

Mayor Guthrie and Members of Council:

I am pleased that staff is recommending moving forward with a Vacant Home Tax, but I would advocate for several changes.

1) There needs to be mandatory reporting, as is the case in Hamilton and Ottawa, to make sure that the policy is fair and equitable for everyone.

2) The VHT rate needs to be set at 4% so as to be a meaningful incentive. Net revenues from the VHT can be used to fund a Renoviction By-law starting in 2026 to protect vulnerable tenants from predatory landlords.

3) Multi-residential properties (more than six units) need to be removed from the list of exclusions. Staff has provided no rationale for this exclusion. In the City of Hamilton, staff discovered that there was a higher rate of vacant units in multi-residential properties. These are also the units that are more likely to be affordable.

I think it's important to note that savings generated by the Vacant Homes Tax have not been documented by staff.

When Mike Moffatt visited Guelph City Council, he told you that "the best house is the one that is already built." The current Development Charge for detached homes in Guelph is \$73,185. DCs only cover 75% of the actual cost of the infrastructure related to growth, so citizens are contributing another \$24,395 per home through their property taxes and water and wastewater fees.

If we can avoid building 50 new homes in a greenfield by reactivating 50 existing, but vacant homes, that will save Guelph citizens \$1,219,750.

In a scenario where a new home is exempted from Development Charges because it is "affordable" or "attainable", Guelph citizens will be subsidizing that one build with \$97,580 of public money. In this case, the savings to Guelph citizens from activating 50 existing houses, rather than building 50 new ones would be \$4,879,000.

Over a 10-year period (2006-2016), the \$10.2 million cost of Guelph's water conservation programming was deemed a success, not because it generated any revenue, but because it delayed the expenditure of \$40.6 million to expand water and wastewater infrastructure: <https://guelph.ca/wp-content/uploads/WaterEfficiencyStrategyUpdateSummary.pdf>

We need to apply the same thinking to the VHT. \$1.2 - \$5 million dollars in savings for citizens is significant, regardless of whatever money is generated by the program.

Sincerely,
Susan Watson

VACANT UNIT TAX

2024 Occupancy Year
Interim Report





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Executive Summary

In 2019, Hamilton City Council directed staff to explore a Vacant Unit Tax (VUT) as a tool to address housing availability. The Province granted authority to proceed in 2022, and Council enacted the VUT By-law in April 2024. Hamilton is now among a number of Canadian municipalities, including Vancouver, Toronto, and Ottawa, that have adopted a VUT to help increase housing supply.

The purpose of the VUT is to encourage property owners to keep homes occupied and reduce the number of units sitting empty. Properties that are declared or deemed vacant for more than 183 days in a year are charged a tax equal to 1% of their assessed value, unless they qualify for an exemption such as major renovations, a recent sale of the property, or the death of an owner.

In 2021, the City conducted an online engagement survey on the Vacant Unit Tax (VUT). Survey results, including that 91.6% of respondents supported the idea of a VUT, helped inform program design. In its first year, the program achieved a 97.8% declaration rate from more than 178,000 eligible property owners. Of the declared properties, 96.5% of residential units were occupied and 1.0% qualified for an exemption. 2.3% were deemed vacant residential units and 0.2% declared as vacant and were issued a VUT bill in June 2025 with the ability to file for an appeal. Vacancy rates were highest in smaller multi-unit properties and in Wards 2 and 3, where tenant-occupied housing is more common.

As of October 2025, the VUT is forecasted to generate \$15.64 M to \$15.84 M in net revenue after successful Notice of Complaint and Appeals. After program expenses are accounted for, net revenues will be directed to the City's Affordable Housing Funding Program (AHFP) Reserve to support affordable housing initiatives.

The first year of the program also highlighted a higher-than-expected number of vacant homes. More than 4,500 properties were declared vacant or deemed vacant, compared to the original estimate of 1,135. This underscores the value of the VUT as both a policy tool to address Hamilton's housing crisis and as a source of dedicated funding for affordable housing.

An annual report will continue to track outcomes, including declarations, appeals, revenues, and housing market impacts, to ensure the program meets Council's strategic goals of increasing housing supply and reducing homelessness.

Background

In 2019, Council approved a motion directing staff to review the feasibility of imposing a tax, fee or charge to owners of vacant properties in Hamilton.

On May 2, 2022, Ontario's Minister of Finance granted the City of Hamilton the authority to implement a Vacant Unit Tax (VUT) under the *Municipal Act, 2001*.

Following this authority, on June 8, 2022, City Council approved the implementation of the VUT Program. The VUT By-law number 2024-62 'A By-law to Establish a Vacant Unit Tax' was enacted on April 24, 2024.

The City of Hamilton joins other municipalities across Canada that have implemented a VUT program as one of the measures to address the housing crisis. Vancouver implemented their Empty House Program in 2017, with both Ottawa and Toronto implementing their programs in 2023. Hamilton, Sault Ste. Marie and Windsor introduced their programs in 2025 for the 2024 occupancy year.



Why a Vacant Unit Tax?

Like other municipalities across Canada, Hamilton is experiencing a housing crisis. A Vacant Unit Tax is one measure used nationally and globally to address this crisis.

Other Municipal Experiences on the VUT Program

Canadian municipalities that have previously implemented a Vacant Unit Tax program have experienced a decreased vacancy rate in their housing markets. Since its inception in 2017, Vancouver has experienced a 68.6% decrease in declared vacant properties and a declared vacant rate of 0.54% in 2023. Ottawa saw 1,785 properties that were vacant in the first year of the program, become occupied in the second year of the program. This represented approximately 49% of the vacant properties in their first year becoming occupied.

Public Support

The City of Hamilton received public support for a Vacant Unit Tax program. An online survey was launched in September 2021 which saw 5,400 online visitors and 3,860 survey participants. Some of the survey highlights on the 3,860 survey participants were:

- 91.4% of respondents supported the idea of a Vacant Home Tax or VUT.
- 71.5% thought that the number of vacant homes in Hamilton is negatively impacting the supply of affordable housing.



How the Vacant Unit Tax Works

All property owners of eligible residential units are required to submit an annual declaration on the occupancy status of their property during the previous calendar year. A residential unit refers to a living space that serves as an individual's principal place of residence. The VUT applies to all properties classified as residential under the Municipal Property Assessment Corporation (MPAC), including single-family detached, townhouses, row houses, and multi-family dwellings (duplexes to sixplexes).

A residential unit must be occupied for more than 183 days during the previous calendar year. The four occupancy types are:

- 1. Property Owner's Principal Residence** - The legal owner occupies the property and claims it as their principal residence.
- 2. Permitted Occupant's Principal Residence** - The property is occupied by a family member, friend, or other permitted occupant for residential use and they claim it as their principal residence.
- 3. Occupied by Tenants** - The property is occupied by tenants (pursuant to a written lease or sublease) for at least 183 days in increments of at least 30 days.
- 4. Combination/Mixed Occupancy** - The property is occupied by a combination of the owner, permitted occupant, and/or tenant for at least 183 days.

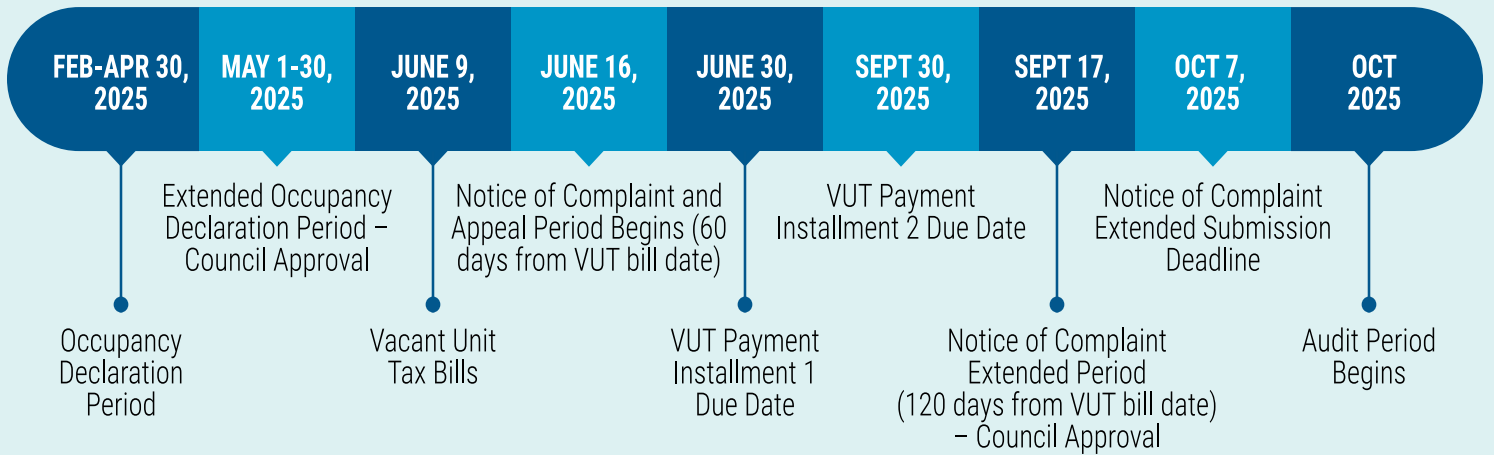


A residential unit can be unoccupied for more than 183 days during the previous calendar year and is exempt from the VUT if one of the following situations applies:

- **Death of an Owner** - The residential unit was unoccupied for more than 183 days because of the death of the owner. This exemption applies to the year of death plus one subsequent year after the year of death.
- **Major Renovations** - The residential unit is undergoing repairs or renovations that prevent occupation and normal use for at least 183 days of the occupancy year, and all requisite building permits have been issued for the repairs or renovations.
- **Sale of Property** - Legal ownership of the residential unit has been transferred to an arm's length transferee in the occupancy year. This exemption applies to the year of sale only.
- **Resident in a Care Facility** - The Principal Resident of the residential unit is residing in a hospital, long-term care or supportive care facility for an aggregate of at least 183 days during the occupancy year.
- **Court Order** - A court order is in force that prohibits occupancy of the residential unit for at least 183 days of the occupancy year.
- **Non-Profit Housing Unit** - The residential unit is a non-profit housing unit.



2024 Vacant Unit Tax Program Timelines

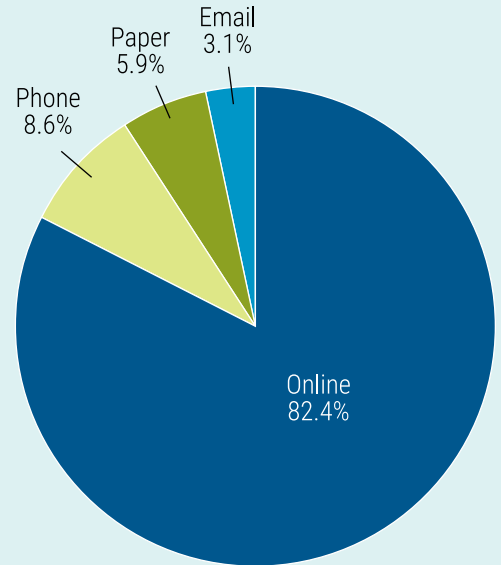


Declaration Period

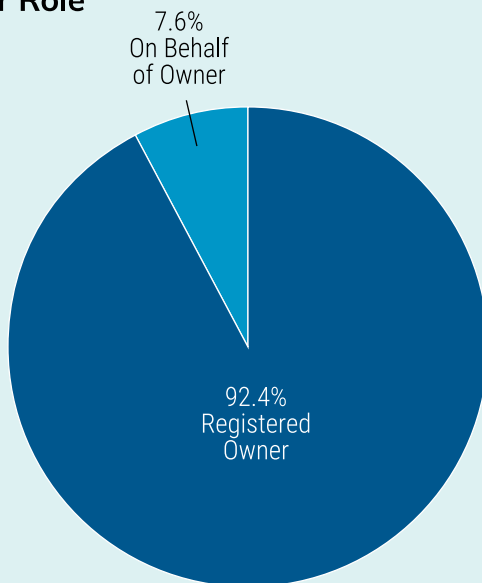
The declaration period was amended in 2025 due to the Canada Post labour disruption. The 2025 declaration period opened on February 10 for 178,058 eligible residential property owners. During the original declaration period of February 10 to April 30, 92.0% of required occupancy declarations were submitted. Council approved extending the declaration deadline to May 30, which resulted in 7,714 additional declarations for a total occupancy declaration rate of 96.4%. As of October 7, 97.8% of property owners have submitted a 2024 occupancy declaration during the declaration and NOC periods.

To keep the process simple and accessible for property owners, declarations were accepted through several methods. Submissions could be made online, by phone, by email, by mail, or in person with City staff. Declarations could be submitted by the registered owner or by an authorized representative.

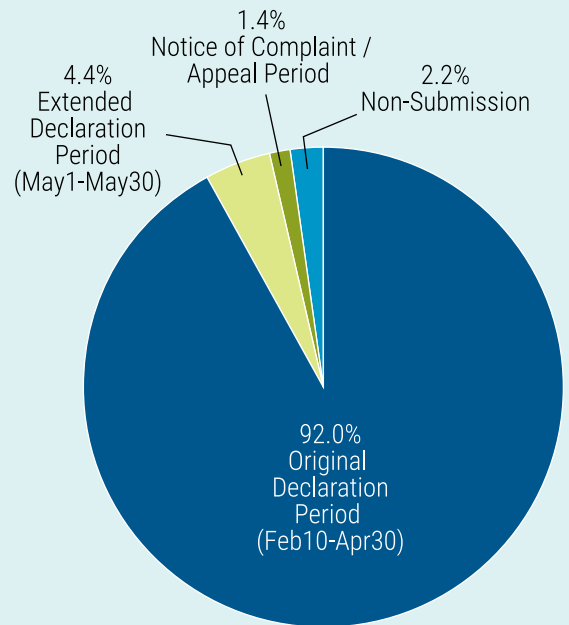
Declaration Methods



Declarer Role



Property Owner Declaration Rate



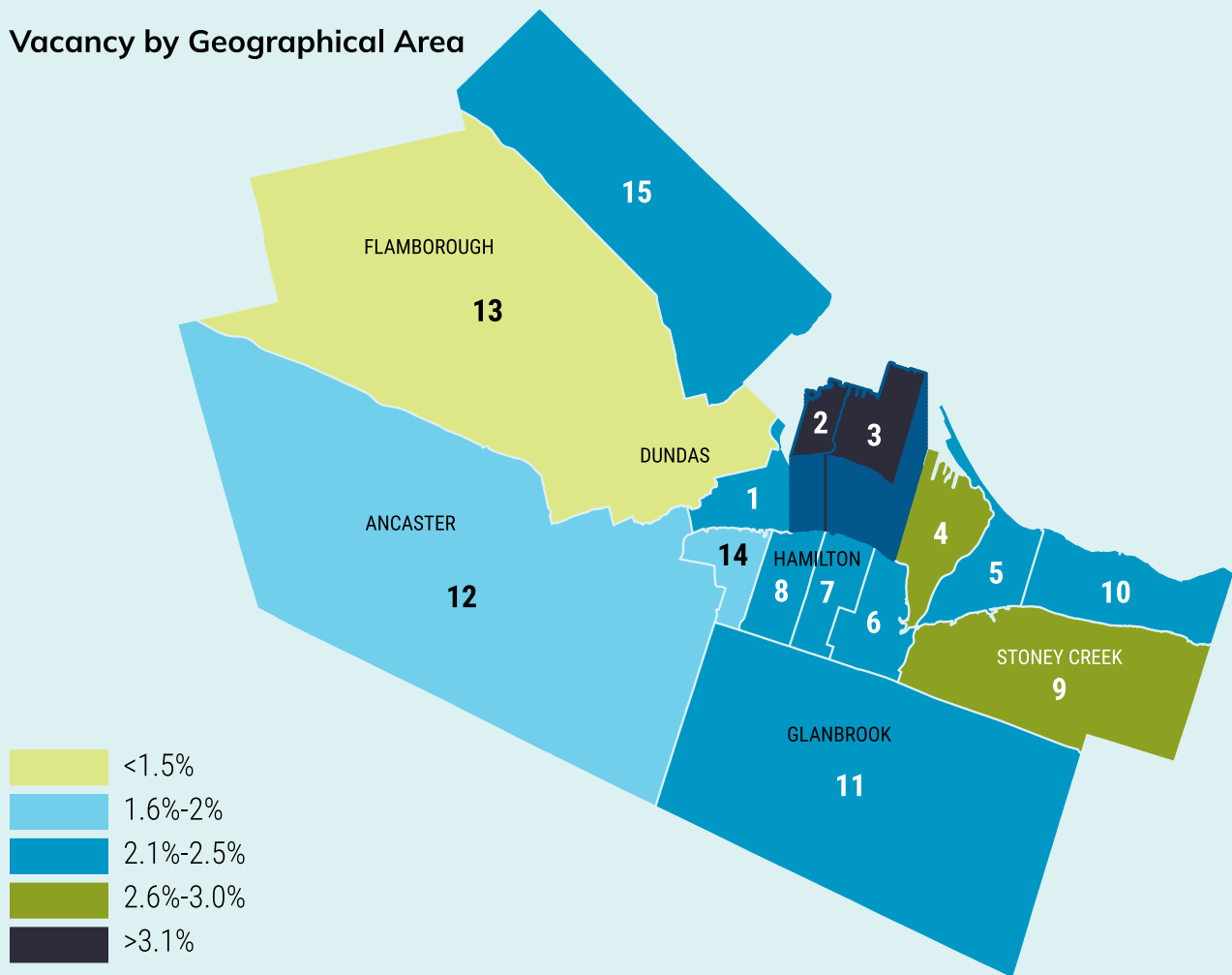
City of Hamilton - Housing Market Breakdown

Single Family Detached Home		123,362
Condominium		26,272
Townhouse / Semi Detached Home		21,619
Multi-unit Residence up to 6 Units		9,604
Other		4,562
Total		185,419

Number of Residential Units



Vacancy by Geographical Area



Occupancy Type by Ward



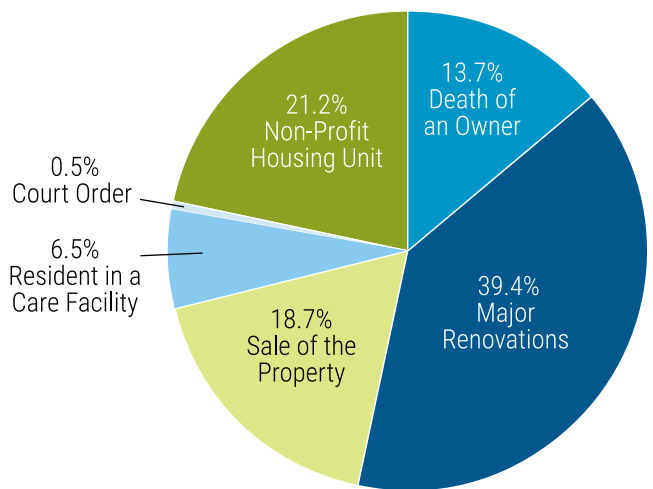
Number of Residential Units



City of Hamilton - Vacancy Rate by Property Type

PROPERTY TYPE	VACANCY RATE
Single Family Detached Home	1.9%
Condominium	3.0%
Townhouse / Semi Detached Home	3.2%
Multi-unit Residence up to 6 Units	5.1%
Other	6.6%
Total - Residential Units	2.5%

City of Hamilton - Vacancy Exemptions



Notice Of Complaint and Appeal Period

Residential property owners who believe their property was wrongly identified and charged the VUT have the opportunity to dispute or appeal. The reasons to dispute the VUT charge are:

1. Property was deemed vacant as a result of a failure to submit an occupancy declaration during the declaration period.
2. The property owner made an error or omission when submitting the occupancy declaration.
3. The City made an error or omission in the assessment or calculation of the VUT.

A residential property owner has two opportunities to dispute or appeal the VUT charge.

- 1. Opportunity 1 – Notice of Complaint Submission**
- 2. Opportunity 2 – Appeal (to the Notice of Determination)**

A Notice of Complaint (NOC) must be submitted to the City within 120 days from the VUT billing date.

The NOC deadline was originally set for 60 days but was extended to 120 days to allow more property owners to dispute the VUT charge. If a Notice of Complaint is denied, the second opportunity to dispute is by submitting an Appeal. The deadline to submit an Appeal is 60 days from the Notice of Determination of their Notice of Complaint. Appeals are completed by a reviewer who is not involved in the original Notice of Complaint submission. Appeal decisions are final.

Property owners are required to submit documentation supporting their occupancy status in 2024 as part of the Notice of Complaint and Appeal process. Successful disputes of the VUT charge result in the charge and any related penalties, interest, being refunded.

Notice of Complaint / Appeal Rate	
Properties billed the VUT Charge	6,781
Properties disputing the VUT Charge	(2,247)
Properties not disputing the VUT Charge	4,534

Notice of Complaint / Appeal Status	
Approved	1,860
Denied	49
Pending Review	338
Total	2,247

Of the 6,781 vacant residential properties, 33.1% disputed the VUT charge. Of the submitted Notice of Complaints 85.0% have been approved or denied with the remaining 15.0% pending staff review.

Audit Period

The City will audit occupancy declarations for accuracy on an annual basis. A residential property may be selected for audit for one of the following scenarios:

- Random selection
- A complaint or tip
- Properties that report an exemption (major renovation, sale, etc.)
- Targeted audit campaigns
- Residential properties reported vacant in the Vacant Building Registry (registered and unregistered)

As part of the audit process, property owners will be required to submit documentation to support their 2024 occupancy status. If the documentation is sufficient, the audit will conclude with no further action required by the property owner. If the documentation is insufficient for the declared occupancy, the property will be charged the 1% VUT. Property owners who disagree with the audit result and the applicable charge can follow the Notice of Complaint and Appeal process to dispute the charge.

Staff will include the first year's audit period results in the VUT program's subsequent annual report.



Vacant Unit Tax Financials

Revenue

In the first year of the VUT program, the City anticipates generating between \$15.64 M and \$15.84 M in net revenue after successful Notice of Complaints. This figure reflects all approved Notices of Complaint as of October 7 and those still under review.

The reported revenue does not include properties found to be non-compliant during the audit period.

For non-compliant properties, a VUT charge equal to 1% of the property's current assessed value as determined by MPAC will be charged. Staff will provide an updated revenue figure for the first year in next annual VUT program report.

Administration Expenses

From January 1 to October 7, 2025, the City incurred \$1.60 M in operating expenditures to administer the VUT program. Total expenditures are forecasted to reach \$2.16 M by December 31, 2025. The main cost drivers include staff salaries and benefits, paid advertising, postage and printing. Since this was the first year of the program, the City sent additional notices to property owners who had not completed their occupancy declaration. As property owners become more familiar with the program and the annual occupancy declaration requirement, staff anticipate printing and postage costs to decrease in 2026.

Staffing

The VUT program is currently staffed with twelve full-time equivalents (FTEs), including one Manager, one Supervisor, six Analysts, three Customer Service Representatives (CSRs), and one IT Analyst. In addition, three Auditor positions and one Tax Analyst position have been approved, but their hiring has been delayed to align with the start of the upcoming audit campaign.

This phased staffing approach helps manage program costs while ensuring the right expertise is available when most needed.

Vacant Unit Tax - Statement of Operations

(in millions)	Original Forecast (as of Feb. 2, 2022)	Actuals (as of Oct. 7, 2025)	Forecast (up to Dec. 31, 2025)
Revenue			
VUT Charge (1% of Assessed Value)	\$4.32	\$23.94 **	\$23.94 **
Less:			
NOCs/Appeals	\$0	(\$6.90)	(\$8.10 - \$8.30)
Net Revenue after Appeals	\$4.32	\$17.04	\$15.84 - \$15.64
Administration Expenditures			
Salary & Benefits	(\$1.92)	(\$0.91)	(\$1.42)
Printing	(\$0.05)	(\$0.08)	(\$0.08)
Postage	(\$0.05)	(\$0.35)	(\$0.35)
Advertising & Promotion	(\$0.1)	(\$0.08)	(\$0.10)
Computer Hardware / Software	(\$0.02)	(\$0.17)	(\$0.20)
Other	(\$0.11)	(\$0.01)	(\$0.01)
VUT Administration Expenditures	(\$2.25)	(\$1.60)	(\$2.16)
Implementation Expenditures			
Capital Cost Repayment*	(\$2.60)	(\$0.69)	(\$0.93)
VUT Net Revenue	N/A	N/A	\$12.74 - \$12.54

*assumes paying off capital implementation cost in Year 1 for comparison purposes

** includes declared vacant and all billed deemed vacant eligible properties

Use Of Vacant Unit Tax Funds

Revenue from the Vacant Unit Tax is first used to cover all administrative expenses of the program and to repay the initial implementation cost of \$0.93 M, plus interest, which was funded through the Investment Stabilization Reserve. Any remaining revenue is transferred to the Affordable Housing Funding Program Reserve to support housing initiatives in the city. The specific initiatives funded through the VUT are determined at the discretion of Council. Staff will provide updates on the use of VUT funds in future annual program reports.

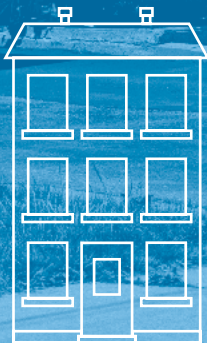
Conclusion

The first year of the VUT program, 97.8% of all required residential property owners completed the annual occupancy declaration.

As a result of the program, staff identified that the City's residential vacancy rate is higher than originally estimated. A total of 4,534 residential properties were declared or deemed vacant, received a VUT charge and did not appeal. This is significantly above the initial estimate of 1,135 vacant properties, which was based on 2016 Canadian Census data and the first-year experience of Vancouver's program.

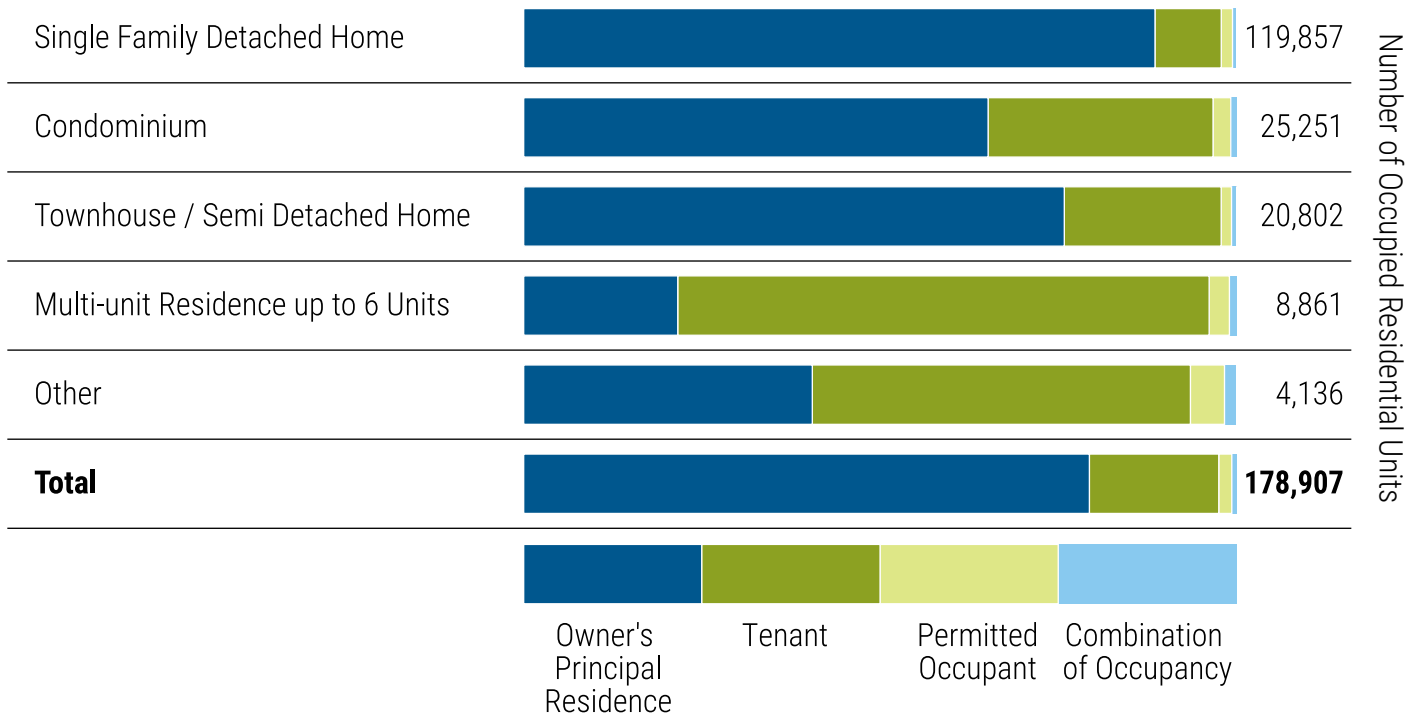
An annual report will continue to be published to ensure the program supports Council's strategic priority of increasing the supply of affordable and supportive housing while reducing chronic homelessness.

For additional information on the Vacant Unit Tax Program, please visit www.hamilton.ca/vacantunittax

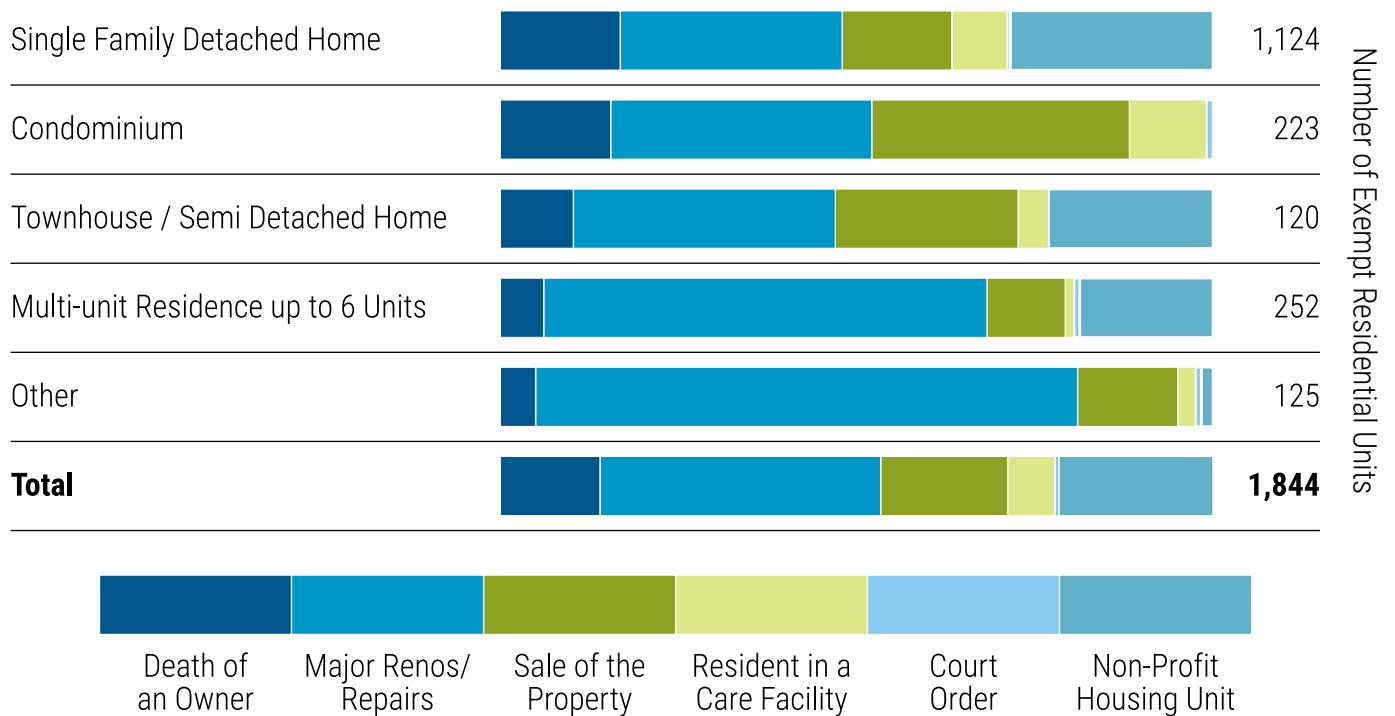


APPENDIX

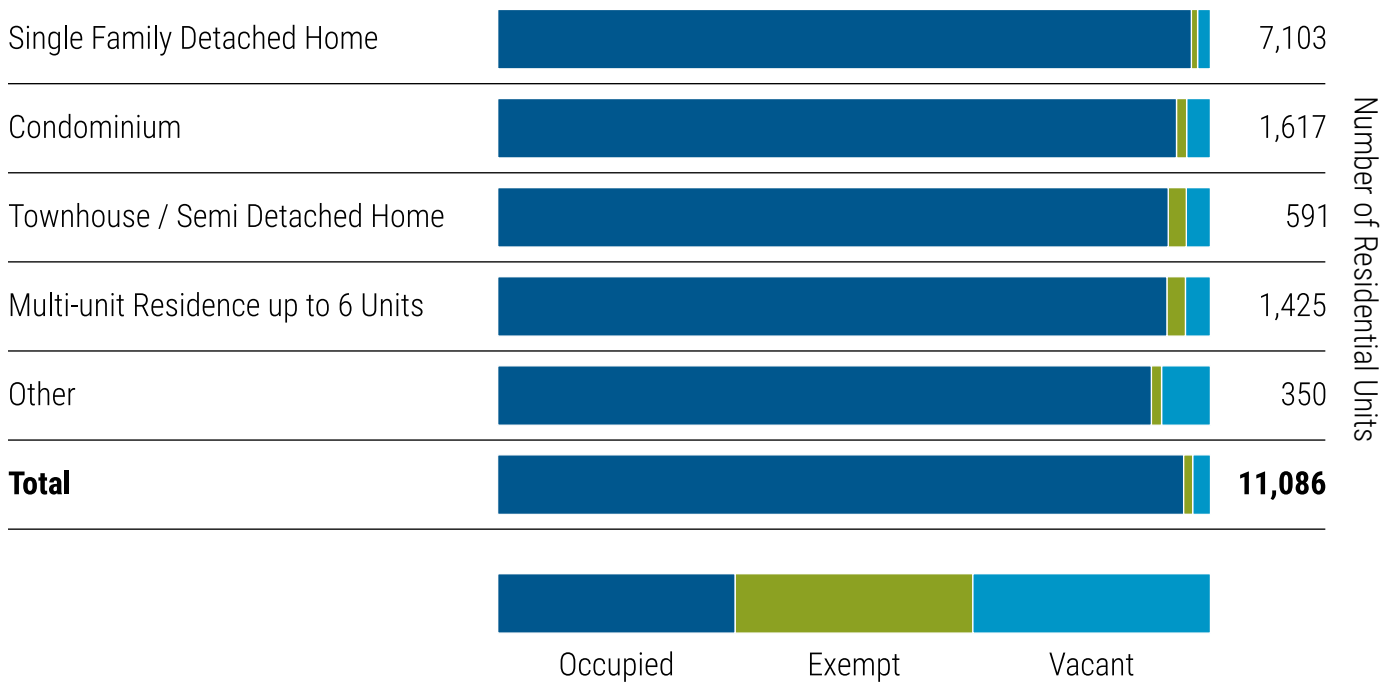
City of Hamilton - Occupancy Breakdown



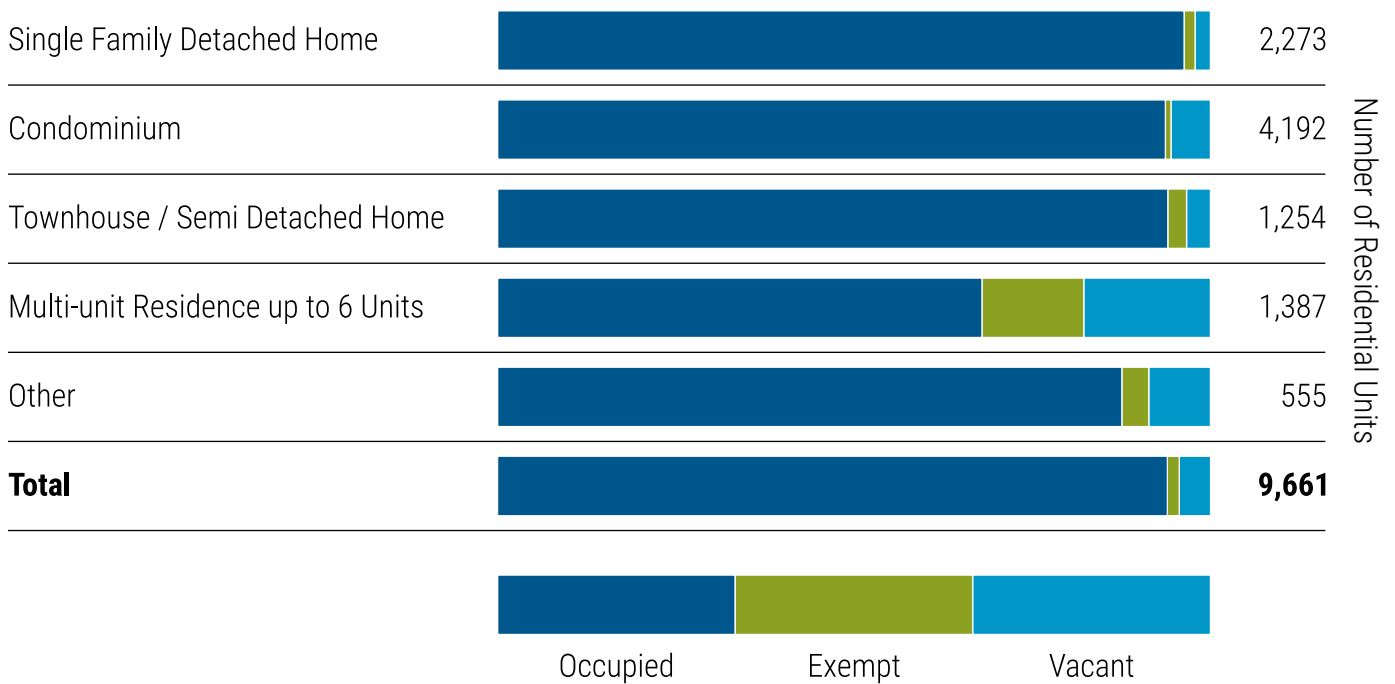
City of Hamilton - Vacancy Exemptions by Property Type



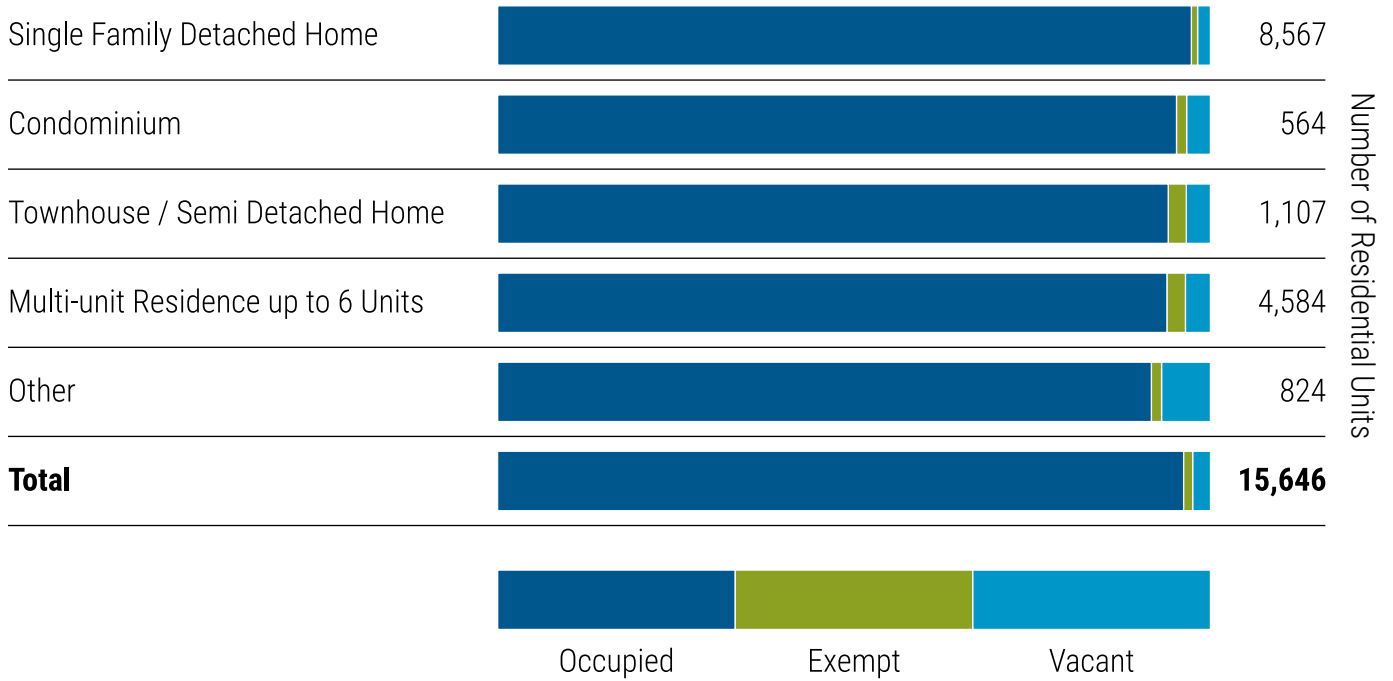
Housing Market Breakdown - Ward 1



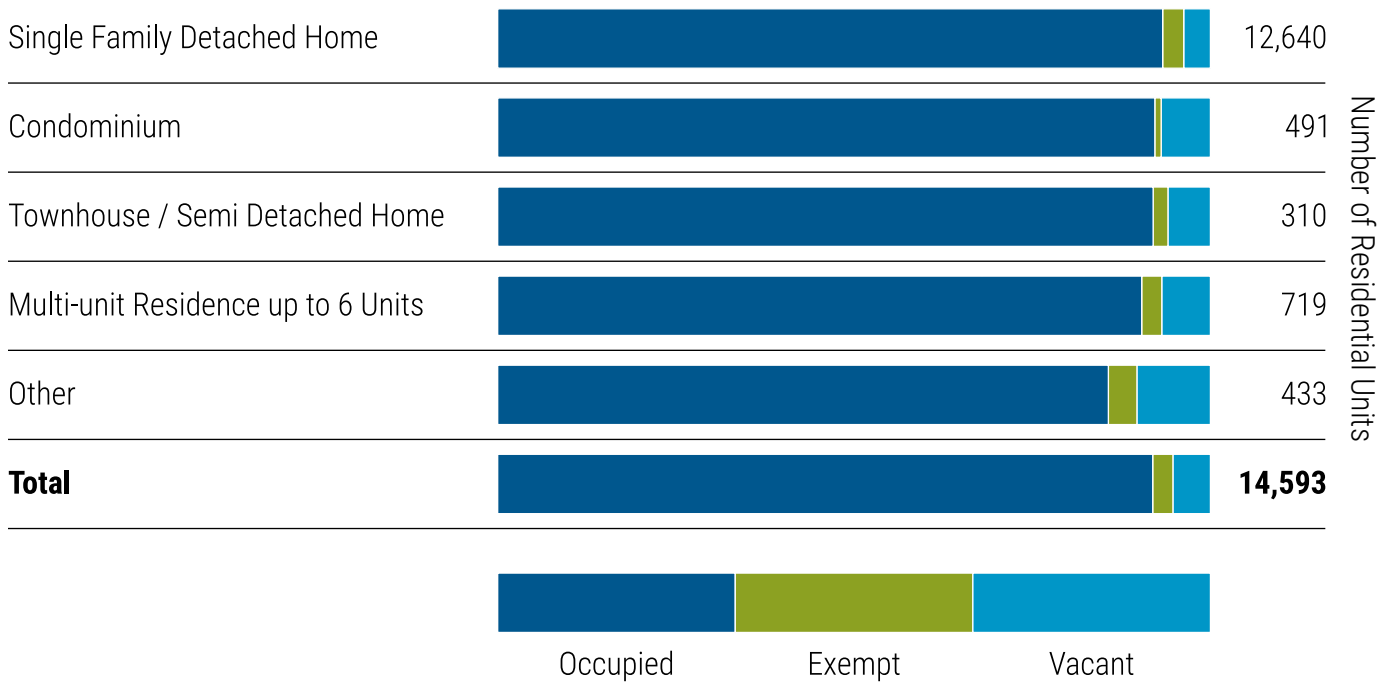
Housing Market Breakdown - Ward 2



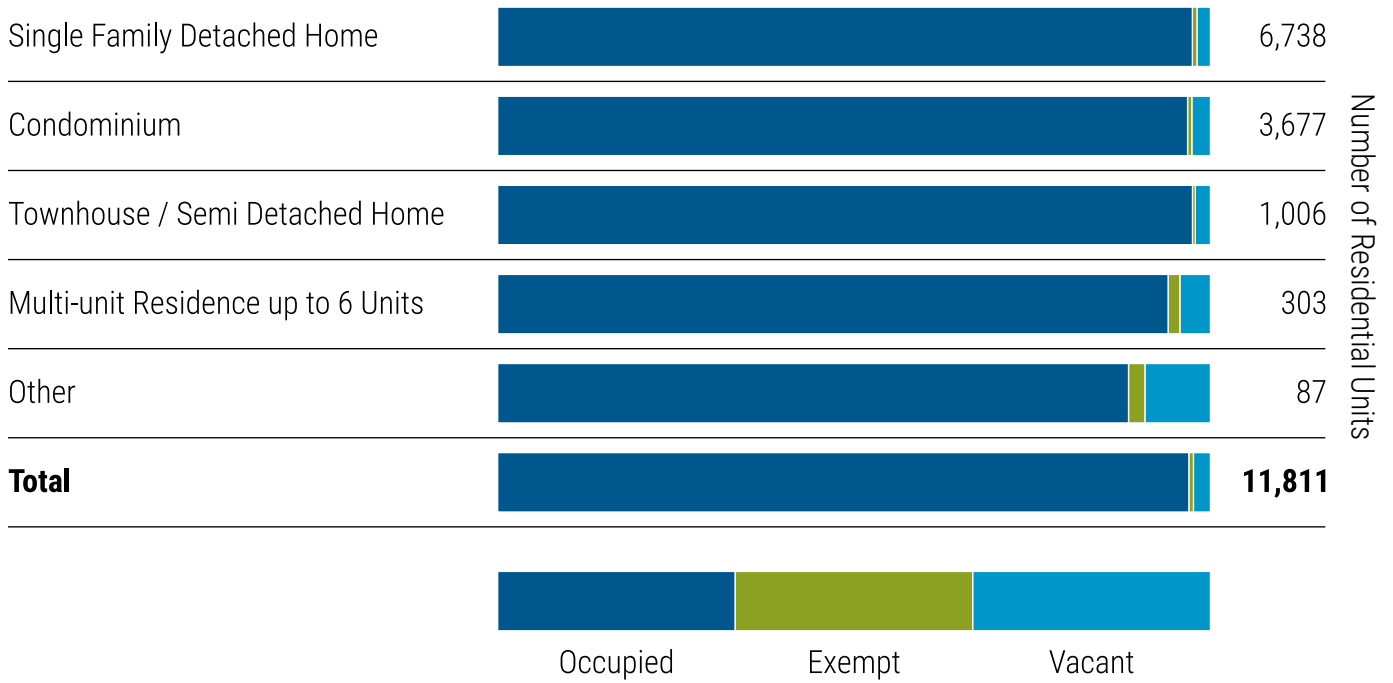
Housing Market Breakdown - Ward 3



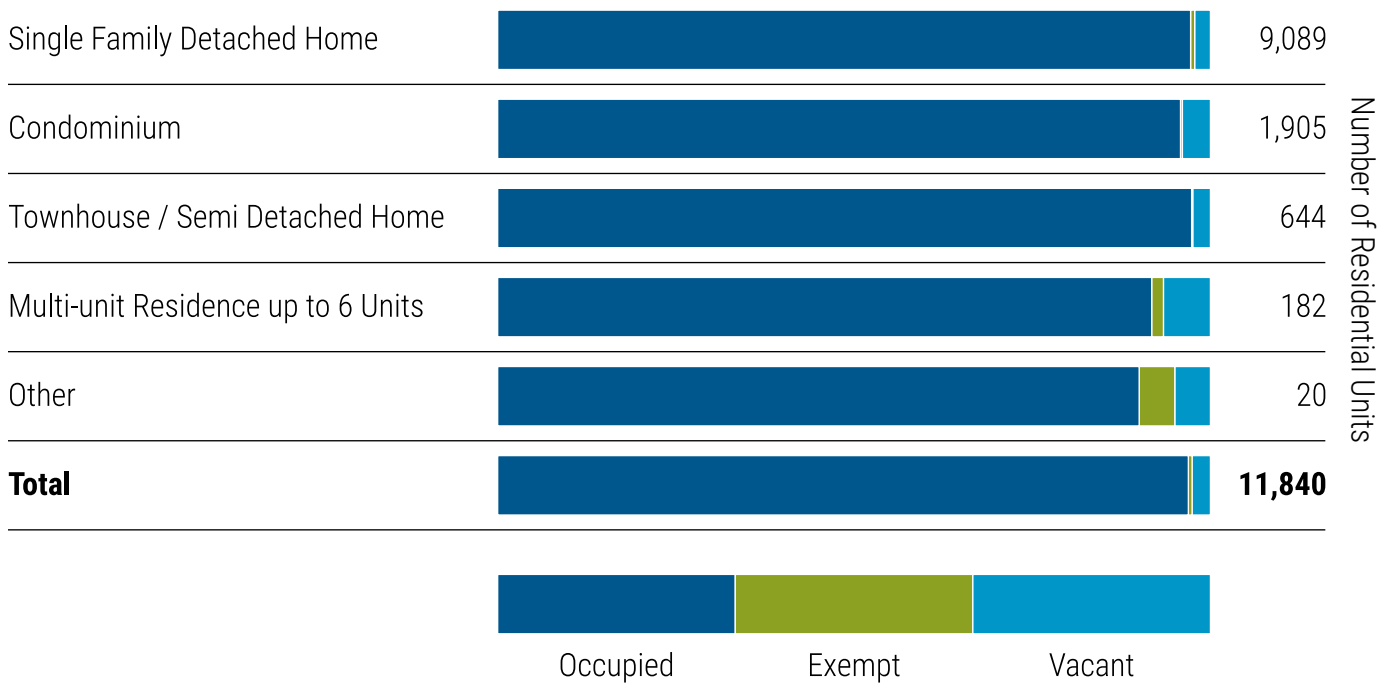
Housing Market Breakdown - Ward 4



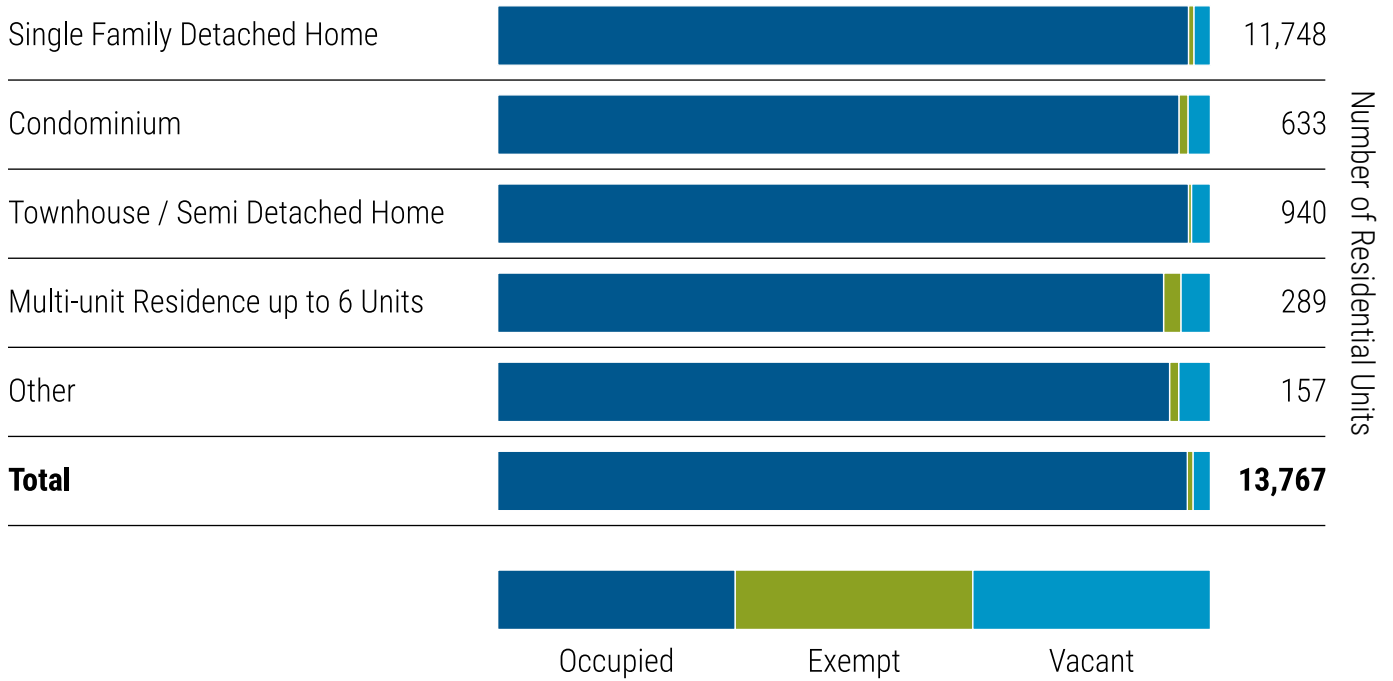
Housing Market Breakdown - Ward 5



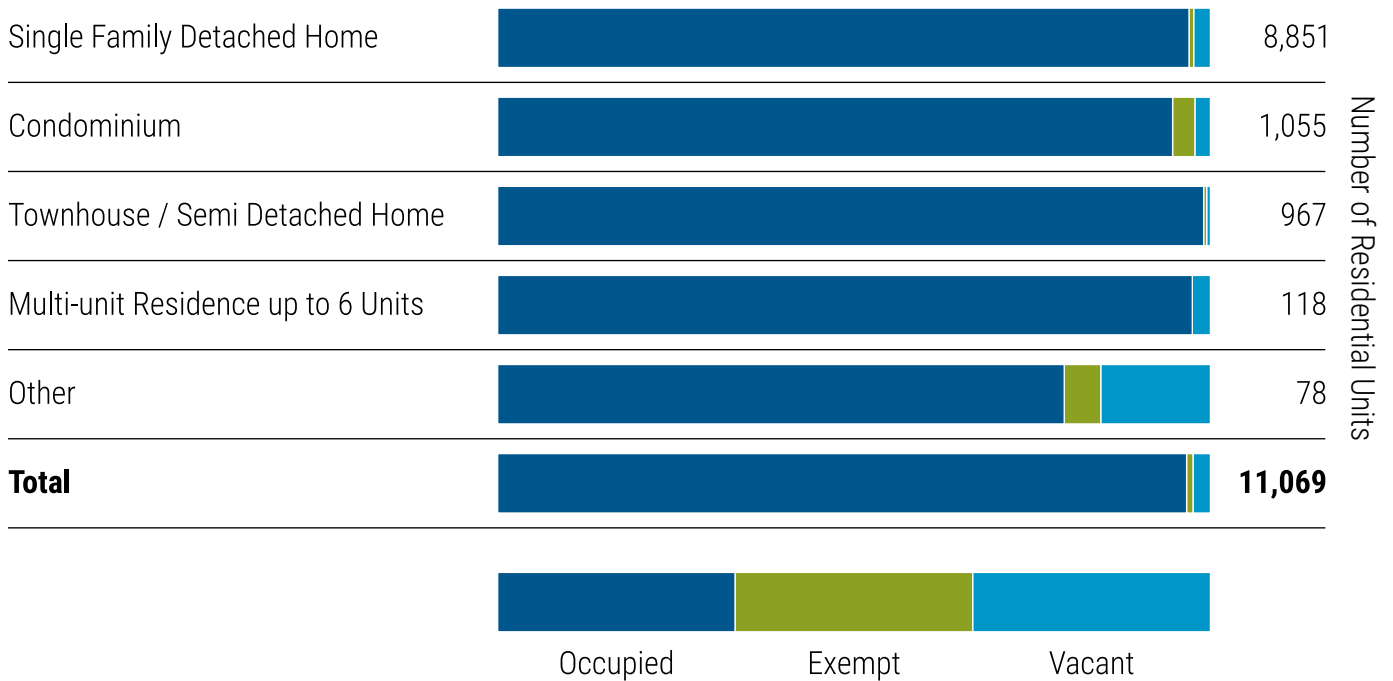
Housing Market Breakdown - Ward 6



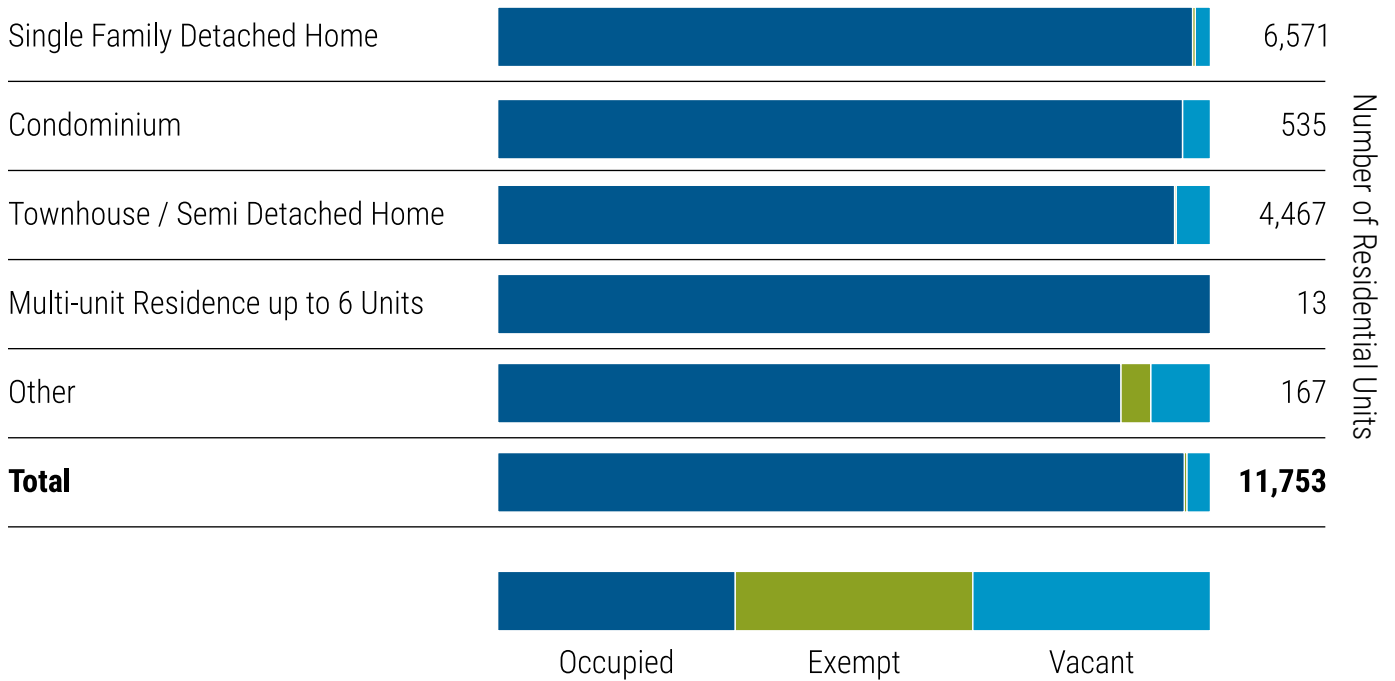
Housing Market Breakdown - Ward 7



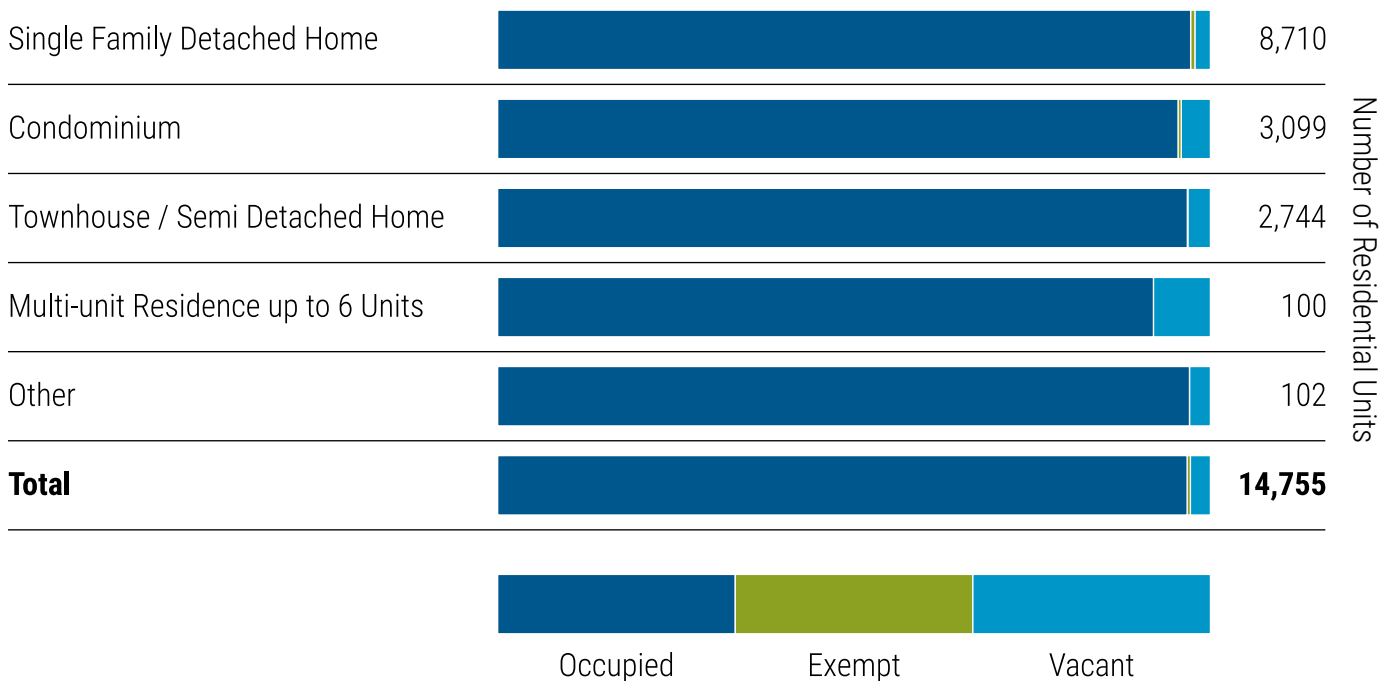
Housing Market Breakdown - Ward 8



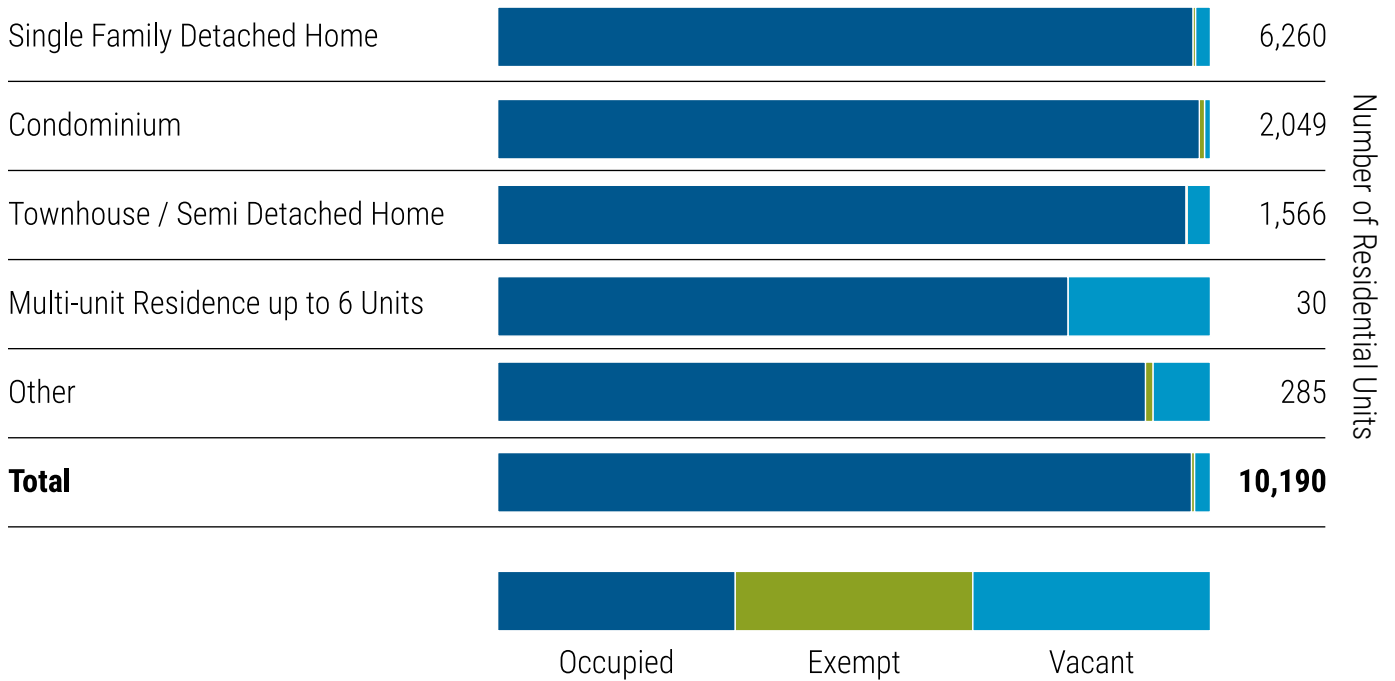
Housing Market Breakdown - Ward 9



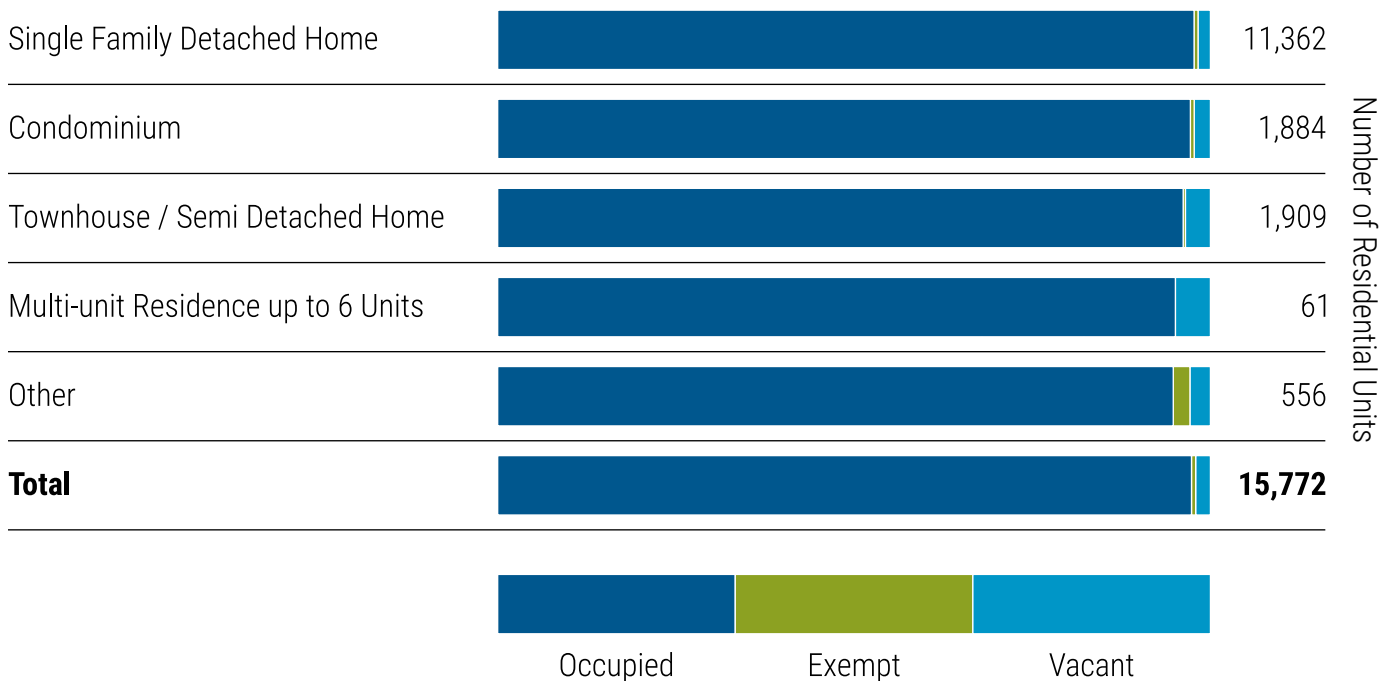
Housing Market Breakdown - Ward 10



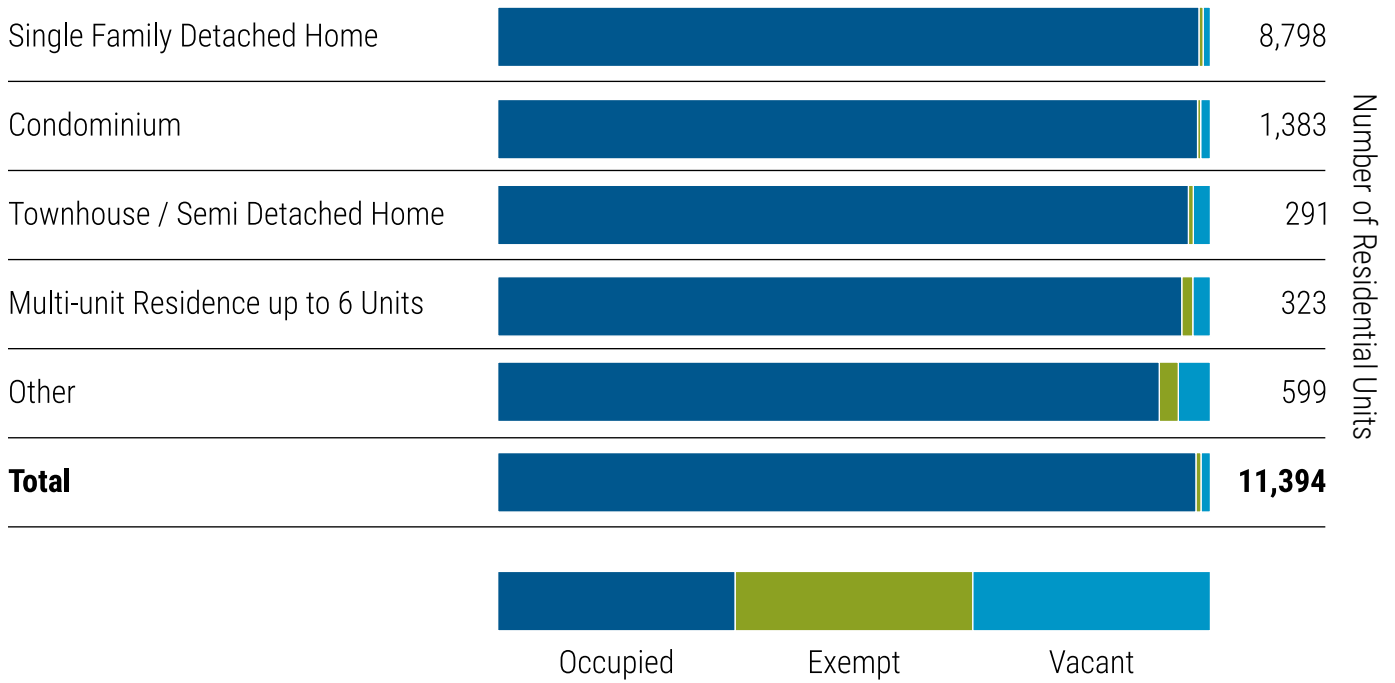
Housing Market Breakdown - Ward 11



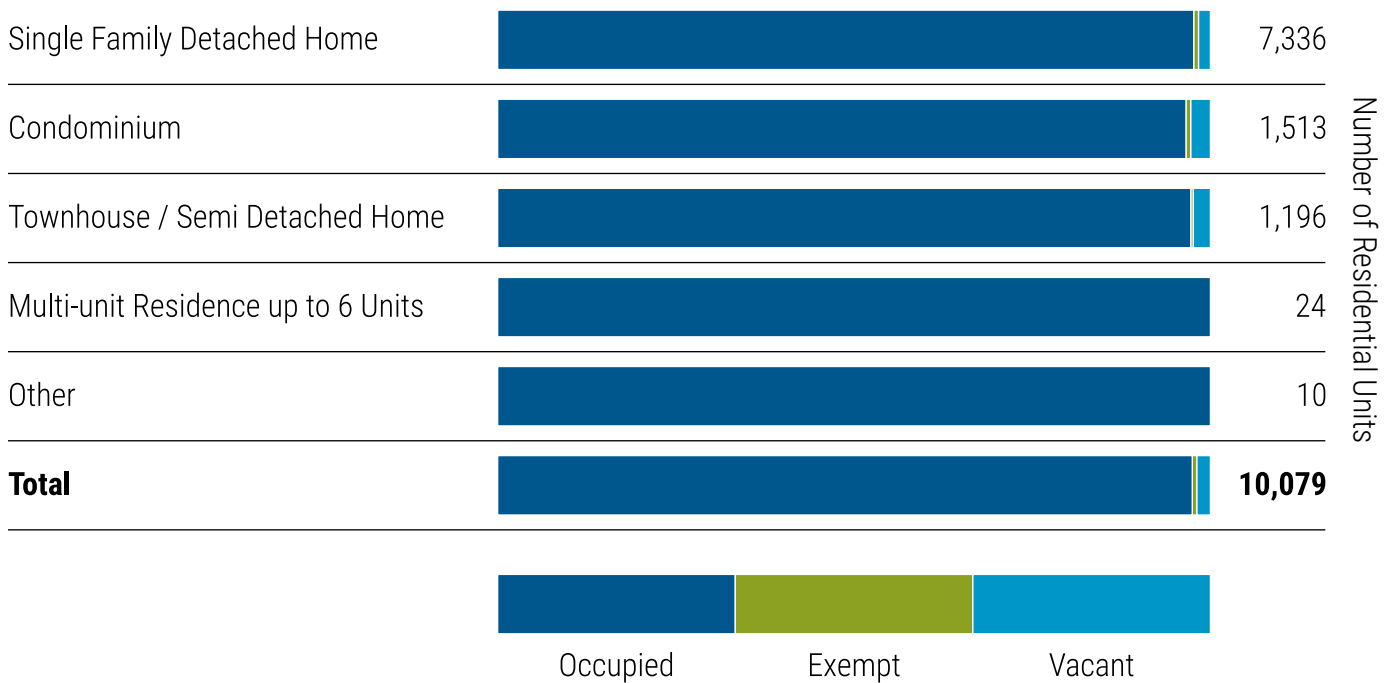
Housing Market Breakdown - Ward 12



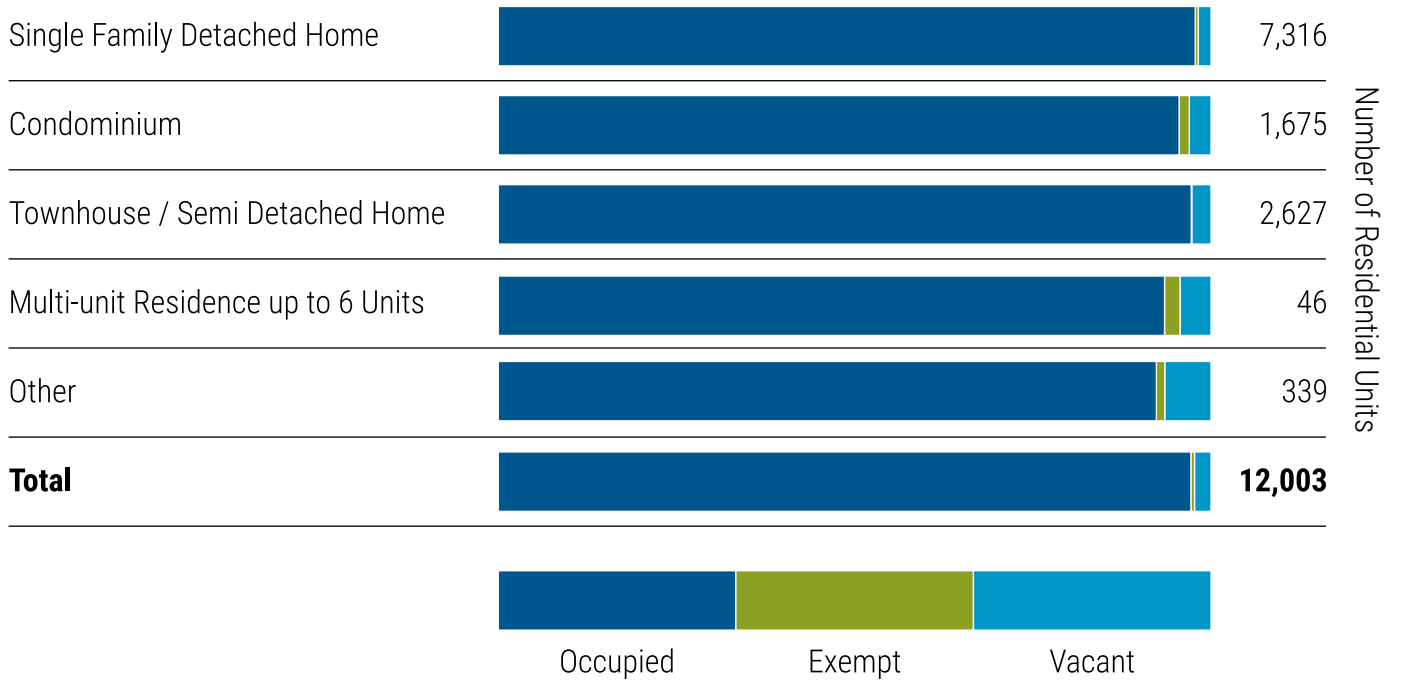
Housing Market Breakdown - Ward 13



Housing Market Breakdown - Ward 14



Housing Market Breakdown - Ward 15







Hamilton



City of Hamilton Report for Consideration

To: Mayor and Members
General Issues Committee

Date: October 22, 2025

Report No: FCS25044

Subject/Title: Vacant Unit Tax - 2024 Interim Report and 2025 By-Law (City Wide)

Ward(s) Affected: (City Wide)

Recommendations

- (a) That Appendix “A” to Report FCS25044 “Vacant Unit Tax – 2024 Occupancy Year Interim Report” **BE RECEIVED** for information.
- (b) That staff **BE DIRECTED** to carry on with the Vacant Unit Tax in 2025 and that Appendix “B” to Report FCS25044 “Vacant Unit Tax – 2025 Vacant Unit Tax By-law” **BE APPROVED**.
- (c) That the repayment of implementation expenditures incurred under Capital Project ID: 3382255001 to the Investment Stabilization Reserve **BE APPROVED**, with repayment accelerated using 2024 Vacant Unit Tax revenue.
- (d) That staff **BE DIRECTED** to prepare a final report in Q2 2026 inclusive of the amount of funds to be transferred to the Affordable Housing Funding Program (AHFP) Reserve (112257).

Key Facts

- The purpose of this Report is to provide an interim update on the 2024 Vacant Unit Tax (VUT) program and to seek Council’s direction to continue the program through approval of the 2025 VUT By-law, as required under the *Municipal Act, 2001, Part IX.1*.

Interim results (Declaration and Notice of Complaint periods) for the 2024 VUT program include:

Details	# of Properties	% of Properties	# of Residential Units	% of Residential Units
Eligible properties that completed the annual occupancy declaration (fully / partially occupied or exempt)	173,789	97.6%	180,751	97.5%
Eligible properties declared as vacant	372	0.2%	413	0.2%
Eligible properties deemed vacant due to non-submission of the occupancy declaration	3,897	2.2%	4,255	2.3%
Total residential property owners that were required to complete an annual declaration	178,058	100.0%	185,419	100.0%

- The 2024 VUT program achieved a **97.8%** declaration compliance rate of eligible residential properties, resulting in a preliminary residential vacancy rate of **2.5%** across eligible residential units (reflecting both declared and deemed vacant residential units).
- The program is forecast to generate **\$15.64 M to \$15.84 M** in net revenue after successful Notice of Complaints and Appeals, with **\$12.54 M to \$12.74 M** in net proceeds available for transfer to the Affordable Housing Funding Program (AHFP) Reserve (112257).
- Implementation costs for the VUT program are forecast at **\$0.93 M**, significantly below the original **\$2.60 M**, Administration costs are projected at **\$2.16 M**, slightly below the **\$2.25 M** initially budgeted. These costs reflect staffing of twelve full-time equivalents (FTEs), with remaining approved positions delayed until the audit campaign begins.
- Staff recommend continuing the VUT program in 2025, approving the associated by-law, and accelerating repayment of implementation costs to the Investment Stabilization Reserve using VUT proceeds. A final report will be presented in Q2 2026 summarizing year-end outcomes.

Financial Considerations

Summary:

The VUT program has delivered stronger-than-expected financial results in its first year. Implementation costs were 64% below forecast, administration costs remained within budget, and revenues significantly exceeded initial projections. The program is expected to yield between \$12.54 M and \$12.74 M in net proceeds for affordable housing after all expenses, with full repayment of start-up costs achieved in year one.

Program Expenditures

Implementation Costs:

In 2022, Council approved report FCS21017(b), which estimated implementation costs at \$2.60 M, to be funded through an internal loan plus interest from the Investment Stabilization Reserve (112300), to be repaid over five years using program revenues.

As the program launch was deferred, associated costs commenced in 2023, and the draw from reserve was likewise delayed.

The forecast implementation cost for the VUT is \$0.93 M, well below the original estimate due to:

- Use of an existing third-party vendor for the online declaration portal (shared with the Customer Relationship Management project), reducing the development costs.
- Delaying the VUT program meant several costs were paid from the operating budget instead of the capital project. These costs included the salary and benefits of employees, and the awareness campaign such as print, mail and advertising.

Staff are recommending accelerating the required repayment to the Investment Stabilization Reserve (112300) using 2024 VUT revenues. This would reduce the overall cost of the implementation and improve the financial position of the Investment Stabilization Reserve (112300).

Administration Costs:

Through the 2024 budget, Council approved the estimated annual operating costs of \$2.25 M (2022 dollars) to administer the VUT program, including 16 FTEs and costs for billing, printing, postage, communication, audit and dispute resolution.

As of October 7, 2025, total administration costs amount to \$1.60 M and are expected to be \$2.16 M by December 31, 2025, slightly below budget. These costs include staffing for the VUT program, which is currently resourced with twelve FTEs: one Manager, one Supervisor, six Analysts, three Customer Service Representatives (CSRs), and one IT Analyst. Three Auditor positions and one Tax Analyst position have been approved but their hiring has been strategically delayed until the audit campaign begins later in 2025. Costs also reflect billing, printing, postage, communication, and dispute resolution expenses. As 2024 was the program's first year, communication and

customer service activities were intentionally expanded to support residents, and the associated costs are captured in this figure. (See Table 1.)

VUT Revenues

Gross Revenues as Billed

As of June 9, 2025, 372 properties were declared vacant and 6,409 were deemed vacant in the first year of the VUT program. Together, these properties represent a maximum billed revenue of \$23.94 M, assuming all deemed properties remain subject to the tax. Of this total, about \$1.09 M comes from declared vacant properties, with the remaining revenue subject to change as property owners dispute their bills through the Notice of Complaint (NOC) and Appeal process. See Table 1.

Estimated Net Revenues after Appeals

As of October 7, 2025, 2,247 property owners of deemed vacant properties have filed a NOC to dispute their VUT charge. On September 17, 2025, Council approved extending the NOC deadline from 60 to 120 days from the billing date, giving more property owners the opportunity to appeal.

After accounting for likely successful appeals, revenues are forecast as follows:

- \$1.09 M from deemed vacant properties.
- A forecasted range of \$14.55 M - \$14.75 M for deemed vacant properties is based on a high success rate of disputes and the current trend of success rate of the completed Notice of Complaint reviews.

Total estimated net revenues after appeals from declared and deemed properties is anticipated to be between \$15.64 M - \$15.84 M. (See Table 1.)

Net VUT Revenues after Administration Expenses and Implementation Costs

Net VUT revenues will range between \$12.54 M to \$12.74 M using the expected appeal rates above and the realized expenses for the program at year-end. This range does not assume any revenues that may be earned during the audit campaign. (See Table 1.)

Audit Campaign to start In October 2025

Beginning in October 2025, the City will launch a random audit of properties declared as occupied or exempt, where no tax was charged, to ensure the information provided is accurate and complies with the VUT by-law. Properties found to have submitted incorrect declarations will be taxed, which may generate additional revenue.

Table 1: Forecasted Vacant Unit Tax Revenues

Forecasted VUT Revenues	Original Forecast (as of Feb 2, 2022)	Actuals (as of Oct 9, 2025)	Forecasted Range (up to Dec 31, 2025)
VUT Billed Properties (net of successful disputes)	1,135 Properties	4,921 Properties	4,593 – 4,534 Properties
VUT Gross Revenue	\$4.32M	\$23.94M	\$23.94M
Less: Successful NOC/Appeals	n/a	(\$6.90M)	(\$8.10M) – (\$8.30M)
Sub-total VUT Revenues	\$4.32M	\$17.04M	\$15.84M - \$15.64M
Less: Administration Expenditures (Operating)	(\$2.25M)	(\$1.60M)	(\$2.16M)
VUT Revenues less Administration Expenditures	\$2.07M	\$15.44M	\$13.67M - \$13.48M
Less: Implementation Expenditures (Capital) (one-time)	(\$2.60M)	(\$0.69M)	(\$0.93M)
VUT Net Revenue	Not Applicable	Not Applicable	\$12.74M - \$12.54M

There are no FTEs impacts associated with this report. The approved staff complement is sufficient to administer the VUT program.

Background

Council first directed staff to explore a Vacant Home Tax in December 2019. From 2020-2022, a series of staff reports examined the feasibility, experiences from other cities (Toronto, Ottawa, and Vancouver), Hamilton’s own housing data, and staff engagement with Hamilton residents on support for the idea of a Vacant Home Tax. Further reports are cited under the section “Previous Reports Submitted”.

The City received provincial authorization in May 2022, under O. Reg 458/22, to levy the VUT. Following Council approval in June 2022, 2023 was established as the first reference year, meaning property occupancy during that year would be used to determine Vacant Unit Tax status in 2024.

The VUT By-law (24-062) was passed in April 2024, with the first occupancy year declarations due in 2025.

Analysis

Overview of Year One

The first year of the Vacant Unit Tax program demonstrated strong compliance and steady administration, as well as opportunities for continuous improvement, which are detailed below.

Interim Year One Key Results

As of October 7, 2025, 97.8% of eligible property owners submitted their required declarations. Of these,

- **96.7%** reported their properties as fully or partially occupied by an owner, tenant, or other permitted occupant.
- **0.9%** of properties were vacant for more than six months but qualified for an exemption.
- **0.2%** of properties were vacant for more than six months with no applicable exemption.

Hamilton's overall residential unit vacancy rate which for the 2024 occupancy year, including both declared vacant and deemed vacant units, was **2.5%**. Vacancy rates were highest in smaller multi-unit residences with up to six units at **5.1%**, and in "other" properties (such as residential units that are contained within mixed use building) at **6.6%**.

Appendix "A" to Report FCS25044 is the full Vacant Unit Tax – 2024 Occupancy Year Interim Report.

Year One Challenges and Improvements

As with many new policies and programs, the first year of implementing the VUT had some challenges. To improve the customer experience and make the process easier for the user, opportunities for continuous improvement have been identified. These improvements, which capture feedback from property owners, Mayor and Councillor Offices, include:

Delayed Launch

- **Challenge:** the program's launch was delayed due to the Canada Post labour disruption. The declaration period was to launch in January and run until March 31, 2025.
- **Improvement:** Staff and Council quickly pivoted and amended the declaration period start date to February 10, 2025. With the amended start date, the initial late declaration period of April 1 to 30, 2025 was removed and the \$250 late declaration fee was waived. A new declaration period was then confirmed for February 10 to April 30, 2025 to allow enough time for all property owners to complete the annual occupancy declaration. The deadline was further extended to May 30, 2025.

Technology Barrier

- **Challenge:** Some property owners faced difficulties completing their occupancy declaration online.
- **Improvement:** Staff offered additional methods for property owners to submit their declarations. Methods made available included by phone, by mail, by email, in-person at any Municipal Service Centre, as well as in-person at scheduled clinics in each ward including senior centres.

Call Wait Times

- **Challenge:** Some property owners experienced long wait times on the VUT phone line.
- **Improvement:** Staff introduced an escalation line for unique situations or general program inquiries, offering callbacks when it was convenient for the resident, and an internal procedure change to reduce the time required to complete a declaration.

Awareness Gaps

- **Challenge:** Some property owners were unaware of the VUT program and the annual declaration requirement, even after receiving multiple direct mailings about their required action.
- **Improvement:** Proactively, staff promoted the program using a robust communication plan to ensure broad awareness and outreach. The VUT program was advertised in local media (TV, newspaper, radio), digital advertising, social media, billboards, the City's e-newsletters, brochures, and posters (at City locations such as libraries and recreation centres), as well as ongoing media outreach prior to and throughout the declaration period. Where possible, additional media outreach and frequency of promotional posts were increased to address awareness gaps.

Vacancies in Hamilton

While the results are preliminary, Hamilton's 2.5% vacancy rate exceeds first-year results in Toronto, Ottawa, and Vancouver. Other cities, however, have shown that vacancy rates decline as programs mature. For example:

- Vancouver saw a 68.6% drop in declared vacant properties from 2017 to 2023.
- Ottawa saw about half of its initially vacant properties become occupied by year two.

If Hamilton follows similar trends, thousands of properties may return to the housing market through sale or rental, easing local housing pressures.

The local resale housing market reflects these dynamics. According to the Cornerstone Association of Realtors' July 2025 report, the Hamilton housing market has experienced the following:

- +2.3% year-over-year increase in residential home sales.
- +0.7% year-over-year increase in residential home new listings.
- +25.4% year-over-year increase in residential home sale inventory.

These measures may be an indication of vacant residential units that may return to occupied units in the future.

Potential Future Housing Support

Beyond encouraging occupancy, the VUT has demonstrated potential to generate significant revenue for affordable housing. Other cities have seen strong results despite declining vacancy rates:

- The City of Toronto generated over \$50 M in VUT gross revenues in the first two years.
- The City of Vancouver generated more than \$169 M of net revenue for housing initiatives. Hamilton's program is expected to provide similar ongoing revenue for affordable housing initiatives.

A future consideration for Hamilton would be implementing an escalating VUT tax rate similar to the other municipalities such as:

- Ottawa – an additional 1% charge for each consecutive vacant year up to a maximum of 5%.
- Toronto – an increased tax rate to 3% the current assessed value in 2024 from 1% in 2022 and 2023.

- Vancouver – an increased tax rate to 3% the current assessed value in 2021 from 1% in 2017 and 1.25% in 2020.

Changes for Year Two

Building on lessons learned based on feedback from property owners, Mayor and Councillor offices, and internal staff assessments, staff is recommending the following adjustments:

- Allow Late Appeal submissions (with an administrative fee to be proposed in the 2025 Tax Supported User Fees Report) due to continued unawareness of the program for some eligible property owners. This will allow owners to dispute the VUT charge for the 2024 occupancy year, should they miss the extended deadline of 120 days from the VUT bill date.
- Extend the First Appeal period to 120 days from the bill date. This will allow owners more opportunities to dispute the VUT charge should their property be incorrectly charged.
- Extend the declaration period for 2025 from December 2025 to April 2026. The additional time will provide more opportunity for owners to complete their declaration and prevent their property from being incorrectly deemed vacant.
- Offering earlier and more frequent in-person declaration clinics.
- Introducing additional exemptions, including:
 - Uninhabitable/Hazardous Property - uninhabitable due to hazardous conditions or a substantial damage from a disaster outside of the control of the property owner.
 - Model Homes - used exclusively for sales and marketing purposes in new development projects.
 - Unsold Inventory - newly build units held by developers up to six months following the occupancy permit in new development projects.
- Enhancing the VUT online portal to reduce the time to declare.
- Reviewing alternative solutions for reducing call wait times.
- Adding an online complaint form and vacant property hotline.

Legislative Context and Municipal Powers

Ontario municipalities operate within a limited framework of revenue-generating tools set by the Province. The VUT is one of the few recent additions authorized for large municipalities.

While the VUT generates both housing and financial benefits as a revenue tool, it is only a small and incremental part of the broader housing solution. Municipalities cannot fully

address affordability and chronic homelessness without additional tools and sustained support from the provincial and federal governments.

Alternatives

Council could choose not to approve the Vacant Unit Tax 2025 By-law: Should Council choose not to approve the VUT 2025 By-law, the Vacant Unit Tax program would conclude after its first year. Ending the program would remove a key incentive for property owners to return vacant homes to the market and would halt the generation of dedicated revenues for affordable housing initiatives. It would also reduce the City's ability to influence local housing supply through policy intervention. Finally, opting not to proceed may create the perception that Hamilton is unwilling to exercise the powers already granted by the Province, potentially weakening future advocacy efforts for additional municipal revenue tools.

Relationship to Council Strategic Priorities

Report FCS25044 is being presented to General Issues Committee to support the following Council priorities:

1. Sustainable Economic & Ecological Development
 - 1.1. Reduce the burden on residential taxpayers
2. Safe & Thriving Neighbourhoods
 - 2.1. Increase the supply of affordable and supportive housing and reduce chronic homelessness

Previous Reports Submitted

- [FCS21017 - Considerations to Implement a Vacant Home Tax in Hamilton \(City Wide\)](#)
General Issues Committee, February 25, 2021
- [FCS21017\(a\) / PED21114 - Considerations to Implement a Vacant Home Tax in Hamilton \(City Wide\)](#)
General Issues Committee, July 5, 2021
- [FCS21017\(b\) - Vacant Home Tax in Hamilton \(City Wide\)](#)
General Issues Committee, February 2, 2022
- [FCS21017\(c\) - Vacant Unit Tax Program Framework \(City Wide\)](#)
General Issues Committee, January 18, 2023
- [FCS21017\(d\) – Vacant Unit Tax Program – Update \(City Wide\)](#)
General Issues Committee, January 17, 2024
- [FCS25009 - Proposed amendments to the timelines for the Vacant Unit Tax program \(City Wide\)](#)
General Issues Committee, January 15, 2025
- [FCS25032 - Extension of Vacant Unit Tax Declaration Deadline to May 30 \(City Wide\)](#)
City Council, May 7, 2025

- [FCS25048 - Extension of Vacant Unit Tax Notice of Complaint Deadline \(City Wide\)](#)
City Council, September 17, 2025

Consultation

Staff have consulted with several internal departments, including Legal Services, City Clerks, Communications, IT and Taxation, as well as contracted consultants engaged for the Vacant Unit Tax program.

Appendices and Schedules Attached

Appendix “A” to Report FCS25044: Vacant Unit Tax – 2024 Occupancy Year Interim Report

Appendix “B” to Report FCS25044: Vacant Unit Tax – 2025 Vacant Unit Tax By-law

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