



Planning Committee

Date: Tuesday, November 8, 2016

Place: Anderson Room
Richmond City Hall

Present: Councillor Bill McNulty, Vice-Chair
Councillor Carol Day
Councillor Harold Steves
Mayor Malcolm Brodie

Absent: Councillor Linda McPhail
Councillor Chak Au

Also Present: Councillor Derek Dang

Call to Order: The Chair called the meeting to order at 4:00 p.m.

MINUTES

It was moved and seconded

That the minutes of the meeting of the Planning Committee held on October 18, 2016, be adopted as circulated.

CARRIED

NEXT COMMITTEE MEETING DATE

November 22, 2016, (tentative date) at 4:00 p.m. in the Anderson Room

The Chair advised that City of Vancouver Empty Home Tax will be considered as Item No. 8A.

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COMMUNITY SERVICES DIVISION

1. METRO VANCOUVER REGIONAL AFFORDABLE HOUSING STRATEGY

(File Ref. No. 08-4057-05) (REDMS No. 5080590 v. 4; 5175042)

Joyce Rautenberg, Affordable Housing Coordinator, reviewed the Metro Vancouver Regional Affordable Housing Strategy, noting that (i) the City was engaged in the consultation process, (ii) the Strategy offers affordable housing guidelines for municipalities, and (iii) the Strategy has provided recommendations regarding the role of senior levels of government in supporting affordable housing.

It was moved and seconded

That the Metro Vancouver Regional Affordable Housing Strategy, as detailed in the staff report titled "Metro Vancouver Regional Affordable Housing Strategy", dated October 14, 2016 from the General Manager, Community Services, be endorsed as a collaborative approach to addressing regional housing needs.

CARRIED

2. AFFORDABLE HOUSING STRATEGY UPDATE – RICHMOND HOUSING AFFORDABILITY PROFILE

(File Ref. No. 08-4057-01) (REDMS No. 5140743 v. 6)

Ms. Rautenberg updated Committee on the Richmond Housing Affordability Profile, noting that the City has received feedback from consultation sessions including themes related to funding for family housing, low end market rental occupancy management, involvement of non-profit organizations, and accessible and adaptable housing. She added that staff anticipates that phase two of the Affordable Housing Strategy will be brought forward in 2017. She further noted that the federal government has committed to extend co-op housing agreements in the city for an additional three years.

Discussion ensued with regard to (i) developing incentives to increase development of market rental housing, (ii) the number of purpose built market rental housing in the city compared to other municipalities, (iii) examples of market rental policies in different cities, (iv) allocating at least 15% of the overall density of new residential developments for low end market rental units, (v) the negative impact of short-term rentals on affordable housing in the city, and (vi) advocating senior levels of government for co-op housing funding.

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Deirdre Whalen, on behalf of the Richmond Poverty Response Committee, read from her submission (attached to and forming part of these minutes as Schedule 1), and expressed concern with regard to the growing affordable housing needs in the city.

It was moved and seconded

That the staff report titled "Affordable Housing Strategy Update – Richmond Housing Affordability Profile" dated October 11, 2016, from the General Manager, Community Services, be endorsed.

CARRIED

PLANNING AND DEVELOPMENT DIVISION

3. **APPLICATION BY LLOYD KINNEY FOR A ZONING TEXT AMENDMENT TO PERMIT A MICROBREWERY WITHIN THE INDUSTRIAL BUSINESS (IB1) ZONE AT UNIT #110 - 12500 HORSESHOE WAY**

(File Ref. No. 12- 8060-20-009614; ZT16-734106) (REDMS No. 5180379 v. 2)

Mark McMullen, Senior Coordinator - Major Projects, reviewed the application noting that the security gate would be open during business hours.

It was moved and seconded

That Richmond Zoning Bylaw 8500, Amendment Bylaw 9614, for a Zoning Text Amendment to the "Industrial Business (IB1)" zone to allow a "Microbrewery, Winery and Distillery" at #110-12500 Horseshoe Way, be introduced and given first reading.

CARRIED

4. **APPLICATION BY JACKEN INVESTMENTS INC. FOR REZONING AT 8111 NO. 3 ROAD FROM SINGLE DETACHED (RS1/E) TO COMPACT SINGLE DETACHED (RC2)**

(File Ref. No. 12-8060-20-009630; RZ 15-699299) (REDMS No. 5180861)

It was moved and seconded

That Richmond Zoning Bylaw 8500, Amendment Bylaw 9630, for the rezoning of 8111 No. 3 Road from "Single Detached (RS1/E)" to "Compact Single Detached (RC2)", be introduced and given first reading.

CARRIED

5. **APPLICATION BY ARCHITECT 57 INC. FOR REZONING AT 4780 STEVESTON HIGHWAY FROM SINGLE DETACHED (RS1/E) TO COMPACT SINGLE DETACHED (RC2)**

(File Ref. No. 12-8060-20-009635; RZ 16-737903) (REDMS No. 5101845)

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Copies of an updated staff report was distributed (copy on file, City Clerk's Office), to correct the proposed rezoning of 4780 Steveston Highway originally noted as "Compact Lot Detached (RC2)" to "Compact Single Detached (RC2)".

It was moved and seconded

That Richmond Zoning Bylaw 8500, Amendment Bylaw 9635, for the rezoning of 4780 Steveston Highway from "Single Detached (RS1/E)" to "Compact Single Detached (RC2)", be introduced and given first reading.

CARRIED

Cllr. Dang left the meeting (4:22 p.m.) and did not return.

6. **APPLICATION BY 1080593 BC LTD. FOR REZONING AT 11740 WILLIAMS ROAD FROM SINGLE DETACHED (RS1/E) TO COMPACT SINGLE DETACHED (RC2)**

(File Ref. No. 12-8060-20-009636; RZ 16-740422) (REDMS No. 5181301)

Jordan Rockerbie, Planning Technician, reviewed the application, noting that the proposed development will include two secondary suites.

It was moved and seconded

That Richmond Zoning Bylaw 8500, Amendment Bylaw 9636, for the rezoning of 11740 Williams Road from "Single Detached (RS1/E)" to "Compact Single Detached (RC2)", be introduced and given first reading.

CARRIED

7. **APPLICATION BY DUNBAR EQUIPMENT LTD. (DOING BUSINESS AS DON DICKEY SUPPLIES) FOR A TEMPORARY COMMERCIAL USE PERMIT AT 8540 RIVER ROAD**

(File Ref. No. TU 16-732636) (REDMS No. 5132450)

It was moved and seconded

That the application by Dunbar Equipment Ltd. (doing business as Don Dickey Supplies) for a Temporary Commercial Use Permit at 8540 River Road be considered at the Public Hearing to be held December 19, 2016 at 7:00 pm in the Council Chambers of Richmond City Hall, and that the following recommendation be forwarded to that meeting for consideration:

- (1) *"That a Temporary Commercial Use Permit be issued to Dunbar Equipment Ltd. (doing business as Don Dickey Supplies) for property at 8540 River Road to allow the retail sale of outdoor power equipment as an accessory use."*

CARRIED

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8. OFFICIAL COMMUNITY PLAN AMENDMENTS - ARTERIAL ROAD POLICY

(File Ref. No. 10-6350-00) (REDMS No. 5055217 v. 5)

Wayne Craig, Director, Development, noted that a memorandum providing additional information on the proposed Official Community Plan (OCP) amendments on Arterial Road Policy and Affordable Housing Strategy Review was distributed to Council (attached to and forming part of these minutes as Schedule 2) and briefed Committee on said amendments, highlighting that:

- consultation on the proposed amendments were conducted via (i) a series of public open house meetings, (ii) referral to School District No. 38 Richmond Centre for Disability (who attended the open houses), and (iii) meetings with stakeholders in the development industry;
- enhancements to setback and maximum height requirements for sites facing single-family units are proposed;
- the proposed amendments will provide clarity on the location of lane accessed homes along arterial roads and a funding strategy to construct connecting lanes;
- areas have been identified where new housing forms such as duplexes and triplexes could be developed; and
- a density bonus for townhouse development applications would be considered, provided that approximately 15% of the overall density be allocated for low end market rental units.

In reply to queries from Committee, Mr. Craig noted that (i) the proposed amendments include requirements for a 6.0 metre rear yard setback for sites adjacent to single-family lots, and provisions to allow for a maximum 1.5 metre ground floor projection to the rear yard setback, (ii) townhouse, duplex and triplex development will be subject to a development permit, (iii) sun decks are typically oriented toward the interior drive aisle, (iv) applicants are encouraged to develop accessible units, (v) the proposed amendments will provide capacity for approximately 5800 duplex, triplex and townhouse units, and (vi) should the proposed amendments proceed, it is anticipated that the proposed amendments will be brought forward to the December 19, 2016 Public Hearing for adoption.

It was moved and seconded

- (1) *That Official Community Plan Bylaw 9000, Amendment Bylaw 9603, which amends Official Community Plan Bylaw 9000, by:***

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- (a) replacing the existing Arterial Road Policy in Section 3.6.1 with the Arterial Road Land Use Policy;*
 - (b) replacing the existing Arterial Road Guidelines for Townhouses in Section 14.4.13 with the new Arterial Road Guidelines for Town Houses;*
 - (c) adding the new Arterial Road Guidelines for Row Houses and Intensive Residential Guidelines for Duplexes and Triplex; and*
 - (d) designating all duplex, triplex and row house development sites along arterial road as mandatory Development Permit Areas;*
- be introduced and given first reading;*
- (2) That Official Community Plan Bylaw 7100, Amendment Bylaw 9604, which amends Official Community Plan Bylaw 7100, by replacing the Steveston Area Land Use Map in Schedule 2.4 be introduced and given first reading;*
 - (3) That Bylaw 9603 and Bylaw 9604, having been considered in conjunction with:*
 - (a) the City's Financial Plan and Capital Program; and*
 - (b) the Greater Vancouver Regional District Solid Waste and Liquid Waste Management Plans;*

is hereby found to be consistent with said program and plans, in accordance with Section 882(3)(a) of the Local Government Act; and
 - (4) That Bylaw 9603 and Bylaw 9604, having been considered in accordance with Official Community Plan Bylaw Preparation Consultation Policy 5043, is hereby found not to require further consultation.*

The question on the motion was not called as amendments to the motion regarding proposed setback enhancements and lifting restrictions on the locations of row homes was introduced; however failed to receive a seconder.

The question on the motion was then called and it was **CARRIED**.

8A. CITY OF VANCOUVER EMPTY HOME TAX

(File Ref. No.)

Copies of a City of Vancouver staff report titled, "Encouraging Homes for Renters: Emerging Approach on Empty Homes" dated September 13, 2016, related to the empty home tax was distributed (attached to and forming part of these minutes as Schedule 3).

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It was moved and seconded

That staff analyze the City of Vancouver staff report titled, "Encouraging Homes for Renters: Emerging Approach on Empty Homes", dated September 13, 2016, and report back.

The question on the referral was not called as discussion ensued with regard to (i) the applicability of a similar tax in Richmond, (ii) working with the Province on issues related to affordable housing, (iii) the impact of short-term rentals on affordable housing, and (iv) referring the City of Vancouver staff report to staff for analysis.

The question on the referral was then called and it was **DEFEATED ON A TIE**, with Cllr. McNulty and Mayor Brodie opposed.

It was moved and seconded

That the City of Vancouver staff report titled, "Encouraging Homes for Renters: Emerging Approach on Empty Homes", dated September 13, 2016, be received for information.

CARRIED

9. **MANAGER'S REPORT**

(i) Steveston Buddhist Temple

Mr. Craig advised that the Steveston Buddhist Temple Society will be hosting a public consultation meeting regarding a proposed rezoning application to accommodate congregate care units scheduled for November 16, 2016.

(ii) Single-Family Development on Trites Road

In reply to queries from Committee, Mr. Craig advised that it is anticipated that the single-family development rezoning applications along Trites Road will be brought forward in the next few months.

(iii) Tree Bylaw Information Sessions

Gavin Woo, Senior Manager, Building Approvals and Gordon Jaggs, Tree Preservation Coordinator, briefed Committee on the previous Tree Bylaw Information Session, noting that positive feedback was received and that the next session is scheduled for November 24, 2016 at the West Richmond Community Centre.

Discussion ensued with regard to the promotion of the information sessions, and Mr. Jaggs noted that the event is promoted through posters in City community centres, newspaper advertisements and the City's website. It was then suggested that the event be posted on the West Richmond Community Centre's marquee board.

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ADJOURNMENT

It was moved and seconded

That the meeting adjourn (4:48 p.m.).

CARRIED

Certified a true and correct copy of the Minutes of the meeting of the Planning Committee of the Council of the City of Richmond held on Tuesday, November 8, 2016.

Councillor Bill McNulty
Vice-Chair

Evangel Biason
Legislative Services Coordinator

November 8, 2016 Planning Committee, City of Richmond

My name is Deirdre Whalen and my address is 13631 Blundell Road Richmond.

I am here to speak on behalf of the **Richmond Poverty Response Committee (PRC)**. The Richmond PRC is *“a coalition of Richmond residents and agencies working together to reduce poverty and the impacts of poverty with research, projects and public education.”*

We commend city staff on their well-researched and informative reports regarding the Metro Vancouver Regional Housing Action Plan and the update on the Richmond Affordable Housing Strategy. Many of our concerns around affordable housing for low-income individuals and families were heard and appear in both reports.

It is evident that the gap between rent and income is becoming wider. And while people on extremely low incomes may qualify for government rent supplements, these supplements can only be applied to market rental accommodation, not subsidized housing. But if they can actually find a unit, the supplement still doesn't cover the gap. Add to this that over 600 Richmond families sit on the waitlist for subsidized housing for years (eg. BC Housing), and it should be clear that Richmond has an immediate need for affordable rental accommodation.

In Richmond the average household income is about \$60,000/year so “affordable” means rent should be no more than 30% of gross income. But finding housing for \$1500/month is almost impossible. And with the very low vacancy rate, the task of finding any rental housing in Richmond is almost insurmountable.

Richmond is overdue for the building of affordable purpose-built rental housing. The report says 22.4% of our residents are low-income and our population is over 200,000 (this is about 45,000 people). The report also tells us there are only 3,477 units of purpose-built rental housing. In addition, much of the rental housing we depend on was built 30 years ago and many owners are contemplating demolition. Yes we do have some newer purpose-built rentals (eg. Riverport Flats and Imperial Landing) but I don't think anyone can say they are “affordable.”

The Richmond PRC agrees with the report in noting the City's Social Development Strategy states the need for workforce housing. The report says 70% of Richmond residents own their own homes. We have become a lopsided city and more rental options should be provided if Richmond is to be a complete community that includes all income levels and all demographics.

Concerning the percentage of affordable units secured under the Affordable Housing Strategy, we understand the City of Vancouver has a target of 20% affordable units per development. Providing only 5% affordable units will never meet the immediate need for housing let alone Richmond's housing needs into the future.

Lastly, the Richmond PRC is heartened to see the City acting on a recommendation we made concerning the coordination of housing services. Our hope for a long-term solution would include a housing authority to administer a variety of rental accommodation services.

The Richmond PRC would recommend the City consider the following actions:

1. Find a way to cover the rent gap for low-income individuals and families;
2. Protect the current stock of purpose-built affordable rental units;
3. Build more purpose-built affordable rental properties that will stay rentals in perpetuity;
4. Increase the percentage of affordable housing units in the Affordable Housing Strategy; and
5. Establish a local Housing Authority or similar entity.

Schedule 2 to the Minutes of the Planning Committee meeting of Richmond City Council held on Tuesday, November 8, 2016.

TO: MAYOR & EACH COUNCILLOR
FROM: CITY CLERK'S OFFICE



City of Richmond

Memorandum
Planning and Development Division
Development Applications

PHOTOCOPIED

To: Mayor and Councillors

Date: November 7, 2016

From: Wayne Craig
Director, Development

File: 10-6350-00/Vol 01

NOV - 8 2016

CS

Re: Arterial Road Policy Update and Affordable Housing Strategy Review

& DISTRIBUTED

This memorandum provides Mayor and Councillors with information on two major policy reviews which are currently underway and the relevance of these initiatives to the provision of affordable housing through the redevelopment process.

Arterial Road Policy Update

The Arterial Road policies in Richmond Official Community Plan (OCP) Bylaw 9000 provide the land use vision for the City's arterial roads. A staff report regarding the Arterial Road Policy review is scheduled for consideration at the November 8, 2016 Planning Committee meeting. The Policy identifies a range of land uses potentially available for modest densification on the major and minor arterial roads in Central Richmond and the Steveston areas.

The Arterial Road Policies support a number of goals identified in the OCP for orderly growth and transit-friendly development, while also providing opportunities for increasing the supply and diversity of housing stock in the City. The land use options contained in the Arterial Road Policies will produce more dwelling units with varying unit sizes and ownership arrangements. In general terms, these additional housing typologies will increase housing affordability within the City. The Arterial Road Policies also support the City's Affordable Housing Strategy by ensuring that secondary suites and cash-in-lieu contributions towards the Affordable Housing Reserve are secured through the rezoning process. The provision of these affordable housing contributions increases the supply of rental housing units in the City while also providing financial contributions that enable the City to leverage these funds to create additional affordable housing units in the City.

The proposed revisions to the Arterial Road Policy also include a new policy aimed at increasing the potential supply of built Low End Market Rental (LEMR) units in arterial road townhouse projects. The proposed policy would enable Council to consider an additional density bonus as part of townhouse projects, provided that the density bonus is used for the provision of approximately 15% of the overall density on the site as constructed LEMR units secured by a Housing Agreement.

Affordable Housing Strategy Review Update

The City's Affordable Housing Strategy is currently under review. Item No.2 on the November 8, 2016 Planning Committee agenda is the Housing Affordability Profile Report for Community Services; which concludes Phase 1 of the Affordable Housing Strategy update process.



November 7, 2016

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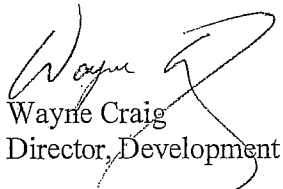
The Report outlines the results of various stakeholder consultation sessions, combined with housing affordability statistics (previously presented to Council in March, 2016).

Staff anticipate bringing forward a report with final policy recommendations to Planning Committee and Council in the second quarter of 2017. The strategy review will include a comprehensive assessment of the three priorities within the Affordable Housing Strategy. These priorities, listed in order, are Affordable Subsidized Rental, Affordable Low End Market Rental and Affordable Entry Level Ownership. The review of the affordable entry level ownership portion of the strategy will include best practices research, including the assessment of existing models such as the Whislter, BC affordable home ownership program, in order to ensure that a Richmond specific strategy is developed.

Any revisions to the Arterial Road Policies required as a result of the Affordable Housing Strategy review outcomes will be addressed in the future after Council's consideration of the Affordable Housing Strategy review.

Related to the Affordable Housing Strategy, staff has also initiated a review of purpose-built multi-family market rental housing policies. A Staff Report on this topic is anticipated to be brought forward to Planning Committee and Council in 2017. This Report will focus on potential measures to protect the existing stock of purpose-built multi-family market rental housing, as well as identifying potential incentives to encourage new market rental housing.

If you have any further questions, please contact me at 604-247-4625.


Wayne Craig
Director, Development
WC:blg

pc: Senior Management Team (SMT)
Kim Somerville, Manager, Community Social Development
Joyce Rautenberg, Affordable Housing Coordinator
Terry Crowe, Manager, Policy Planning

Carol Day

Nov 9th, 2016

Encouraging Homes for Renters

Vancouver Empty Home Tax

Please accept this information from the City of Vancouver regarding their proposal for a Empty House Tax. Mayor Robertson has written to the Premier to request that the Province confirm its support to create and administer a new residential vacant property class so that the City (and other municipalities) have the option to set a different property tax rate for empty homes.



ADMINISTRATIVE REPORT

Report Date: September 13, 2016
Contact: Kathleen Llewellyn-Thomas
Contact No.: 604. 871.6858
RTS No.: 11621
VanRIMS No.: 08-2000-20
Meeting Date: September 20, 2016

TO: Vancouver City Council
FROM: General Manager of Community Services
SUBJECT: Encouraging Homes for Renters: Emerging Approach on Empty Homes

RECOMMENDATION

- A. THAT Council endorse in principle the approach described in this report for implementing a City-administered program to levy an annual tax on empty homes, the net proceeds of which will be used for affordable housing initiatives, and direct staff to undertake public consultation on the emerging approach.
- B. THAT Council approve a budget of \$220,000 for public consultation to be conducted in the fall of 2016 as described in this report; the \$220K consultation cost will be managed within the approved 2016 Operating budget.

REPORT SUMMARY

There are significant housing challenges in Vancouver and it is important that the City encourage the use and occupancy of the existing housing stock. Empty homes are a potential source of rental housing and Council has directed staff to report back on a program to levy a tax on empty homes in order to encourage owners to occupy or rent out their unit. This report describes recent amendments to the *Vancouver Charter* which allow the City to levy a tax on empty homes (the "Tax") and sets out a potential approach for implementing the Tax on empty residential property, noting that any net revenues from the Tax will be used for affordable housing initiatives. This report also describes a work program for consultation on the potential approach prior to reporting back to Council with a recommended policy and draft by-law.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

On June 29th 2016 City Council directed staff to report back on a City-administered program to levy a tax on empty homes.

Part XXX (section 30) of the *Vancouver Charter* provides authority for Council to, by by-law, impose an annual tax on empty homes.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

Vancouver is facing a housing crisis. Empty and underutilized housing represents a source of supply that could be made available immediately and owners should be encouraged to either occupy these units or make them available for rent. The Province of BC has amended the Vancouver Charter to provide the City with the authority to administer a tax on empty homes and this report describes a potential approach for implementation. The overarching goal of the program will be to encourage owners to rent out empty housing units. Council is asked to approve the emerging approach in principal and direct staff to continue public and stakeholder engagement before reporting back with a recommended policy.

The City Manager supports Council's approval of the recommendations set out herein.

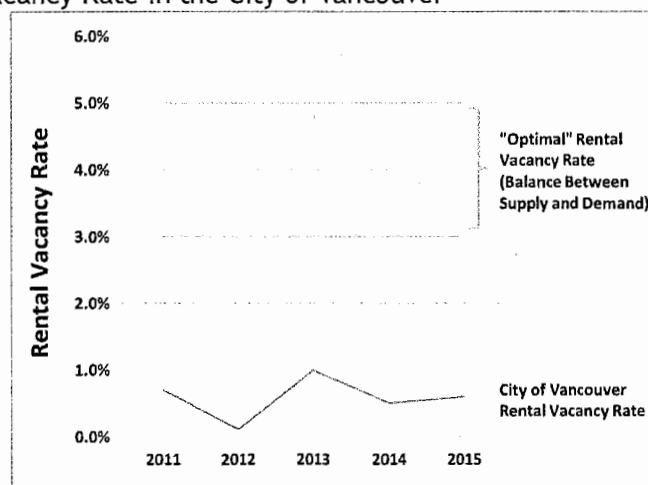
REPORT

Background/Context

1. There are significant housing challenges in Vancouver

Vancouver has one of the lowest rental vacancy rates in Canada, averaging 0.6% in 2015, 0.5% in 2014, 1.0% in 2013, 1.1% in 2012 and 0.7% in 2011. A rental vacancy rate between 3% and 5% is considered to be a "healthy" balance between supply and demand (Figure 1).

Figure 1: Rental Vacancy Rate in the City of Vancouver



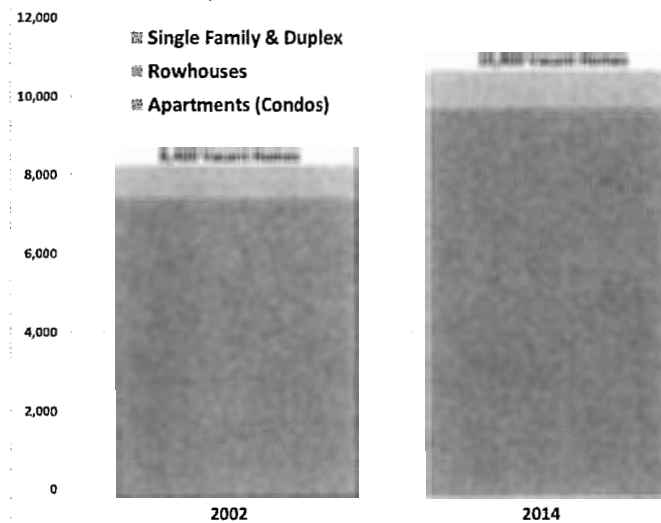
Low rental vacancy increases competition for housing among renters, putting upward pressure on rents and increased strain on renter households, especially those with low or

moderate incomes who may already be paying more than they can afford on rent. 34% of renters pay over 30% of their income on housing, with 14% paying over 50% of income on housing (CMHC Rental Market Reports and 2011 National Household Survey).

2. Empty Homes are a potential source of rental housing supply in the City and Council has directed staff to take action on empty homes

In March 2016, Council received a presentation from staff on the results of a consultant study which examined BC Hydro consumption data over time for housing units within the city. The study found that 4.8 per cent of housing units in Vancouver were unoccupied for 12 months or more in 2014. The study also found that this rate has stayed relatively stable since 2002. This represents ~10,000 long term empty housing units, of which nearly 90 per cent are condominiums and apartments (Figure 2).

Figure 2: Empty Homes in the City of Vancouver - 2002 and 2014



Recent polls indicate strong support for government action to address empty homes:

- 82% support for a vacancy tax (Angus Reid, 2015);
- 91% of people who completed the Talk Vancouver survey agreed that the number of empty homes in Vancouver is a problem (City of Vancouver 2016-Talk Vancouver voluntary survey); and
- 80% support for penalties on people who purchase property without the intention to live in it or rent it out (Insights West, 2016).

The May 2016 TalkVancouver survey on empty homes revealed that investor owners tend to have somewhat different opinions about the proposal to tax empty homes in Vancouver compared to the overall response. In general, investors were less likely to agree that the number of empty homes is a problem that merits government action (Table 1).

Table 1: Investor Responses to Key Survey Questions vs. Overall Response (City of Vancouver Empty Homes Survey - May 2016)

Statement	% of investors who agree or strongly agree	% of overall survey respondents who agree/ strongly agree
The number of empty homes in Vancouver is a problem	71%	91%
If a property owner wants to keep their home empty, that's their right	47%	23%
The City should advocate for senior government action on empty homes	64%	88%
The revenue generated from additional taxes on empty homes should be used to create affordable housing in the city	70%	87%
Owners who occupy or rent out their home should pay less tax than owners who leave their home empty	82%	87%

Note: the TalkVancouver survey received over 15,000 responses. Approximately 500 respondents indicated that they own more than one property, who are assumed to be investors for the purposes of the table above.

Empty homes take away from the supply of housing available to rent. Given the significant housing challenges in Vancouver, it is important to ensure that the housing stock is available to provide more opportunities for use by local residents and workers and not solely as investments that are not rented out or lived in on a full time basis. Council has directed staff to move forward with a City-administered program to impose a tax on empty homes in order to encourage owners to occupy or rent out their homes. Council directed staff to work with the Province to enable this program and the Province has responded with amendments to the *Vancouver Charter* to allow the City to move forward with the new tax.

3. The Province has amended the Vancouver Charter to allow the City to Levy the Tax

Effective as of July 28, 2016, the *Vancouver Charter* was amended by the *Miscellaneous Statutes (Housing Priority Initiatives) Amendment Act* to enable Council to impose, by by-law, an annual vacancy tax on a parcel of “taxable property”. This authority is unique to the City and any vacancy tax program would be administered by the City in accordance with a by-law to be enacted by Council (see Appendix A for a copy of Part XXX (section 30) of the *Vancouver Charter* the enabling legislation).

The new vacancy tax sections in Part XXX of the *Vancouver Charter* set out provisions that must be included in a vacancy tax by-law, as well as provisions that may be included in a vacancy tax by-law at Council’s discretion.

The by-law is required to, among other things:

- establish circumstances in which a property is to be considered vacant;
- specify a vacancy reference period and total length of time that apply for the purposes of determining when a residential property is vacant - the legislation is structured so that the tax will be levied on a residential property that is unoccupied for a certain period within a defined period of time;

- provide a process for administering and collecting the tax;
- establish the basis on which the tax is imposed and the rate of the tax;
- establish exemptions;
- establish notice requirements for registered owners that are subject to the tax;
- provide for a complaints and review process; and
- provide for annual reporting, which is to be made available to the public - any money raised by the tax must be spent on affordable housing initiatives and for the purposes of administering and collecting the tax.

The by-law may also:

- require registered owners to make a property status declaration and set out requirements and a process for doing so, which may include a fine or penalty for failure to make a declaration, making a false declaration or failing to provide sufficient information or evidence to substantiate the declaration;
- require a registered owner to provide information or evidence to confirm the status of the property or verify a property status declaration;
- establish penalties and interest for failure to pay, or pay on time;
- authorize City employees to enter onto residential property for which a property status declaration is required to determine the status of the property;
- provide that the vacancy tax is a levy to be inserted in the real property tax roll; and
- establish different categories of residential property, owners and vacancy and make different provisions for different categories so that, for example, a different rate could be applied to certain categories.

4. The emerging approach for Vancouver is informed by consultation with local experts and the broader public

In May 2016, the City ran a survey on the TalkVancouver platform to ask the public about the potential for a tax on empty homes, including high level questions about potential aspects of the Tax.

- 91% of respondents agreed that the number of empty homes in Vancouver was a problem;
- 88% agreed that the City should advocate to senior levels of government for actions to reduce the number of empty homes in Vancouver;
- 84% agreed that owners who occupy or rent out their home should pay less tax than owners who leave their home empty;
- 87% agreed that revenue generated from additional taxes on empty homes should be used to create affordable housing in Vancouver; and
- 62% agreed (and 32% were neutral) that the process for taxing empty homes should be administered in a way that is similar to what is currently in place for the Home Owner Grant.

On August 18, 2016, the City convened a working session on empty housing with local housing, real estate and legal public policy experts. The session provided an opportunity for local subject matter experts to comment on potential approaches that the City could take to impose the Tax.

Participants were asked to comment on the draft objectives for the Tax as well as the criteria for identifying which properties would be subject to the Tax, what the potential exemptions might be and how the Tax might be administered.

Key advice provided in the workshop includes:

- specifying clear objectives and targets for the Tax, including a framework for how funds will be used to support affordable housing initiatives, as required by the enabling legislation;
- integrating clear definitions and exemptions into the bylaw to deal with scenarios that could be problematic from a fairness or equity perspective, e.g. rented units being used as AirBNB instead of long-term rental; and
- identifying indicators to use as benchmarks to measure the success of the Tax in achieving its objectives. These indicators could also be used to define an 'exit strategy' for the Tax in the event that the Tax either successfully meets its goals or a change in the market context takes away the need for a tax.

The summary of notes from the August 18th workshop session are available in Appendix B.

5. Other initiatives that could impact the number of empty homes

Short-term Rentals

City staff are currently preparing policy recommendations for council relating to the regulation of short term rentals. These recommendations will be brought forward in a separate report to council later in the fall of 2016. The recommendations will be harmonized with the proposed approach to taxing empty homes as described below.

Strategic Analysis

1. Emerging directions

This section of the report identifies a general approach developed by staff for a potential tax on empty homes in Vancouver. This emerging direction is informed by:

- the amendments to the *Vancouver Charter* made effective as of July 28, 2016;
- research into best practices in other cities around the world;
- advice from local experts and consultation with the general public; and
- initial staff analysis of administrative feasibility.

If Council endorses the emerging directions in principle, staff will engage with the general public as well as local experts and stakeholder groups to refine the approach prior to a report back to Council with a final recommended program for imposing the Tax in Vancouver and a draft by-law. The project timeline and approach to consultation are discussed in the next steps section of this report.

A. Draft Objectives of the Tax

It is proposed that the Tax will:

- encourage owners of empty or underutilized homes to occupy or rent out their property;
- ensure any net revenues collected from the tax are used for affordable housing initiatives;
- ensure that owners are provided with notice of the potential tax each year and that owners who choose to rent out their homes have access to information and resources to support them as landlords; and
- ensure that the program to tax empty and underutilized homes is easy to communicate and administer.

The program to tax empty and underutilized homes will be based on and consistent with the provisions set out in Part XXX of the *Vancouver Charter*.

B. Indicators that can be used to Estimate the Impact of the Tax

There are several key indicators that the city can use to measure the impact of the Tax:

- number of empty homes and trend over time (repeat BC Hydro data methodology);
- number of condominiums in the rental pool and trend over time (CMHC annual survey);
- rental vacancy rate and average rent increases each year (CMHC annual survey);
- annual change in # of homes subject to the Tax (Tax data).

When these indicators show improvements in the rental market (e.g. the rental vacancy rates rises to between 3% and 5%), the Tax could be reduced or eliminated.

C. Potential Approach

It is proposed that the Tax will be administered using a process that is similar to the annual Provincial Home Owner Grant program. A parcel of residential property that serves as a principal residence for an owner, long-term tenant or long-term licensee (such as a family member) is not intended to be subject to the Tax. The potential approach includes the following key components:

- residential property that is not occupied as a principal residence by the registered owner, a long-term tenant or a licensee for a defined period of time within a defined period is intended to be subject to the Tax;
- the Tax will be administered using an annual self-declaration, audit and complaint response process;
- the rate of the Tax will be a percentage of the assessed value of the residential property;
- residential property that does not serve as a principal residence may still be exempt from the Tax if it meets certain criteria;
- there are certain types of properties in the city that will not be subject to the Tax - only residential Class 1 property can be subject to the Tax; and
- the Tax will be aligned with City policy regarding short-term rentals.

1. Proposed Definition of Principal Residence:

It is proposed that the definition of principal residence be adapted from the Provincial Home Owner Grant process, criteria and rules. The BC Government Home Owner Grant program describes a principal residence as “the usual place that you make your home. It’s where you live and conduct your daily affairs, like paying bills and receiving mail, and it’s generally the residence used in your government records for things like your income tax, Medical Services Plan, driver’s licence and vehicle registration”.

There is an important difference between principal residence and day-to-day occupancy. The proposed Tax allows for owners/ tenants to be away from home for extended periods so long as the home is their principal residence for the amount of time that Council specifies. The actual number of days that the property is physically occupied will not be used to define whether a home is subject to the Tax. Instead, the Tax may be applied to homes that are not an owner’s principal residence, nor are they the principal residence of a tenant or licensee (e.g. owner friend or family member), for a minimum number of days in the previous year (for example 9 months out of 12).

2. Proposed Administration of the Tax

It is proposed that the Tax be administered through an annual self-declaration, audit and complaint response process.

Identification of Empty Homes through Self Declaration

Each year, every residential property owner in Vancouver will receive notice from the City requiring that the owner declare the status of the property (Figure 3)

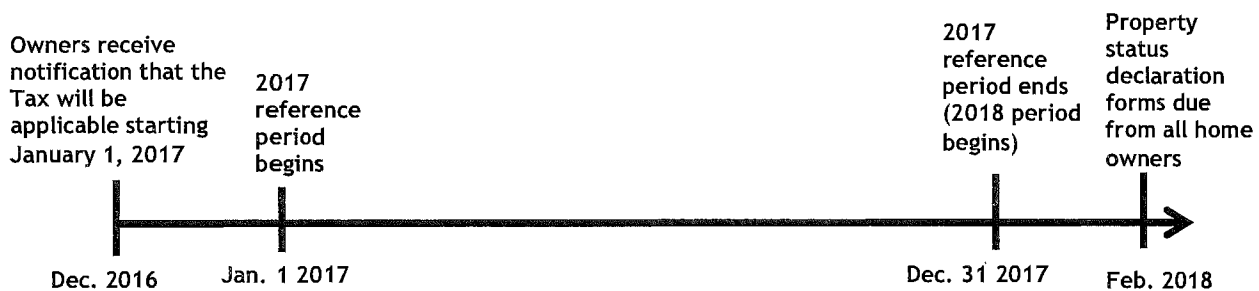
Figure 3: Example of Annual Self-Declaration Form

For at least 9 of the past 12 months, was the property:

- A The owner's principal residence? (Tax does not apply)
- B Rented to a long term tenant? (Tax does not apply)
- C The principal residence of a licensee (such as a friend or family member)? (Tax does not apply)
- D Neither A, nor B, nor C, but the property is eligible for a defined exemption from the Tax? (Tax does not apply)
- E Neither A, nor B, nor C, and the property is not eligible for a defined exemption from the Tax? (Tax applies) (e.g. long term empty homes, second homes that are used occasionally by the owner or family, or properties used for only for part of the year)

Owners will be asked to declare the status of the property over the course of the previous year. For example, owners filling out the declaration form in January 2018, will be asked to declare the property status throughout the 2017 reference period (Figure 4)

Figure 4: Proposed Process for Administration - Timeline for Year 1 Vacancy Reference Period (2017 Calendar Year)



Audit, Enforcement and Complaints

In addition to random and targeted audits, the City will accept and act on information about suspected empty homes. The legislation provides for the City to compel owners to provide substantiating evidence to support a property status declaration in order to be exempt from the Tax.

3. Setting the Tax Rate

It is proposed that the Tax be levied as a percentage of the assessed value of the property.

In order to provide Council with enough information to make an informed decision on where to set the rate, City staff will undertake scenario modelling to estimate the revenue collected and available to fund the administration of the Tax and provide for funds for affordable housing.

The overarching objective of the Tax is to encourage owners to rent out or occupy their home. The rate will need to be set at a level sufficient to encourage owners to change their behaviour and rent out or otherwise occupy their homes. Owners of empty homes are already foregoing a significant amount of revenue in annual rent and the Tax would need to add to this cost in a meaningful way in order to influence the behaviour of owners. For example, if the rate were set between 0.5% and 2.0%, owners of empty condominium units might be subject to an annual Tax bill of between \$3,000 and \$12,000 (based on an assessed value of \$600,000). Setting the rate in this range would also mean that owners would be foregoing between \$24,600 and \$33,600 annually with the Tax bill representing between 12% and 36% of this cost (Table 2). Potential floors, ceilings and tiers for the Tax have yet to be analyzed and are still under consideration.

Table 2: Estimated cost of leaving a home empty

	Tax Rate	Foregone Rent	Tax Bill	Total
Residential Strata	0.5%	\$21,600	\$3,000	\$24,600
	2.0%	\$21,600	\$12,000	\$33,600
Residential Single Family	0.5%	\$43,200	\$9,500	\$52,700
	2.0%	\$43,200	\$38,000	\$81,200

Estimates are based upon representative property values as follows:

- Residential Strata Unit: \$600,000 with monthly rental value of \$1,800
- Residential Single Family: \$1,900,000 with monthly rental value of \$3,600

Staff will consult with the public and stakeholders through the fall about the level to set the rate before reporting back to Council.

4. Proposed Exemptions

Exemptions could be adapted from the Provincial Home Owner Grant process, criteria and rules. The list of situations that may warrant exemption will be the focus of the next round of public and stakeholder consultation. There may be situations where staff would recommend exemptions other than those identified in the Provincial Home Owner Grant. Several potential exemptions identified for public consultation so far are outlined below:

- property is in probate;

- property is unfit for occupancy because it is undergoing major renovations with permits;
- the owner or tenant is in care;
- property is undergoing change in ownership;
- property is subject to rental restrictions; and
- owner or tenant uses home for the majority of the year (e.g. 9 of 12 months) for work/ study purposes but claims principal residence elsewhere.

As noted, the range of exemptions will be a major focus of the public consultation program in the fall of 2016. It will be important to hear from residents about the types of situations that should warrant an exemption. For example, if a home is not used as a principal residence, but it is occupied for 6 months of the year, should that home be treated differently than a home that is empty for nine months a year?

5. Types of Properties that will not be subject to the Tax

Certain types of properties in the City are not likely to be subject to the Tax even if there are empty housing units on the property. The enabling legislation allows the City to levy taxes on a parcel of residential property (including strata lots) and does not allow the city to go beyond the parcel level. For example, a house with a basement suite or laneway house would not be subject to the Tax if at least one of the units is occupied. Similarly, purpose built rental buildings are treated as one parcel (one property tax bill) so the tax would not apply if at least one unit on the parcel is occupied. This is considered acceptable to staff given the very low vacancy rate in purpose built rental buildings (0.6% in 2015).

6. Alignment with Short-Term Rental Policy

Concurrent to the development of this proposal, the City is exploring the definition and management of short-term rentals, of both personal residences and corporate rental properties. Accommodations for corporate short term rentals was discussed as part of the SME workshop and recognized as a necessary element of the housing mix to accommodate the needs of corporations to bring in top talent employees and/or consultants on a temporary basis. To meet the objectives of both proposals and ensure alignment on final outcomes, the project teams have been in discussions to ensure coordination on elements that will cross-over between both projects.

Next Steps

Public and Stakeholder Consultation

Further consultation with the public and key stakeholders is needed in order to ensure that action to implement a tax on owners of empty housing and under-occupied investment properties is appropriately targeted and fair. The consultation process may include a survey to gauge public opinion on the emerging approach identified thus far as well as public open houses to present the emerging approach and allow stakeholders an opportunity to discuss the proposal with City staff.

It will be important to hear from the wide range of stakeholders who could be impacted by the Tax such as renters struggling to find accommodation in Vancouver. It will also be

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Geoscience Map 2010-3: Liquefaction Hazard Map of Richmond, British Columbia

by P.A. Monahan, V.M. Levson and B. Kerr

[View Map](#) (PDF 4.1 MB)

The City of Richmond, British Columbia, is located in one of the most seismically active regions in Canada (Rogers, 1998). The effects of earthquakes are not only dependent upon the magnitude of the earthquake and the distance from the source, but can vary considerably due to local geological conditions. These conditions can be mapped using existing geological and geotechnical data. This map shows the variation in the earthquake-induced liquefaction hazard in the City of Richmond, BC. The city is located entirely within the modern Fraser River delta, and the deltaic sediments on which the city is built are particularly susceptible to earthquake induced liquefaction (e.g. Byrne, 1978; Finn et al., 1989; Byrne and Anderson, 1991; Clague et al., 1992, 1997, 1998b; Watts et al., 1992). This map has been prepared as part of an earthquake hazard mapping project in the city. An accompanying map shows the Quaternary geology of the Richmond area ([Geoscience Map 2010-2](#)).

All publications of the BC Geological Survey are available digitally, free of charge, from this website.

For questions or more information on geology and minerals in British Columbia contact [BCGS Mailbox](#) or call [toll free](#) (B.C. residents only).

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important to hear from existing investors about their motivations and intentions and the range of situations that should be considered in designing the Tax program.

Project Timing and Work Program

The work program to design and implement the Tax is provided below. Staff anticipate reporting back to Council with a recommended program and by-law to implement the Tax by the end of 2016.

Table 3: Project Timing and Workplan

Task	Timing
Report to council on emerging directions	Fall 2016
Outreach to owners and general public	
Public consultation on emerging directions	
Refine policies and report to council for approval of vacancy tax by-law	Winter 2016
If By-Law is Approved	
Owners receive notification that the vacancy reference period will be applicable starting January 1, 2017	December 2016
2017 vacancy reference period begins	January 1 2017
Owners receive reminder that the by-law is in effect	June 2017
Staff development of IT infrastructure and systems to administer the Tax	January 1 - Fall 2017
2017 vacancy reference period ends	December 31 2017
2017 self-declaration forms are mailed out with 2018 advance tax notice	December 2017

Budget for Public Consultation 2016

Should the Recommendation set out in this report be approved, the project team will commence public consultation and engagement with external subject matter experts (SMEs) to help refine the proposed model. Regardless of the final outcome of this proposal, there will be costs incurred to complete consultation.

The estimated cost for this consultation (beyond CoV staff time and resources) is \$220,000 and accounts for three elements:

1. Notification - September mailing to all home owners to notify them of public consultation and ways to engage/stay informed (\$210,000)
2. Open houses and workshops (\$7,500)
3. Data collation and summary of public survey results (\$2,500)

Details of the incurred costs will be reported back to council in the following report at the end of this year.

Implications/Related Issues/Risk (if applicable)

Financial

While the purpose of the Tax is to increase the supply of rental homes within the City, it is expected to generate revenues, net of administration and collection costs, to be used for affordable housing initiatives as required by the *Vancouver Charter*.

Rates must be set to encourage owners of empty or underutilized homes to rent or otherwise occupy their properties and to generate sufficient revenue to cover administration costs. Staff will undertake additional public consultation and incorporate feedback from key stakeholders in making final rate recommendations to Council. The program provides for annual reporting, which is to be made available to the public.

From an implementation and administrative perspective, the emerging approach is to develop a program that leverages the existing property assessment and taxation system. Council will have authority over the Tax including the determination of definitions of vacant properties, exemptions and rates.

If the program is successful in encouraging owners to rent out or occupy their homes, the revenue generated may be low and / or declining each year. As this is an annual tax, the tax rate and the program itself will be reviewed and adjusted on an annual basis.

The determination of financial outcomes cannot be reasonably estimated at this time as the detailed design of the program is not yet finalized. A more detailed financial framework will be included in the final staff policy recommendation report to Council.

The estimated cost for the initial consultation (beyond CoV staff time and resources) is \$220,000, and will be managed within the approved 2016 Operating budget.

Legal

Part XXX of the *Vancouver Charter* (Sections 615 - 622) now authorizes the City to impose, by by-law, an annual vacancy tax on a parcel of "taxable property" in Vancouver, being residential property that is determined to be vacant under the by-law, not otherwise exempt from property taxation under the *Vancouver Charter* and not exempt from payment of the Tax under the by-law itself. Subject to Council's approval of the Recommendations set out in this report, staff intend to bring a draft by-law forward to Council for consideration, following public consultation, in the fall of 2016. As set out earlier in this report, this by-law must include the provisions that are required to be in a vacancy tax by-law under Part XXX of the *Vancouver Charter* and will also include those additional provisions which may be included at the discretion of Council, following public consultation, to enable the Tax program to be implemented.

CONCLUSION

This report describes a potential approach for implementing a City administered tax on empty homes and a work program for consulting further on the potential approach prior to reporting back to Council with a recommended policy.

* * * * *



Public Consultation on Empty Homes Tax

[REDACTED]

[REDACTED]

Dear Homeowner,

This month, Vancouver City Council took steps toward a proposed new tax on empty homes in Vancouver. As a homeowner, you could be impacted by this new tax and we ask that you please participate in the city's public engagement opportunities. Your input will inform Council's final decision on the Empty Homes Tax this November.

Vancouver is in a rental housing crisis with a critically low vacancy rate (around just zero percent). We have also heard growing concerns from residents about homes in their neighbourhoods left empty for long periods of time. This proposed empty homes tax is first and foremost about bringing rental homes back into the market.

Most homeowners in Vancouver will not be affected by this tax. **Principal residences – occupied either by owner, tenant or licensees (eg. family members) – will not generally be subject to the empty homes tax.** Instead, this proposed tax targets secondary and investment properties left empty and used as a business holding that could be made available to the rental market. Any revenue generated from this tax will be reinvested into the City's affordable housing initiatives.

We understand there are many scenarios that may cause a home to be left empty for long periods of time. Through our public consultation, we aim to explore all possible exemptions to the tax, as well as what an appropriate tax rate would be to encourage owners of empty properties to rent them out. A final decision by City Council on the empty homes tax rate and exemptions will be made in November 2016.

Visit vancouver.ca/emptyhomes to learn more about the Empty Homes Tax and to participate in public consultation opportunities.

ONLINE SURVEY

Provide feedback at vancouver.ca/emptyhomes until **October 18, 2016**

OPEN HOUSES

Saturday Oct. 15, 10 am – 2 pm

Vancouver Public Library Central Branch
Mar Promenade
350 West Georgia Street

Monday Oct. 17, 4 pm – 8 pm

Oakridge Auditorium at Oakridge Mall
650 West 41st Avenue

Thanks for your engagement.

Mayor Gregor Robertson

City of Vancouver

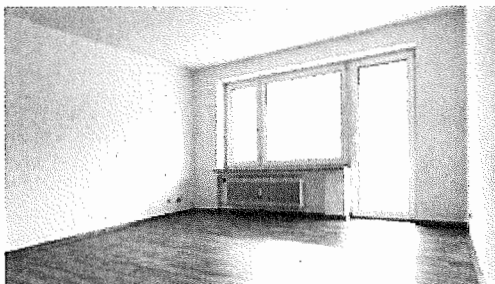
453 West 12th Avenue, Vancouver, British Columbia, Canada, V5Y 1V4 | tel 604-873-7000 | website vancouver.ca

Vancouver takes next steps on taxing empty homes

June 23 2016 Unprecedented 0.6% rental vacancy rate means only approximately 330 purpose built rental apartments available at any given time.

"Vancouver housing is first and foremost for homes, not a commodity to make money with," says Mayor Gregor Robertson.

A report coming to Council next week outlines the next steps for the City to implement a tax on empty homes, at a time when Vancouver faces unprecedented low rental vacancy (0.6%), and rapidly rising housing costs.



The report recommends moving forward with an empty homes tax in partnership with the BC government, but the City is prepared to take action on its own in absence of provincial response.

Announcement from the Mayor

"Vancouver housing is first and foremost for homes, not a commodity to make money with," says Mayor Gregor Robertson.

"We need a tax on empty homes to encourage the best use of all our housing, and help boost our rental supply at a time when there's almost no vacancy and a real crunch on affordability. The BC government recognizes the need for more housing supply to address affordability and they can enable the best tool to help turn thousands of empty homes into rental homes. I've asked for the BC government's urgent support to tax empty homes but the City needs to take action with or without other levels of government."

"We'll continue to pursue all possible options at City Hall to create opportunities for people struggling to find homes in Vancouver," continued Mayor Robertson.

Two approaches for moving forward

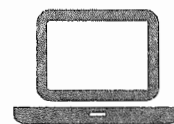
Following consultations this spring with a number of real estate and housing experts, staff have identified two approaches to implementing an empty homes tax.

Provincially administered 'residential vacant' property class

The first, and preferred option, is for the BC government to create and administer a new 'residential vacant' property class through BC Assessment.

The City would work through the Assessment Roll to levy appropriate property taxes on empty and under-occupied investment properties, using data already collected on primary residence and rental income through the Homeowner Grant and income tax collection processes.

The 'residential vacant' classification would be administered annually and would likely involve a self-declaration and audit/complaint response process.



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City established business tax

The second option is for the City to establish and charge a new business tax on empty and under-occupied homes held as investment properties and not rented to local residents, with tax proceeds going toward funding other affordable housing initiatives.

This option would require the creation of a new business tax bylaw under Section 279AA-287 of the Vancouver Charter and will involve additional cost, administration and enforcement from the City.

Next steps for the City and province

As next steps, staff recommend that:

- Mayor Robertson, on behalf of Council, write to the Premier to request the Province confirm its support to create and administer a new 'residential vacant' property class so the City (and other municipalities) have the option to set a different property tax rate for empty homes; and
- If the City does not receive a written response from the Province indicating its commitment to taking action on empty homes in partnership by August 1st 2016, that Council direct staff to report back on next steps to implement a City-administered empty homes tax.

Support from public consultation

A May 2016 survey through the City's Talk Housing platform - with over 15,000 respondents - found that 91% of residents agreed that the number of empty homes in Vancouver is a problem, and 88% agreed that the City should advocate for senior government action to reduce the number of empty homes in Vancouver.

[Read the report \(1.51MB\)](#)

[Learn more about housing and homelessness](#)