



## 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)

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### 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%
<b>Total residential property owners that were required to complete an annual declaration</b>	<b>178,058</b>	<b>100.0%</b>	<b>185,419</b>	<b>100.0%</b>

- 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**

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

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:

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### 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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