

Union of BC Municipalities

**Submission on the Taxation of  
Vacant Lands**

December 17, 2024

## **1. Introduction**

The Union of BC Municipalities (UBCM) is a policy-based organization that has advocated for our local government members since 1905. UBCM membership consists of all 189 British Columbia municipalities and regional districts as well as 12 First Nations. Our work is guided by member positions established through resolutions at our annual convention. Our Executive and Committees actively monitor and respond to policy issues that are of direct interest to local governments or have potential to impact our membership. As the association representing the interests of all local governments in BC, UBCM welcomes the opportunity to provide comments on the Taxation of Vacant Lands.

## **2. UBCM Policy on Taxation of Vacant Lands**

UBCM has advocated for wide ranging actions to tackle the housing crisis, recognizing the importance of housing availability and affordability for health, social and economic well-being of communities. This advocacy has been built on a significant body of policy including a 2018 Housing Strategy and resolutions that support:

- greater investment in the supply of rental and affordable housing,
- moderating speculative development to ensure that houses are used as housing,
- a proactive approach towards addressing homelessness, and
- collaboration with all orders of government.

Within this policy framework, vacancy taxation has been of interest amongst British Columbia local governments since 2007, with members endorsing resolutions requesting that the Province work with local governments to incentivize the redevelopment of vacant land and buildings and specifically that:

- local governments be granted authority to collect a levy on vacant residential properties, and
- a new assessment classification be created for undeveloped residential properties to allow local governments to establish a different tax rate for vacant residential land.

In requesting such authority, local governments have suggested that any revenues from vacant land taxation could be required to be used towards affordable or non-market housing projects. Local governments have also pointed towards the

*Vancouver Charter*<sup>1</sup> as an example of legislation enabling vacancy taxation and suggested that criteria and administrative requirements could be similar to those of the Charter.

In 2018, the Province passed the *Speculation and Vacancy Tax Act*, establishing a framework for vacancy taxation that has since been expanded to 59 communities (largely municipalities, but also including the University of British Columbia Lands and University Endowment Lands). While in part addressing local government interests in vacancy taxation, the legislation does not provide for a local role in the application of the tax.

Local governments have since continued to seek authority for vacant land taxation, noting that the City of Vancouver has used this authority to impose its own tax, and that such powers could further address affordability beyond the Provincial Speculation and Vacancy Tax (SVT). The City of Vancouver's Empty Homes Tax was adopted in 2017 to return empty or under-utilized properties to use as long-term rental homes, relieving pressure on the rental market. While acknowledging the challenges of isolating the impact of the tax, the City has noted that since its adoption, there has been a 58% reduction in vacant properties (2017 to 2023). In addition, between 2017 and 2023, the tax has raised \$169.8 million in revenues allocated to support affordable housing initiatives<sup>2</sup>.

B.C. local governments have also sought the following since the Province brought the SVT into effect:

- That the provincial government distribute directly back to each municipality a portion of the revenue collected, up to the amount collected from each local government, under the SVT to further affordable housing initiatives within those jurisdictions.
- That all British Columbia communities, including electoral areas<sup>3</sup>, be given the option to opt-in to the SVT program.
- That the Province consult with local governments on an evaluation of the *Speculation and Vacancy Tax Act* including a review of the specified areas and the impact on areas adjacent to the designated taxable regions.

Finally, in 2022, UBCM members also requested that the Provincial Government work with local governments to fund an incentive for rapidly repurposing vacant land to support the creation of emergency or ad-hoc housing or shelters with on-site

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<sup>1</sup> Legislation specific to Vancouver that establish the rules governing the City's operations  
[https://www.bclaws.gov.bc.ca/civix/document/id/complete/statreg/vanch\\_00](https://www.bclaws.gov.bc.ca/civix/document/id/complete/statreg/vanch_00)

<sup>2</sup> <https://vancouver.ca/home-property-development/why-an-empty-homes-tax.aspx>

<sup>3</sup> Communities outside of municipal boundaries, often referred to as rural or unincorporated.

supports. Such facilities might include tiny homes, navigation centres, portables and/or modular housing.

In conclusion, while varying approaches towards vacancy taxation have been requested, all point towards a greater role for local government engagement and choice.

### ***Rationale for An Increased Local Role in Vacancy Taxation***

Housing was historically the preserve of the Federal Government through to the 1990s at which time a progressive withdrawal of federal funding resulted in a downloading of responsibilities to the provinces. The primary role of local governments has been to undertake proactive community planning and regulation of land use to provide a policy framework for communities that are socially, economically and environmentally healthy and that make efficient use of public facilities and services, land and other resources. In this role they act within the constraints of a narrow tax base and defined legislative authority.

In recent years, however, there has been a growing expectation for local governments to financially support attainable and affordable housing. While local governments have done so through land contributions, property tax exemptions and development charge exemptions, waivers and reductions, such supports have implications for local government finance and infrastructure delivery.

In requesting authority for vacancy taxation, British Columbia local governments are therefore seeking to identify an appropriate revenue source to:

- Increase the supply of housing available as housing by discouraging the speculative holding of vacant residential properties.
- Generate funding to assist local governments directly, or through regional pooling to create and encourage development of non-market housing.

In addition, recognizing that in some communities, vacant and derelict buildings have remained so for years, posing potential risks for public safety as well as livability and desirability of nearby properties, vacancy taxation could promote the redevelopment of such properties and encourage their occupancy, maintenance, and improvement.

Finally, local governments in particular are best positioned to determine the nature and extent of adverse impacts of vacant residential properties, and also to administer exemptions based on local needs.

### **3. Concluding Remarks**

Granting local governments an increased role in vacancy taxation could help to serve multiple important objectives including improved housing affordability and would address longstanding requests by B.C. local governments. UBCM would welcome the opportunity for further engagement on the taxation of vacant lands, should the opportunity arise.

Thank you for receiving the policy positions and perspectives of our collective membership. Inquiries regarding this submission may be directed to Josh van Loon, Senior Policy Analyst, at [jvanloon@ubcm.ca](mailto:jvanloon@ubcm.ca) or (604) 270-8226 Ext. 113.

## **Attachment #1: UBCM Resolutions**

### **2024- EB27 Local Government Funding Through Speculation and Vacancy Tax**

Whereas encouraging unoccupied residential properties to become available for long-term occupancy represents an opportunity to increase the availability of housing in our communities;

And whereas revenue collected from the Speculation and Vacancy Tax is directed into the Housing Priority Initiatives Special Account where BC Housing is the primary recipient of the funds rather than local governments:

Therefore be it resolved that UBCM call upon the Province of British Columbia to permit local governments to receive a portion of the funds collected through the Housing Priority Initiatives Special Account, with funds to be used by the local government towards affordable housing projects.

### **2024-EB28 BC Speculation and Vacancy Tax**

Whereas the BC government implemented a BC Speculation and Vacancy Tax to turn vacant homes into housing for BC residents;

And whereas the BC government continues to expand the BC Speculation and Vacancy Tax program to include new communities:

Therefore be it resolved that the UBCM advocate to the provincial government that all BC communities, including electoral areas, be given the option to opt-in to the BC Speculation and Vacancy Tax program.

### **2024- EB90 New Assessment Classification for Vacant Residential Lands**

Whereas there is a housing crisis in British Columbia that affects all local governments in varying degrees;

And whereas there are limited tools to discourage speculation and encourage development of undeveloped property:

Therefore be it resolved that UBCM request the Province of British Columbia to create a new assessment classification for undeveloped residential properties to allow local governments to establish a different tax rate for vacant residential land.

### **2023 EB14 Municipal Authority for Empty Homes Tax**

Whereas encouraging unoccupied residential properties to become available for long-term occupancy represents an opportunity to increase the availability of housing in our communities;

And whereas the authority to adopt an Empty Homes Tax is not currently available to municipalities operating outside of the Vancouver Charter:

Therefore be it resolved that UBCM call upon the Province of British Columbia to amend the Community Charter to enable municipalities to administer a specific property tax on unoccupied Class 1 Residential properties, with net revenues to be used by the municipality towards affordable housing projects.

### **2022 NR64 Assessing Vacant Lands to Support Housing for BC's Most Vulnerable**

Whereas sadly thousands of British Columbians are homeless, sleeping in shelters, tents, and encampments, while many jurisdictions in Canada and down the West Coast have successfully triaged their homelessness crises with temporary, tiny shelter-type villages, as a transition to more permanent housing;

And whereas BC Assessment classifies property according to its use, and local governments apply a mill rate to the respective classification to determine taxes, while owners of vacant land are incentivized to reduce their property taxes by changing temporary use and assessment, for example by adding a community garden to be re-classified as a Class 8 Recreational;

And whereas properties assessed as Class 3 Supportive Housing integrate long-term housing units with on-site supports for persons who were previously homeless or persons who are at risk of homelessness are subject to special valuation rules by the provincial government that reduce the assessed value of the property to a nominal amount, and have received funding from the government or a regional health board:

Therefore be it resolved that UBCM request the BC government to work with local governments to develop and fund an incentive for more readily and rapidly repurposing vacant land as temporary Class 3 Supportive Housing, to support the creation of emergency or ad-hoc housing or shelter with on site supports as a short-term use, and including tiny homes, navigation centres, portables, and/or modular housing.

### **2022 NR9 Speculation and Vacancy Tax Review**

Whereas housing availability and affordability impacts the health, social and economic well-being of communities;

And whereas the provincial speculation and vacancy tax generates revenues to support affordable housing initiatives in the areas where the tax is collected, but is currently only applicable in large urban centres:

Therefore be it resolved that UBCM ask the Province to consult with local governments on an evaluation of the Speculation and Vacancy Tax Act including a review of the specified areas and the impact on areas adjacent to the designated taxable regions.

**2021 NR53 Transfer of a Portion of Speculation and Vacancy Tax Revenue to Local Governments**

Whereas the Speculation and Vacancy Tax generated an estimated \$81 million in revenue for the Province during the 2019/2020 fiscal year to be directed towards affordable housing initiatives;

And whereas local governments are taking on a greater role in addressing affordable housing needs in their communities:

Therefore be it resolved that UBCM request the provincial government to distribute directly back to each municipality a portion of the revenue collected, up to the amount collected from each local government, under the Speculation and Vacancy Tax to further affordable housing initiatives within those jurisdictions.

**2021 EB19 Vacant Land Property Tax**

Whereas some municipal councils in jurisdictions have the authority to set tax rates on vacant land at a higher rate than non-vacant land (such as the authority provided for in the s. 616 vacancy tax provision of the Vancouver Charter);

And whereas some municipal councils with the requisite authority choose to set tax rates on vacant land at a higher rate to encourage owners of vacant property to either develop the property or sell the land which may result in the development of the property under new ownership:

Therefore be it resolved that UBCM request the Province of British Columbia conduct a review of the Community Charter to amend the legislation to grant municipal councils' authority to add a 'vacant land' property tax.

**2020 NR69 Vacancy Tax**

Whereas the City of Vancouver has authority through the Vancouver Charter to implement an Annual Vacancy Tax;

And whereas other municipalities are governed through the Community Charter where there is no current authority to implement a Vacancy Tax:

Therefore be it resolved that UBCM work with the Province of British Columbia to amend the authority given to municipalities through the Community Charter permitting



municipalities the authority to impose, by bylaw, an annual vacancy tax on taxable residential properties.

### **2020 EB33 Speculation and Vacancy Tax**

Whereas housing affordability is a key challenge in many communities facing high median home prices, including a number of homes that are vacant;

And whereas the Province reported that in 2018, \$58 million was collected under the Speculation and Vacancy Tax program;

And whereas the Province gave the City of Vancouver the power to impose its own vacancy tax, which has provided Vancouver with approximately \$40 million in additional revenue:

Therefore be it resolved that UBCM request that the provincial government provide local governments with the power to levy their own Speculation and Vacancy Tax, so that they too can address housing affordability and other community effects of vacant homes.

### **2019 B181 Proposed Vacancy Tax**

Whereas the City of Vancouver has authority through the Vancouver Charter to implement an Annual Vacancy Tax;

And whereas the City of White Rock is governed through the Community Charter where there is no current authority to implement a Vacancy Tax and it is believed that there are a number of vacant residential and commercial properties in the City of White Rock:

Therefore be it resolved that UBCM work with the Province of British Columbia to amend the authority given to Local Governments through the Community Charter permitting municipalities the authority to impose, by bylaw, an annual vacancy tax on taxable residential properties, and that the criteria and administrative requirements be similar to those of the Vancouver Charter.

### **2019 B19 Extension of Vacancy Taxation Authority to Local Governments**

Whereas the Province of British Columbia responded to a housing affordability crisis in 2016 with legislation empowering the City of Vancouver to introduce a surtax on vacant residential properties, resulting in \$38-million in revenues for that community in 2018 and creating a strong disincentive to leaving properties vacant;

And whereas communities across British Columbia face housing affordability pressures, while a portion of the housing supply in all communities remains vacant, including properties that have remained derelict for years or decades, and vacant and derelict

buildings pose substantial risks in terms of public safety in communities, as well as liveability and desirability for nearby and adjoining neighbourhoods and properties:

Therefore be it resolved that the Province of British Columbia extend the authority to introduce a surtax on vacant residential properties to local governments across British Columbia, providing communities with the discretion to decide whether to introduce an additional tax to discourage vacant and derelict buildings, and encourage the occupancy, maintenance, and improvement of buildings to address housing affordability and public safety.

### **2018 A3 Modify Speculation Tax: Local Government Vacancy Levy**

Whereas vacant residential properties are not in the best interests of BC communities; And whereas local governments are best placed to determine the nature and extent of the adverse impacts of vacant residential properties and to administer exemptions based on local needs;

And whereas a levy administered and retained by local government on vacant residential properties can be a way to encourage the availability of more rental accommodations;

And whereas revenues from such a levy on vacant residential properties would assist a local government directly or through regional pooling to create and encourage non-market housing:

Therefore be it resolved that UBCM urge the Province to replace the approach in the current proposed Speculation Tax with a provision to empower local governments to collect a levy on vacant residential properties and to require local governments that choose to impose such a levy to invest the revenues in non-market housing.

### **2017 B91 Tax on Vacant & Derelict Residential Properties**

Whereas the Government of British Columbia and Legislative Assembly responded to a housing affordability crisis by proceeding with legislation that empowered the City of Vancouver to introduce a surtax on vacant residential properties;

And whereas communities across British Columbia face housing affordability pressures while a portion of the housing supply in all communities remains vacant, including properties that have remained derelict for years and, these derelict vacant buildings pose substantial risks in terms of public safety as well as liveability and desirability for adjoining/nearby neighbourhoods and properties:

Therefore be it resolved that UBCM request the Province of British Columbia to extend the authority to introduce a surtax on vacant and derelict residential properties to local

governments across British Columbia and encourage the occupancy, maintenance and improvement of buildings to address housing affordability and public safety.

### **2016 B13 Vacant Land Taxation**

Whereas vacant lands detract from the vibrancy of communities;

And whereas vacant lands contribute less property tax and utility billing revenues, no employment or other value to their community:

Therefore be it resolved that UBCM advocate on behalf of all local governments for an amendment to the Prescribed Classes of Property Regulation 438/81 to include prescribed classes for vacant land and vacant contaminated land that allows for a higher tax rate and/or flat taxes.

### **2012 B130 Vacant & Derelict Building Tax Rate**

WHEREAS run-down and poorly maintained buildings, vacant or occupied, have a negative impact on area residents and businesses, which results in decreased property values and discourages investment in the municipality, and affects local government property tax revenues;

AND WHEREAS the municipal authority under the Community Charter is limited as follows:

- section 8(3)(1) applies to building only for the purposes of health, safety and protection of persons and property; and
- section 64(k) is limited to graffiti and unsightly conditions:

THEREFORE BE IT RESOLVED that UBCM lobby the provincial government to amend the Community Charter to grant local government authority to set higher property tax rates for derelict and vacant buildings as a deterrent for property owners to allow their premises to become unsightly.

### **2007 B72 Vacant & Derelict Buildings - Differing Property Tax Rates**

WHEREAS the appearance of run-down and poorly maintained vacant buildings can have negative impacts on adjacent residents and businesses, can result in decreased neighbourhood property values that affect local government property tax revenues and can deter investment in the redevelopment of adjacent lands:

THEREFORE BE IT RESOLVED that the Union of British Columbia Municipalities support an amendment to the Community Charter to grant municipalities the option of setting differing property tax rates for Land and Improvements, thus encouraging development and improved maintenance of derelict buildings and vacant land.