

VACANT UNIT TAX

2024 Occupancy Year
Interim Report





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Executive Summary

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

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

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

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

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

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

Background

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

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

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

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



Why a Vacant Unit Tax?

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

Other Municipal Experiences on the VUT Program

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

Public Support

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

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



How the Vacant Unit Tax Works

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

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

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

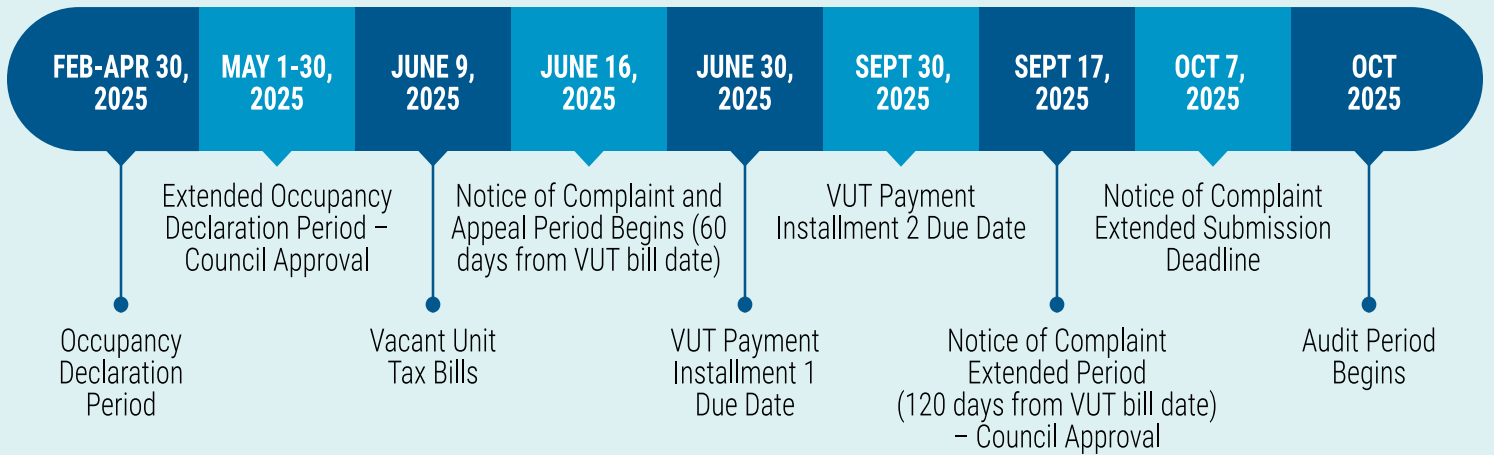


A residential unit can be unoccupied for more than 183 days during the previous calendar year and is exempt from the VUT if one of the following situations applies:

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



2024 Vacant Unit Tax Program Timelines

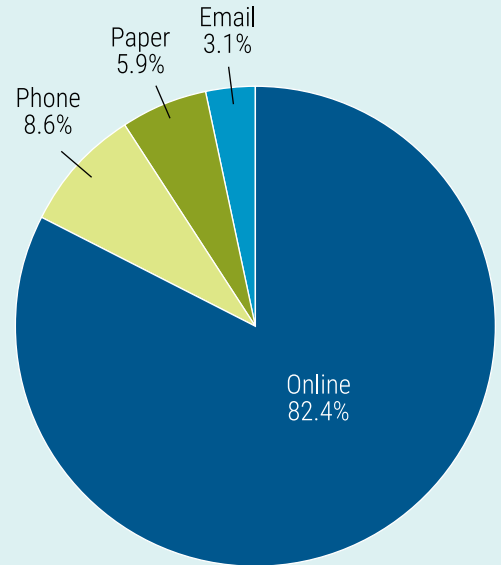


Declaration Period

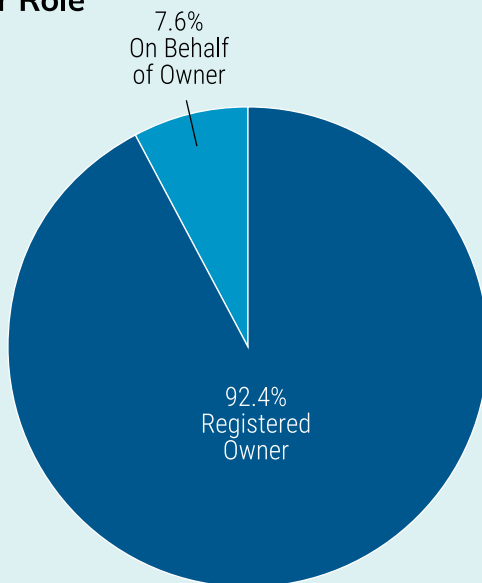
The declaration period was amended in 2025 due to the Canada Post labour disruption. The 2025 declaration period opened on February 10 for 178,058 eligible residential property owners. During the original declaration period of February 10 to April 30, 92.0% of required occupancy declarations were submitted.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

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

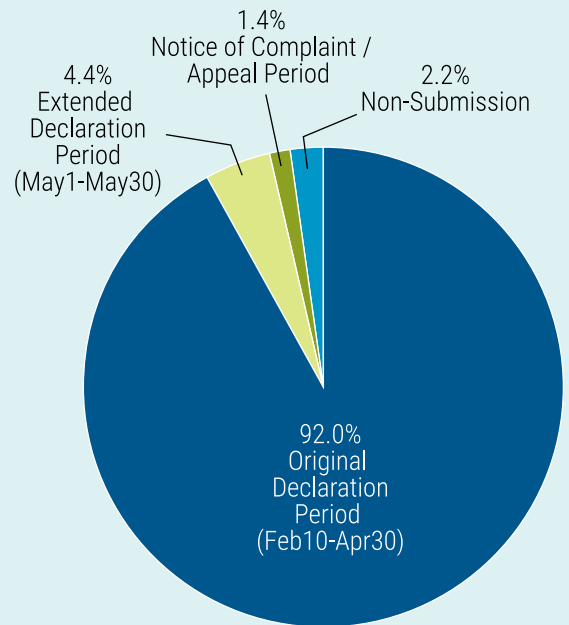
Declaration Methods



Declarer Role



Property Owner Declaration Rate



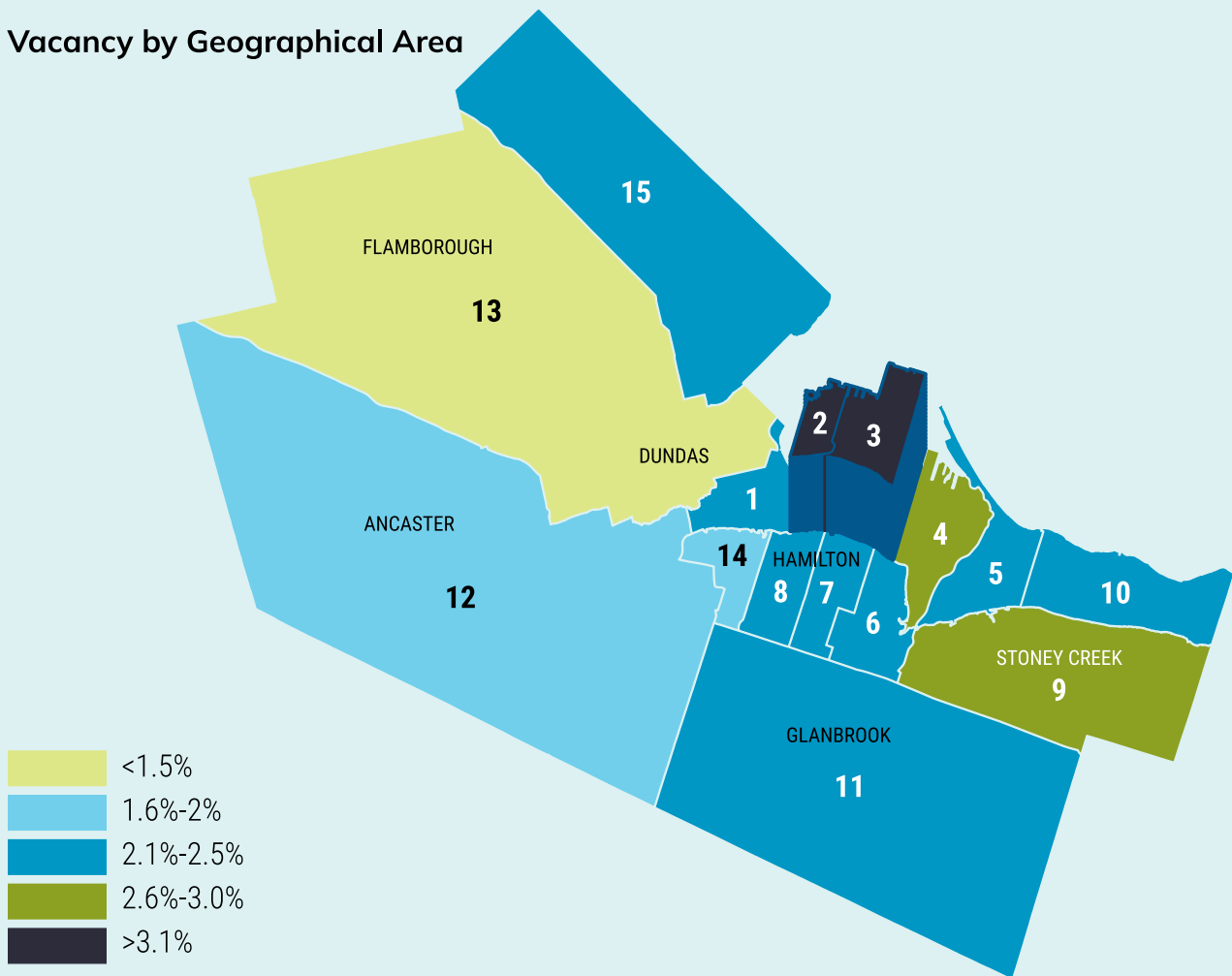
City of Hamilton - Housing Market Breakdown

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

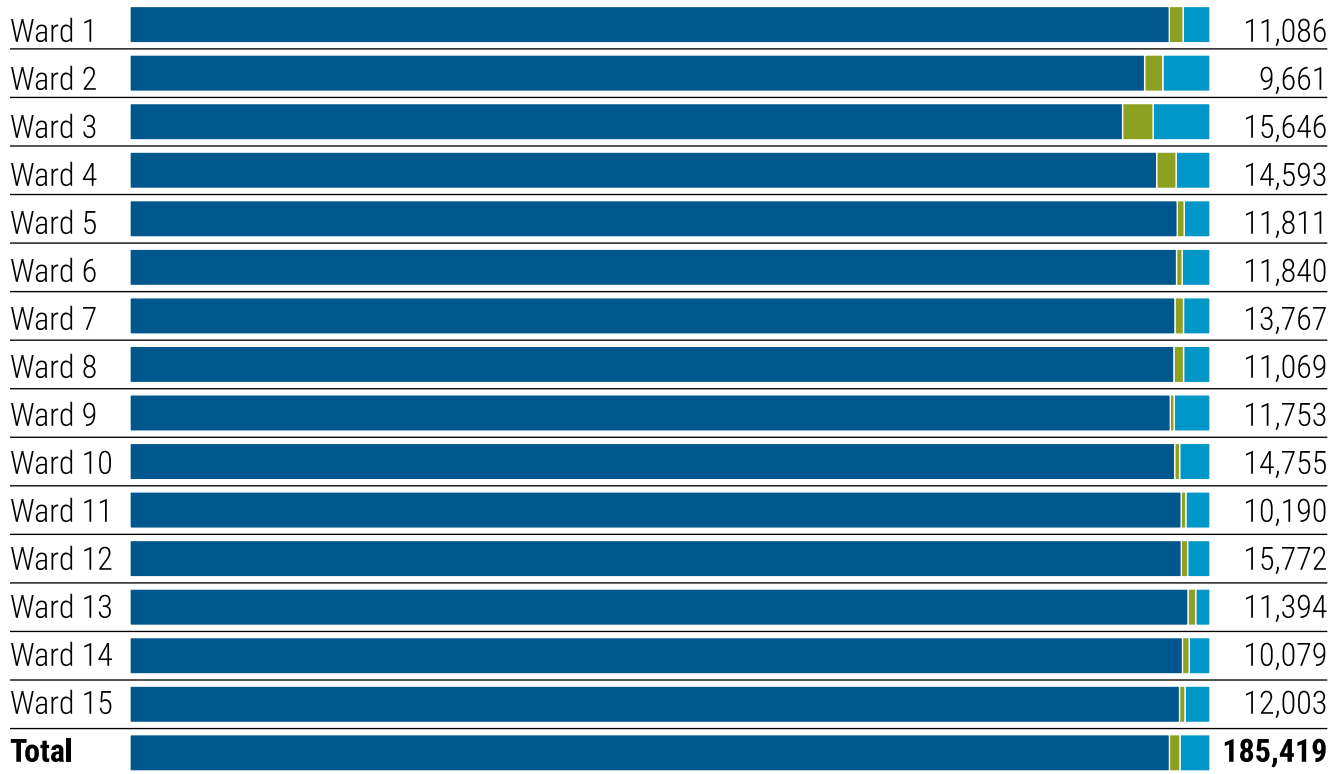
Number of Residential Units



Vacancy by Geographical Area



Occupancy Type by Ward



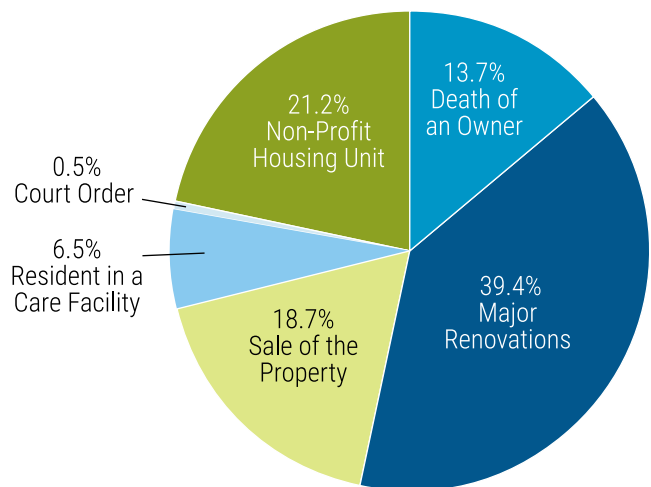
Number of Residential Units



City of Hamilton - Vacancy Rate by Property Type

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

City of Hamilton - Vacancy Exemptions



Notice Of Complaint and Appeal Period

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

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

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

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

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

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

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

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

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

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

Audit Period

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

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

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

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



Vacant Unit Tax Financials

Revenue

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

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

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

Administration Expenses

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

Staffing

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

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

Vacant Unit Tax - Statement of Operations

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

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

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

Use Of Vacant Unit Tax Funds

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

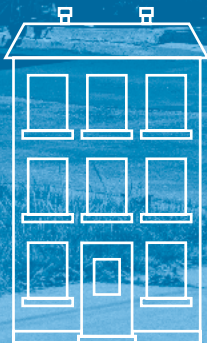
Conclusion

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

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

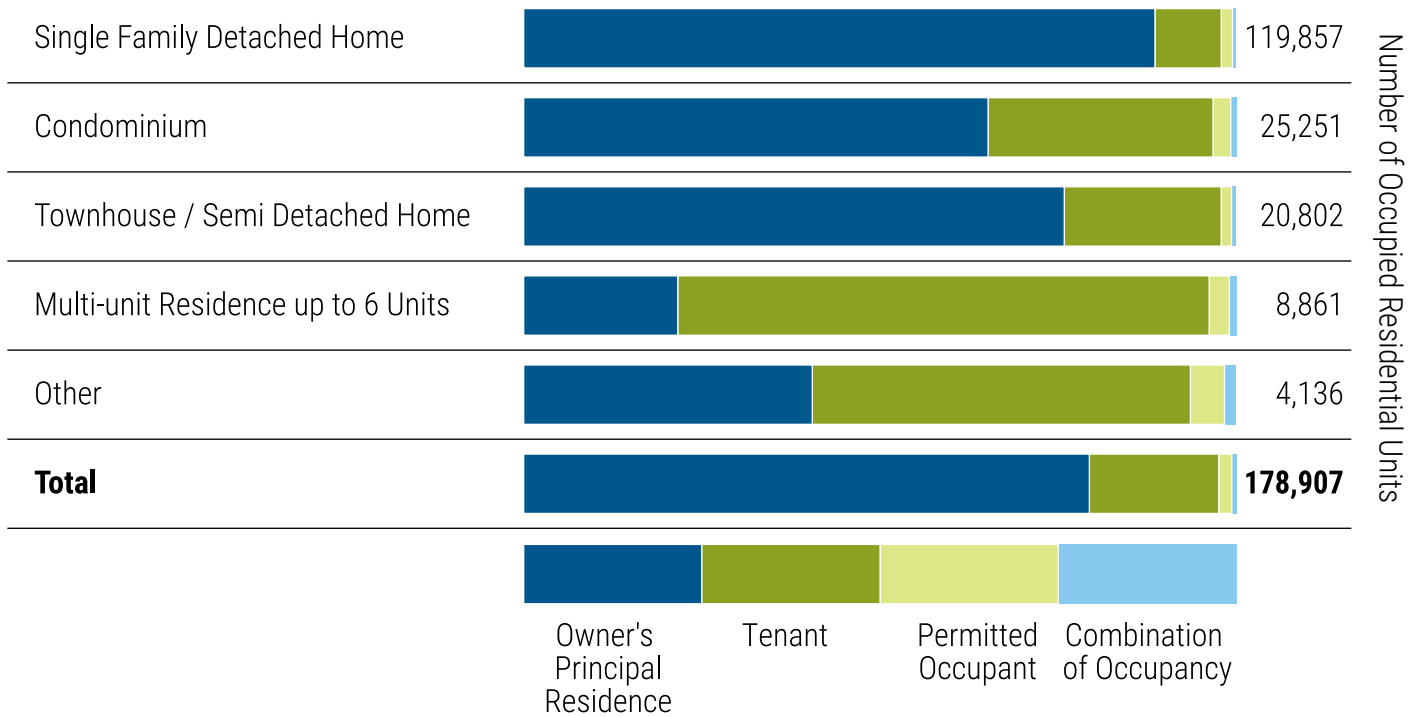
An annual report will continue to be published to ensure the program supports Council's strategic priority of increasing the supply of affordable and supportive housing while reducing chronic homelessness.

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

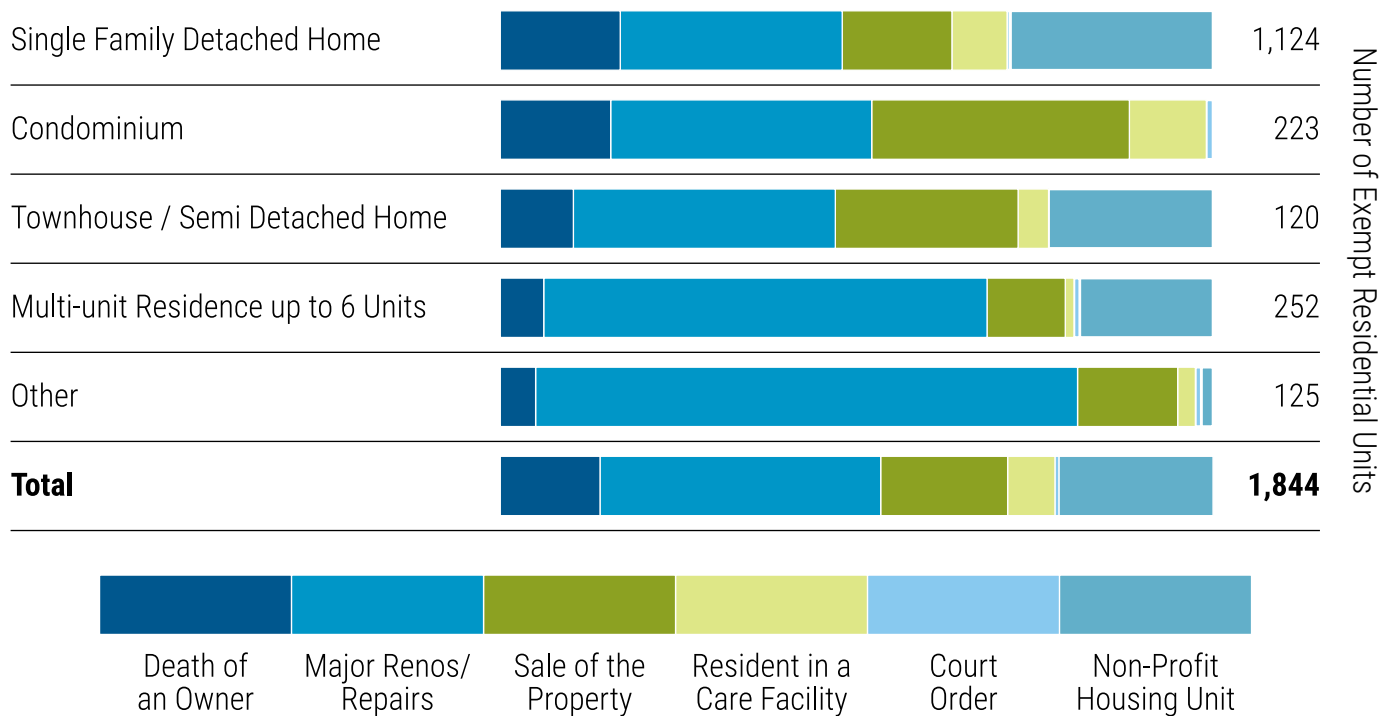


APPENDIX

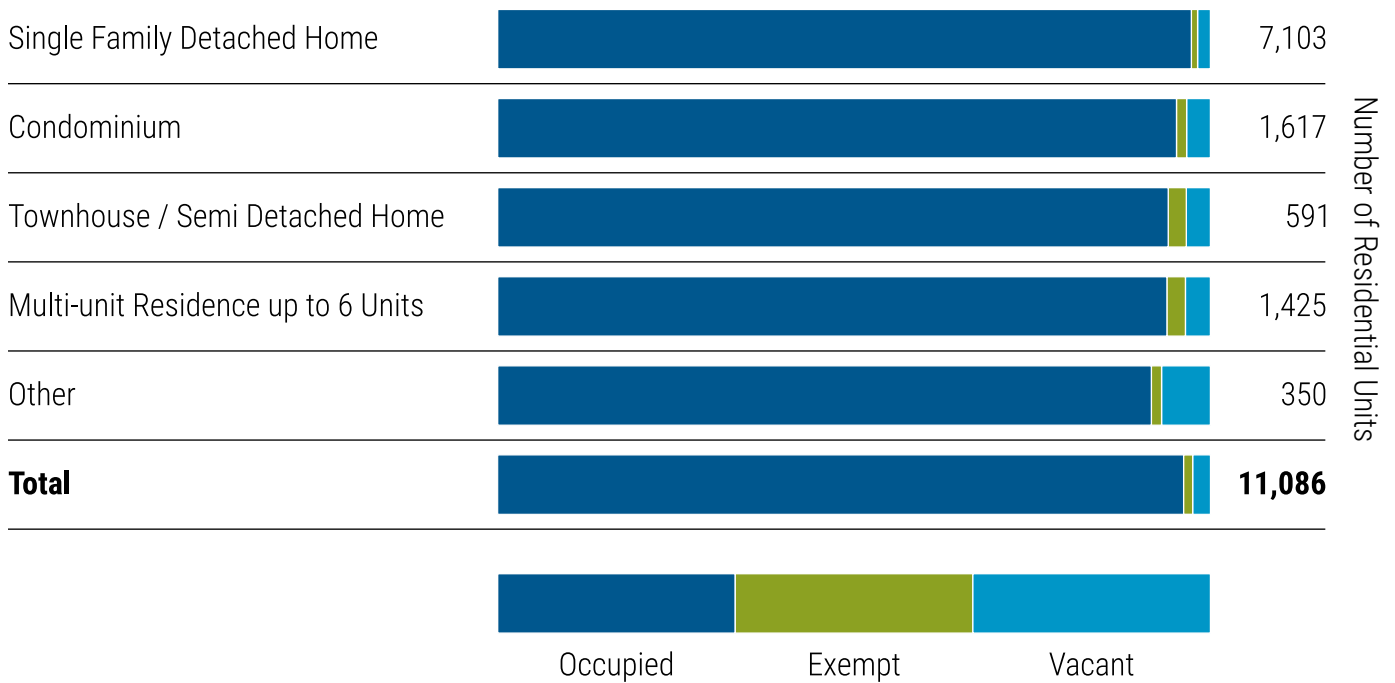
City of Hamilton - Occupancy Breakdown



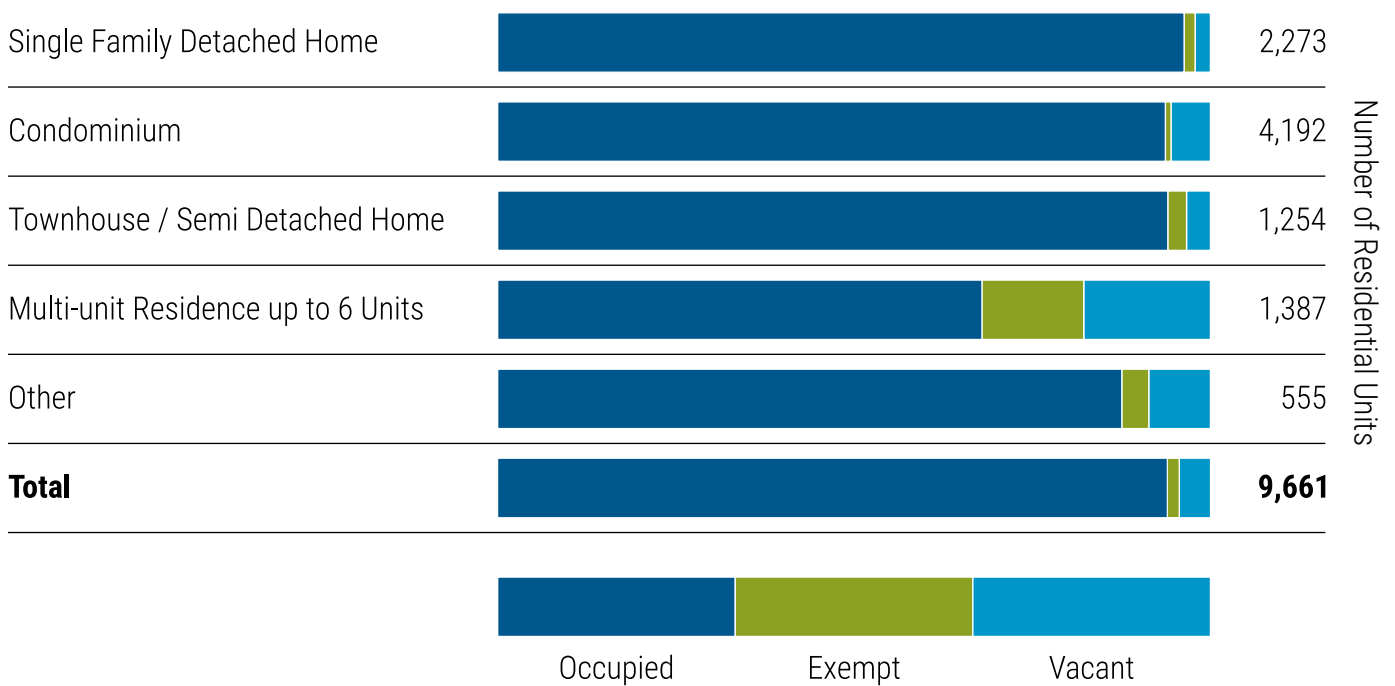
City of Hamilton - Vacancy Exemptions by Property Type



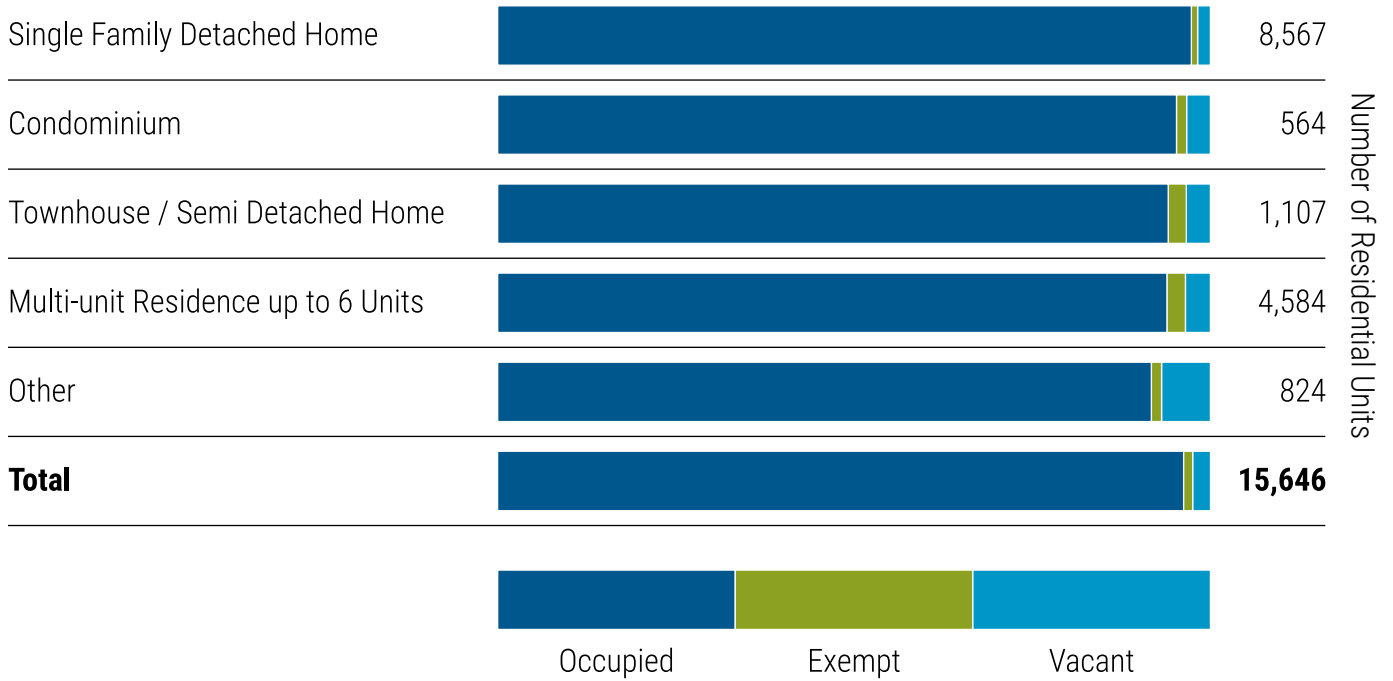
Housing Market Breakdown - Ward 1



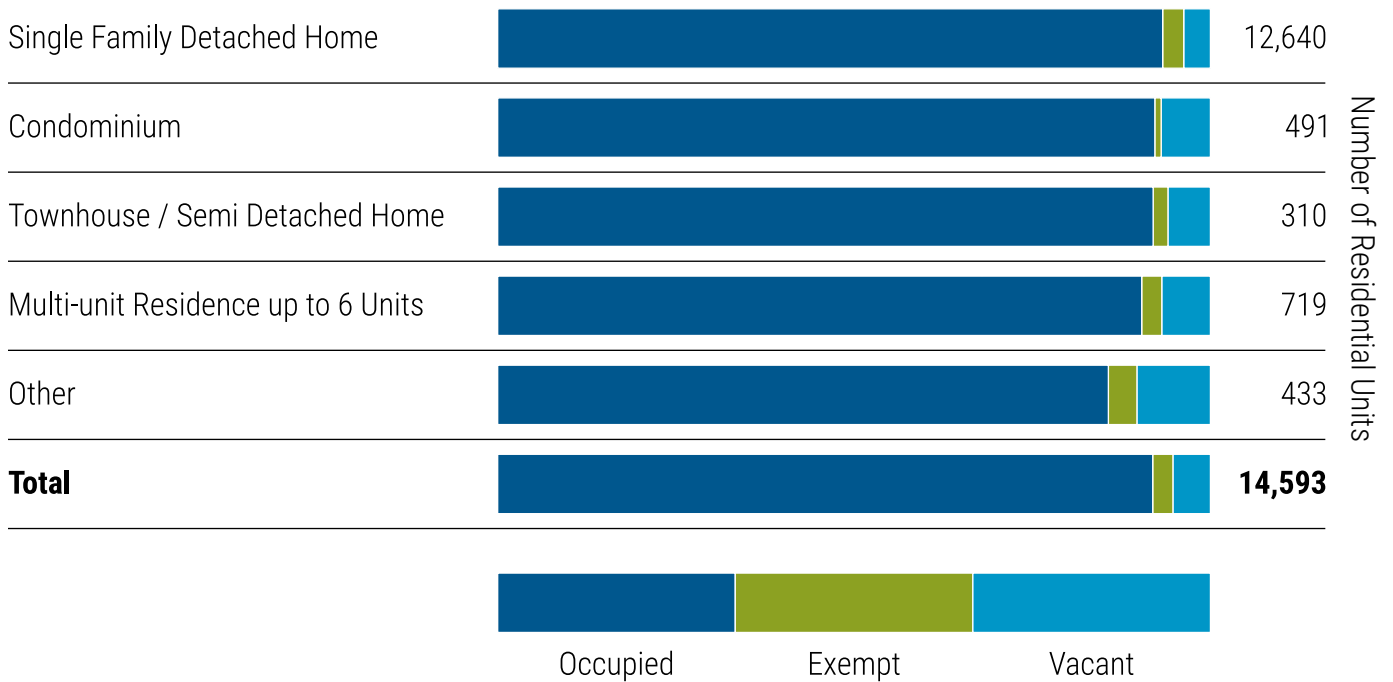
Housing Market Breakdown - Ward 2



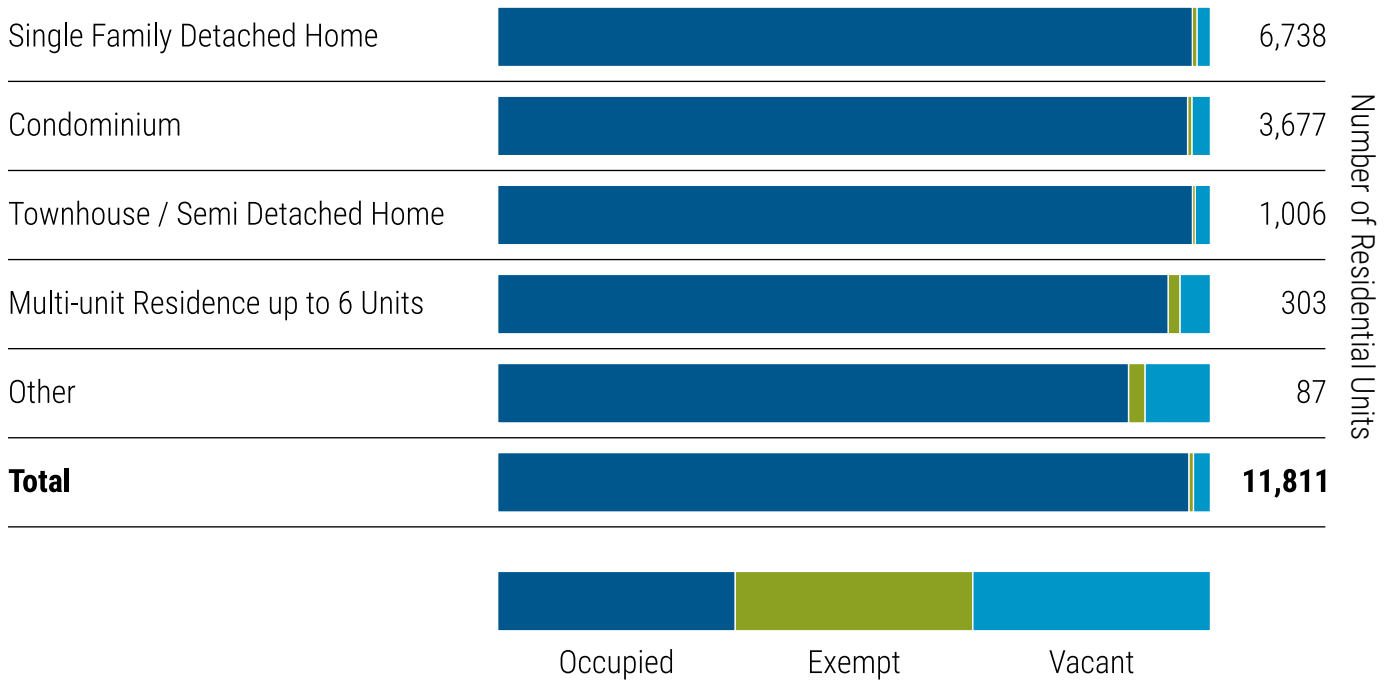
Housing Market Breakdown - Ward 3



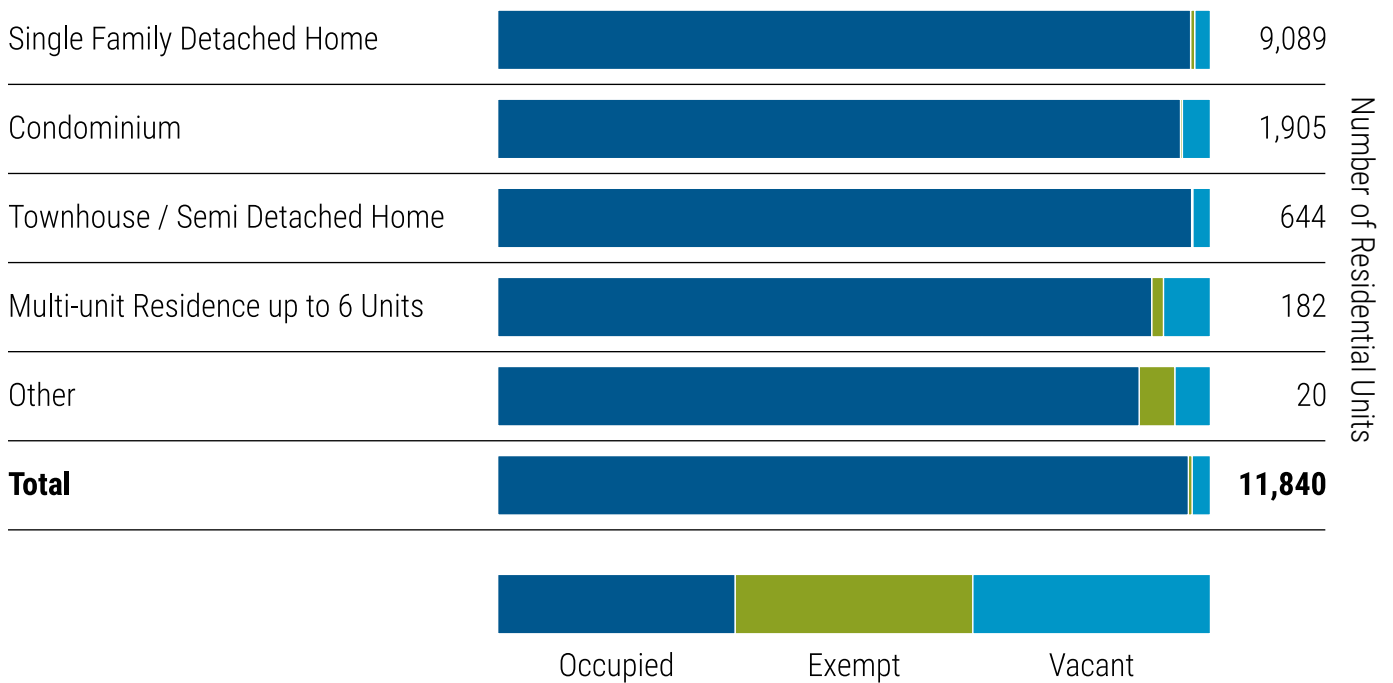
Housing Market Breakdown - Ward 4



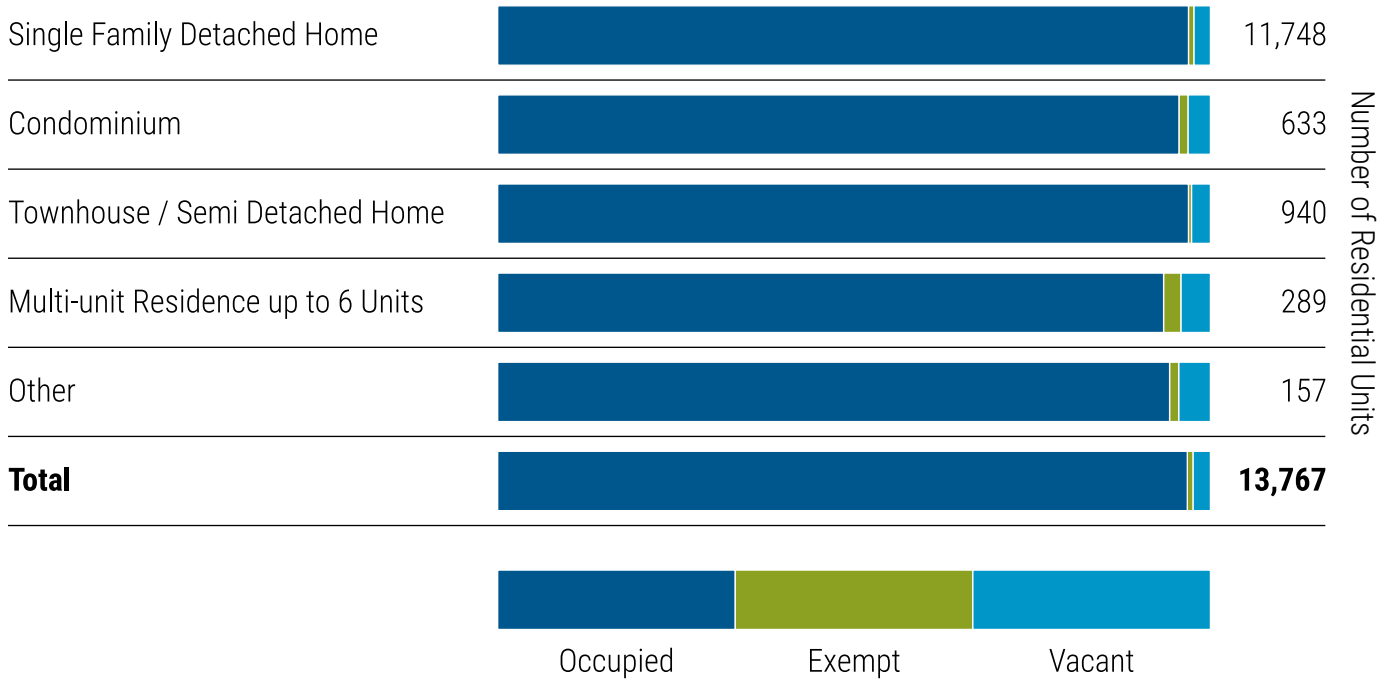
Housing Market Breakdown - Ward 5



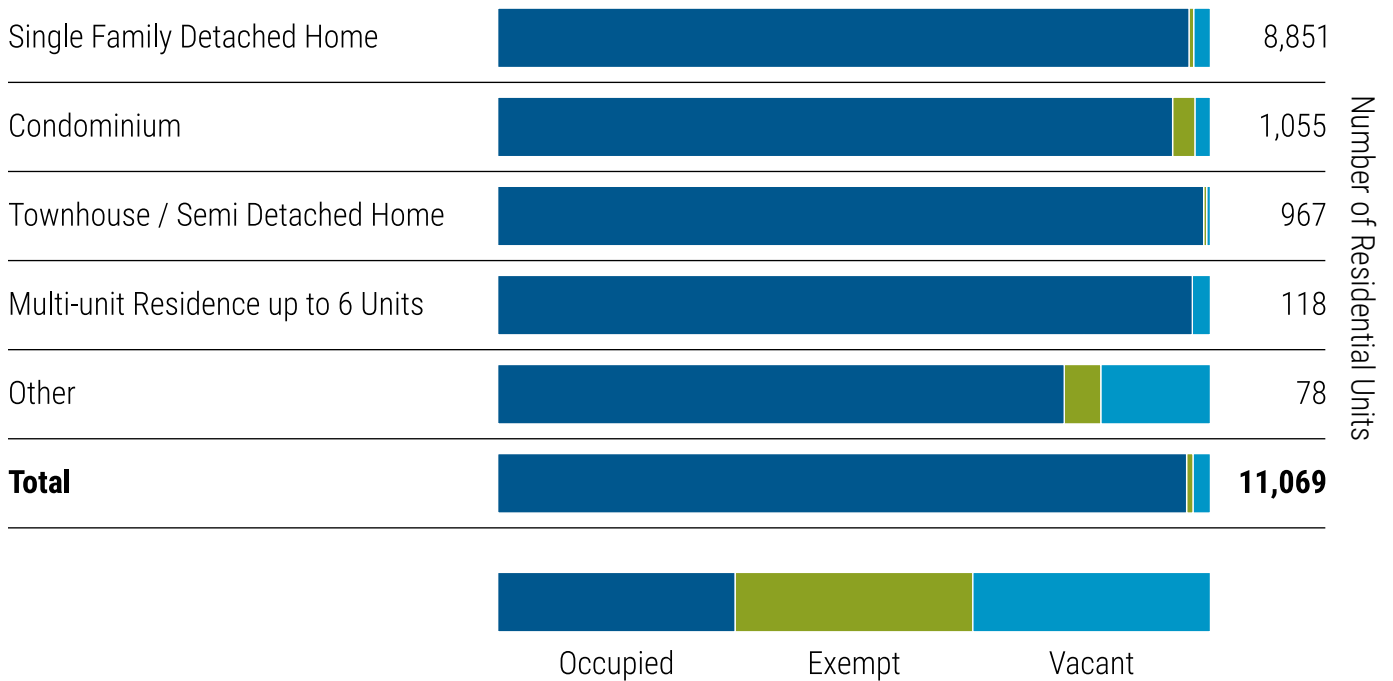
Housing Market Breakdown - Ward 6



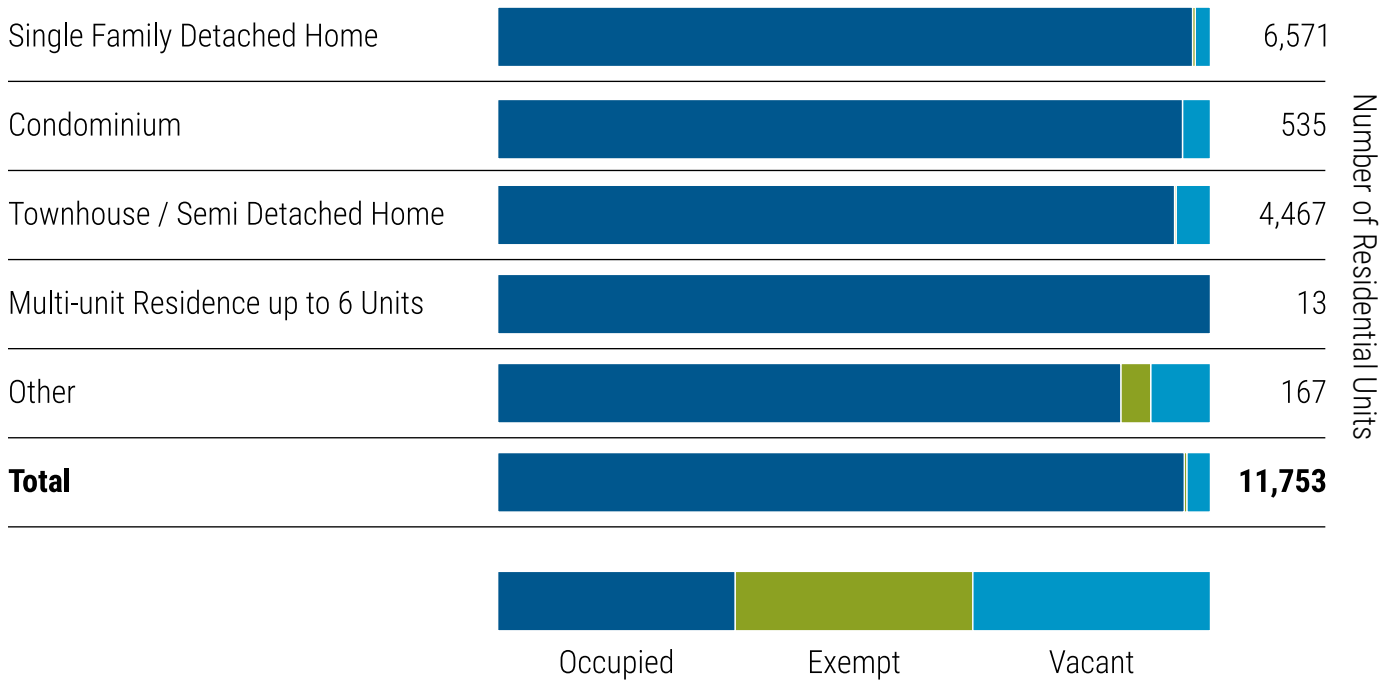
Housing Market Breakdown - Ward 7



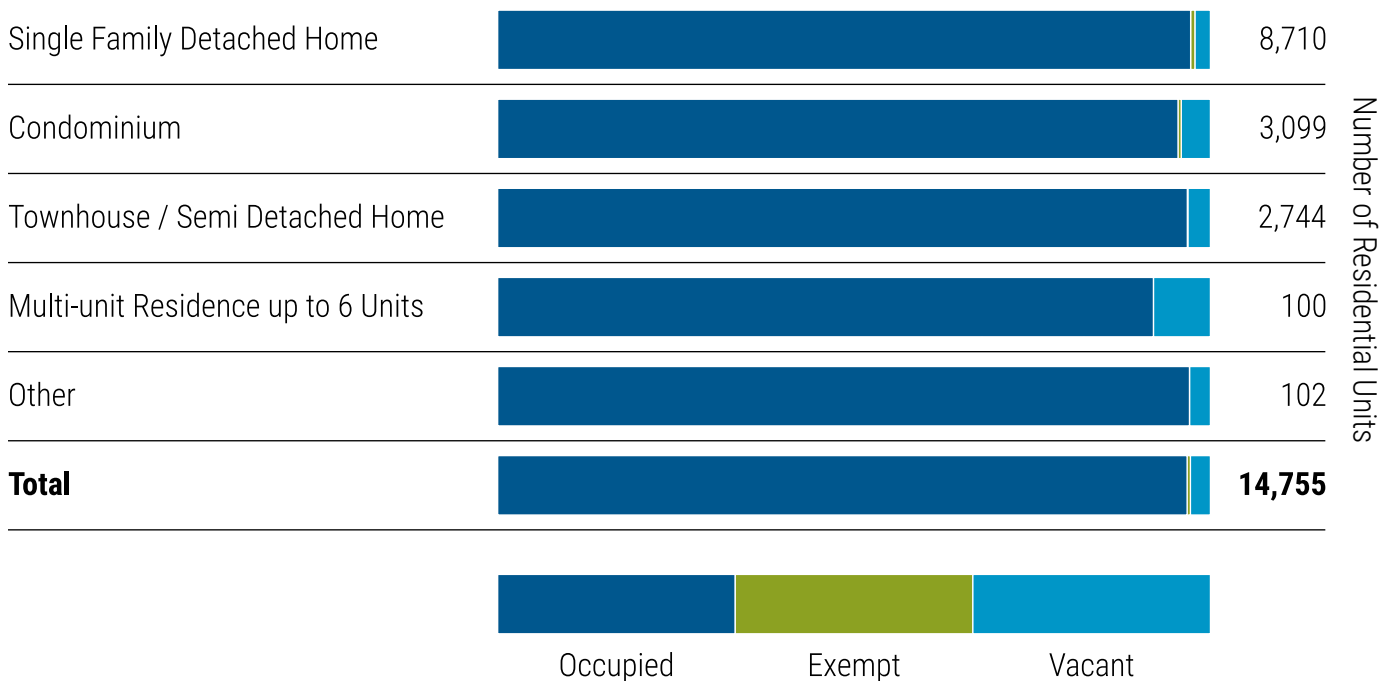
Housing Market Breakdown - Ward 8



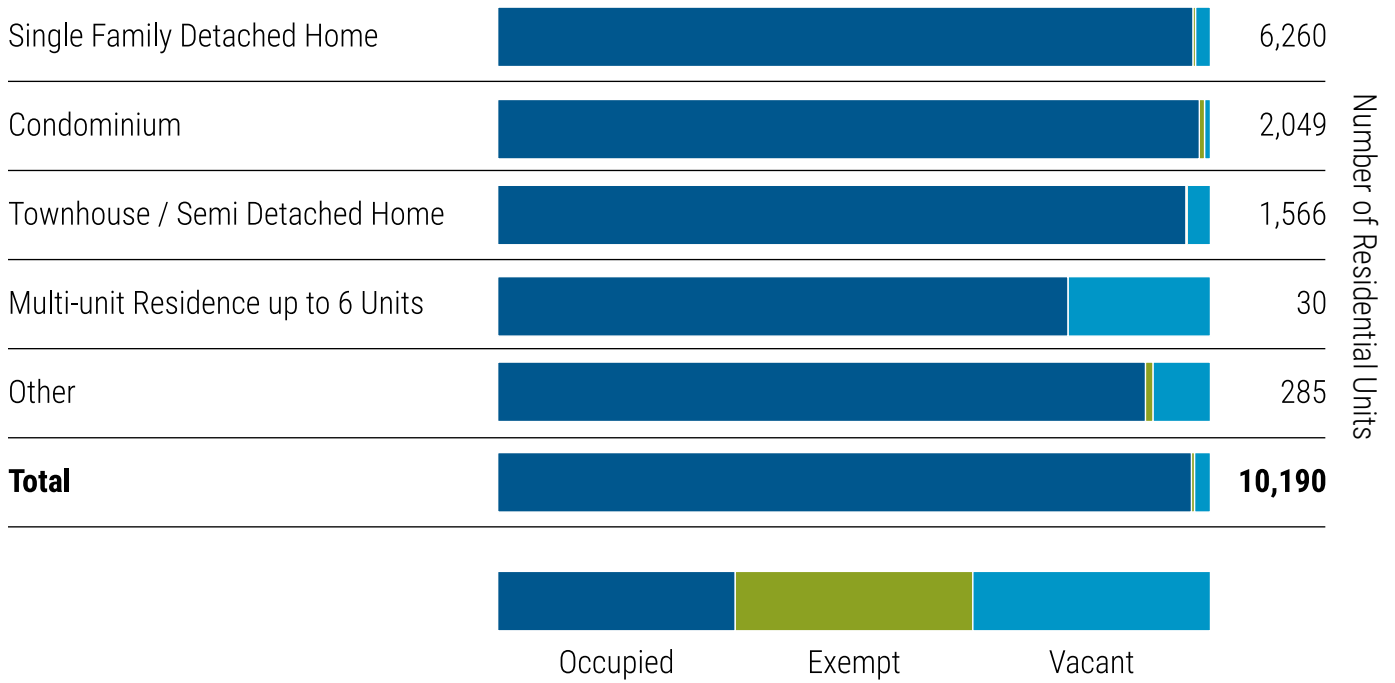
Housing Market Breakdown - Ward 9



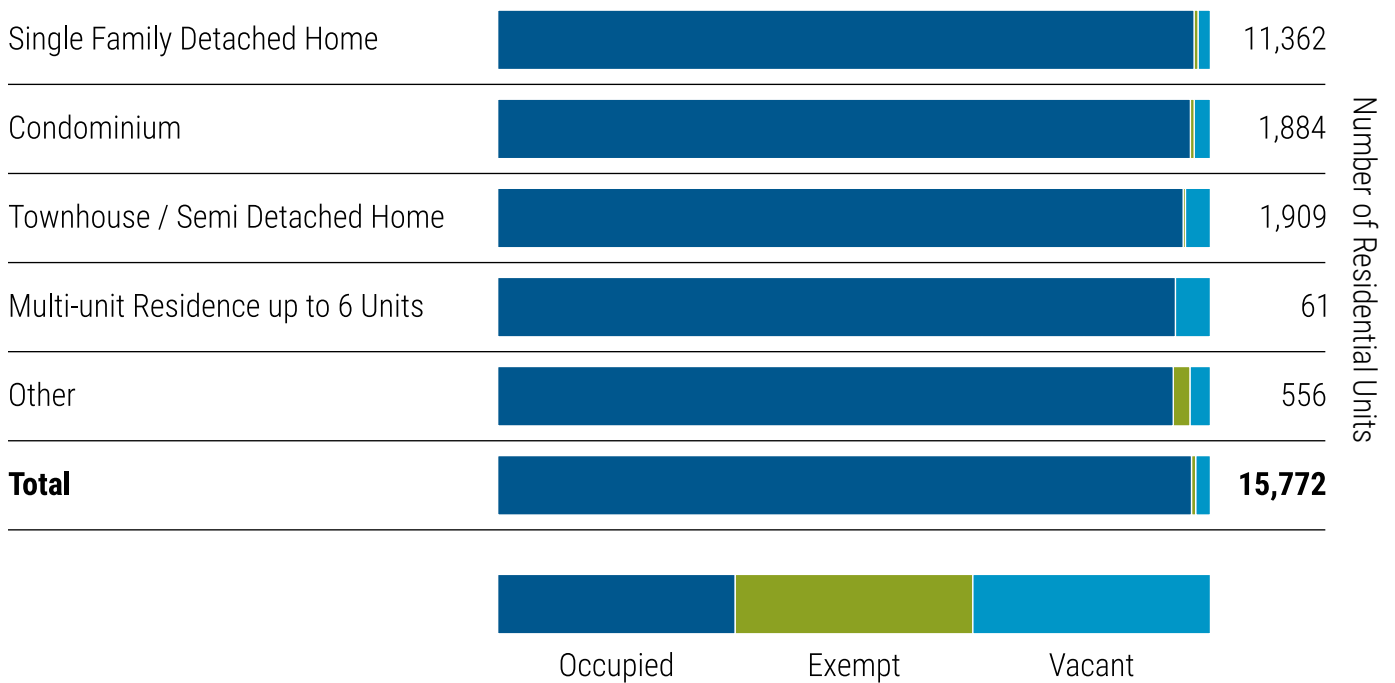
Housing Market Breakdown - Ward 10



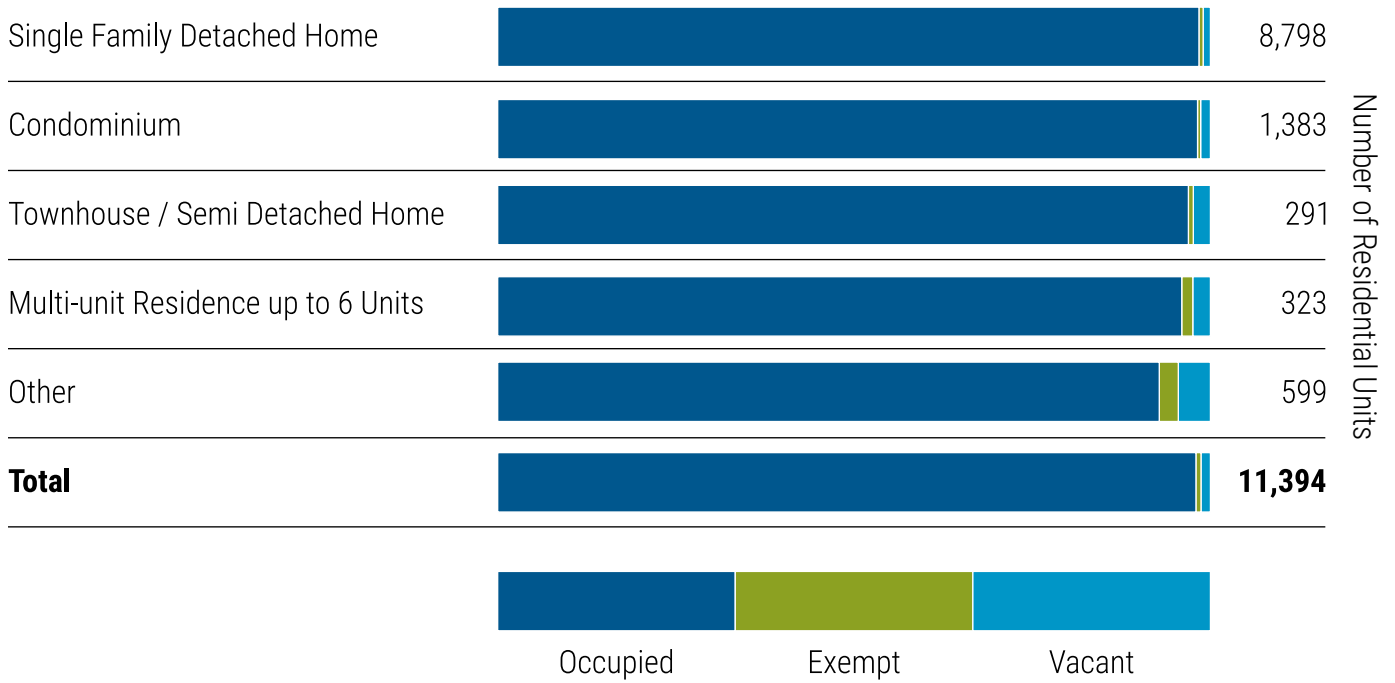
Housing Market Breakdown - Ward 11



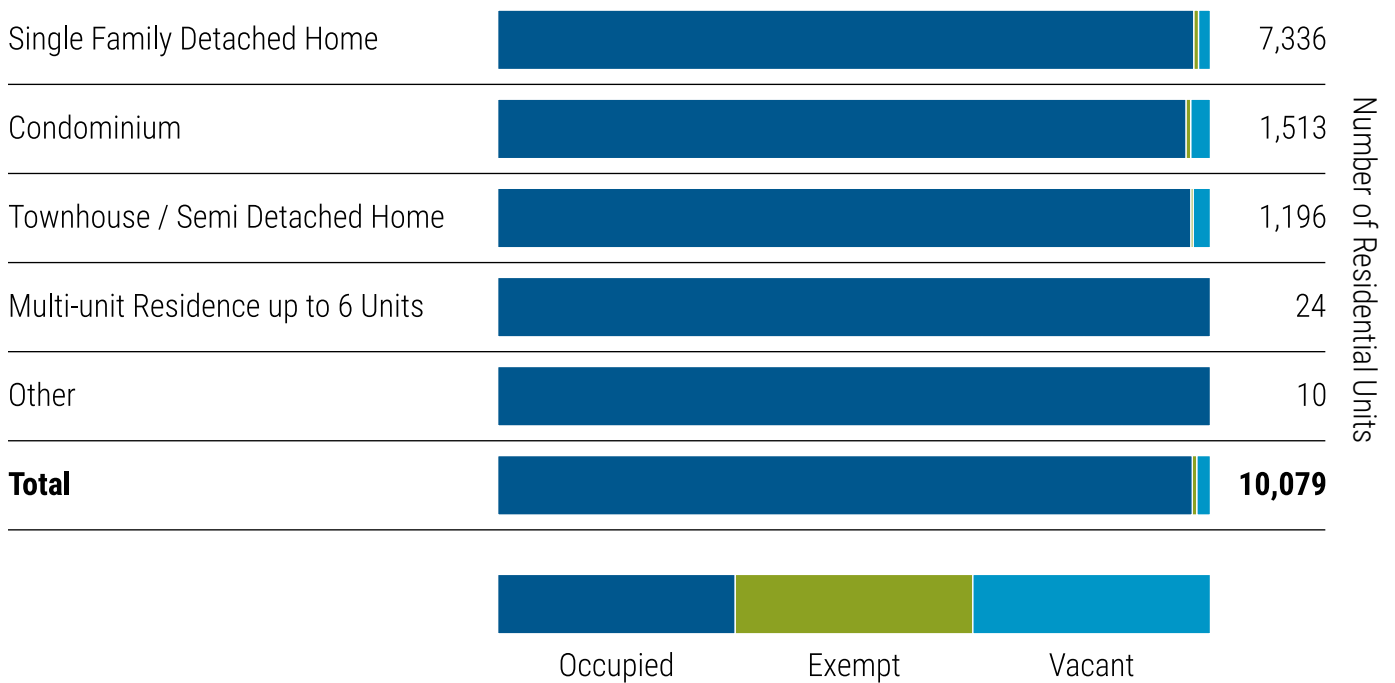
Housing Market Breakdown - Ward 12



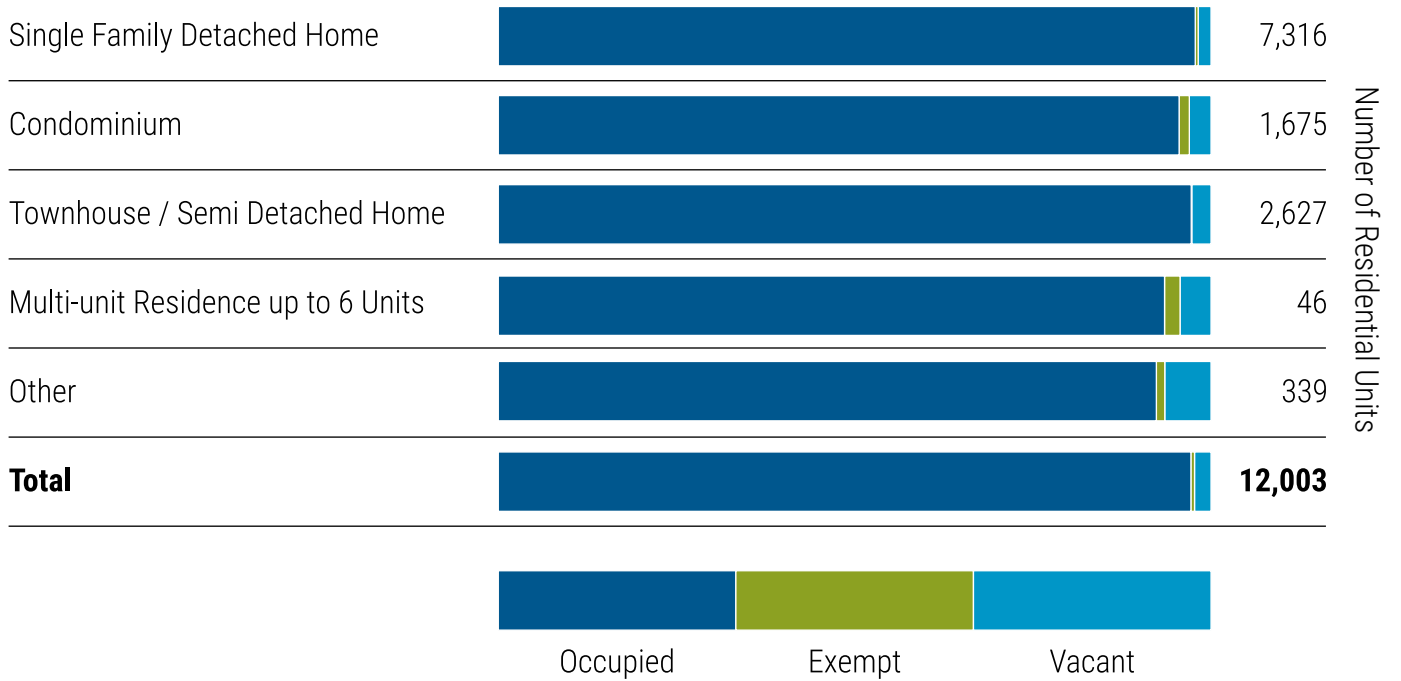
Housing Market Breakdown - Ward 13



Housing Market Breakdown - Ward 14



Housing Market Breakdown - Ward 15







Hamilton