

City staff meeting January 12/22. 2pm

As stakeholders in the direct impact of Vancouver's Vacancy tax bylaw (EHT), we are meeting to articulate the logical case for amendments with ten cogent points. We assume that this is not just another necessary PR exercise on the part of city hall, and , as such, advocate for **fundamental changes**.

1. **The EHT It has not moved the needle re housing affordability or rental availability.** There are much bigger, global and financial factors at play. Punitive taxes can redistribute wealth, but that is not the primary purpose of the EHT.
2. **Ownership:** owning a home in fee simple, gives the owner the right to exclusive use and possession of that home. In ownership, there is no requirement to give leases or to allow others to use or occupy that property.
3. **Intention:** the stated intention of the EHT was to provide rental housing for people who "live and work" in Vancouver. This unintentionally **excludes** seniors, particularly retired owners. Further, Its stated purpose was to "return underutilized property to the "rental pool", notwithstanding that these homes had always been used by the owner and never were rentals. Owners are required to rent their home 50% of the time if they wish to use it themselves and avoid paying the EHT. Otherwise, they have to pay 5% tax on the value of the home annually year as a penalty. This has had a draconian impact on a vulnerable group: seniors on fixed income between the ages of 60 and 90 years.
4. **Tax rate: 3-5% increases are overly excessive and border on extortion.** Over half of Unjust Tax Coalition members are over age 70, and another 1/3rd in the 60-69 category, by far the overwhelming percentage, being Canadians . This totals 87% near, or in retirement on fixed income. As such, both 3% or 5% are **beyond reasonable capability** of annual payment. A reverse mortgage at current (climbing) interest rates, would eat up their equity in slightly over ten years. The unintended, but inevitable impact of the EHT on particularly vulnerable people amounts to a forfeiture of their property.
5. **Speculation:** By far the majority of owners of secondary homes have been proven not to be speculators. It is not a social crime to own a secondary home from hard-earned life's earnings. More than 10% of Canadians do so.

6. **Of other cities nationally and globally** that have or introduced some iteration of the EHT, **none have been so excessive**, and **most have had more flexible criteria and exemptions**.(appendix) .
7. **A 5% tax penalty is totally disproportionate** to the net value of a 6 month rental. For example, at a 5% rate of property assessed value on a modest \$800,000 condominium, this tax amounts to \$60,000 of before-tax income (at a 50% marginal tax rate). This is unsustainable for most owners on fixed income, and more often results in the sale of their property rather than renting. Renting intermittently for 6 months of the year is neither practical nor financially wise. Ironically, their home is to be made available to a renter from anywhere in the world, who is in Vancouver for **any** reason, whether or not for work. The EHT essentially forces them to forfeit their property in order to keep living in it. Having done nothing wrong, they are being penalized for wanting to keep using and occupying their home.
8. **Vancouver's 2021 EHT synopsis misleads**. Impact on tax-assessed homes is represented in **relative**, not **absolute** numbers. In reality, a 36% decline in tax-assessed homes is a mere **157 homes /year** over 5 years. In comparison, the deficit in housing is 85,000 homes, and conservative projections are for a need of another 50,000 by 2030
9. **Workshops**: In public participation workshops, the city has voiced concern over the **hollowing out of the middle class** and the impact on **social resilience**. Social resilience starts with intergenerational family resilience.
10. **The city's approach to seniors is contradictory**. it is striving to be an **Age-Friendly city** following the lead of the WHO " (*Global Age-friendly Cities: A Guide – © World Health Organization 2007*). In the December 6/2022 council meeting, a motion was passed for city administration to review and update Vancouver's **Age-friendly Action Plan of 2013**. Currently, it purports to value seniors contributions, and spends resources on helping them "age in place". In many instances this means remaining in an oversized home relative to need, until their demise. Yet for those seniors who have shown flexibility by downsizing and moving, they are being penalized (by the EHT), if they keep a small "pied-a-terre" while they figure out family transitions and dependancies over time. It should not be socially unacceptable to own a secondary residence, that is used throughout the year, in an effort to relieve stress of medical needs, and to maintain family & community ties.

Specific Recommendations (3):

In the July city council mandated review of the Vacancy tax bylaw for fairness, here is a timely opportunity to make amendments to the EHT to provide equity and fairness to vulnerable groups of people.

By focusing on providing rentals to those who “live and work” in Vancouver, the legitimate rights and needs of seniors, and the resilience of the extended family seems to have been entirely overlooked.

1. **Global norms:** The Vacancy tax bylaw definition of “**Vacant**” is outside of legal definitions in other jurisdictions , including in similar bylaws in other cities globally. The bylaw bases it on an arbitrary definition of “unoccupied”. We advocate for a more realistic definition, based on global norms .
2. **Additional exemption:** For Canadians between the ages 60-90, allow an EHT exemption for one second home in Vancouver that is a condominium or townhouse. Retirement housing and intergenerational support can take a generation to resolve, as this cohort works out their housing needs over time.
3. **Non-exempt secondary residences:** In concert with global norms, the current tax rate at 5% should be reduced to 1% or less. City council / administration need to recognize the valuable contributions made to Vancouver by people who own and use secondary residences, and the strong connections they have with the city, acknowledging that they are not in the same category as investors who buy properties on speculation of monetary gain. There are jurisdictions which charge marginally higher tax rates for secondary residences, not necessarily pegged to assessed value, that can be used for comparison. Should the city be concerned with loss of revenue by such an EHT tax reduction, then a city **Social Resilience Surtax** is recommended that is applied to all of the city’s 186,043 residential properties.

More detailed, specific bylaw wording adaptations can be provided, at request. Global EHT tax comparisons are appended.

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