Vacancy Tax aka Empty Homes Tax

This tool requires landlords to pay an annual tax for homes that are declared vacant for six or more months out of the year. The intent of the policy is to dissuade landlords from holding habitable building stock offline and thereby decreasing the City's overall available housing stock.

Status In NYC

Proposed

Status Elsewhere

Enacted

For NYC:

POLICY OBJECTIVE:
The primary objective of a NYC Vacancy Tax policy would be to increase the City’s available housing stock by discouraging property owners from keeping their units vacant while they wait for wealthier tenants to come along.

HOW MIGHT IT WORK?
A Vacancy Tax policy would impose a tax on units held vacant for six or more months out of the year. Property owners would be required to submit a property status declaration each year; if the property is deemed vacant, it would be subject to a tax which would be a percentage of the property’s assessed taxable value.

WHO WOULD BENEFIT?
A Vacancy Tax would benefit both homeowners and renters in regulated and non-regulated units by increasing the available housing stock for sale or lease.

HOW WOULD IT BE ENACTED?
State and City legislation
Vacancy Tax aka Empty Homes Tax

This tool requires landlords to pay an annual tax for homes that are declared vacant for six or more months out of the year. The intent of the policy is to dissuade landlords from holding habitable building stock offline and thereby decreasing the City’s overall available housing stock.

For NYC:

HOW WOULD IT BE ENFORCED?

The policy would require the city to keep track of vacancies by requiring property owners to submit a declaration each year or register vacant units in an official database. The tax on vacant apartments be enforced through the NYC Department of Finance.

WHAT IS THE FEASIBILITY FOR ACHIEVING THIS IN NYC?

Potential Proponents:

- Renters in regulated and unregulated units
- Potential homeowners
- Community-based organizations
- Homelessness advocates

Potential Opponents:

- Wealthy homeowners and homeowner associations
- Real estate investors
- Rent Stabilization Association

Challenges:

- Could be seen as penalizing individuals with second homes

WHO’S INVOLVED?

Picture the Homeless

Housing not Warehousing Campaign
Vacancy Tax aka Empty Homes Tax

This tool requires landlords to pay an annual tax for homes that are declared vacant for six or more months out of the year. The intent of the policy is to dissuade landlords from holding habitable building stock offline and thereby decreasing the City’s overall available housing stock.

Example Policy: Vancouver, BC

HOW DOES IT WORK?
The Empty Homes tax is an annual tax on empty or under-utilized residential properties in Vancouver. Owners of residential property in Vancouver are required to submit a property status declaration each year to determine if their property has been vacant for six or more months. If so, it is subject to a tax of 1% of the property's assessed value. The revenue from the Empty Homes Tax is reinvested into affordable housing programs.

WHO BENEFITS?
The tax applies to all residential units, although there are a number of exemptions including vacancy for renovations or due to hospital stays. After the tax was introduced in 2016, the declarations submitted by property owners revealed that about 4.6% of homes in Vancouver were vacant for six months or more. The tax will help shift these unused homes into the rental market.

HOW WAS IT ENACTED?
The Empty Homes Tax was approved by Vancouver’s City Council in 2016. The Mayor of Vancouver re-wrote his signature 10-year housing plan after it failed to deliver on its key goal – to end homelessness in Vancouver by 2015. The Empty Homes Tax was one of the new tools enacted as a part of the revised plan.

HOW IS IT ENFORCED?
All property owners are required to make a property status declaration each year. This declaration determines whether the property is subject to the Empty Homes Tax. Failure to make a property status declaration results in the home being deemed empty and subject to the tax and may also be subject to fines. The city has also created an audit program to ensure property owners are compliant; false declarations that are found can result in fines.