

August 4, 2022

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City Council
Hamilton City Hall
2nd floor - 71 Main Street West
Hamilton, Ontario L8P 4Y5
RE: Vacant Home Tax

The Hamilton and District Apartment Association (HDAA) has been made aware that a report written by City Staff in regards to the Vacant Home Tax (report entitled Vacant Home Tax in Hamilton (FCS21017(b)) (City Wide) dated February 2, 2022) stated that the HDAA had been consulted as a stakeholder in regards to this proposed bylaw. The HDAA wishes to advise that the HDAA had never been contacted by the City in relation to sharing our thoughts on the Vacant Home Tax matter. Had the HDAA been contacted we would have provided our thoughts which are in dissent to the proposed tax. A summary of our thoughts is outlined below.

The vacant home tax can be seen to primarily target speculators who hold onto properties to capitalize on increasing home prices. The nature of speculators is that they will leave the market when high profits are no longer to be found. Our housing market has been changing and becoming more balanced and will likely result in an exodus of speculators just by the nature of this change on its own. The vacant home tax will not create a substantial change in and of itself and will result in spending taxpayer money for little effect. As the City budget is already quite constrained it would be ill advised to proceed with an initiative that will spend much needed money and eventually result in a loss to the city.

The City already requires vacant properties to be registered and is currently aware of approximately 221 vacant properties through this registry. The reported numbers in the staff report were presented as much higher, more than 800 vacant properties, which is an estimate taken completely from numbers based on the Vancouver model. It is very likely that there are a lot fewer vacant properties in Hamilton than those estimated and the revenue estimates will be much lower as a result of using overinflated numbers. The City already is aware of this tax not generating revenue but the numbers will be much lower than expected.

The City also severely oversimplifies a complicated issue when stating that a way to avoid this tax is to simply rent out the vacant home. The LTB is so backlogged, with hearing wait times reaching 6 months and obtaining possession often taking more than a year, that anyone who may need to leave for short term work or study should not risk renting out their property. There is a high chance they may not be able to move back into their property when needed and this may leave many residents stranded. As with the Vacant Home Tax programs in other cities, we would argue that this tax should not apply to principal residences to curb the risk of this happening.

The most significant issue with the proposed tax is the mandatory declaration component, which asks that all homeowners of R1 properties declare every year or risk being charged this tax. This is outlandish, it creates a burden on virtually every homeowner in Hamilton for something that will result in very minimal change. It is unreasonable and quite the overstep to necessitate burdening all homeowners in Hamilton as well as spending taxpayer money on such a low impact program. The City registry that is already in place can be beefed up to help with the areas the City thinks are being overlooked instead of creating a new program, with additional costs, that will have very little impact.



Generally, this tax should be reserved for larger cities, such as like Toronto, where profits are higher and there are more units that seem to cater to speculators more, such as condominiums. With a proposed cost to taxpayers of \$2.6 million it seems like quite a lot of money for likely a very small impact. Further to this, anything that complicates the housing market or adds an additional cost is not positive. It is important to remain cognizant of the fact that any costs and fees that the City mandates on housing providers will ultimately be downloaded to tenants through rising rents making the City even more unaffordable for its most in need residents.

The HDAA is always available to meet with the City to discuss rental housing issues as well as general housing issues and provide our thoughts. We would like to ensure that a balanced approach is taken to the issues that encompasses the viewpoints of all stakeholders. It is important that landlord concerns are heard along with tenant concerns to ensure the City proceeds with decisions that are well informed. We can be easily reached by email at info@hamiltonapartmentassociation.ca or by phone at (905) 616-2058 should the City wish to reach us for our thoughts.

Respectfully yours,

Hamilton and District Apartment Association