



# Staff Report

## Finance

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**Report To:** COW-Finance, Admin, Fire, Legal, Community Services  
**Meeting Date:** April 24, 2023  
**Report Number:** FAF.23.053  
**Title:** Municipal Accommodation Tax and Vacant Homes Tax Update  
**Prepared by:** Ruth Prince, Director Finance & Information Technology Services

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### A. Recommendations

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THAT Council receive Staff Report FAF.23.053, entitled "Municipal Accommodation Tax and Vacant Homes Tax Update

AND THAT Council direct staff to bring forward a report by the end of June 2023 with detailed background information related to the potential implementation of a Municipal Accommodation Tax;

AND THAT Council direct staff to not proceed with the Vacant Homes Tax for 2024 implementation.

### B. Overview

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This staff report provides Council with an update on the Vacant Home Tax and Municipal Accommodation Tax.

### C. Background

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During the 2023 Budget meetings, Council provided the following motion:

Moved By: June Porter  
Seconded by: Paula Hope

THAT Council direct staff to provide a report on options available to Council for a municipal accommodation tax, vacant homes tax and potential disposition of land.  
The motion is Carried.

### D. Analysis

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Municipalities have been given the freedom to design programs with unique approaches such as the Municipal Accommodation Tax (MAT) and Vacant Homes Tax (VHT).

### Municipal Accommodation Tax

The ability for municipalities to implement what is commonly called a Municipal Accommodation Tax was granted as part of Bill 127, which was passed by the Legislature on May 17, 2017. It created a new section to the Municipal Act, 2001: Part XII.1 entitled "Power to impose transient accommodation tax". While Part XII.1 grants the authority and sets out general rules and requirements, O.Reg. 435/17, which came into effect on December 1, 2017 stipulates the rules and requirements regarding revenue sharing and the need for agreements that ensures there is "reasonable financial accountability" regarding the collection and distribution of the proceeds from a "Municipal Accommodation Tax".

A MAT, as opposed to a VHT can also only be implemented by a separated or lower-tier municipality. This means that the Town would have full control over the program including determining what exemptions and rebates will be provided, and what penalties, etc. will be imposed for non-compliance.

The Communications and Economic Development Team will be taking the lead on the Municipal Accommodation Tax and a further report with detailed information will be brought forward for Council's consideration.

### Vacant Homes Tax

Ontario's Fair Housing Plan was introduced on April 20, 2017. The Province indicated at that time that the intent of this Plan was to help more people find affordable homes, increase the housing supply, protect buyer and renters, and bring stability to the Ontario real estate market.

One measure included was legislation to empower municipalities to implement a VHT within their jurisdiction. The intent of the VHT was to encourage property owners to sell unoccupied units or rent them out to minimize the possibility of residential units potentially being left vacant by speculators.

On May 17, 2017, Bill 127 – Stronger, Healthier Ontario Act (Budget Measures), 2017, received Royal Assent. It amended and repealed various Acts necessary to implement the measures contained in the 2017 Ontario Budget, including the Fair Housing Plan. The City of Toronto Act was then subsequently amended to provide Toronto with the authority to implement a VHT.

The Municipal Act, 2001 was amended and Part IX.1 Optional Tax on Vacant Residential Units was introduced. However, unlike the changes to the City of Toronto Act, the amendments to the Municipal Act state that should other municipalities wish to implement a VHT, they must first seek approval to do so from the Minister of Finance. Once such permission has been granted, then the rules for all other municipalities are the same as those granted to the City of Toronto.

A VHT is an additional charge that is levied against any qualifying property in a municipality. What constitutes a property being classified as "Vacant" is determined by rules and parameters

established by the jurisdiction. The mechanism by which the tax is calculated and applied is the same as any other property tax component in Ontario: Assessment x tax rate.

Bill 127 makes it clear that the decisions regarding design, implementation and use of the funds raised from implementing a VHT are the responsibility of the municipality with the responsibility for Tax Policy in the area. As the upper tier, Grey County sets out tax policy and must provide authority to The Blue Mountains to implement a VHT. The legislation permitting municipalities to implement a VHT makes it clear that the rules governing how it is assessed and applied will not be universal across an area. This means that the Town can ask the County of Grey to implement a VHT that applies only within its boundaries, and which will be completely unique to the Town.

The following items would need to be considered as part of a VHT:

- The definition of vacant homes. Will the rules be the same everywhere or will there be variation?
- Exemptions criteria .
- Tax rates and penalty options.
- Cost of the implementation and ongoing administration of the VHT program.
- Getting approval from the County of Grey.
- Obtain approval from the Minister of Finance to proceed and implement its own VHT.

The municipalities to date that have fully implemented the VHT is the City of Toronto and City of Ottawa. The City of Hamilton is in the process.

Staff would recommend to Council that we not proceed with the VHT at this time and focus staff resources on continued community engagement and communication on the MAT.

## **E. Strategic Priorities**

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### **1. Communication and Engagement**

We will enhance communications and engagement between Town Staff, Town residents and stakeholders.

### **2. Organizational Excellence**

We will continually seek out ways to improve the internal organization of Town Staff and the management of Town assets.

### **3. Community**

We will protect and enhance the community feel and the character of the Town, while ensuring the responsible use of resources and restoration of nature.

#### **4. Quality of Life**

We will foster a high quality of life for full-time and part-time residents of all ages and stages, while welcoming visitors.

#### **F. Environmental Impacts**

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None.

#### **G. Financial Impacts**

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The implementation of the VHT will require considerable amount of staff resources and the use of a consultant to assist with identify properties, administration models, options and potential revenues and expenditures from such a tax. A high-level review of the assessment base was completed and based on that information, there seem to be minimal residential units that would potentially meet the criteria. If Council did decide to proceed at this time, a further staff report would be prepared for Councils consideration.

With only two large municipalities that have currently implemented this program, staff would recommend we do not proceed at this time with the VHT.

The Municipal Accommodation Tax will require staff resources, however this tax is currently been used by many municipalities so there are quite a few models that can be used.

#### **H. In Consultation With**

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Tim Hendry, Manager of Communication and Economic Development

#### **I. Public Engagement**

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The topic of this Staff Report has not been the subject of a Public Meeting and/or a Public Information Centre as neither a Public Meeting nor a Public Information Centre are required. However, any comments regarding this report should be submitted to Ruth Prince, Director Finance & Information Technology Services [directorfit@thebluemountains.ca](mailto:directorfit@thebluemountains.ca).

**J. Attached**

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N/A

Respectfully submitted,

Ruth Prince  
Director Finance & Information Technology Services

For more information, please contact:  
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**Report Approval Details**

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This report and all of its attachments were approved and signed as outlined below:

**Ruth Prince - Mar 24, 2023 - 11:32 AM**

**No Signature found**

**Shawn Everitt - Mar 24, 2023 - 3:48 PM**