halton to put in place appropriate safeguards to prevent unauthorized access to information.</p> <p>Records related to the Vacant Home Tax should be retained according to the Region's records retention policies and aligned with taxation-related record retention practices.</p>
<p>While there are initial and ongoing costs associating with building a division of staff to manage the Vacant Home Tax program, the number of staff available may not have the capacity to handle the number of audits.</p>	<p>Similar to other jurisdictions, audit rates can be set that result in an overall number of audits that lie within the expected capacity of Compliance Analysts and the Vacancy Tax Review Officer. Annual reviews of capacity and generated revenue will be required to amend audit rates as desired.</p>

An aerial photograph of a city, likely Nashville, Tennessee, showing a complex highway interchange with multiple overpasses and ramps. A river is visible on the left side of the image. The city buildings and greenery are visible in the background. The image is overlaid with a semi-transparent dark grey filter.

Billing & Collection

BILLING & COLLECTION

An overview of the Billing and Collection Process is provided below.

Following a declaration or determination of vacancy, the Billing and Collection process is initiated:

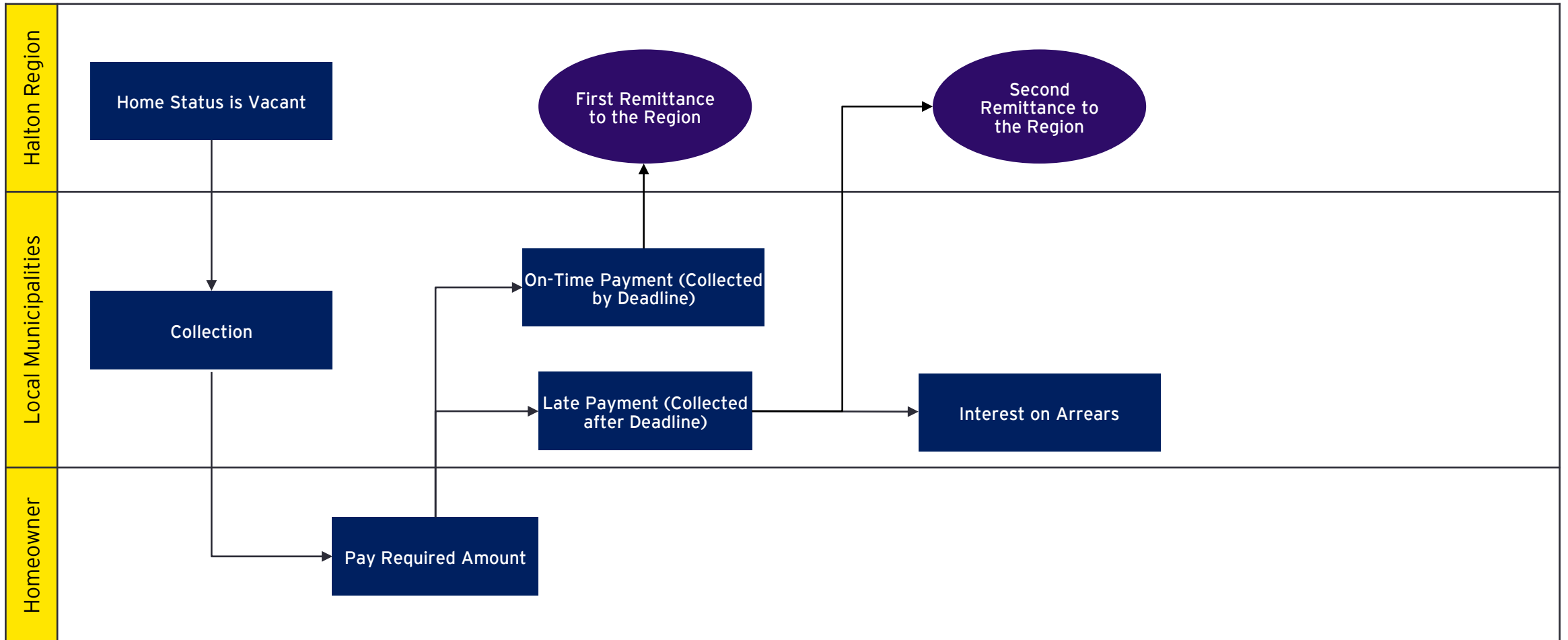
- If a home is declared vacant, or deemed vacant through the Audit & Compliance process, the Vacant Home Tax is applied.
- A list of roll numbers eligible for the tax is provided by Halton to local municipalities in a template format for input into the local municipalities' tax billing system.
- The tax amount to be collected is based on the latest available assessed value of the home, multiplied by the tax rate.
- A bill is generated for identified homes through local municipality property tax systems, and is sent on the final property tax bill (homes declared vacant or audits completed prior to cut-off) or through off-cycle billing (audits completed following the final property tax bill cut-off).
- Administrative fees for late declaration and enforcement mechanisms for false declaration, non-declaration, or other offences are issued by the Region. Local municipalities collect interest on arrears.

Leading Practice: **Property Tax Alignment**

It has been observed that collection of the Vacant Home Tax is typically aligned with property tax collection timelines and systems. In Halton, this means collecting taxes on vacant declarations on the final property tax bill through the local municipalities' tax collection system.

BILLING & COLLECTION | COLLECTION PROCESS

The process of collecting tax revenue from vacant homes and fines from homeowners who are non-compliant or who present fraudulent declarations is outlined below.



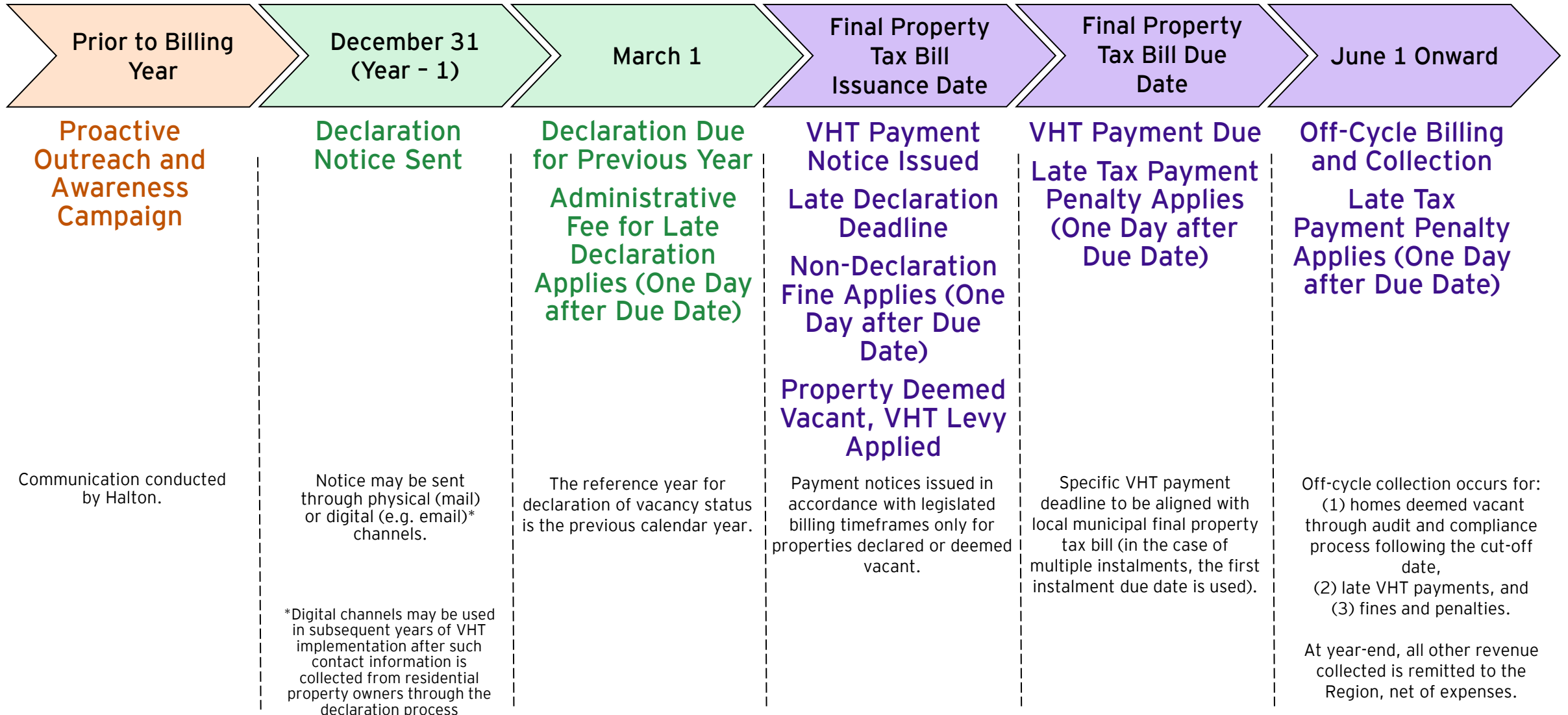
BILLING & COLLECTION | KEY COMPONENTS

The process of collecting tax revenue from vacant homes and fines from homeowners who are non-compliant or who present fraudulent declarations is outlined below.

Legend	Description
<p data-bbox="96 362 450 475">Declared Vacant</p>	<p data-bbox="504 305 2440 386">The property has been classified as vacant through (1) a declaration by the homeowner, (2) a determination through the Audit & Compliance process, or (3) the homeowner fails to declare by the deadline and the home is deemed vacant.</p> <p data-bbox="504 434 2351 515">An administrative fee has been determined to be applied related to late payment while a fine is applied to non/false declaration.</p>
<p data-bbox="96 582 450 664">Collection</p>	<p data-bbox="504 539 2395 705">Halton provides the tax roll number to be levied the tax or fine. Local municipalities begin the billing and collection process. Taxes collected on homes declared vacant, along with any fines or levies collected (as a result of audit) from January 1, are remitted net of expenses following the final property tax bill deadline. Any amounts collected following this deadline until December 31 are remitted net of expenses to the Region at year-end.</p>
<p data-bbox="96 758 450 868">Pay Required Amount</p>	<p data-bbox="504 729 2390 811">Homeowners could potentially use existing property tax accounts and processes to pay the vacant home tax online, in person, by mail, or over the phone.</p>
<p data-bbox="96 933 450 1015">On-Time Payment (Collected by Deadline)</p>	<p data-bbox="504 919 1905 958">The homeowner pays the vacant home tax by the deadline. The collection process ends.</p>
<p data-bbox="96 1096 450 1153">Late Payment (Collected after Deadline)</p>	<p data-bbox="504 1068 2440 1190">If the homeowner fails to pay the vacant home tax by the prescribed deadline, an administrative fee is applied in addition to the vacant home tax outstanding. Late payments are collected through the same payment options as on-time payments.</p>
<p data-bbox="96 1230 450 1312">Interest on Arrears</p>	<p data-bbox="504 1216 2440 1339">Penalties apply for non-payment of tax due and interest is applied on VHT amounts in arrears. If non-payment continues, the local municipality may undertake a tax sale process on the property in accordance with existing property tax processes. The collection of fines and penalties may be completed through off-cycle billing.</p>

BILLING & COLLECTION | TIMELINES

An overview of the proposed Billing and Collection timeline is provided below



BILLING & COLLECTION | CHANGES REQUIRED

Limited changes to the local municipal billing and collection process are anticipated to enable collection of the VHT.

	PEOPLE	PROCESS	TECHNOLOGY
REGION	No anticipated changes.	New processes to identify late or outstanding declarations and payments for collection of fines.	Ensure the Region's declaration system can generate a report or template compatible with the local tax collection system that the local municipalities may input to collect the VHT and any subsequent penalties from the listed tax roll numbers.
BOTH	Resource requirements will be monitored following implementation of the program to identify any incremental employee impacts.		
LOCAL MUNICIPALITY	Given the nature of the process, at this time, a total of 4 FTEs are anticipated to be required at the local municipal level to support operations.	Update tax collection processes to include the implementation of a Vacant Home Tax.	Add VHT-specific module to CentralSquare and Vailtech (<i>note: Vailtech module may be unfeasible</i>). Ensure property tax collection system, or associated vacant home tax module, is capable of supporting off-cycle billing for penalties or audit-driven tax levies.

BILLING & COLLECTION | FINES AND PARAMETERS

Details of fines applied in relation to declaration and payment of the vacant home tax are further outlined below.

Charges Enabled by Halton	Responsibility	Enforcement Mechanism	Rationale
Late declaration	Region of Halton	<ul style="list-style-type: none"> ▶ One-time \$250 administrative fee is issued. This may be waived at Halton's sole discretion. 	Implemented in Vancouver and Ontario municipalities consistent with similar by-law offences.
Non-declaration	Region of Halton	<ul style="list-style-type: none"> ▶ Property is deemed vacant, tax is applied. Fine may be waived and tax reversed at Halton's sole discretion. ▶ \$250 - \$10,000 fine for each offence. 	Implemented in Vancouver and Ontario.
False declaration	Region of Halton	<ul style="list-style-type: none"> ▶ Property is deemed vacant, tax is applied ▶ \$250 - \$10,000 fine for each offence. 	Implemented in Vancouver and Ontario municipalities consistent with similar by-law offences.
Other offences (making false entries or omitting information, willfully evading or attempting to evade compliance)	Region of Halton	<ul style="list-style-type: none"> ▶ \$250 - \$10,000 fine for each offence. 	Similar to fines implemented in Ontario municipalities.
Charges Enabled by Local By-Laws			
Late tax payment or non-payment	Local Municipalities	<ul style="list-style-type: none"> ▶ 1.25% monthly interest on arrears. ▶ Local municipality retains interest collected, remits principal (net of expenses) to Halton ▶ A tax sale process if amounts owed remain outstanding. (Timelines may vary due to application of payment rules) 	Similar to system implemented in Vancouver and Ontario municipalities consistent with local municipal property tax penalties and tax sale process.

NOTE: Cells highlighted in blue represent charges collected by local municipalities through the property tax collection process, while cells highlighted in green represent charges collected by Halton Court Services on behalf of the Region

BILLING & COLLECTION | CONSIDERATIONS

Consultations with staff at the Region and local municipalities primarily indicated concerns about implementation timing and off-cycle billing

Burlington	Halton Hills	Milton	Oakville	Region of Halton
<ul style="list-style-type: none"> ▶ Will transition to CentralSquare by 2024 ▶ Requires adding a VHT module within the Collection System with the capacity to support VHT collection as well as fines and penalties after payment deadline ▶ Burlington expressed concerns about off-cycle billing and distinguishing between fines and penalties on the collection system 	<ul style="list-style-type: none"> ▶ Currently using CentralSquare ▶ Although fines and penalties may be applied at the beginning of each month, distinguishing between penalties for the VHT module and the property tax module may prove challenging 	<ul style="list-style-type: none"> ▶ Will transition to CentralSquare between 2025 and 2026 ▶ May be required to use Vailtech for VHT collection in the interim, which Milton staff indicated could collect VHT through a one-time manual process ▶ Once Milton transitions to CentralSquare, there may be challenges migrating data from Vailtech to CentralSquare to ensure historical accuracy ▶ Milton also expressed concerns about off-cycle billing and distinguishing between fines and penalties on the collection system 	<ul style="list-style-type: none"> ▶ Will transition to CentralSquare by 2024 ▶ Although fines may be applied at the beginning of each month, distinguishing between fines for the VHT collection and property tax collection may prove challenging as they may need to be manually adjusted 	<ul style="list-style-type: none"> ▶ Halton does not have the legal authority to collect taxes, but may set tax rates and require collection by local municipalities ▶ Halton may consider the use of a secure file-sharing system (such as a shared site) to facilitate transmission of collection-related information

BILLING & COLLECTION | RISKS

Key risks and their subsequent mitigation measures to the Billing and Collection process are outlined below.

Risks	Mitigation Measures
<p>If the Region of Halton prefers to align the Vacant Home Tax with Property Tax timelines, it may be difficult to align with the collection timelines of the four local municipalities, in particular as three of the four are updating respective tax collections systems. The Region may elect to defer implementation of the VHT until all local municipalities have updated their collection systems, which may result in lost revenue.</p>	<p>Consultation and agreement on collection timelines with the four local municipalities will be required. Further, the Region may consider developing an interim approach to collection with the local municipalities (primarily Milton) to determine a different method of collection, such as manually initiating collection through existing systems.</p>
<p>A large volume of tax levy reversals can lead to significant administrative burden, and potential resource implications, for local municipalities. There are two situations in which local municipalities may be required to issue reversals on tax accounts :</p> <ol style="list-style-type: none"> 1. The homeowner fails to declare and the home is deemed vacant. 2. The home is deemed vacant through audit and is subsequently found to be occupied or exempt through appeals. 	<ol style="list-style-type: none"> 1. A multitude of proactive communication tactics and channels are used to ensure wide reach for awareness and notification of the requirement to declare. Further, Halton may elect to extend declaration deadlines and/or waive declaration fees to provide additional flexibility. 2. If the homeowner files a Notice of Complaint to dispute vacancy status, Halton may hold the VHT bill until the time limit for filing an appeal expires. As properties that have declared are being audited, the Region will have options and opportunities to communicate with the residential property owner to mitigate risks of requiring a reversal.
<p>With current tax collection system capabilities, it is not possible to separate VHT-related charges from property tax levies in the absence of a dedicated VHT module. As a result, manual tracking may be required to ensure remittance of appropriate amounts from the local municipality to Halton, leading to higher administrative effort, a lack of separation between tax levies and interest, and potentially increased need for resources (e.g. FTEs).</p>	<p>To mitigate this, the Region can work with local municipalities to develop a VHT module within the local municipal tax collection system. This would allow local municipalities to track payment charges, reducing the level of effort required and would enable the Region to communicate directly with homeowners. Estimated implementation costs are unclear at the time of writing.</p> <p>Although a separate VHT module would reduce overall administrative burden, issues may arise relating to sequencing of payments and affects on pre-authorized payment plans. However, if the Region is able to respond to disputes in a timely manner through a robust dispute resolution mechanism, the complexity of administering reversals may be minimized.</p>

An aerial photograph of a city, likely Columbus, Ohio, showing a complex highway interchange with multiple overpasses and ramps. A river is visible on the left side of the frame. The city center is filled with various buildings, including a prominent tall, modern skyscraper. The overall scene is captured from a high angle, providing a comprehensive view of the urban landscape and infrastructure.

Additional Considerations

TENTATIVE IMPLEMENTATION TIMELINE

Once the VHT Program Design has been approved by Council, it may proceed through the next steps of implementation, as outlined in the tentative timeline below.

Note: the timeline below represents the earliest potential Halton implementation of a VHT program and is aligned with the expected implementation of tax collection software. The timeline may be impacted by factors including software development delays and is dependent on local municipalities' implementation of new tax collection systems and processes.



**Note: Requires all four local municipalities to be on CentralSquare*

DELIVERY MODEL | KEY RISKS

1

Requires developing integrations between processes in the Region and the municipalities to facilitate information sharing on tax collection, tax payment status, arrears, status of enforcement actions, etc. Breakdown in information sharing may lead to lost revenue.

2

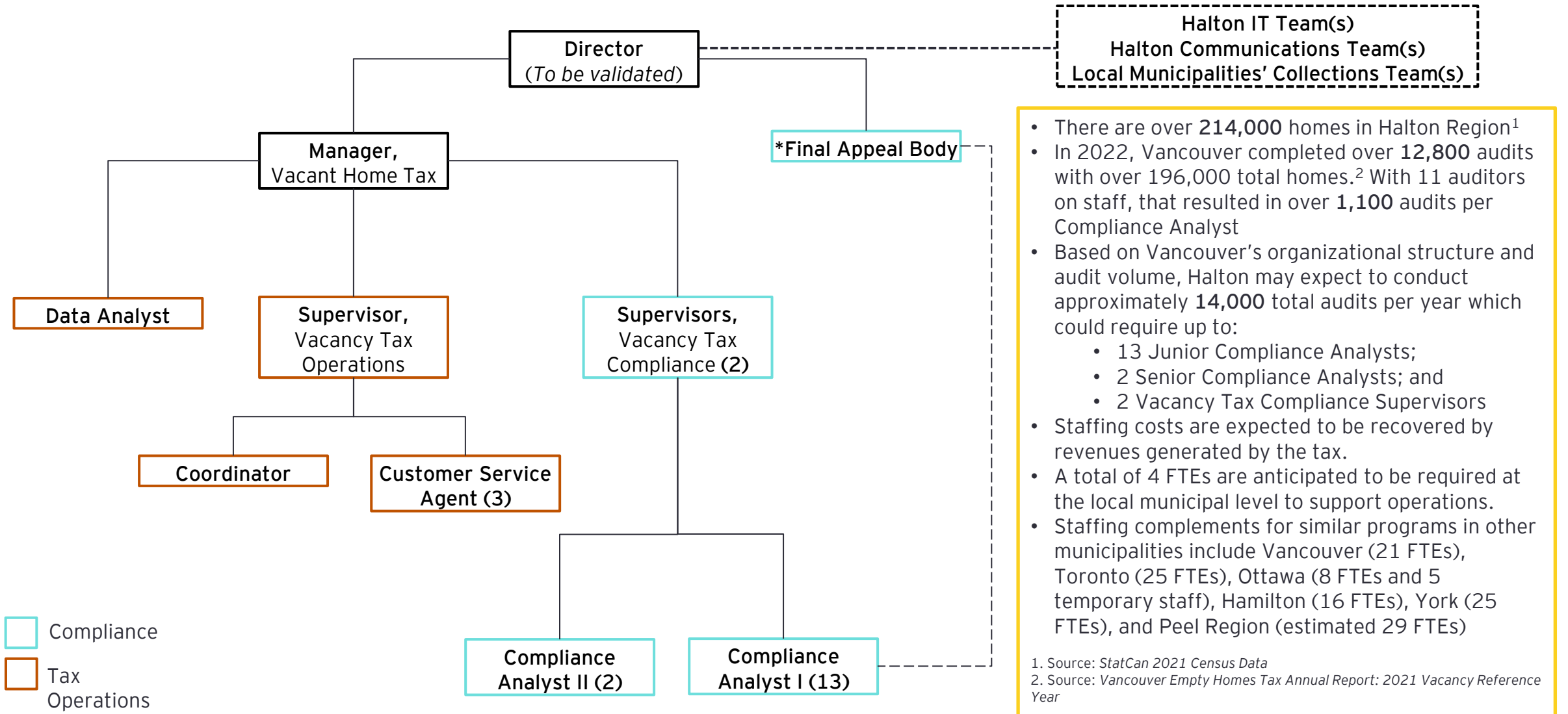
Will likely create multiple points of contact for residential property owners for resolution of queries and grievance redressal, leading to confusion and frustration.

3

Upfront and ongoing investments would be required to establish declaration, collection, and audit functions. Should revenue not materialize as expected, the program may generate negative net revenue and operations may be difficult to cease.

STAFF ORGANIZATIONAL CHART | HALTON VACANT HOME TAX UNIT

It is estimated that approximately 24 new Full-Time Equivalent positions may be needed in a dedicated vacant home tax organization.



STAFF DESCRIPTIONS | HALTON VACANT HOME TAX UNIT

The following outlines a high-level description of the purpose of each position within the vacant home tax organization.

Compliance Analyst I	Conducts audits, collects and assesses documents from residential property owners, makes determinations, and communications with owners as appropriate.
Compliance Analyst II	Handles more complex and non-routine audit cases and act as By-Law Enforcement Officers as needed.
Supervisor, Vacancy Tax Compliance	Oversees operations and training for Compliance Analysts and provides approval for audit determinations made by Compliance Analysts.
Customer Service Agent	Responds to any escalated VHT-related inquiries via phone or email.
Coordinator	Manages inbound communication via phone and email and triages requests to Customer Service Agents.
Supervisor, Vacancy Tax Operations	Oversees the management of inbound inquiries. Serves as a knowledge source for Coordinators and Customer Service Agents to escalate further as needed and identify potential policy changes for consideration.
Data Analyst	Collects and assesses relevant metrics for the purposes of reporting. Supports the review and assessment of potential policy changes, as required.
Manager	Oversees all operations within the Vacant Home Tax Unit.

EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

© 2024 Ernst & Young LLP. All Rights Reserved.
A member firm of Ernst & Young Global Limited.

This publication contains information in summary form, current as of the date of publication, and is intended for general guidance only. It should not be regarded as comprehensive or a substitute for professional advice. Before taking any particular course of action, contact Ernst & Young or another professional advisor to discuss these matters in the context of your particular circumstances. We accept no responsibility for any loss or damage occasioned by your reliance on information contained in this publication.

ey.com/ca

Halton Region

Vacant Home Tax Implementation Study

VHT Financial Analysis Report - FINAL

25 September 2024

Disclaimer

Ernst & Young LLP (“EY”) was engaged by the Halton Region (“Halton”) to conduct a feasibility review of a Vacant Homes Tax (VHT) program under multiple delivery scenarios in Halton. In preparing this document (“Report”), EY relied upon unaudited data and information from Halton, Statistics Canada, and other third party sources (collectively, the “Supporting Information”). EY reserves the right to revise any analyses, observations or comments referred to in this Report, if additional Supporting Information becomes available to us subsequent to the release of this Report. EY has assumed the Supporting Information to be accurate, complete and appropriate for the purposes of the Report. EY did not audit or independently verify the accuracy or completeness of the Supporting Information. Accordingly, EY expresses no opinion or other forms of assurance in respect of the Supporting Information and does not accept any responsibility for errors or omissions, or any loss or damage as a result of any persons relying on this Report for any purpose other than that for which it has been prepared.

Table of Contents

1	Executive Summary	4
2	Financial Analysis	
	Halton Region Administration	10
	Local Municipality Administration	14
3	Conclusions	18
4	Appendix	20



Purpose of the Report

The purpose of this report is to provide an overview of a VHT under:

- ▶ **Scenario 1 - Halton Region Administration:** The VHT program includes 4 participating local municipalities (Oakville, Milton, Burlington, Halton Hills), with a hybrid administration model. This is not a feasible scenario at this time, as the Towns of Milton and Halton Hills, and the City of Burlington, have opted to be excluded from the program.
- ▶ **Scenario 2 - Local Municipality Administration:** The VHT is administered by a single local municipality and only applies to homes within that municipality. Assumptions for this scenario are based on estimates and insights derived through engagement with staff at the Town of Oakville.

This analysis was conducted based on methodologies reviewed and validated by Halton staff and customized to Halton Region's unique circumstances.

This report reflects analysis completed toward the above objective, including:

1. Estimating the number of vacant residential units in Halton Region based on the latest available aggregate water usage data.
2. Incorporation of the Vacant Home Tax Provincial Policy Framework, released on March 27, 2024.
3. Analysis of potential revenue generated by a VHT using eligibility and tax rates observed in other jurisdictions.
4. Conducting sensitivity analysis to determine the impacts of a range of potential tax rates and behavioural responses.
5. Estimating potential implementation and ongoing operating costs related to a VHT program across the scenarios outlined above.

Housing Market Considerations

In examining housing market dynamics in municipalities, certain factors can strongly influence the prevalence of vacant residential units. The three primary factors are:



Interest Rates



Home Price Appreciation



Rental Price Growth

It will be important for the Region to monitor these factors closely as their dynamics can fluctuate significantly. The number of vacant residential properties was estimated based on 2023 water consumption data, and eligibility assumptions based on the experience of the City of Vancouver. This has resulted in a lower number of estimated vacant residential properties, compared to the feasibility assessment that was undertaken in 2022, likely due to factors such as higher interest rates, low price appreciation, and high rental price growth in 2023. (*note: this observation represents a point in time and may not be indicative of longer-term trends*).



Low interest rates reduce debt costs, improving returns on capital (price) gains on homes held vacant.

+



High price appreciation provides potentially significant financial returns on vacant homes with relatively low incremental effort.

+



Low rental price growth, when exceeded by price appreciation, may provide inadequate financial returns to incentivize placement of units on the rental market.

= Higher Prevalence of Vacancies



High interest rates raise homeownership costs, reducing returns on homes held vacant.

+



Low or negative price appreciation further reduces financial returns on vacant homes and may incentivize owners to seek additional returns through renting or limit losses through sale.

+



High rental price growth can significantly contribute to financial returns, particularly where debt interest costs are high, strengthening incentives to place units on the rental market.

= Lower Prevalence of Vacancies

Note: Current federal and provincial policies may also impact the prevalence of vacant residential units, however, more data is needed to make a direct correlation.

Considerations and Constraints

While a Halton-implemented VHT program may seem initially viable, it is important to consider the notable advantages of a locally-implemented approach

The two scenarios assessed in this financial analysis include a Halton-implemented VHT, in which Halton administers the program on behalf of all four local municipalities, and a program implemented and administered by a local municipality.

With four participating local municipalities, a Halton-implemented program appears feasible and presents implementation cost advantages due to scale. However, the estimated ongoing operating costs of a Halton-implemented program significantly exceed those of the local municipality-implemented scenario.

	Halton Region Administration	Local Municipality Administration
Implementation Costs	\$ 1.59 M	\$ 1.59 M
Average Annual Operating Costs (10-year)	\$ 4.1 M	\$ 2.2 M

A Halton-implemented program without the participation of all four local municipalities is less financially feasible and operationally efficient relative to a local municipality-implemented program. The financial and operational implications of partial participation of local municipalities include:

- Increased manual effort resulting in the need for participating municipalities to hire additional FTEs for billing and collection, thus increasing operating costs and reducing overall net revenues relative to a local municipality-implemented program
- The potential requirement additional customer service staff at the Region to address inquiries from residents in non-participating municipalities
- Challenges in implementing and communicating the program due to the mixed participation of local municipalities, which may result in public confusion and financial implications (e.g., significant amounts of late or missed declarations and resulting false positives)

Considerations and Constraints

While a Halton-implemented VHT program may seem initially viable, it is important to consider the notable advantages of a locally-implemented approach

Although costs between the two delivery models are comparable, a VHT program administered and implemented by local municipalities appears to have some potential advantages over a Halton-implemented program, namely:

1. The collection of property taxes by local municipalities ensures that the implementation of the VHT is integrated into the existing property tax billing framework, simplifying program administration and communication with residents.
2. Adopting a Halton-implemented hybrid delivery model for the VHT could increase the potential for errors due to manual processes (i.e., transmission of declaration data from the Region to local municipalities for the purposes of tax collection). However, in the local municipal administration scenario, systems would be more easily integrated to reduce the need for manual effort and the potential for errors.
3. With local municipal implementation, the municipality gains the flexibility to tailor the VHT program's parameters to fit their specific contexts. The Region would approve a by-law which sets the tax rate and definition of vacancy, while all other program parameters would be determined by the local municipality. This approach allows for customization that aligns with the unique characteristics and needs of each municipality.
4. Local municipal administration ensures that only residents of the local municipality wherein the VHT applies contribute to the costs of the program. In other words, taxpayers across the Region are not financially contributing to a program that does not apply to them.
5. Leading practice suggests net revenues generated by the VHT program will be retained by the entity leading the program's implementation. To align with this, should implementation be led by local municipalities, the implementing municipalities would retain net revenues to support local housing priorities and initiatives. For Halton-led implementation, net revenues would be retained by the Region to support regional housing priorities and initiatives.

Executive Summary: Costs Breakdown

For a universal declaration-based program, implementation costs in both scenarios are expected to be similar with lower local municipality operating costs.

Scenario 1 - Halton Region Administration

The cost inputs below outline costs associated with a program implemented and administered by Halton, with billing and collection of taxes occurring at the local municipality level. Estimated costs are based on observed needs in other municipalities and vendor-provided software development estimates.

Implementation Costs	Estimated Costs
Building Declaration and Audit Systems	\$ 1.0 M
Others (including business support services and project team)	\$ 0.47 M
Contingency	\$ 0.12 M
Total	\$ 1.59 M

Operational Costs (Year 1)	Estimated Costs
Salary Expense - Halton Region	\$ 3.2 M
Salary Expense - Local Municipalities	\$ 0.33 M
Software Annual Subscription Fee	\$ 0.2 M
Total	\$ 3.73 M

Estimated Breakeven Vacant Homes**	557 (approx.)
---	----------------------

Scenario 2 - Local Municipality Administration

The cost inputs below outline costs associated with a program implemented and administered by a local municipality. Operational costs were modelled based on data from the Town of Oakville. Implementation costs were found to be similar to a Halton-implemented program based on existing capability and function.

Implementation Costs	Estimated Costs
Building Declaration and Audit Systems*	\$ 1.0 M
Others (including business support services and project team)	\$ 0.47 M
Contingency	\$ 0.12 M
Total	\$ 1.59 M

Operational Costs (Year 1)	Estimated Costs
Salary Expense - Local Municipality	\$ 1.75 M
Software Annual Subscription Fee*	\$ 0.1 M
Total	\$ 1.85 M

Estimated Breakeven Vacant Homes**	220 (approx.)
---	----------------------

*Estimate based on Regional system cost. Local system cost estimate will vary by municipality

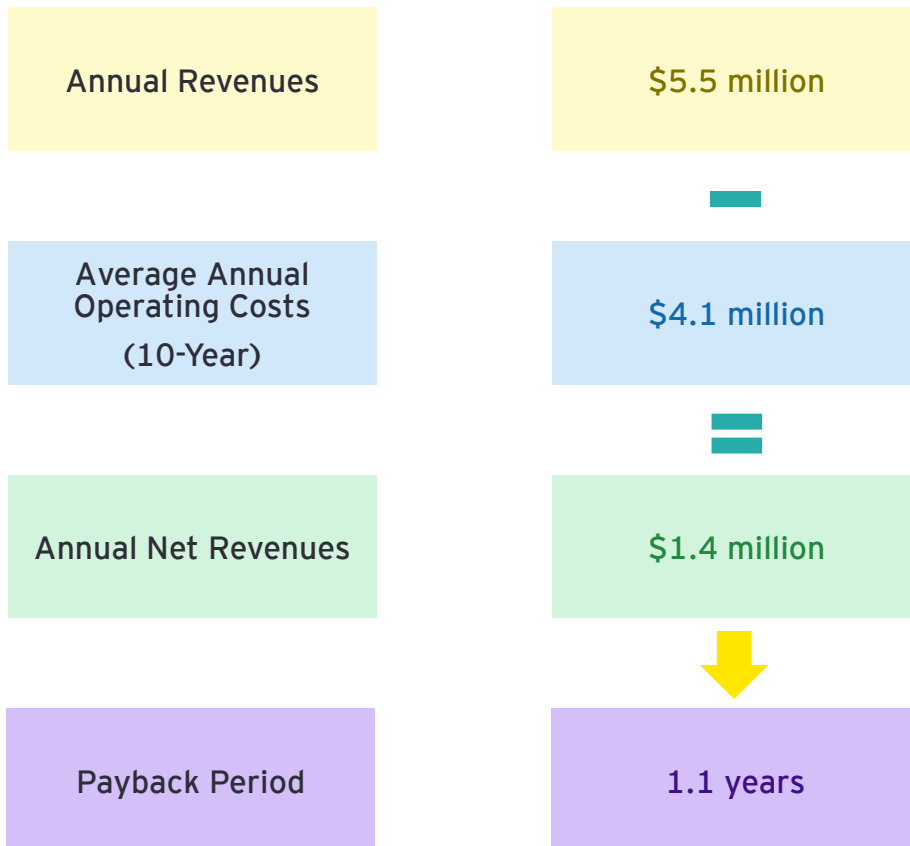
** Actual breakeven number of homes may vary as a result of differing assessment values across local municipalities and home types.

Executive Summary: Results

Based on the latest available data, both Halton and Local Municipality Implementation scenarios appear to be feasible.

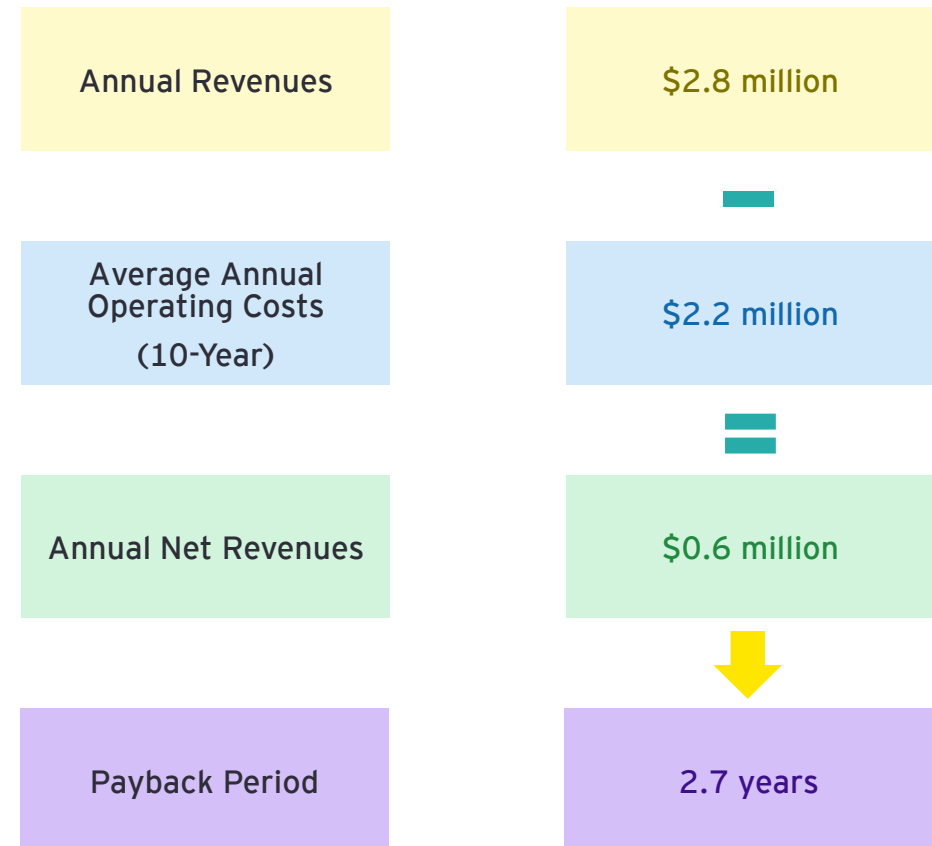
Scenario 1 - Halton Region Administration

The financial results below are based on current and forecasted housing supply and assessment value data. In 2023, there were an estimated **816 eligible vacant homes** with an **average assessment value of \$670,254** in the Halton Region.



Scenario 2 - Local Municipality Administration

The financial outputs below are based on current and forecasted housing supply and assessment value data in Oakville. In 2023, there were an estimated **332 eligible vacant homes** with an **average assessment value of \$840,174**.





Financial Analysis:

Halton Region
Administration

Cost Estimations - Halton Region Administration

It is estimated that implementation costs could total approximately \$1.6 million, with an annual average operating cost of nearly \$4.1 million.

Costs Estimation Illustrated


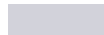

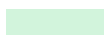

The cost estimations for implementing a VHT across Halton Region are based on a detailed review of similar programs in other jurisdictions, and corresponding by-laws. The estimates presented below reflect cost factors, including compensation estimates by role, specific to Halton Region. In this scenario, all four constituent local municipalities participate in the VHT program. *Note that cost estimates are subject to change based on further analysis.*

Estimated Implementation Costs

Cost Category	Estimated Costs
Building Declaration and Audit Systems***	\$ 1 M
Others (including business support services, public consultations, and project team)	\$ 0.47 M
Contingency	\$ 0.12 M
Total	\$ 1.59 M

Estimated Average Annual Operating Costs

Cost Category	Number of Positions
Compliance Analyst I	13
Compliance Analyst II	2
Supervisor, Compliance*	2
Customer Service Agent	3
Coordinator*	1
Supervisor Vacancy Tax Operations	1
Data Analyst*	1
Access Halton Customer Service Manager	1
Local Municipal Positions	4
Total Number of Positions	31
Compensation Total	\$ 3.9 M
Other Costs**	\$ 0.2 M
Total	\$ 4.1 M

 Audit (17)	 Operations Support (3)	 Billing and Collection (4)
 Customer Service (6)	 Management (1)	

* The functions of these positions may be able to be performed by existing internal staff. However, the highly specific nature of a VHT has resulted in dedicated positions being created in municipalities implementing the tax.

** Other costs include an estimated CentralSquare annual subscription fee.

*** Implementation costs depend on selection of vendor. Quotes received by Halton to date indicate these could range from \$0.35 M to \$1 M depending on vendor selected and desired functionality. The high estimate has been used to develop a conservative estimate.

Net Financial Impact - Halton Region Administration

At a 1% tax rate, commonly used by municipalities when implementing a VHT, annual net revenues are estimated to be \$1.4M in a Halton-implemented hybrid model.

Net Financial Impact (Annual)

Findings related to the financial feasibility of implementing a VHT in Halton Region is summarized below. The summary results show the net revenue (revenue less operating costs) for a 1% tax rate, the most common rate observed on implementation.

1

Revenues from the VHT would come from two sources:

- ▶ **Tax Levy** - Revenue earned from homeowners who declare/report their homes to be vacant
- ▶ **Audit Revenue** - Revenue from homeowners who have been found to be non-compliant or fraudulent in their declaration/reporting and are charged a penalty

2

These costs incurred for implementing a VHT falls under two categories:

- ▶ **One Time Costs** - Upfront costs associated with implementing the tax (e.g. software costs to upgrade tax collection systems)
- ▶ **Ongoing Costs** - Ongoing costs associated with operating the tax (e.g. salaries of compliance and audit staff)

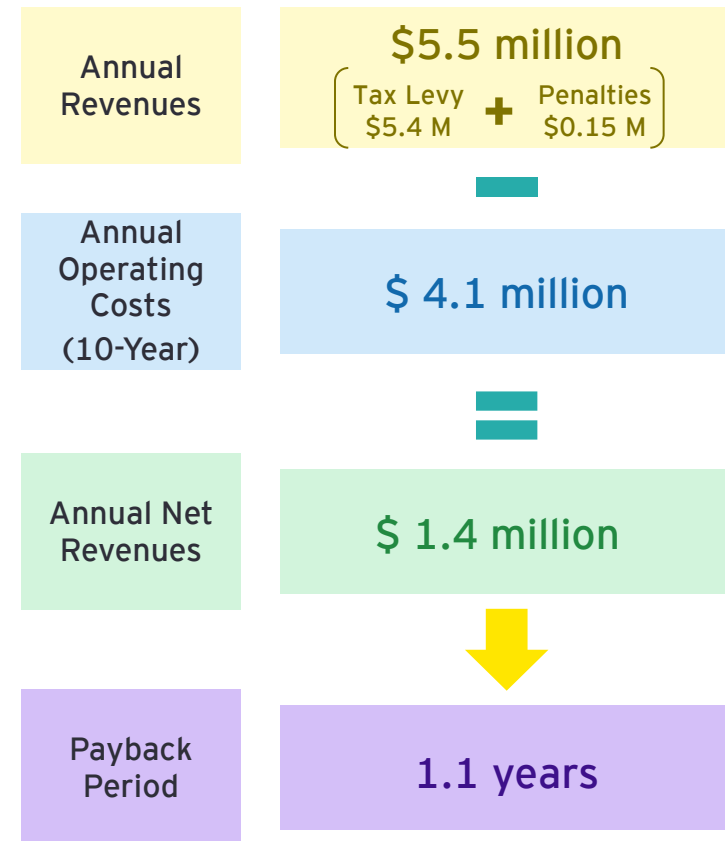
3

The **net financial impact** is an estimate of net revenue for the year. At the typical initial tax rate of 1%, net revenue is estimated to be positive.

4

The **payback period** refers to the period of time it takes to recover the initial investment where the VHT program is viable and can sustain itself without further investment.

1% Tax Rate



Source: Please see [Appendix A](#) for the inputs and corresponding sources for the financial model.

Financial Model Results - Halton Region Administration

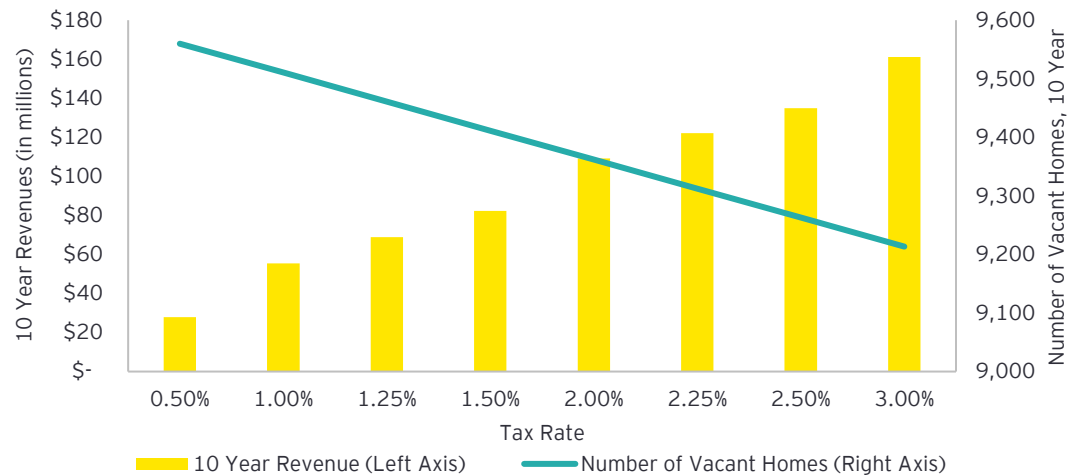
At a tax rate of 1%, a VHT may pay back implementation costs within 1.1 years.

Sensitivity of Tax Rates

By modeling various tax rates, and their associated behavioural response rate (% of vacant homes sold or converted to a rental property to avoid paying the tax), we estimated revenue projections and number of vacant homes corresponding to each tax rate over a period of 10 years. The model also assumes one-time implementation costs of approximately \$1.59 million and the expected annual operating costs are shown below.

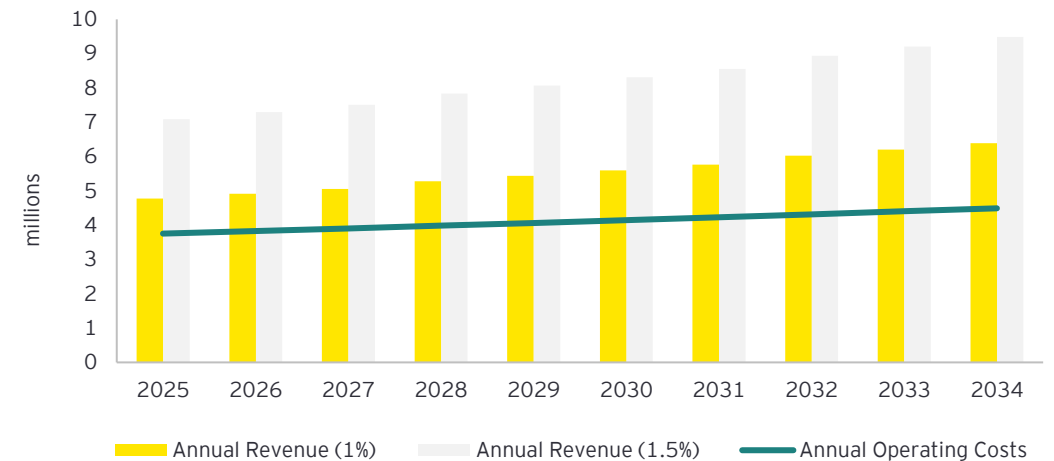
Findings for two scenarios are illustrated below:

Estimated Impacts of Vacant Home Tax



This indicates that at a higher tax rate, the number of vacant homes will be lower as homeowners are encouraged to convert the vacant homes to avoid paying VHT.

10 Year Financial Outlook for 1% and 1.5% Tax Rates



- At a 1% tax rate, the initial investment generates adequate revenue to recover initial or ongoing operating costs.
- If a VHT of 1.5% is implemented, net revenue may be even greater, with a payback period within the first year.

Source: Please see [Appendix A](#) for the inputs and corresponding sources for the financial model.

Financial Analysis:

Local Municipality
Administration



Cost Estimations - Local Municipality Administration

Implementation costs are estimated to be \$1.59M, with estimated annual average operating costs of \$2.2 M

Costs Estimation Illustrated

Implementation costs were estimated to be aligned with a Halton-Implemented scenario based on similar technology and capability needs. Operating costs were estimated based on Town of Oakville 10-year housing supply and vacancy rates, and observed annual auditor capacity, including (1) estimation of an average 2,000 declared exemptions to be audited, (2) estimated average 5,000 occupied declarations to be audited, and (3) annual per-auditor capacity of approximately 1,000 cases. Supporting functions typically seen in VHT programs were added to Compliance Analyst estimates to derive total operating costs. It is recommended that the implementing local municipality undertake additional analysis to determine applicable incremental FTE requirements.

Estimated Implementation Costs

Cost Category	Estimated Costs
Building Declaration and Audit Systems*	\$ 1.0 M
Others (including business support services, public consultations, and project team)	\$ 0.47 M
Contingency	\$ 0.12 M
Total	\$ 1.59 M

Estimated Average Annual Operating Costs

Cost Category**	Number of Positions
Compliance Analyst I	7
Compliance Analyst II	1
Supervisor, Compliance	1
Customer Service Agent	1
Coordinator	1
Supervisor Vacancy Tax Operations	1
Data Analyst	1
Manager	1
Total Number of Positions**	14
Compensation Total**	\$ 2.1 M
Other Costs***	\$ 0.1M
Total	\$ 2.2 M

 Audit (9)	 Operations Support (3)
 Customer Service (1)	 Management (1)

*Estimate based on Regional system cost. Local system cost estimate will vary by municipality.

**Estimate based on leading practices observed in implementation of VHT programs. The functions of these positions may be able to be performed by existing internal staff. However, the highly specific nature of a VHT has resulted in dedicated positions being created in municipalities implementing the tax. It is recommended the local municipality undertake further analysis to finalize incremental FTE requirements. Compensation is based on estimates for Halton FTEs.

*** Other costs include estimated incremental CentralSquare annual license fees.

Net Financial Impact - Local Municipality Administration

At a 1% tax rate, commonly used by municipalities when implementing a VHT, annual net revenues are estimated to be above \$0.6 M for a local municipal program.

Net Financial Impact (Annual)

Findings related to the financial feasibility of implementing a VHT in a local municipality are summarized below. The summary results show the net revenue (revenue less operating costs) for a 1% tax rate, the most common rate observed on implementation.

- Revenues** from the VHT would come from two sources:

 - ▶ **Tax Levy** - Revenue earned from homeowners who declare/report their homes to be vacant
 - ▶ **Audit Revenue** - Revenue from homeowners who have been found to be non-compliant or fraudulent in their declaration/reporting and are charged a penalty

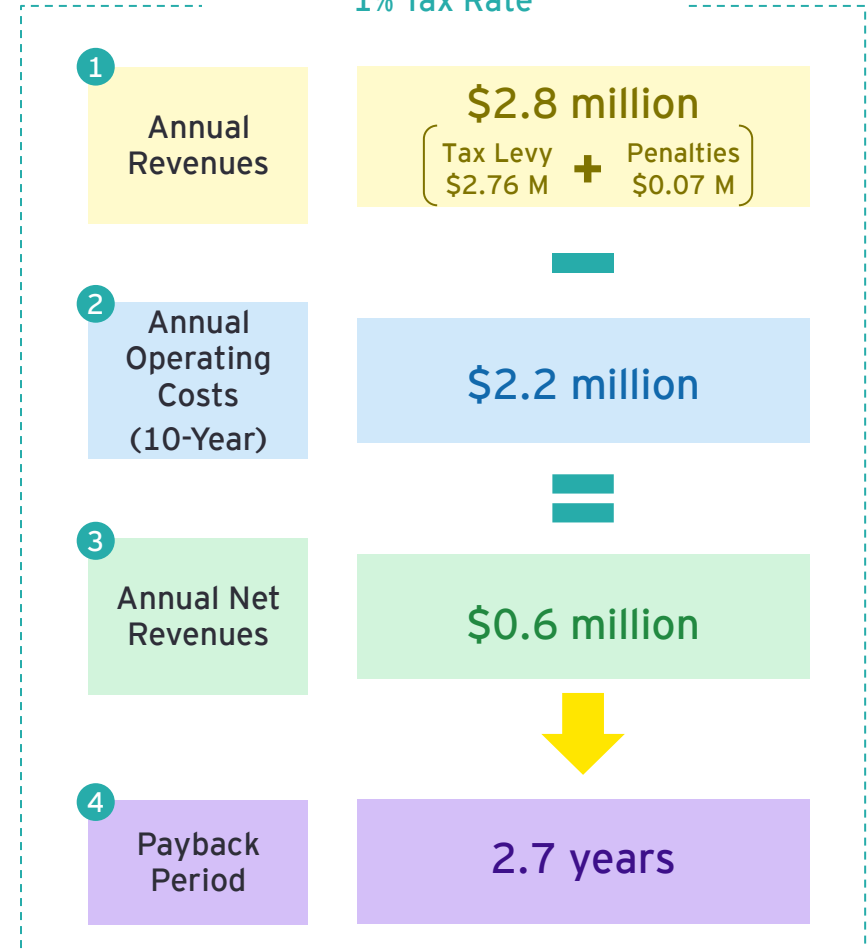
- These **costs** incurred for implementing a VHT falls under two categories:

 - ▶ **One Time Costs** - Upfront costs associated with implementing the tax (e.g. software costs to upgrade tax collection systems)
 - ▶ **Ongoing Costs** - Ongoing costs associated with operating the tax (e.g. salaries of compliance and audit staff)

- The **net financial impact** is an estimate of net revenue for the year. At the typical initial tax rate of 1%, net revenue is estimated to be positive.

- The **payback period** refers to the period of time it takes to recover the initial investment where the VHT program is viable and can sustain itself without further investment.

1% Tax Rate



Source: Please see [Appendix A](#) for the inputs and corresponding sources for the financial model.

Financial Model Results - Local Municipality Administration

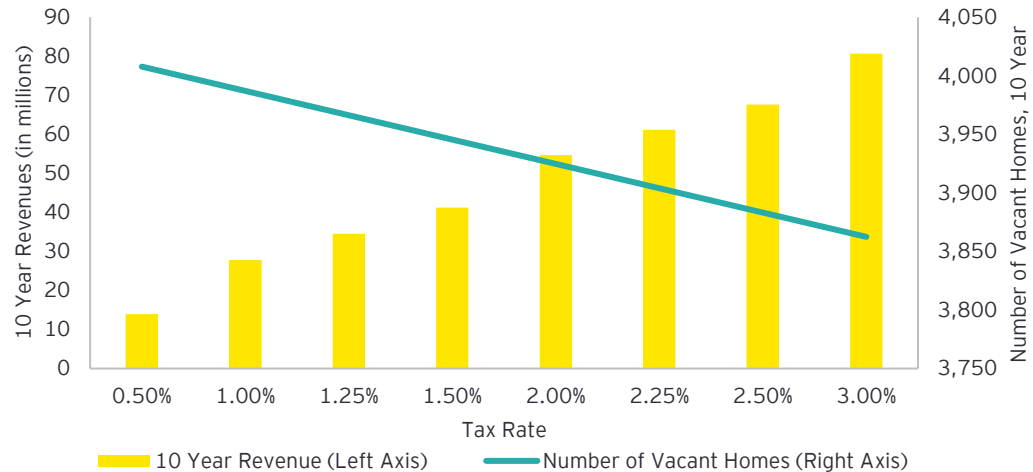
At a tax rate of 1%, a VHT may pay back implementation costs of approximately 2.7 years.

Sensitivity of Tax Rates

By modeling various tax rates, and their associated behavioural response rate (% of vacant homes sold or converted to a rental property to avoid paying the tax), revenue projections and number of vacant homes were estimated corresponding to each tax rate over a period of 10 years. The model also assumes one-time implementation costs of approximately \$1.59 million.

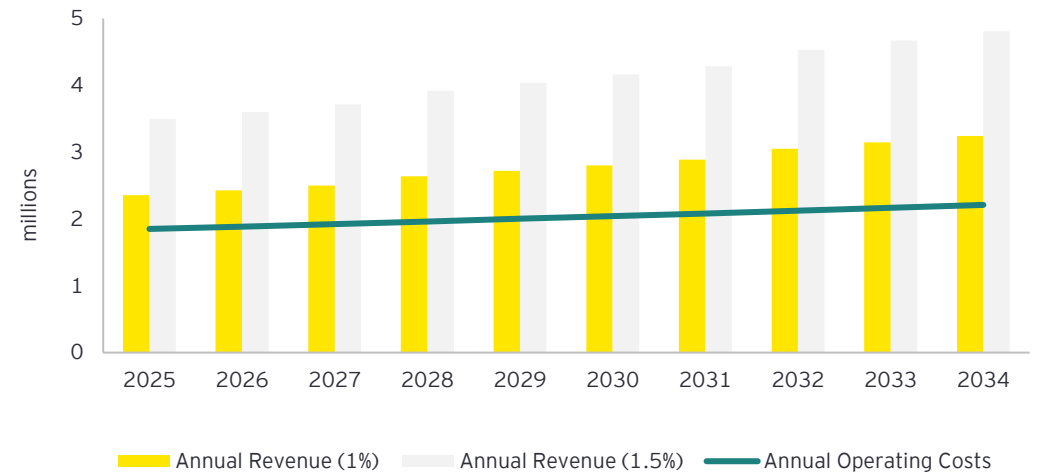
Findings for two scenarios are illustrated below:

Estimated Impacts of Vacant Home Tax



This indicates that at a higher tax rate, the number of vacant homes will be lower as homeowners are encouraged to convert the vacant homes to avoid paying VHT.

10 Year Financial Outlook for 1% and 1.5% Tax Rates



At a 1% tax rate, the initial investment generates adequate revenue to recover initial or ongoing operating costs, with a payback period of approximately 2.7 years.

Source: Please see [Appendix A](#) for the inputs and corresponding sources for the financial model.

Conclusions

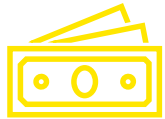


Looking Ahead

Annual net revenues are expected to be positive in both scenarios at a 1% tax rate.

Conclusion and Next Steps

Given the inputs and assumptions ([Appendix A](#)) used in the current model, the results from financial analysis indicate that a Halton Region-led VHT program could generate an annual net revenue of \$1.4 million with a payback period of 1.1 years. A local municipal VHT program may also be viable with a payback period of approximately 2.7 years. To support decision-making on VHT implementation, the following steps could be undertaken by Halton to refine and validate estimates:



In-depth assessment of implementation costs by conducting a review of the functionality of the existing payment collection systems, and determining level of effort required to implement upgrades to collect a VHT.



Assessment of the key processes that need to be re-engineered, and new processes that are to be deployed to facilitate the implementation of the vacant home tax.



Development of related policies, processes, and by-laws.



Deployment of public communications and educational campaigns to support the implementation of a VHT.

4. Appendix



Appendix A: Data Inputs for Key Parameters for Revenue Model

The table below outlines data inputs and considerations for the revenue model.

Parameter	Assumptions	Sources	Estimated Inputs																														
Vacancy Rate	i. The vacancy for single- and semi-detached properties will be applied to townhouses. ii. The vacancy rate for condos is determined based on the ratio between the vacancy rate of condos and single-family houses in Vancouver.	<ul style="list-style-type: none"> Water Consumption Data 2023, Halton Region Municipal Property Assessment Corporation 2023 Municipal Change Profile, Halton Region City of Vancouver, Empty Homes Tax Annual Report Vancouver 2023 	<table border="1"> <caption>Table 1: Vacancy Rate by Property Type</caption> <thead> <tr> <th>Type of Property (Property Code*)</th> <th>Burlington</th> <th>Halton Hills</th> <th>Oakville</th> <th>Milton</th> </tr> </thead> <tbody> <tr> <td>Single Detached (301, 313)</td> <td>1.99%</td> <td>1.89%</td> <td>2.95%</td> <td>3.30%</td> </tr> <tr> <td>Semi Detached (311, 322)</td> <td>1.99%</td> <td>1.89%</td> <td>2.95%</td> <td>3.30%</td> </tr> <tr> <td>Townhouse (309)</td> <td>1.99%</td> <td>1.89%</td> <td>2.95%</td> <td>3.30%</td> </tr> <tr> <td>Condos (370)</td> <td>2.52%</td> <td>2.39%</td> <td>3.74%</td> <td>4.18%</td> </tr> </tbody> </table>	Type of Property (Property Code*)	Burlington	Halton Hills	Oakville	Milton	Single Detached (301, 313)	1.99%	1.89%	2.95%	3.30%	Semi Detached (311, 322)	1.99%	1.89%	2.95%	3.30%	Townhouse (309)	1.99%	1.89%	2.95%	3.30%	Condos (370)	2.52%	2.39%	3.74%	4.18%					
			Type of Property (Property Code*)	Burlington	Halton Hills	Oakville	Milton																										
Single Detached (301, 313)	1.99%	1.89%	2.95%	3.30%																													
Semi Detached (311, 322)	1.99%	1.89%	2.95%	3.30%																													
Townhouse (309)	1.99%	1.89%	2.95%	3.30%																													
Condos (370)	2.52%	2.39%	3.74%	4.18%																													
Housing Supply	The number of housing units by property type is calculated based on the property codes defined in Table 1.	<ul style="list-style-type: none"> Municipal Property Assessment Corporation 2023 Municipal Change Profile, Halton Region 	<table border="1"> <caption>Table 2: Housing Supply by Property Type 2023</caption> <thead> <tr> <th>Type of Property</th> <th>Burlington</th> <th>Halton Hills</th> <th>Oakville</th> <th>Milton</th> </tr> </thead> <tbody> <tr> <td>Single Detached</td> <td>35,505</td> <td>15,767</td> <td>43,183</td> <td>21,108</td> </tr> <tr> <td>Semi Detached</td> <td>2,796</td> <td>792</td> <td>2,299</td> <td>3,659</td> </tr> <tr> <td>Townhouse</td> <td>4,088</td> <td>1,275</td> <td>9,648</td> <td>8,519</td> </tr> <tr> <td>Condos</td> <td>18,910</td> <td>1,294</td> <td>12,317</td> <td>4,658</td> </tr> <tr> <td>Total</td> <td>61,299</td> <td>19,111</td> <td>67,447</td> <td>37,944</td> </tr> </tbody> </table>	Type of Property	Burlington	Halton Hills	Oakville	Milton	Single Detached	35,505	15,767	43,183	21,108	Semi Detached	2,796	792	2,299	3,659	Townhouse	4,088	1,275	9,648	8,519	Condos	18,910	1,294	12,317	4,658	Total	61,299	19,111	67,447	37,944
Type of Property	Burlington	Halton Hills	Oakville	Milton																													
Single Detached	35,505	15,767	43,183	21,108																													
Semi Detached	2,796	792	2,299	3,659																													
Townhouse	4,088	1,275	9,648	8,519																													
Condos	18,910	1,294	12,317	4,658																													
Total	61,299	19,111	67,447	37,944																													
Housing Supply Growth Rate	The housing supply annual growth rate is calculated using 2021 and 2023 property counts data and assuming a constant growth rate going forward.	<ul style="list-style-type: none"> Municipal Property Assessment Corporation 2023 Municipal Change Profile, Halton Region 	<table border="1"> <caption>Table 3: Housing Supply Growth Rate (Annual Growth)</caption> <thead> <tr> <th>Type of Property</th> <th>Burlington</th> <th>Halton Hills</th> <th>Oakville</th> <th>Milton</th> </tr> </thead> <tbody> <tr> <td>Single Detached</td> <td>0.16%</td> <td>0.84%</td> <td>1.28%</td> <td>1.14%</td> </tr> <tr> <td>Semi Detached</td> <td>0.44%</td> <td>4.92%</td> <td>0.00%</td> <td>2.46%</td> </tr> <tr> <td>Townhouse</td> <td>0.64%</td> <td>0.56%</td> <td>1.77%</td> <td>3.10%</td> </tr> <tr> <td>Condos</td> <td>0.00%</td> <td>8.60%</td> <td>2.95%</td> <td>3.12%</td> </tr> </tbody> </table>	Type of Property	Burlington	Halton Hills	Oakville	Milton	Single Detached	0.16%	0.84%	1.28%	1.14%	Semi Detached	0.44%	4.92%	0.00%	2.46%	Townhouse	0.64%	0.56%	1.77%	3.10%	Condos	0.00%	8.60%	2.95%	3.12%					
Type of Property	Burlington	Halton Hills	Oakville	Milton																													
Single Detached	0.16%	0.84%	1.28%	1.14%																													
Semi Detached	0.44%	4.92%	0.00%	2.46%																													
Townhouse	0.64%	0.56%	1.77%	3.10%																													
Condos	0.00%	8.60%	2.95%	3.12%																													

Inputs for the Model

* The same property codes are applicable to all parameters hereafter.

Appendix A: Data Inputs for Key Parameters for Revenue Model (cont.)

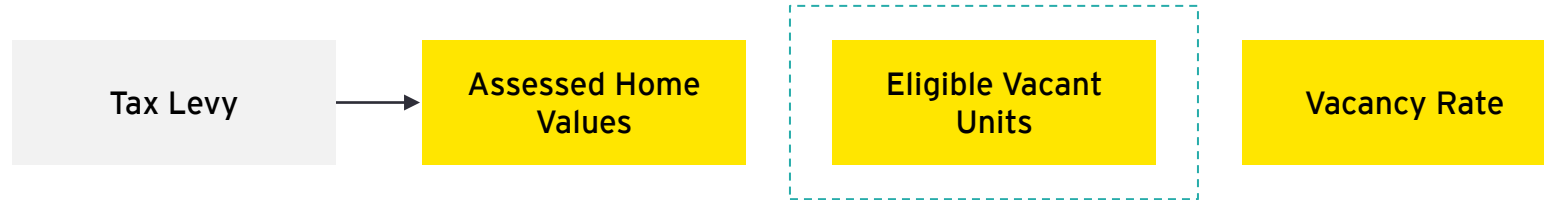
The table below outlines data inputs and considerations for the revenue model.

Parameter	Assumptions	Sources	Estimated Inputs																																			
Average Current Value Assessment	Average assessment values for each property type are estimated based on Halton Region's estimated growth by property type.	<ul style="list-style-type: none"> Municipal Property Assessment Corporation 2023 Municipal Change Profile, Halton Region 	<table border="1"> <thead> <tr> <th colspan="5">Table 4: Average Current Value Assessment 2023</th> </tr> <tr> <th>Type of Property</th> <th>Burlington</th> <th>Halton Hills</th> <th>Oakville</th> <th>Milton</th> </tr> </thead> <tbody> <tr> <td>Single Detached</td> <td>\$ 712,481</td> <td>\$ 630,363</td> <td>\$ 1,025,908</td> <td>\$ 666,074</td> </tr> <tr> <td>Semi Detached</td> <td>\$ 470,513</td> <td>\$ 431,563</td> <td>\$ 591,389</td> <td>\$ 485,795</td> </tr> <tr> <td>Townhouse</td> <td>\$ 471,762</td> <td>\$ 453,886</td> <td>\$ 587,735</td> <td>\$ 439,833</td> </tr> <tr> <td>Condos</td> <td>\$ 370,634</td> <td>\$ 305,944</td> <td>\$ 433,171</td> <td>\$ 318,613</td> </tr> <tr> <td>Average</td> <td>\$ 579,935</td> <td>\$ 588,619</td> <td>840,174</td> <td>\$ 555,241</td> </tr> </tbody> </table>	Table 4: Average Current Value Assessment 2023					Type of Property	Burlington	Halton Hills	Oakville	Milton	Single Detached	\$ 712,481	\$ 630,363	\$ 1,025,908	\$ 666,074	Semi Detached	\$ 470,513	\$ 431,563	\$ 591,389	\$ 485,795	Townhouse	\$ 471,762	\$ 453,886	\$ 587,735	\$ 439,833	Condos	\$ 370,634	\$ 305,944	\$ 433,171	\$ 318,613	Average	\$ 579,935	\$ 588,619	840,174	\$ 555,241
			Table 4: Average Current Value Assessment 2023																																			
Type of Property	Burlington	Halton Hills	Oakville	Milton																																		
Single Detached	\$ 712,481	\$ 630,363	\$ 1,025,908	\$ 666,074																																		
Semi Detached	\$ 470,513	\$ 431,563	\$ 591,389	\$ 485,795																																		
Townhouse	\$ 471,762	\$ 453,886	\$ 587,735	\$ 439,833																																		
Condos	\$ 370,634	\$ 305,944	\$ 433,171	\$ 318,613																																		
Average	\$ 579,935	\$ 588,619	840,174	\$ 555,241																																		
Assessment Value Growth Rate	The assessment value growth rate is assumed at 1.8% based on an input from Halton.	<ul style="list-style-type: none"> Municipal Property Assessment Corporation 2023 Municipal Change Profile, Halton Region 	<table border="1"> <thead> <tr> <th colspan="5">Table 5: Assessment Value Growth Rate</th> </tr> <tr> <th>Type of Property</th> <th>Burlington</th> <th>Halton Hills</th> <th>Oakville</th> <th>Milton</th> </tr> </thead> <tbody> <tr> <td>Single Detached</td> <td>1.8%</td> <td>1.8%</td> <td>1.8%</td> <td>1.8%</td> </tr> <tr> <td>Semi Detached</td> <td>1.8%</td> <td>1.8%</td> <td>1.8%</td> <td>1.8%</td> </tr> <tr> <td>Townhouse</td> <td>1.8%</td> <td>1.8%</td> <td>1.8%</td> <td>1.8%</td> </tr> <tr> <td>Condos</td> <td>1.8%</td> <td>1.8%</td> <td>1.8%</td> <td>1.8%</td> </tr> </tbody> </table>	Table 5: Assessment Value Growth Rate					Type of Property	Burlington	Halton Hills	Oakville	Milton	Single Detached	1.8%	1.8%	1.8%	1.8%	Semi Detached	1.8%	1.8%	1.8%	1.8%	Townhouse	1.8%	1.8%	1.8%	1.8%	Condos	1.8%	1.8%	1.8%	1.8%					
			Table 5: Assessment Value Growth Rate																																			
Type of Property	Burlington	Halton Hills	Oakville	Milton																																		
Single Detached	1.8%	1.8%	1.8%	1.8%																																		
Semi Detached	1.8%	1.8%	1.8%	1.8%																																		
Townhouse	1.8%	1.8%	1.8%	1.8%																																		
Condos	1.8%	1.8%	1.8%	1.8%																																		
Eligible Vacant Units	The share of eligible vacant units for condos and other property types are estimated based on the eligibility estimates in Vancouver.	<ul style="list-style-type: none"> City of Vancouver, Empty Homes Tax Annual Report Vancouver 2023 	<table border="1"> <thead> <tr> <th colspan="2">Table 6: Share of Eligible Units, Condos vs Other Property Types</th> </tr> <tr> <th>Type</th> <th>Eligibility Rate</th> </tr> </thead> <tbody> <tr> <td>Condos</td> <td>36.4%</td> </tr> <tr> <td>Non-Condos</td> <td>10.0%</td> </tr> </tbody> </table>	Table 6: Share of Eligible Units, Condos vs Other Property Types		Type	Eligibility Rate	Condos	36.4%	Non-Condos	10.0%																											
			Table 6: Share of Eligible Units, Condos vs Other Property Types																																			
Type	Eligibility Rate																																					
Condos	36.4%																																					
Non-Condos	10.0%																																					
Penalty Revenue	The ratio of revenues from penalties and tax levy in Vancouver will be used in the model as a proxy to estimate potential rate of non-compliance and penalties that could be expected in Halton Region.	<ul style="list-style-type: none"> City of Vancouver, Empty Homes Tax Annual Report Vancouver 2023 	<table border="1"> <thead> <tr> <th colspan="2">Table 7: Rate of Non-Compliance, Vancouver</th> </tr> <tr> <th>Type</th> <th>2022 (in millions)</th> </tr> </thead> <tbody> <tr> <td>Vancouver Revenue from Tax Levy</td> <td>\$ 46.0</td> </tr> <tr> <td>Vancouver Revenue from Penalties</td> <td>\$ 1.2</td> </tr> <tr> <td>Rate of Non-Compliance</td> <td>2.64%</td> </tr> </tbody> </table>	Table 7: Rate of Non-Compliance, Vancouver		Type	2022 (in millions)	Vancouver Revenue from Tax Levy	\$ 46.0	Vancouver Revenue from Penalties	\$ 1.2	Rate of Non-Compliance	2.64%																									
			Table 7: Rate of Non-Compliance, Vancouver																																			
Type	2022 (in millions)																																					
Vancouver Revenue from Tax Levy	\$ 46.0																																					
Vancouver Revenue from Penalties	\$ 1.2																																					
Rate of Non-Compliance	2.64%																																					

Inputs for the Model

Appendix B: Eligible Vacant Units: An Overview

The number of eligible vacant units is a key parameter in the financial model to calculate the VHT revenue from tax levy.



Based on relevant inputs and assumptions, EY has estimated the number of current and expected eligible vacant units in the Halton Region and Oakville over a 10-year timeframe. **Table 8** below presents the number of eligible units for each property type in the absence of a VHT program for 2023, 2028 (Year 5) and 2034 (Year 10).

Table 8: Number of Eligible Units by Property Type								
Type of Property	Halton Region				Oakville			
	2023	2028F	2034F	Share of Housing Supply	2023	2028F	2034F	Share of Housing Supply
Single Detached	299	313	334	0.3%	128	136	149	0.3%
Semi Detached	26	28	32	0.3%	7	7	7	0.3%
Townhouse	67	75	87	0.3%	29	31	35	0.3%
Condos	423	467	544	1.4%	168	194	238	1.4%
Total	816	883	998	0.4%	332	369	429	0.4%

Sources: Water Consumption Data 2023, Halton Region; Municipal Property Assessment Corporation 2023 Municipal Change Profile, Halton Region; City of Vancouver, Empty Homes Tax Annual Report Vancouver 2023; and EY analysis.

Appendix B: Eligible Vacant Units: Calculations

Below is a step-by-step explanation of the calculations that are used to derive the final count of eligible units in the Halton Region.

Step 1: Housing Supply

The housing supply is calculated by extrapolating the 2023 using the housing supply growth rate from the same, for each property type (**Table 2 and 3, page 22**). The growth rate is assumed to be constant for every year in the projection timeframe.

$$\text{Housing Supply in Year X} = \text{Housing Supply of Year (X-1)} * (1 + \text{Housing Supply Growth Rate})$$

Step 2: Vacant Units

The number of vacant units is calculated based on the vacancy rates shown in **Table 1 (page 22)**. Similar to above, the vacancy rate is assumed to be constant for each year.

$$\text{Number of Vacant Homes} = \text{Vacancy Rate} * \text{Housing Supply}$$

Step 3: Eligible Vacant Units

The share of eligible vacant units for condos and other property types are estimated based on the eligibility rates in Vancouver (**Table 6, page 23**). Eligible vacant units are those which are vacant, but not deemed exempt* from the vacant home tax. The eligibility rate for each type of property is applied on the number of vacant units calculated in **Step 2** to get the final number of eligible vacant units.

$$\text{Eligible Vacant Units} = \text{Number of Vacant Homes} * \text{Eligibility Rate}$$

* A property may be exempt from the vacant home tax due to several reasons such as death of a registered owner, repairs or renovations, etc.

Appendix C: Cost Assumptions

Below is an outline of the assumptions made when estimating implementation and operating costs in the two scenarios.

1. Development Effort and Building Audit and Declaration Systems

Halton Region:

- Based on conversations with Region staff, Halton has the internal capabilities to develop an audit and declaration system using internal resources.
- The development effort of the CentralSquare VHT module will be completed based on the vendor's 2023 estimated costs.

Local Municipality Only:

- Local municipalities will outsource the development effort of the building of an audit and declaration system to third party contractors, potentially CentralSquare.

2. Program Staffing

Halton Region:

- Incremental staffing complement consists of 24 direct VHT program staff, 3 Access Halton staff, and 4 local municipal tax collection staff.
- Halton Region compliance analyst amount is calculated based on the observed average audit load of Vancouver compliance analysts. The Vancouver FTEs requirement is then adjusted for Halton based on the difference in expected number of audits between the two programs.
- Expected audits comprise (1) a fixed minimum consisting of declared exemptions, and (2) a statistically significant random sampling of occupied declarations

For Local Municipality Only implementations, the Halton Region estimate is adjusted using the following process:

- Multiplying the Halton Region Compliance Analyst I FTE estimate (13) by the portion of housing supply in Oakville, and
- Adjusting the Oakville compliance analyst estimate using (1) the expected vacancy rates in each local municipality and (2) typical annual auditor capacity of 1,000 audits completed.

Appendix D: Cost Comparison with Initial Feasibility Assessment

The following table presents a comparison of the estimated revenue, one-time implementation, and ongoing operating costs for Halton-Implemented scenario, contrasting figures from the initial feasibility assessment with those from the current VHT Implementation study.

	Feasibility Assessment (Mar. 2022)	VHT Implementation Study (Jul 2024)	Difference	Rationale
Estimated Eligible Vacant Homes	Burlington: 265	258	-7	Updated estimate based on most recent available water usage data.
	Halton Hills: 45	45	0	
	Oakville: 420	332	-88	
	Milton: 255	181	-74	
	Total: 985	Total: 816	-169	
Scenario 1: Halton Region Administration				
FTE Requirements	12	31	+19	Increase primarily due to higher estimated FTE needs for audit, customer service, and tax collection. Estimated FTE requirements were refined through (1) extensive engagement with Halton and local municipal staff and (2) updated observations from ongoing VHT implementations in other jurisdictions (Vancouver, Ottawa, Toronto, Hamilton).
Revenue Estimation	\$ 6.1 M	\$ 5.5 M	- \$ 0.6 M	Updated estimate based on changes to estimated eligible vacant homes and updated assessment growth rate assumptions.
One-time Implementation Costs	\$ 3.3 M	\$ 1.6 M	- \$ 1.7 M	Decline primarily due to refinement and validation of assumptions regarding software requirements. Updated costs include (1) confirmation of software functionality required by Region and local municipal staff, and (2) estimated software development costs provided by vendors.
Ongoing Operating Costs	\$ 1.8 M	\$ 3.7	+ \$ 1.9 M	Increase driven by refined estimate of the number of positions required to operate the program.

Halton Region

Vacant Home Tax Implementation Study

VHT Implementation Plan - FINAL

25 September 2024



Table of Contents

	Page
1. Overview	3
2. Scenario 1: Halton-Implemented Program	6
3. Scenario 2: Local Municipality-Implemented Program	23
4. Additional Considerations	38

An aerial photograph of a city, likely Columbus, Ohio, showing a complex highway interchange with multiple overpasses and ramps. A river is visible on the left side of the image. The city center is filled with various buildings, including a prominent tall, modern skyscraper. The overall scene is captured from a high angle, providing a comprehensive overview of the urban landscape and infrastructure.

Overview

Context and Purpose

Context

Halton Region has initiated a VHT implementation study for a potential implementation of the program at a regional or local municipal level.

When implementing a Vacant Home Tax (VHT) program municipalities must consider existing, and incremental need for, staffing resources, technology, and administrative processes. A deliberate and thorough approach is needed to identify the necessary changes that need to take place to enable a successful VHT program.

Purpose

The objective of this report is to provide an implementation plan for a universal declaration-based VHT program under the following scenarios:

- **Halton Region:** The VHT program is Region-implemented, with hybrid delivery and 4 participating local municipalities (Oakville, Milton, Burlington, Halton Hills).
- **Local Municipality:** The VHT is implemented and administered by a single local municipality and only applies to homes within that municipality. Assumptions for this scenario are based on estimates and insights derived through engagement with staff at the Town of Oakville.

At the time of preparing this report, the Towns of Halton Hills and Milton, and the City of Burlington, have opted to be excluded from any potential Region of Halton by-laws that would implement a Vacant Home Tax within the municipality at this time.

Assumptions

- ▶ The proposed implementation plan is aligned with leading change management practices and will allow the Region and local municipalities to better manage and mitigate risks, allocate resources more efficiently, improve user adaptation, facilitate business continuity, and enable gathering of feedback from Regional departments and local municipalities at each phase. In particular, while each component of the VHT program will be implemented in a step-by-step manner, some components may be implemented concurrently to streamline the process. For example, while both the declaration and audit systems may be developed simultaneously, staff training may only commence after these systems are operational.
- ▶ The proposed implementation plan was developed independent from other initiatives occurring in the organization. The Region and local municipalities will consider any ongoing initiatives, dependencies, capacity constraints, and/or other events that may impact its ability to deliver on the VHT program.
- ▶ Throughout this report, it is noted that the declaration and audit systems could be built on Salesforce. This is a result of discussions with Halton Region staff, who have indicated the potential to build declaration and audit functions on the existing system for a Halton-led implementation.
- ▶ At the local municipality level, declaration and audit systems may be able to be built on existing tax collection software (i.e., CentralSquare). At this time, only high-level estimates have been included.
- ▶ Timelines for action items listed in this report are indicative of (1) where available, estimates provided by Halton or the Town of Oakville, (2) dependencies on other items (e.g., training for use of a system being dependent on the system's functions being identified and/or developed), or (3) a target end date that allows sufficient time to address operational concerns prior to public implementation of the program.

An aerial photograph of a city, likely Halton, showing a complex highway interchange with multiple overpasses and ramps. A river flows through the city, and various commercial and residential buildings are visible in the background. The image is overlaid with a semi-transparent dark grey filter.

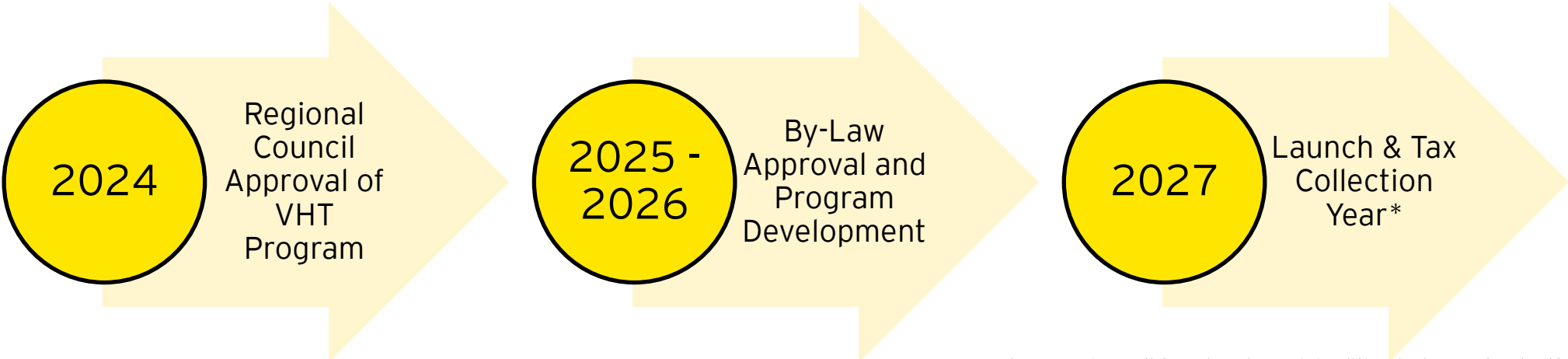
Scenario 1: Halton-Implemented Vacant Home Tax Program

Tentative Halton-Implemented Timeline

This scenario reflects a Halton Region implementation of a universal declaration-based VHT program including the participation of all four local municipalities, and is being provided for information purposes only. Once the VHT program has been approved by Council, it may proceed through the next steps of implementation, as outlined in the tentative timeline below. At the time of preparing this report, the option outlined does not appear to be feasible as the Towns of Halton Hills and Milton, and the City of Burlington, have opted to be excluded from any potential Region of Halton by-laws to implement a Vacant Home Tax within the municipality at this time.

A Halton-implemented program without the participation of all four local municipalities is less financially feasible and operationally efficient relative to a local municipality-implemented program. Partial participation of local municipalities may lead to higher operating costs and staffing needs, potential customer service challenges at the Regional level, and public confusion that could cause financial issues such as late or missed declarations.

Note: the timeline below represents the earliest potential Halton implementation of a VHT program and is aligned with the expected implementation of tax collection software. The timeline may be impacted by factors including software development delays and is dependent on local municipalities' implementation of new tax collection systems and processes.



**Note: Requires all four local municipalities to be on CentralSquare*

High-Level Implementation Roadmap (Region)

Sequencing for the earliest potential implementation of a VHT Program at the Region level is outlined below.

Implementation Initiatives					
Quarter and Year	Q1 2025	Q2 2025	Q3 2025	Q4 2025	2026
<i>Pre-Planning (By-Law Development, etc.) - completed prior to Q4 2024</i>					
Declaration & Reporting					
1. Draft policy documents to establish declaration processes					
2. Build Declaration System on Salesforce					
3. Ensure compatibility between Regional declaration form and local collection systems					
Audit & Compliance					
4. Draft policy documents to reflect audit process and related procedures					
5. Build Audit System on Salesforce					
6. Hire and train a Vacant Home Tax staff					
7. Local municipalities will need to update billing and collection processes to align with audit-driven tax levies					
Billing & Collection					
8. Ensure the template-based report for declarations is compatible with local tax collection systems					
9. Update procedural documents to identify and track late and outstanding declarations and payments					
10. Update policy documents					
11. Configure local municipal tax collection software					
12. Hire and train FTEs to support billing and tax collection					
Communications					
13. Develop and Implement VHT program communications plan (Ongoing)					
14. Hire and train Access Halton Customer Service Representatives					

Declaration and Reporting

Current State

Currently, Halton and local municipal systems are unable to identify the occupancy status of homes in the Region, track declarations, or support VHT audit and compliance functions.

Implementation Initiatives

1. Draft policy documents to establish declaration processes
2. Build declaration system on Salesforce
3. Ensure compatibility between the template-based report produced by the Regional declaration system and local collection systems




Outcomes

The Region will have a declaration system that:

- Is integrated with the Regional audit system
- Allows homeowners to declare their occupancy status and upload supporting documentation
- Allows Region staff to amend declaration outcomes as appropriate
- Can produce a template-based declarations report compatible with local tax collection systems


Implementation Considerations - Declaration and Reporting

Specific considerations for the Region to implement the Declaration function have been noted below.

Action	Department(s)	Description	Estimated Timeline
<p>1. Draft policy documents to establish declaration processes</p>	 Finance  Information Technology	<ul style="list-style-type: none"> Will require the design and implementation of declaration forms, including processes for homeowner submission, information flow, and staff efforts related to communication and analysis. Processes can be reflected in policy documents outlining internal procedures to initiate, collect, and manage declarations. 	<ul style="list-style-type: none"> Development of policy and procedure documents associated with declaration to be completed by Q1 2025. Development of policies, procedures, and the declaration form can be done concurrently with technology implementation to ensure alignment.
<p>2. Build declaration system on Salesforce</p>	 Information Technology	<ul style="list-style-type: none"> A dedicated system, likely developed on Halton's existing Salesforce platform, will be required to enable declaration and audit functions. Preliminary indicative estimates from vendors indicate development of declaration and audit functionality on Salesforce could require an investment of up to \$1 million, to be confirmed through a formal procurement process. Incremental effort was indicated to have potential to be absorbed within existing Halton IT staff capacity. As such, no incremental FTE impacts are anticipated. 	<ul style="list-style-type: none"> Development of system(s) with declaration and audit functionality to be completed by Q3 2025.

Implementation Considerations - Declaration and Reporting

Specific considerations for the local municipalities to implement the Declaration function have been noted below.

Action	Department(s)	Description	Estimated Timeline
<p>3. Ensure compatibility between Regional declaration form and local collection systems</p>	 Tax	<ul style="list-style-type: none"> Though local municipalities will not maintain or operate the declaration system or related activities, a process will be required to receive and input information from Halton into the local tax collection system. 	<ul style="list-style-type: none"> Establish a process for receiving and handling declaration-related information from Halton by Q3 2025.

Audit and Compliance

Current State

Currently, Halton's systems are unable to track or audit occupancy status, or enable trained staff to conduct audits of declarations received.

Implementation Initiatives

4. Draft policy documents to reflect audit process and related procedures
5. Build audit system on Salesforce
6. Hire and train a Vacant Home Tax organizational unit
7. Local municipalities to update billing and collection processes to align with audit-driven tax levies



Outcomes

The Region will have:

- An audit system integrated with the Regional declaration system to allow for status tracking and for homeowners to upload supporting documentation
- A team of trained staff to conduct audits of vacant-but-exempt and occupied declarations



Implementation Considerations - Audit and Compliance

Specific considerations for the Region to implement the Audit function have been noted below.

Action	Department(s)	Description	Estimated Timeline
<p>4. Draft policy documents to reflect audit process and related procedures</p>	 Finance	<ul style="list-style-type: none"> Audit policy will likely be established in the Region's VHT bylaw or associated process documents. Internal audit procedures including identification of acceptable documents, audit checklists, communication and escalation processes, and other considerations are required to enable consistent and objective review of declarations. 	<ul style="list-style-type: none"> Development of internal audit procedures and associated documentation to be completed by Q1 2025. As some elements of audit will be documented in the VHT bylaw, development of certain procedures can be done concurrently with technology development and implementation. However, some detailed elements such as user manuals may need to be completed following technology implementation.
<p>5. Build audit system on Salesforce</p>	 Information Technology	<ul style="list-style-type: none"> A dedicated system, likely on Salesforce, will be required to enable declaration and audit functions. Outputs (i.e., finalized declarations) will need to be compatible with local municipal tax collection software (CentralSquare). Incremental effort by Halton IT staff (and potentially external partners) is likely to be required, however no incremental FTE impacts are anticipated. Preliminary indicative estimates from vendors indicate development of declaration and audit functionality on Salesforce could require an investment of up to \$1 million, to be confirmed through a formal procurement process. 	<ul style="list-style-type: none"> Development of system(s) with declaration and audit functionality to be completed by end of Q3 2025.



Implementation Considerations - Audit and Compliance

Specific considerations for the Region to implement the Audit function have been noted below.

Action	Department(s)	Description	Estimated Timeline
<p>6. Hire and train VHT organizational unit</p>	<p>  Finance  Human Resources </p>	<ul style="list-style-type: none"> Requires establishment of a new organizational unit, including up to 31 Full-Time Equivalent positions at Halton (27) and local municipalities (4), to conduct audit activity, along with approval for the associated operating budget. Estimated annual cost of staffing the VHT organizational unit for a Halton-led implementation is approximately \$3.9 million on average over a 10-year time horizon. Limited overlap exists between current positions and audit-related skills and activities at the Region, potentially requiring the development of new job descriptions and training materials. Some incremental effort will be required to designate senior auditor positions as bylaw enforcement officers to allow for pursuit of administrative charges. Certain positions, including audit and communications staff, may be classified as temporary roles in the first year of implementation to ease adaptation to actual audit and call volumes. 	<ul style="list-style-type: none"> Secure approval, establish positions and job descriptions, and hire and train staff by Q1 2026. Approval, establishment of positions and job descriptions, and hiring can likely be completed concurrently with technology development and implementation. However, training is dependent on a functional technology solution and would need to occur following its implementation.

Implementation Considerations - Audit and Compliance

Specific considerations for the local municipalities to implement the Audit function have been noted below.

Action	Department(s)	Description	Estimated Timeline
<p>7. Update billing and collection processes to align with audit-driven tax levies</p>	<p>  Information Technology  Tax </p>	<ul style="list-style-type: none"> Local property tax collection systems will need to be configured to reflect VHT program design parameters, including billing for fines and off-cycle tax levies 	<ul style="list-style-type: none"> Align processes and technical functions to VHT requirements by Q3 2025.

Billing and Collection

Current State

Implementation Initiatives

Outcomes

Local municipality property tax collection systems require reconfiguration to enable the implementation of a VHT.

- The Region must:
 8. Ensure the template-based report for declarations is compatible with local tax collection systems
 9. Update procedural documents to identify and track late and outstanding declarations and payments
- Local municipalities will need to:
 10. Update policy documents
 11. Configure local municipal tax collection software
 12. Hire and train FTEs to support billing and tax collection

Local municipalities will have:



- A VHT-specific configuration that can collect on-time payments as well as support off-cycle billing to collect late payments, fines, and penalties related to the Vacant Home Tax

The Region will:

- Receive remittances, net of expenses, from local municipalities to apply to affordable housing initiatives



Implementation Considerations - Billing and Collection

Specific considerations for the Region to implement the Billing and Collection function have been noted below.

Action	Department(s)	Description	Estimated Timeline
8. Ensure the template-based report for declarations is compatible with local tax collection systems	 Information Technology	<ul style="list-style-type: none">The Region's declaration system needs to be configured to generate a template that can be accepted by the local tax collection system.	<ul style="list-style-type: none">Configuration of the declaration system can be done as part of system development and implementation, to be completed by end of Q3 2025.
9. Update procedural documents to identify and track late and outstanding declarations and payments	 Finance	<ul style="list-style-type: none">New processes will need to be developed to support the identification and tracking of late and outstanding declarations and payments. These processes will support collection of associated charges (e.g. for late declaration, late payment).	<ul style="list-style-type: none">Develop associated processes while the Audit and Declaration systems are being built and local municipalities are configuring local tax collection systems, to be completed by end of Q3 2025.



Implementation Considerations - Billing and Collection

Specific considerations for the local municipalities to implement the Billing and Collection function have been noted below.

Action	Department(s)	Description	Estimated Timeline
<p>10. Update policy documents</p>	 Tax	<ul style="list-style-type: none"> Tax procedures and processes will need to be updated to reflect the implementation of a Vacant Home Tax. 	<ul style="list-style-type: none"> Update and include the VHT in tax-related documentation by Q1 2025.
<p>11. Configure local municipal tax collection software</p>	 Information Technology	<ul style="list-style-type: none"> Configure local municipal tax collection systems to include the ability to receive and input information received from Halton's declaration system. 	<ul style="list-style-type: none"> Validate business needs for collection system configuration and make associated change to local municipal tax collection systems. Estimated completion is dependent on Milton's implementation of CentralSquare.

Implementation Considerations - Billing and Collection

Specific considerations for the local municipalities to implement the Billing and Collection function have been noted below.

Action	Department(s)	Description	Estimated Timeline
<p>12. Hire and train FTEs to support billing and tax collection</p>	<p>  Finance  Human Resources </p>	<ul style="list-style-type: none"> As limited capacity currently exists within tax teams, each local municipality may be required to hire and train one full-time equivalent to support operations. Estimates of associated costs are included in the Region's implementation considerations, as any operational costs would be borne by Halton. Although job descriptions may be reused, all staff within the tax collection team may require training on the VHT-specific configuration of the tax collection system. 	<ul style="list-style-type: none"> Secure approval, finalize positions and job descriptions, as well as hire and train staff by end of Q3 2025. While approval, finalization, and hiring may occur during technology development, training is dependent on configuration of the local municipal tax system.

Communications

Current State

Although the Region currently has a communications process used in program implementations, there is no existing communications plan for the VHT program.

Implementation Initiatives

13. Develop a VHT program communications plan
14. Hire and train Access Halton Customer Service Representatives

Outcomes



The Region will have:

- A detailed communications plan to proactively reach residents prior to and during the implementation of the VHT program
- Trained staff to handle incoming queries, complaints, and grievances
- Systems and platforms to address vacant home tax-related communications as needed

Implementation Considerations - Communications



Region

Specific considerations for the Region to implement the Communications function have been noted below.

Action	Department(s)	Description	Estimated Timeline
13. Develop and Implement VHT Program Communications Plan	 Communications  Tax	<ul style="list-style-type: none">• A communications plan will need to include strategies for initial and ongoing communications throughout the VHT process. The Region's communications team has indicated existing processes may be leveraged from the implementation of previous programs. This may include training materials and staged processes for front-line communications staff, such as escalation procedures.• Leading practices for VHT communications indicate materials should ensure accessibility for population segments at higher risk of experiencing communications challenges, including seniors.• Collaboration with local municipalities is required for communications involving public information sessions, in-person declaration clinics, and other targeted communications at local facilities.• Access Halton, the Regional phone line, and other communications systems will need to be configured to support VHT-related processes such as connecting with the new organizational unit and the ability to escalate vacant home tax-related communications as needed.• There may be a learning curve - and therefore increased complaints - for both staff and residents in the transition of implementing the VHT on existing systems.	<ul style="list-style-type: none">• Create and finalize a communications plan that uses a variety of methods to reach residents across Halton and to ensure VHT functionality is integrated into existing processes, to be completed by end of Q2 2025.• Implement communications plan on an ongoing basis, with communications to residents occurring in advance of VHT program launch.

Implementation Considerations - Communications

Specific considerations for the Region to implement the Communications function have been noted below.

Action	Department(s)	Description	Estimated Timeline
14. Hire and train Access Halton Customer Service Representatives	 Human Resources  Communications	<ul style="list-style-type: none">• Access Halton and other communications staff may experience an increase in inbound call volumes related to the VHT.• Based on anticipated call volume, Region staff estimated that three additional customer service representatives may be required to handle complaints, grievances, other VHT-related queries, and to support the VHT organizational unit in escalated cases.	<ul style="list-style-type: none">• Secure approval, finalize positions and job descriptions, and hire and train staff by end of Q1 2026.• Training of new, and upskilling of existing staff may occur after technology solutions and processes have been implemented to ensure all staff have a comprehensive understanding of the VHT program and are well-prepared to manage queries about the vacant home tax.

An aerial photograph of a city, likely Atlanta, Georgia, showing a complex highway interchange with multiple overpasses and ramps. A river, possibly the Chattahoochee River, flows through the city. The background is filled with various city buildings and green spaces. The image is overlaid with a semi-transparent dark grey layer.

Scenario 2: Local Municipality Implemented Vacant Home Tax Program

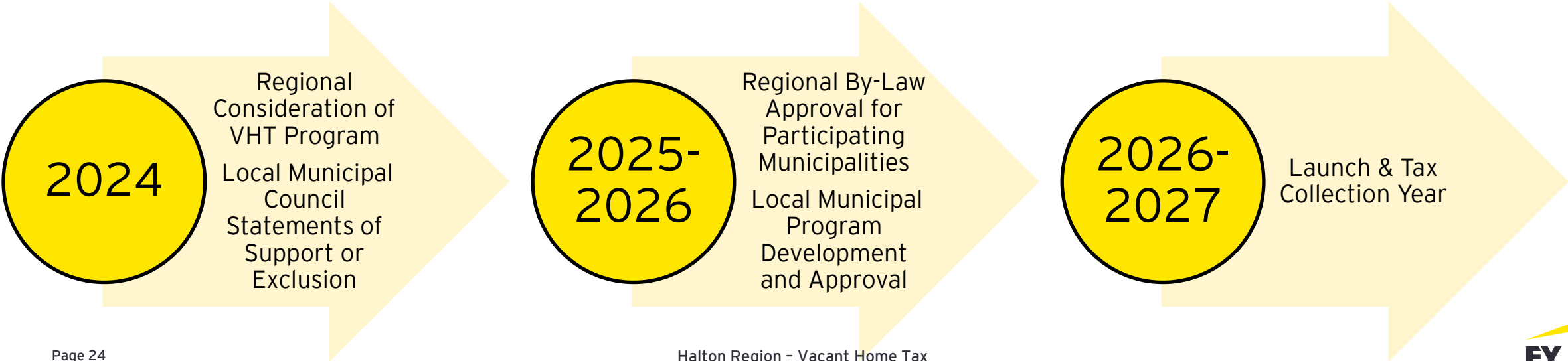
Local Municipality-Implemented Program

According to the Provincial Policy Framework, it is recommended that Regional governments be responsible for defining the key aspects of a Vacant Home Tax, such as rates and definitions. However, leading practice indicates the importance of consulting impacted stakeholders when making policy.

In this implementation option, it is important for the Region to collaborate with local municipalities when developing elements of the VHT. This includes drafting the by-law, defining tax rates, and identifying the definition of a vacancy to ensure it considers the unique context and needs of each local municipality. Additionally, participating municipalities may submit statements of support to be approved by Local Council. After doing so, the local municipality would be responsible for the implementation and ongoing operations of the VHT.










After individual Regional consultation with local municipalities, the VHT program may proceed through the next steps of implementation, as outlined in the tentative timeline below.

Note: the timeline below represents the earliest potential implementation of a Vacant Home Tax in a local municipality. The timeline may be impacted by factors including software development delays. This implementation timeline is based on information provided by the Town of Oakville. At the time of writing, the towns of Halton Hills and Milton, and the City of Burlington, have opted to be excluded from the program. Municipalities proceeding to participate would require further analysis to develop an associated implementation plan should a VHT be chosen to be implemented in their local municipality in the future.




High-Level Implementation Roadmap

Sequencing for the earliest potential implementation of a Local Municipality-Implemented Program is outlined below

Implementation Initiatives					
Quarter and Year	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
By-Law Development					
1. Develop By-Law in Consultation with Participating Municipalities					
2. Obtain Regional Council Approval					
VHT Program Implementation					
3. Draft Policy & Procedural Documents for Declaration and Audit					
4. Build Declaration and Audit System					
5. Hire and Train staff to administer the VHT (including staff to manage declarations, audit, billing, and communications)					
6. Update Policy & Procedural Documents for Billing and Collection					
7. Configure CentralSquare for VHT collection					
8. Train Local Billing and Collection Staff					
9. Develop and Implement Communications Plan (Ongoing)					
10. Hire and Train Local Customer Service Representatives					

Implementation Considerations - By-Law Development

Specific considerations for the Region in developing the VHT By-Law have been noted below.

Action	Department(s)	Description	Estimated Timeline
<ol style="list-style-type: none"> 1. Develop By-Law in Consultation with Participating Municipalities 2. Obtain Regional Council Approval 	 Tax	<ul style="list-style-type: none"> • The Region will need to consult with local municipalities whose Local Councils approve participation into the VHT program on the key components of the VHT to be included in the by-law. Per the provincial framework, this includes, at a minimum, the tax rate and definition of vacancy. • Participating local municipalities will need to submit supportive statements or endorsements to the Region indicating Local Council approval to impose a VHT in their local municipality. • The Region's by-law will need to specify in which local municipalities the VHT applies and local-specific elements (tax rates, vacancy definitions) if necessary. 	<ul style="list-style-type: none"> • Consult with local municipalities and issue the VHT by-law in alignment with the provincial framework in Q4 2024. • Obtaining Regional Council by-law approval is dependent on Local Council participation scheduling and may vary anticipated timelines. Current expected timing is Q1 2025.

Declaration and Reporting

Current State

Local municipal systems are unable to identify the occupancy status of homes, track declarations, or support VHT audit and compliance functions.

Implementation Initiatives




3. Draft Policy & Procedural Documents for Declaration and Audit
4. Build Declaration System

Outcomes

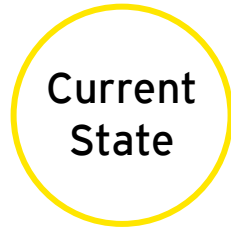
- The local municipality will have a declaration system that:
- Is integrated with the local municipal audit and tax collection systems
 - Allows homeowners to declare their occupancy status and upload supporting documentation
 - Allows local municipal staff to amend declaration outcomes as appropriate

Implementation Considerations - Declaration and Reporting

Specific considerations for the local municipalities to implement the Declaration function have been noted below.

Action	Department(s)	Description	Estimated Timeline
<p>3. Draft Policy & Procedural Documents for Declaration</p>	<p>  Finance  Information Technology </p>	<ul style="list-style-type: none"> Will require the design and implementation of declaration forms, including processes for homeowner submission, information flow, and staff efforts related to communication and analysis. Processes can be reflected in policy documents outlining internal procedures to initiate, collect, and manage declarations. 	<ul style="list-style-type: none"> Development of policy and procedure documents associated with declaration by Q1 2025. Development of policies, procedures, and the declaration form can be done concurrently with technology implementation to ensure alignment.
<p>4. Build Declaration System</p>	<p>  Information Technology </p>	<ul style="list-style-type: none"> A dedicated system will be required to enable declaration and audit functions. Local municipalities will be responsible for identifying equivalent systems that best fit their specific needs, potentially including CentralSquare or other third-party software. Preliminary indicative estimates from vendors indicate development of declaration and audit functionality on CentralSquare could require an investment of up to \$1 million, to be confirmed through a formal procurement process. Incremental effort was indicated to have potential to be absorbed within existing local municipal IT staff capacity. As such, no incremental FTE impacts are anticipated. 	<ul style="list-style-type: none"> Development of system(s) with declaration and audit functionality by Q3 2025.

Audit and Compliance





Local systems are currently unable to track or audit occupancy status or enable trained staff to conduct audits of occupancy declarations.

3. Draft Policy & Procedural Documents for Audit
4. Build Audit System
5. Hire and Train staff to administer the VHT (including staff to manage declarations, audit, billing, and communications)

- The local municipality will have:
- An audit system integrated with the declaration system to allow status tracking and for homeowners to upload supporting documentation
 - A team of trained staff to conduct audits of vacant-but-exempt and occupied declarations



Implementation Considerations - Audit and Compliance

Specific considerations for the local municipalities to implement the Audit function have been noted below.

Action	Department(s)	Description	Estimated Timeline
<p>3. Draft Policy & Procedural Documents for Audit</p>	 Finance	<ul style="list-style-type: none"> Audit policy will likely be established in the local municipalities' VHT bylaw or associated process documents. Internal audit procedures including identification of acceptable documents, audit checklists, communication and escalation processes, and other considerations are required to enable consistent and objective review of declarations. 	<ul style="list-style-type: none"> Development of internal audit procedures and associated documentation by Q1 2025. As some elements of audit may be documented in the VHT bylaw, development of certain procedures can be done concurrently with technology development and implementation. However, some detailed elements such as user manuals may need to be completed following technology implementation.
<p>4. Build Audit System</p>	 Information Technology	<ul style="list-style-type: none"> A dedicated system will be required to enable declaration and audit functions. Local municipalities will be responsible for identifying equivalent systems that best fit their specific needs, potentially including CentralSquare or other third-party software. Preliminary indicative estimates from vendors indicate development of declaration and audit functionality on CentralSquare could require an investment of up to \$1 million, to be confirmed through a formal procurement process. Incremental effort was indicated to have potential to be absorbed within existing local municipal IT staff capacity. As such, no incremental FTE impacts are anticipated. 	<ul style="list-style-type: none"> Development of system(s) with declaration and audit functionality by Q3 2025.

Implementation Considerations - Audit and Compliance

Specific considerations for the local municipalities to implement the Audit function have been noted below.

Action	Department(s)	Description	Estimated Timeline
<p>5. Hire and Train staff to administer the VHT (including staff to manage declarations, audit, billing, and communications)</p>	<p>  Finance  Human Resources </p>	<ul style="list-style-type: none"> Local municipalities are responsible for hiring and training dedicated VHT staff. This requires an assessment of current capabilities to identify functional needs, followed by recruitment and training of individuals to fill these roles. Requires establishment of a dedicated organizational unit, including up to 14 Full-Time Equivalent positions depending on the local municipality, to conduct audit activity, along with approval for the associated operating budget. Estimated annual cost of staffing the VHT organizational unit for a local municipality-led implementation is approximately \$2.1 million on average over a 10-year time horizon, based on estimates for Oakville. Some VHT-related roles may be able to be completed with existing capacity and roles, potentially reducing incremental FTE needs. Certain positions, including audit and communications staff, may be classified as temporary roles in the first year of implementation to ease adaptation to actual audit and call volumes. 	<ul style="list-style-type: none"> Secure approval, establish positions and job descriptions, and hire and train staff by Q4 2025. Approval, establishment of positions and job descriptions, and hiring can likely be completed concurrently with technology development and implementation. However, training is dependent on a functional technology solution and would need to occur following its implementation.

Billing and Collection

Current State

Local municipal tax collection software (i.e., CentralSquare) may be configurable to collect a VHT.

Implementation Initiatives

6. Update Policy & Procedural Documents for Billing and Collection
7. Configure CentralSquare for VHT collection
8. Train Local Billing and Collection Staff



Outcomes

Local municipalities will:

- Have a VHT-specific configuration that can collect on-time payments as well as support off-cycle billing to collect late payments, fines, and penalties related to the Vacant Home Tax
- Receive revenue, net of expenses, to apply to affordable housing initiatives



Implementation Considerations - Billing and Collection

Specific considerations for the local municipalities to implement the Billing and Collection function have been noted below.

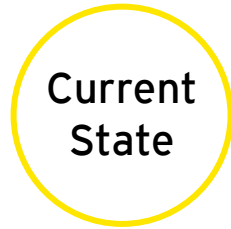
Action	Department(s)	Description	Estimated Timeline
<p>6. Update Policy & Procedural Documents for Billing and Collection</p>	 Tax	<ul style="list-style-type: none"> • Tax procedures and processes will need to be updated to reflect the implementation of a Vacant Home Tax. • New processes will need to be developed to support the identification and tracking of late and outstanding declarations and payments. These processes will support collection of associated charges (e.g. for late declaration, late payment). 	<ul style="list-style-type: none"> • Update and include the VHT in tax-related documentation by Q1 2025.
<p>7. Configure CentralSquare for VHT Collection</p>	 Information Technology	<ul style="list-style-type: none"> • If the declaration and audit systems are built on CentralSquare, it may be possible to integrate declaration, audit, and collection into a single system at the local municipal level. • If a third-party software is used instead, the local municipal tax collection systems will need to be configured to integrate with the declaration and audit systems. 	<ul style="list-style-type: none"> • Configure and test CentralSquare for VHT collection by Q3 2025.

Implementation Considerations - Billing and Collection

Specific considerations for the local municipalities to implement the Billing and Collection function have been noted below.

Action	Department(s)	Description	Estimated Timeline
<p>8. Train Local Billing and Collection Staff</p>	<p>  Finance  Human Resources </p>	<ul style="list-style-type: none"> VHT-related billing and collection roles may be completed with existing capacity and roles, reducing incremental FTE needs. All staff within the tax collection team may require training on the VHT-specific configuration of the tax collection system to support operations. 	<ul style="list-style-type: none"> Secure approval, finalize positions and job descriptions, as well as hire and train staff by Q3 2025. While approval, finalization, and hiring may occur during technology development, training is dependent on configuration of the local municipal tax collection system.

Communication



A dedicated communications plan for a VHT program is required to be developed.


9. Develop and Implement Communications Plan

10. Train Local Customer Service Representatives

- The local municipality will have:
- A detailed communications plan to proactively inform residents prior to and during the implementation of the VHT program
 - Trained staff to handle incoming queries
 - Systems and platforms to address vacant home tax-related communications as needed



Implementation Considerations - Communications

Specific considerations for the local municipalities to implement the Communications function have been noted below.

Action	Department(s)	Description	Estimated Timeline
<p>9. Develop and Implement Communications Plan</p>	<p> Communications</p>	<ul style="list-style-type: none"> • A communications plan will need to include strategies for initial and ongoing communications throughout the VHT process. Existing processes may be leveraged from the implementation of previous programs. This may include training materials and staged processes for front-line communications staff, such as escalation procedures. • Leading practices for VHT communications indicate materials should ensure accessibility for population segments at higher risk of experiencing communications challenges, including seniors. • Collaboration with local municipalities is required for communications involving public information sessions, in-person declaration clinics, and other targeted communications at local facilities. • Local municipalities' phone lines, and other communications systems will need to be configured to support VHT-related processes such as connecting with the new organizational unit and the ability to escalate vacant home tax-related communications as needed. • There may be a learning curve - and therefore increased complaints - for both staff and residents in the transition of implementing the VHT on existing systems. 	<ul style="list-style-type: none"> • Create and finalize a communications plan that uses a variety of methods to reach residents of the local municipality in which the VHT applies to, by Q2 2025. • Implement communications plan on an ongoing basis with communications to residents occurring in advance of VHT program launch.

Implementation Considerations - Communications

Specific considerations for the local municipalities to implement the Communications function have been noted below.

Action	Department(s)	Description	Estimated Timeline
<p>10. Train Local Customer Service Representatives</p>	<p>  Human Resources  Communications </p>	<ul style="list-style-type: none"> Local Customer Service Representatives (CSRs) and other communications staff may experience a material increase in inbound call volumes related to the VHT. Local CSRs would need to be trained to respond to VHT-related inquiries, and to escalate to dedicated VHT staff as needed. Anticipated volume may be able to be addressed within existing staff capacity. 	<ul style="list-style-type: none"> Develop and deliver training to existing customer service representatives by Q3 2025. Training of new, and upskilling of existing staff may occur after technology solutions and processes have been implemented to ensure all staff have a comprehensive understanding of the VHT program and are well-prepared to manage queries about the vacant home tax.

An aerial photograph of a city, likely Nashville, Tennessee, showing a complex highway interchange with multiple overpasses and ramps. A river is visible on the left side of the image. The city buildings and green spaces are visible in the background. The image is overlaid with a semi-transparent dark grey filter.

Additional Considerations

Reporting

The following are metrics the Region may include when reporting on the Vacant Home Tax program. **For a Local Municipality Implemented Program, the local municipality is responsible for reporting to the province and the public.**

According to the Provincial Policy Framework, a municipality implementing a VHT should include data related to its VHT program in the annual Financial Information Return (FIR) to support evidence-based evaluation of outcomes. Currently, the Region reports on the Current Value Assessment (CVA), tax rates, and upper tier tax levies for residential properties in the FIR.

In addition to this, the Region may consider including the following as part of its annual reporting to the province:

Reporting to the Province

- ✓ Differences in vacancy before and after VHT implementation
- ✓ Average assessed value of vacant units
- ✓ VHT Operating Expenses
- ✓ Revenue Collected
 - Tax Levy
 - Fines and Penalties
 - Total Amount
- ✓ Distribution/Use of Funds
 - Priority Projects and Descriptions
 - Funding Allocation for each

Along with reporting requirements to the Province, based on observed reporting in other jurisdictions, the Region may include the below in annual VHT reports to the public*:

Reporting to the Public

- ✓ General
 - Description of the VHT program
 - Number of Late Declarations
 - Property Status (Number of Occupied, Vacant, and Exempt properties)
- ✓ Compliance
 - Total Number of Audits Completed
 - Number of Non-Compliant Audits
 - Non-Compliance Rate
 - Number of Complaints
 - Number of Cases Reviewed by the Final Appeal Body
- ✓ Other Key Performance Indicators
 - Number of properties required to declare
 - Change in property status
 - Breakdown by exemption type
 - Change in tenanted properties

**Note: The Region may also report on trends for any of these items over time once multi-year data has been established.*

Policy Review & Trigger Events

Net revenue generation, administrative cost trends, and housing market dynamics are key factors to consider when assessing the VHT program's ongoing viability.

The VHT program can be reviewed on an annual basis to ensure it continues to meet policy and financial objectives. There are three factors to consider monitoring to assess the viability of continuing the program:

1 Net Revenue Generation

One of the objectives of a Vacant Home Tax is to reduce the number of vacant residential units. Should this policy outcome be achieved to a significant extent, a VHT program may become unviable as net revenue generation is likely to significantly decline and potentially be negative.

2 Administrative Cost Trends

The primary operational cost related to a VHT is administration, with a particular focus on audit and compliance activity. Should these costs increase significantly, or remain consistent, as eligible vacant homes decline, the VHT program may become unviable.

3 Reduction in the Number of Vacant Homes

Housing market dynamics - such as a combination of high interest rates, low home price appreciation, and high or stable rental price growth - in addition to taxes imposed by other levels of government - such as the federal government's Underused Housing Tax - disincentivize holding of vacant properties. Should these conditions be present and persist for an extended period, the number of vacant homes is likely to decrease and the VHT program may become unviable.

Regular annual assessment of the above factors, including the overall financial and policy outcomes of the VHT, can support decision-making related to the continuation of the program.

Leading practice suggests that the entity leading the VHT program's implementation is responsible for managing costs and may retain net revenues generated by the program. To align with this, should implementation be led by local municipalities, the implementing municipalities would manage costs of the VHT program as well as retain net revenues to meet policy and financial objectives of the program, including supporting local housing priorities and initiatives.

Next Steps

The following are key next steps in progressing the implementation of the Vacant Home Tax.



Seek Regional Council consideration, and if required, Local Municipal statements of support or exclusion to proceed with implementing a VHT



The Region develops the Vacant Home Tax By-Law for Regional Council approval for participating local municipalities



Participating local municipalities' implementation of the VHT

- Establish accountabilities, roles and responsibilities for implementation and ongoing operations
- Initiate establishment of VHT systems, processes, organization, and communication

EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

© 2024 Ernst & Young LLP. All Rights Reserved.
A member firm of Ernst & Young Global Limited.

This publication contains information in summary form, current as of the date of publication, and is intended for general guidance only. It should not be regarded as comprehensive or a substitute for professional advice. Before taking any particular course of action, contact Ernst & Young or another professional advisor to discuss these matters in the context of your particular circumstances. We accept no responsibility for any loss or damage occasioned by your reliance on information contained in this publication.

ey.com/ca

Supplementary Report: Comparison of Vacant Home Tax Declaration Methods

August 21, 2023



The better the question. The better the answer.
The better the world works.



Building a better
working world

Self Declaration and Universal Declaration Definitions

Definitions of Self Declaration and Universal Declaration, and jurisdictions applying each respective approach, are outlined below.

Self Declaration

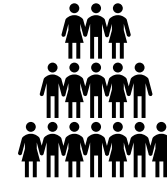


- Only owners of eligible vacant residential properties are required to declare the property's status
- All other residential properties are assumed to be occupied or vacant with an exemption, and could be subjected to compliance and audit procedures
- Residential properties deemed vacant through audit will be subject to fines or penalties for failing to self-declare

Observed Jurisdictions Include:



Universal Declaration



- All residential property owners are required to declare their property's status as either occupied, vacant, or vacant with an exemption
- Failure to submit a declaration may result in the property being deemed vacant, resulting in corresponding penalties or fines being applied
- Residential property owners who falsely declare their property as occupied and are subsequently deemed vacant through the audit process are required to pay the tax and may face additional penalties or fines

Observed Jurisdictions Include:



Advantages and Disadvantages - Self Declaration

An initial analysis of the advantages and disadvantages of Self Declaration is outlined below.

Advantages	Disadvantages
<ul style="list-style-type: none">• Overall residential property owner administrative effort is reduced as a limited number of property owners are required to declare.• Required capacity to process declarations is reduced as both declaration volumes and complexity of information collected are lower, potentially resulting in reduced initial investment associated with a simpler declaration system.• Reduces the need to track declaration status and administer associated penalties for late submission due to the lower volume of declarations.• Potential to reduce the number of “false positives” (e.g. penalty or tax levy applied to an occupied home due to a failure to declare or other error).	<ul style="list-style-type: none">• May require materially higher investment in audit and enforcement capabilities as the lack of supporting information (e.g. exemptions that may apply) requires audit and compliance activity to be based on random selection. This in turn may require additional staff to increase the number of audits conducted and ensure audit volumes are statistically significant.<ul style="list-style-type: none">• Additionally, audit approaches may not be similar for each property type. For example, accessing information to audit a house may be easier than investigating the property status of a condominium unit.• May result in inbound communications and appeals based on a lack of residential property owner awareness, and confusion about, obligation to declare. This may include confusion about the process especially considering neighbouring municipalities will be using universal declaration.

Advantages and Disadvantages - Universal Declaration

An initial analysis of the advantages and disadvantages of Universal Declaration is outlined below.

Advantages	Disadvantages
<ul style="list-style-type: none">• Potential to reduce overall administrative burden on municipalities as residential property owners are required to submit declarations and specify status (i.e. vacant, vacant with exemption, or occupied), allowing for more targeted audit and compliance activities.• Ability to build a historical database of properties according to their status history, allowing for more targeted audit and compliance activities based on changes in declared status.• Provides an evidentiary basis for applying penalties for false declarations should a property be deemed vacant during the audit stage.<ul style="list-style-type: none">• For example, as a residential property owner is required to declare their property status and they declared occupied, that declaration acts as evidence of a false declaration if the property was deemed vacant through an audit.• Likewise, if a residential property owner has declared their property to be vacant for multiple years and suddenly declares their property as occupied, this may flag the need for Regional staff to conduct a risk-based audit to confirm property status.	<ul style="list-style-type: none">• As high volumes of more complex declarations (including substantiating information and evidence) are being collected annually, a larger initial investment may be required to build or acquire a dedicated declaration system and develop linkages to a dedicated audit system.• Due to higher volumes of declarations, a comprehensive audit and appeals system is required to reduce the potential for charges made in error and apply appropriate penalties (e.g. for late declaration, failure to declare, or non-declaration).• Places the burden of declaration on all residential property owners

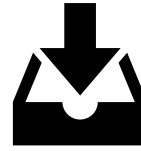
Additional Considerations - Self Declaration

Self Declaration may result in increased overall operating cost despite appearing to result in lower administrative effort.



Increased Communication Complexity

- Though a limited number of residential property owners are required to declare, **communication must still be sent to all owners** in the Region annually with detailed instructions to ensure awareness and understanding of obligations.
- Although overall **inbound communication volumes may be slightly lower than Universal Declaration**, residential property owners are just as likely to inquire about vacancy status, exemptions, and obligations, especially if neighbouring municipalities are using a Universal Declaration method.



Increased Audit and Compliance Needs

- **Self Declaration may result in higher ongoing operating costs.** A lack of auditable supporting information for most properties may require **higher reliance on a random selection method, and significantly higher numbers of audits (vs. Universal Declaration) may need to be completed** to ensure statistically significant and representative sampling.
- **Increased communication with residential property owners may be needed** to collect appropriate documentation and compensate for the lack of evidence provided through declaration.
- Higher volumes of random audits **may result in higher numbers of appeals**, particularly on the basis of being unaware of requirements, necessitating additional compliance capacity.



Lack of Precedent

- **Self Declaration has not been implemented in a Canadian jurisdiction.** Further, low global adoption means there is **limited available information on the outcomes of adopting this approach.** This may increase the need for policy review and amendment over time.

Additional Considerations - Universal Declaration

Though Universal Declaration requires higher initial investment, the incremental benefit may support more efficient and effective operations.



Supports Risk Mitigation

- Substantiating information is collected beginning from the declaration stage and is validated through audits and appeals, resulting in **application of the tax or associated penalties following a thorough audit process or in the event of non-compliance.**
- An escalating penalty structure, combined with multiple points of communication to the residential property owner, will **reduce the risk of “false positives” and help ensure that tax levies and penalties are only collected following a defensible process.**



Improved Audit and Compliance Effectiveness

- Universal Declaration **allows for more targeted audit and compliance activity**, as audits are initially exemption-based with a lower volume of random audits. The ability to target, along with evidence collected through declaration, **can allow for more efficient audit and compliance operations and may result in a lower ongoing cost.**
- Because all owners are required to declare the status of their home, **historical evidence is built that allows for a risk-based, targeted approach to audits** and enables compliance activities to become more effective and efficient over time.



Accessible Peer Group

- Because **Universal Declaration has been adopted by all Canadian jurisdictions implementing a Vacant Home Tax**, the Region will be able to improve overall policy design by engaging with peers to identify and implement leading practices and lessons learned.

EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

© 2023 Ernst & Young LLP. All Rights Reserved.
A member firm of Ernst & Young Global Limited.

This publication contains information in summary form, current as of the date of publication, and is intended for general guidance only. It should not be regarded as comprehensive or a substitute for professional advice. Before taking any particular course of action, contact Ernst & Young or another professional advisor to discuss these matters in the context of your particular circumstances. We accept no responsibility for any loss or damage occasioned by your reliance on information contained in this publication.

ey.com/ca

