

Region of Peel's Vacant Home Tax Program Design

Submission to the Province of
Ontario

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An aerial photograph of a city, likely Columbus, Ohio, showing a complex highway interchange with multiple overpasses and ramps. A river is visible on the left side of the image. The city buildings and greenery are visible in the background. The image is overlaid with a semi-transparent dark grey filter.

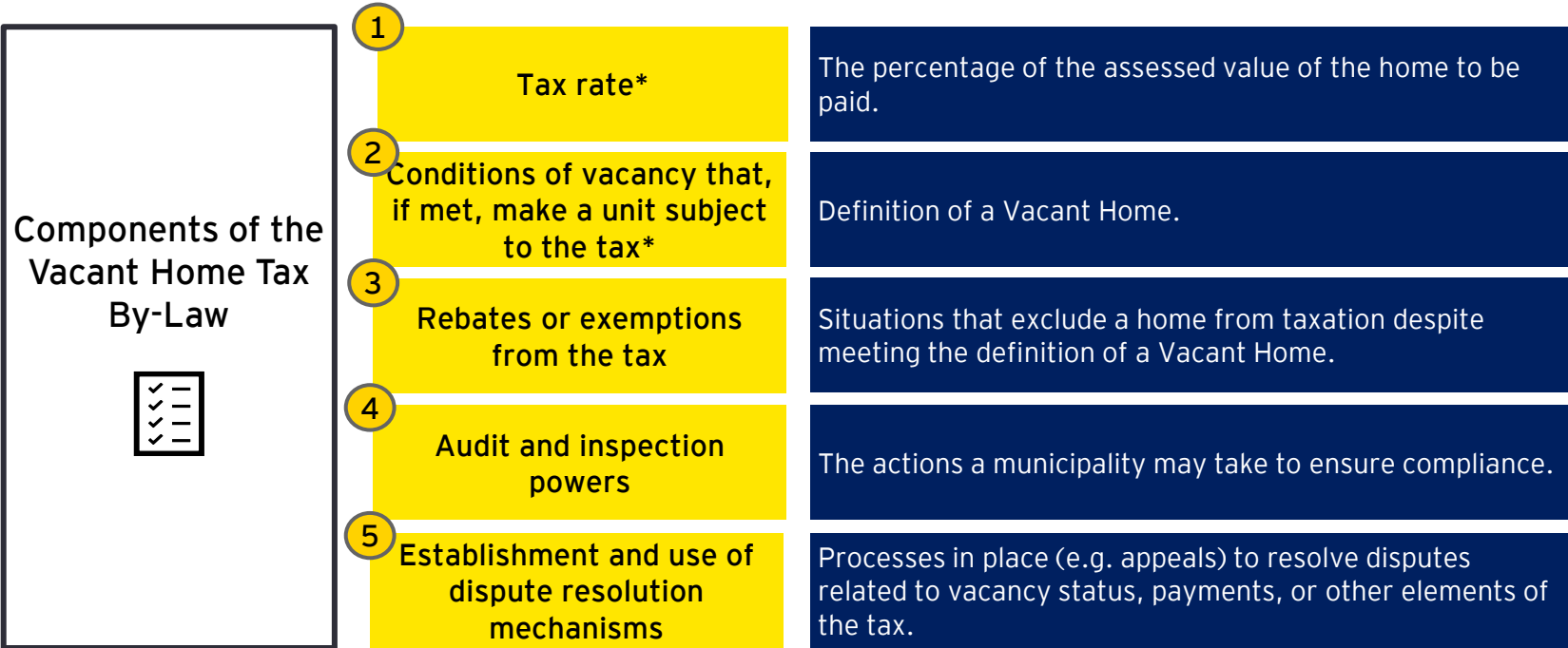
Conclusions from EY's Feasibility Study

DESIGNING THE VACANT HOME TAX | CONTEXT AND BACKGROUND

There are a number of policy levers and revenue tools that can be explored by municipalities to address a housing affordability crisis - a tax on vacant homes being one of them. The tax is commonly implemented in rapidly growing urban centres which face challenges related to housing such as rapidly appreciating house prices (at a rate higher than the growth of income) or low availability of homes for sale or rent.

The objectives of a Vacant Home Tax are to be (1) a policy tool to improve housing affordability, and (2) a revenue tool to support housing programs.

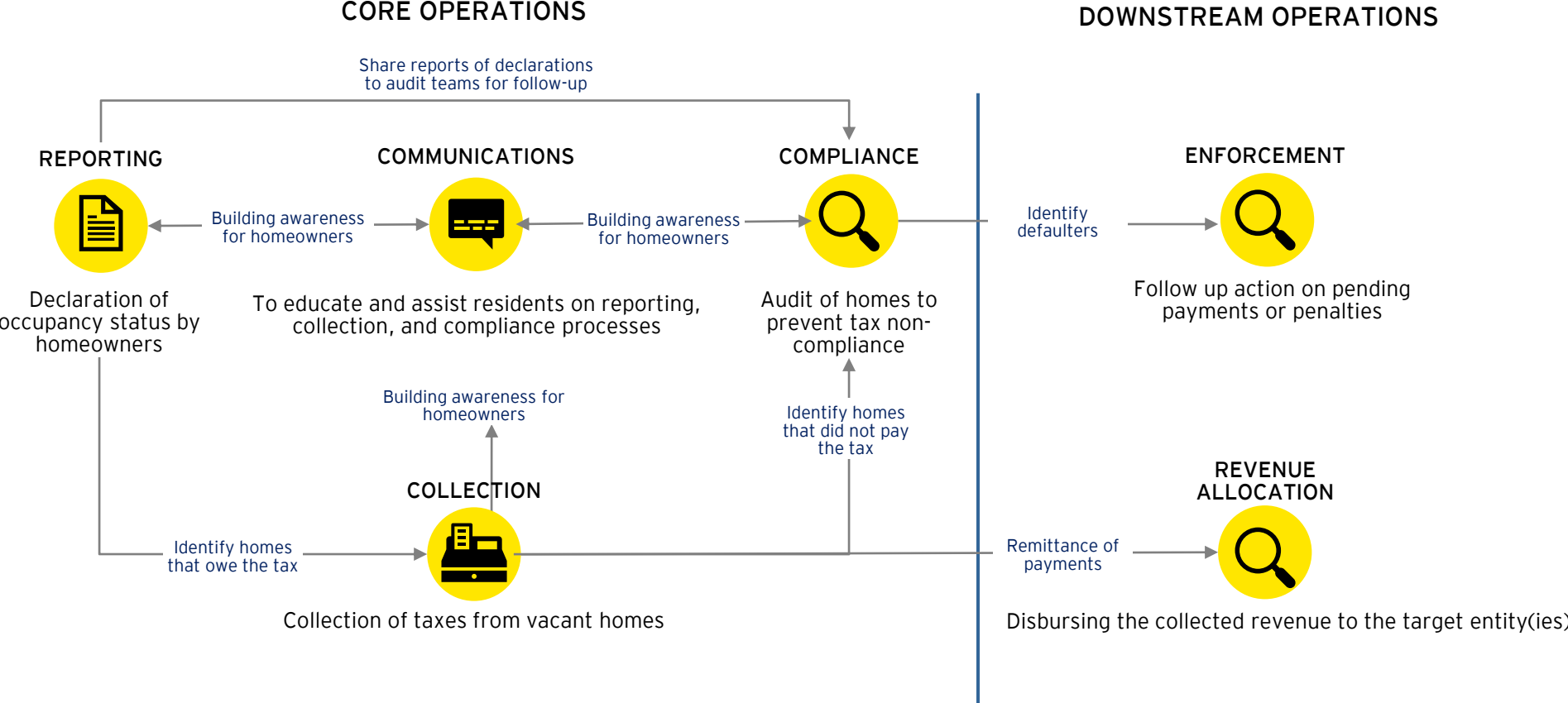
In 2017, the Ontario government passed Bill 127 (“Stronger, Healthier Ontario Act”). Schedule 19 of the Bill included amendments to the Municipal Act to allow municipalities designated by the Minister of Finance by Regulation to implement a by-law imposing taxes on vacant residential units in certain circumstances. According to the Bill, any by-law passed by a municipality wishing to impose this tax should include the following:



* mandatory item

VACANT HOME TAX DESIGN | CORE AND DOWNSTREAM OPERATIONS

Operations of the vacant home tax can be segmented into two major groups - core operations and downstream operations - as illustrated below. Core operations consist of functions that occur consistently and are required for the program to function effectively. Downstream operations are supporting (enforcement) or end-state (revenue allocation) functions that occur inconsistently (as-needed) or represent the output of the overall process, respectively.



VACANT HOME TAX DESIGN | DEFINITION AND PROFILE

While developing the policy and by-law for the vacant home tax, municipalities are required to define what qualifies a home to be designated as vacant. Below are some key parameters of the tax in Peel.

Parameter
<p><u>Definition:</u> Unoccupied for more than 184 days within the reference period</p>
<p><u>Tax rate:</u> Initial tax rate of 1%</p>
<p><u>Reference Period:</u> Calendar year</p>

FEASIBILITY ANALYSIS | OVERVIEW

This section provides a summary of the findings related to the feasibility of implementing a Vacant Home Tax within the Region. Feasibility was assessed through a quantitative comparison of projected revenues and estimated costs and a qualitative evaluation of risks (developed through stakeholder consultations and learnings from Vancouver). These components are summarized below:



Net Financial Impact

Estimation of net revenue and the breakeven point (minimum number of vacant homes required in the region to recoup operating costs)



Sensitivity Of Tax Rates

Assessment of conversion ratio of homes as a result of various tax rates



Risks

Key risks that the Region may encounter while implementing the vacant homes tax - along with mitigation options

VACANT HOMES TAX OPERATIONS | SUMMARY OF FINDINGS

The Feasibility Study found no major operational challenges for the implementation of the Vacant Home Tax - even in a two-tier municipal model. Key Takeaways from the analysis of processes to operate the VHT are summarized below:



Feasibility of methods to identify vacant homes

- Based on the experiences of municipalities that have implemented the Vacant Home Tax, self declaration (either universal declaration by all homeowners, or exception-based declaration only by owners of vacant homes) was deemed the most appropriate mechanism for identifying vacant homes in the Region
- Other methods (e.g. utility monitoring) may lead to privacy concerns or may not be comprehensive enough to cover all types of homes in the Region



Division of responsibilities for implementation and delivery of the vacant home tax

- Decisions on delivery models can be made in a manner that enables the Region and lower tier municipalities leverage existing systems and processes. E.g. If the responsibility of tax collection is assigned to the lower tier municipalities, the existing property tax collection systems may be utilized (with the required functionality enhancements) to calculate the tax amount based on property assessment information. Existing processes and resources may also be leveraged for enforcement of the tax and for customer service.
- Additional processes, and resources may be required for audit and compliance processes, as existing by-law staff may not have the capacity to conduct audits of homes to verify if the occupancy status quoted through self-declaration is correct



Objectives for the revenue raised

- While provincial legislation does not mandate what the revenue raised from the vacant home tax must be used for, the Region and the lower-tier municipalities would need to agree-upon, and clearly articulate the objectives for the revenue before developing the vacant home tax by-law. This is required for public communications so the public knows the rationale for the tax, and what the revenue would be utilized for.
- It is recommended that revenue generated from vacant homes is allocated towards affordable housing initiatives so that the Region's policy is consistent with those of other jurisdictions, thereby generating buy-in and support from the public

FEASIBILITY ANALYSIS | KEY TAKEAWAYS

Preliminary estimates based on available data and assumptions from Vancouver's case study indicated that it is financially feasible to implement the Vacant Home Tax at the Region, generating revenue for affordable housing programs and increasing housing supply



Vacant Home Tax is expected to generate a net positive revenue*

- A revenue projection model based on water consumption thresholds and other assumptions estimates that the vacant home tax is expected to generate revenues that are greater than the operating costs for the program.
- While upfront investment for implementing the vacant homes tax is >\$10M for the hybrid delivery model option, the Region is expected to recover the investment within the first two years of implementing the tax, with a tax rate of 1%
- In addition to generating revenue for affordable housing purposes, the vacant home tax is also expected to improve the housing supply if homeowners put up their homes for rent/sale



Hybrid Model expected to provide highest benefits

- Preliminary analysis indicates that the hybrid delivery model has the lowest implementation and operating costs. However, additional analysis is recommended to ascertain the costs by conducting an analysis of the tax systems in all three municipalities to estimate the effort required to create a module for the vacant home tax.
- The Region and municipalities may benefit from leveraging existing tax collection/administration capabilities at the local municipal level through a hybrid delivery model while realizing efficiencies through centralizing activities such as declaration, audit, compliance, and appeal.



Need for continuous monitoring of net revenue to inform future decisions

- The Region would need to continuously monitor net revenues from the vacant home tax to make decisions around the future of the program. For example, the continued prevalence of vacant homes may require decisions around increasing tax rates to enforce behavioral changes

*These revenue estimates are based on a 0.8% vacancy rate. In comparison, Ottawa and Toronto estimate a 0.5% and 1% vacancy rate respectively. If we were to assume similar vacancy rates for Peel, we would see revenues of ~\$10M to ~\$21M (on a 1% tax rate on current MPAC assessment values).

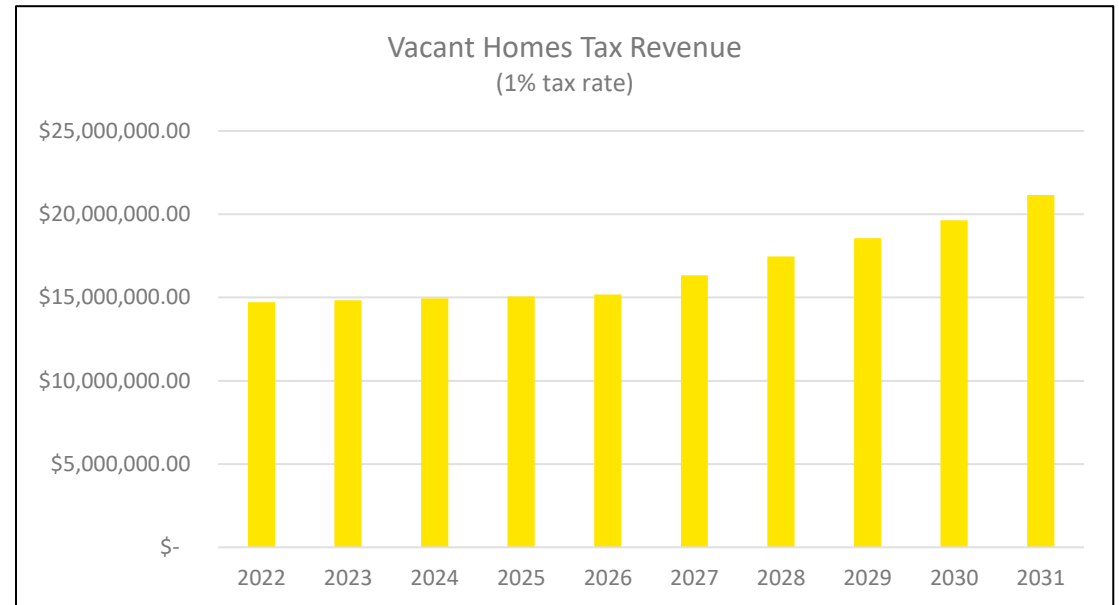
FINANCIAL ANALYSIS | REVENUE ESTIMATION

Estimates based on the latest available data indicate that the Region may generate an average gross annual revenue of nearly \$17M over 10 years with a 1% tax rate using available MPAC assessment values from 2016.

Through our analysis, we obtained revenue estimates from eight different situations involving various different tax rates, and their associated ABRR*. The tax rates represent a continuum from a low of 0.5% to a high of 3.0% (rate that has since been in place at the City of Vancouver prior to recent changes), and are multiplied by the average assessment value of homes to obtain the revenue from the tax levy.

	Tax Rate	ABRR*	Average Revenue/Year (10 years)	
			Self Declaration	Audit Activity**
Scenario 1	0.50%	1.50%	\$8,405,161	\$508,200
Scenario 2	1.00%	2.50%	\$15,992,148	\$801,153
Scenario 3	1.25%	3.00%	\$19,500,396	\$947,630
Scenario 4	1.50%	4.00%	\$22,274,404	\$1,094,106
Scenario 5	2.00%	5.00%	\$28,281,648	\$1,387,059
Scenario 6	2.25%	5.50%	\$31,053,241	\$1,533,536
Scenario 7	2.50%	6.00%	\$33,679,228	\$1,680,013
Scenario 8	3.00%	6.50%	\$39,453,923	\$1,972,966

10 year revenue projections for a 1% tax rate (most common rate chosen by cities)



Revenues are projected to increase year-over-year even post implementation of the vacant homes tax due to the growth in housing stock and the rise in assessment values - both of which help recover any revenue loss from vacant homes that are released back to the rental market. This is consistent with the observations at the City of Vancouver which saw revenue rising from \$26M in 2021 to \$67M in 2022. Higher revenue can also be attributed to the increase in the vacancy tax rate to 3% in the 2021 vacancy reference period and an average increase in assessed property value by 23% in 2021.

Note: Revenues may differ from projections identified in the above analysis depending on current market conditions and/or updates to MPAC property assessment values.

*Annual Behavioral Response Rate: The expected total number of units that will be returned back to the rental or for sale market on an annual basis.

FINANCIAL ANALYSIS | REVISED COST ESTIMATES

Based on the changes required in the identified delivery model, one-time costs to borne by the Region are anticipated to be between \$11.67M and \$13.67M, Peel operating costs are estimated to be \$3.8 annually, and local municipal operating costs to be \$0.5M annually, which are anticipated to be recovered through associated tax collection revenues.

	Region of Peel	
	One-Time Costs	Ongoing Costs
People	Negligible	\$3.3M
Process	Negligible	Negligible
Technology	\$11.67 - 13.67M	\$0.5M
TOTAL	\$11.67 - 13.67M (\$11.27M - \$12.99M)*	\$3.8M (\$4.3M)*

	Local Municipalities
	Ongoing Costs
People	\$0.45M
Process	No material ongoing impacts expected
Technology	\$0.1M
TOTAL	\$0.5M

Notes

- One-time costs are assumed to be borne by the Region.
- Initial People cost estimates are based on initial feasibility study analysis.
- Ongoing People costs are assumed to include approximately 30 Full-Time Equivalents as Vacant Home Tax Unit staff, such as Compliance Analysts, a Data Analyst, and a Coordinator at an average annual cost of \$110,000 (based on estimates identified through Peel and local municipal staff consultations).
- Ongoing Technology costs are based on estimates provided by the Region of Peel following discussions related to requirements including functionality, integration, and available platforms.

* Figures from initial feasibility study reflect total costs including those borne by local municipalities. Updated costs in bold reflect feedback provided by the Region.

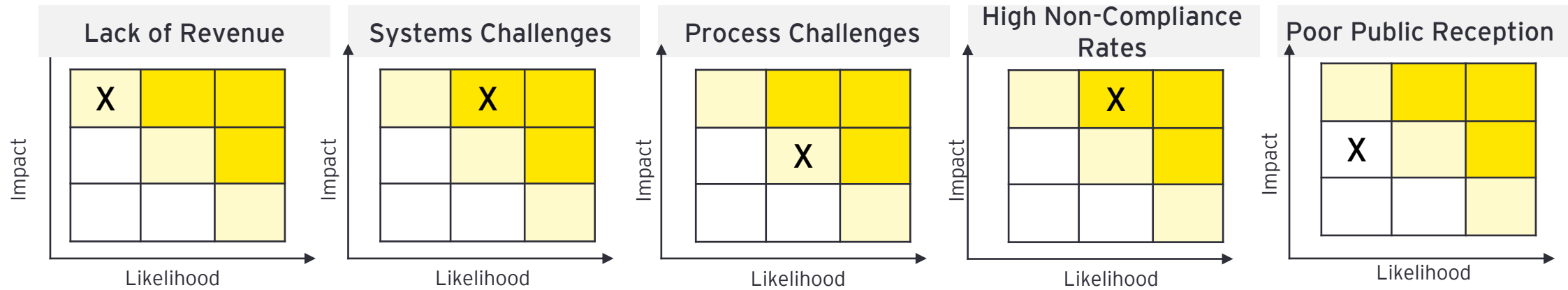
Notes

- One-time initialization / start-up costs are assumed to be borne by the Region.
- Given the highly automated nature of the identified process, it is not anticipated that ongoing incremental resources will be required in the Process category.
- Local municipalities identified that approximately four (4) additional FTEs may be required to support the ongoing implementation of the VHT and noted that unionized workforces across municipalities may result in the need to change job descriptions.
- Technology costs are based on initial feasibility study analysis and anticipated local municipality share of licensing, support, and maintenance costs for a vacant home tax module to be added to local property tax collection systems. Refined estimates will be gathered through further consultations with Peel and local municipal staff.

FEASIBILITY ANALYSIS | RISKS

Legend Low Medium High

Risks identified below may be mitigated by leveraging learnings from municipalities (such as Vancouver, Toronto, Ottawa, and Hamilton) which have implemented this tax, and had to address similar risks as part of their journey



	Lack of Revenue	Systems Challenges	Process Challenges	High Non-Compliance Rates	Poor Public Reception
Risk Description	<ul style="list-style-type: none"> Revenue from Vacant Homes Taxes are inadequate to cover the implementation and operating costs of the program 	<ul style="list-style-type: none"> Technology challenges with updating vacant home tax collection and enforcement functionalities on existing systems (e.g. property tax collection systems) 	<ul style="list-style-type: none"> Inability to implement standardized processes related to reporting, collection, and enforcement across the three municipalities thereby leading to inconsistent application of the vacant homes tax 	<ul style="list-style-type: none"> High instances on non-compliance through fraudulent declarations of occupancy status or applications for exemptions 	<ul style="list-style-type: none"> Residents of Peel may not welcome the tax for varied reasons (e.g. intrusiveness, privacy concerns, disagreement with the tax as a tool for improving affordability etc.)
Mitigation Approach	<ul style="list-style-type: none"> Region validated the findings of the feasibility study during the public consultations to gauge the extent of prevalence of vacant homes in the Region prior to launching the tax Infrastructure and staffing investments to be phased in stages to assess volume of revenue prior to full-scale implementation 	<ul style="list-style-type: none"> Perform detailed systems planning in advance to identify scope and complexity of upgrades required. Engage with technology implementation teams at Toronto and Vancouver to learn about approach and leading practices for systems enhancement 	<ul style="list-style-type: none"> Conducted detailed process mapping exercise through inclusive consultations with impacted stakeholders to identify and address potential challenges and pain points Leveraged learnings from other jurisdictions like Vancouver to understand leading practices in process design to facilitate a vacant home tax 	<ul style="list-style-type: none"> Design and implement a rigorous, risk-based, and data driven audit process that leverages learnings from Vancouver's techniques to minimize non-compliance rates without being intrusive to the public 	<ul style="list-style-type: none"> Conducted extensive public consultations to gauge the level of public support prior to making decisions about the vacant home tax Design communications to convey benefits of the tax, along with success stories from other jurisdictions to help residents understand the social outcomes

An aerial photograph of a city, likely Columbus, Ohio, showing a complex highway interchange with multiple overpasses and ramps. A river is visible in the foreground, curving around the highway. The city skyline with various buildings is in the background. The image is overlaid with a semi-transparent dark grey filter.

Summary of Public Consultations

FINDINGS FROM STAKEHOLDER CONSULTATIONS

A number of stakeholder consultations were conducted to gain a deeper understanding of a Vacant Home Tax. Inputs obtained from the tax policy, housing, and communications stakeholders across the Region and the local municipalities informed decisions around the design of the vacant home tax. Below is a summarized and categorized list of findings from the interviews. Overall, the public consultations indicated relatively high support for a vacant homes tax, with questions related to the details of the audit and enforcement components being addressed through the program design. Survey and townhall participants agreed that Peel is facing housing affordability challenges.

Inputs on Identification of Vacant Homes

Identification of vacant homes should be non-invasive to avoid privacy concerns. The mode of self-declaration to identify vacant homes as adopted by Vancouver was indicated as viable by stakeholders

Inputs on Implementation of the Tax

Stakeholders were open to the idea of a hybrid operating model where responsibilities of implementation were divided between the Region and lower tier municipalities based on inherent efficiencies - this was based on the success of the existing stormwater levy collection program

Inputs on Compliance and Auditing

A comprehensive compliance and auditing process will need to be established. Random audits were observed to be the most viable option based on stakeholder inputs. Implementation of a complaint line (for residents to flag details of vacant homes) similar to Vancouver was also suggested by stakeholders

Inputs on Definition and Exemptions

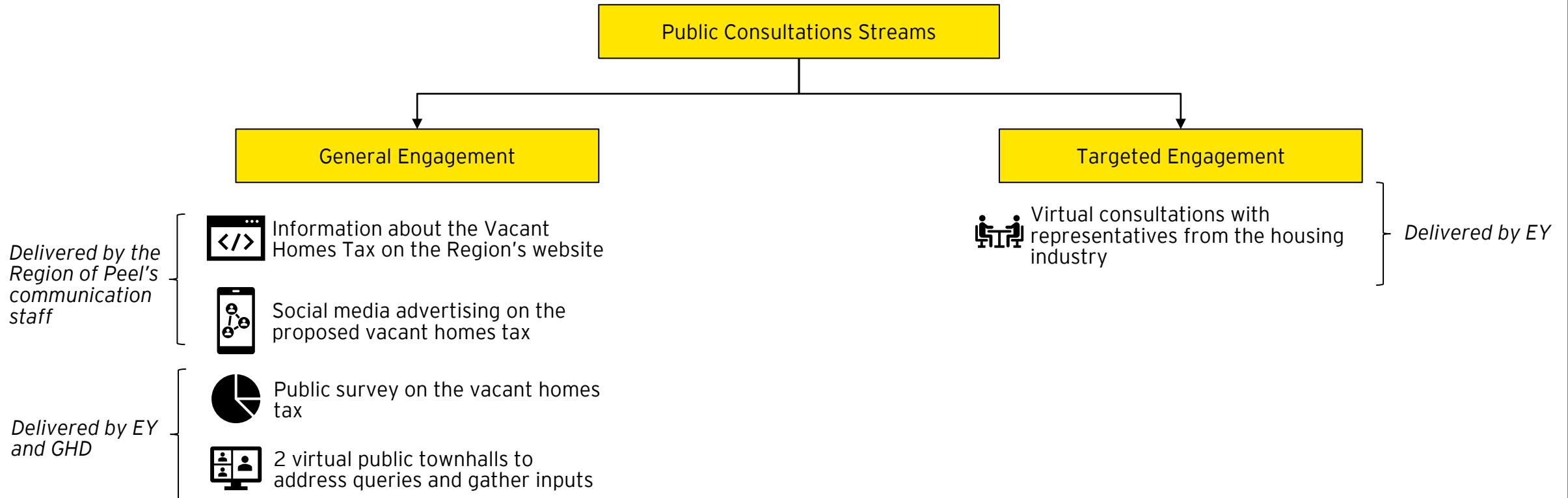
Proper definition of a vacant unit, and exemptions should be made clear to the public to minimize unintended consequences. Note - Exemptions (E.g. snowbirds, construction, medical reasons, etc.) explored by Toronto and Vancouver were acceptable to stakeholders

PUBLIC CONSULTATIONS | OVERVIEW

Public consultations were designed to educate residents and solicit inputs on the Vacant Home Tax.

The objective of the public consultations program was to ensure all residents and impacted stakeholders were informed about the potential changes being explored, and are able to express their opinions to inform decisions around the tax policy/by-law design. Consultations were conducted with the Region's communications team to design and develop the objectives, channels, and target audience for the public consultations.

Two broad streams of public consultations were delivered as outlined below:



PUBLIC AND INDUSTRY TOWNHALLS | TAKEAWAYS

Key discussion themes covered during the public townhall are summarized below.



Queries on the feasibility analysis (estimation of number of vacant homes, revenue projections etc.) were addressed by providing an overview of the methodology and key assumptions that were used to drive estimates



Details of the identification/declaration process were discussed by highlighting learnings from the City of Vancouver. However, participants were informed that decisions on the identification process are yet to be finalized as part of the program design.



High level overview of the compliance and auditing process were discussed to outline how these activities would be conducted in a manner that is respectful of the privacy of homeowners. Learnings from the City of Vancouver were shared with participants.



Details of the features of the tax such as tax rate, frequency of revision, penalty structure and list of exemptions were discussed by providing examples from the City of Vancouver case study, and outlining the analysis that the Region intends to undertake before finalizing the same.



Queries on timelines for launch of the Vacant Home Tax by-law and implementation were addressed by outlining the workplan for submission of stakeholder consultation findings, program design, and other recommendations for Council approval in 2024. This indicates a potential implementation in 2025, subject to Council and Ministry approval

TOWNHALL POLL RESULTS

70%+ Townhall participants agreed that Peel Region is facing housing affordability challenges

50%+ Townhall participants supported the proposal of a vacant homes tax in Peel Region

81% Townhall participants agreed that proceeds from a vacant homes tax may be allocated towards affordable housing initiatives

PUBLIC CONSULTATIONS | SURVEY

A survey* was hosted to understand the level of support for the vacant homes tax among residents of the Region and obtain inputs that may help guide the development of the program design for the tax. Highlights of the survey are provided below.

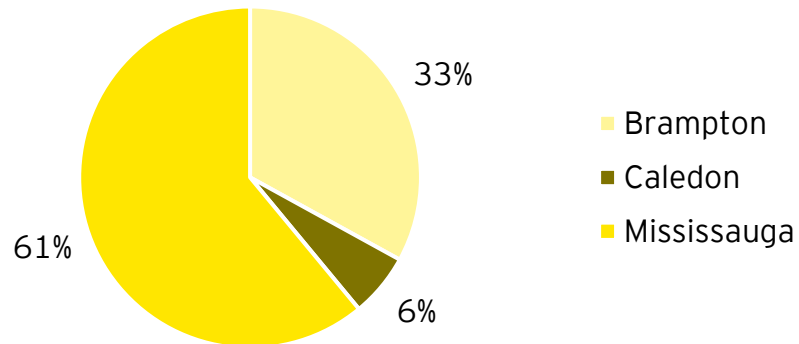
4000

Respondents

85.2%

Respondents who own a principal residence in Peel Region

Primary residence location of respondents



WHAT WE HEARD

86%

Respondents agree that Peel Region is facing challenges with housing affordability

57%

Respondents agree that the number of vacant homes in Peel is negatively impacting the supply of affordable homes in Peel

68%

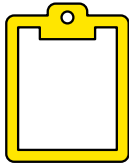
Respondents support the implementation of a Vacant Homes Tax to address housing challenges in the Region of Peel

*Participation in the survey was on a voluntary basis, and information provided could not be verified for accuracy.

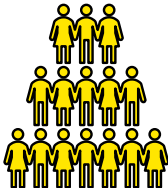
PUBLIC CONSULTATIONS | PUBLIC AND INDUSTRY TOWNHALLS

Two public consultation sessions were hosted to inform the public about EY’s analysis and findings related to the potential introduction of a Vacant Home Tax at the Region of Peel. The objective of the consultations was to provide an opportunity to address any queries that the public may have around the rationale, implementation, and operations of the Vacant Home Tax. It was also a platform to understand general level of support for the tax and other key considerations to be taken into account while designing the Vacant Home Tax by-law.

Consultation Highlights



4000+ survey respondents



49 attendees from general public and stakeholders



2 presentations to industry stakeholders by Regional Staff and EY



4 polls conducted to gauge public opinion

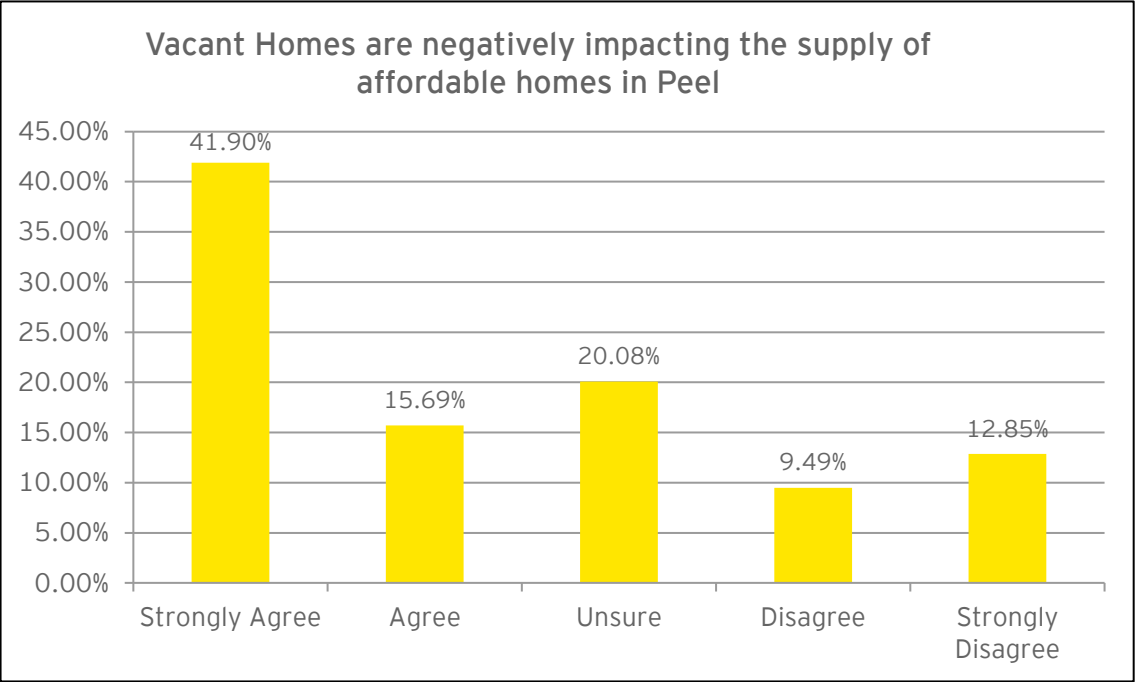
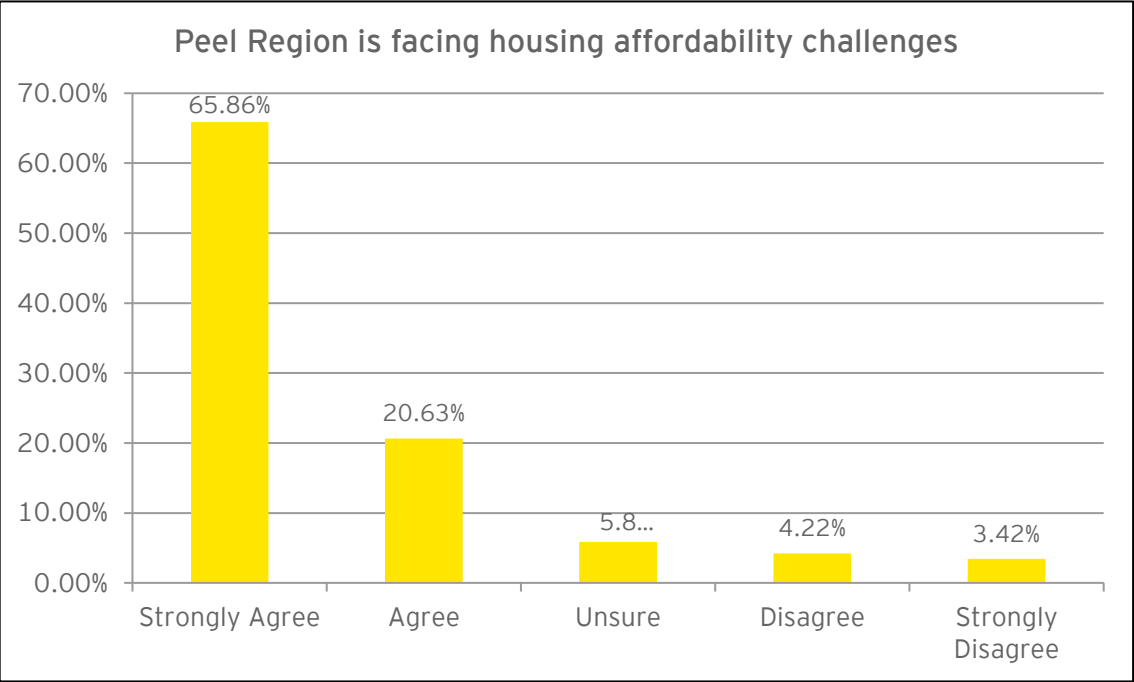


50+ questions addressed by Regional Staff and EY

SURVEY FINDINGS | AFFORDABILITY CHALLENGES IN PEEL

Over 85% of the respondents to the survey agreed that the Region of Peel is facing affordability challenges. Between 2011-21, average income in Peel has grown by 22%, while rent and sale prices have grown by 40% and 162% respectively.

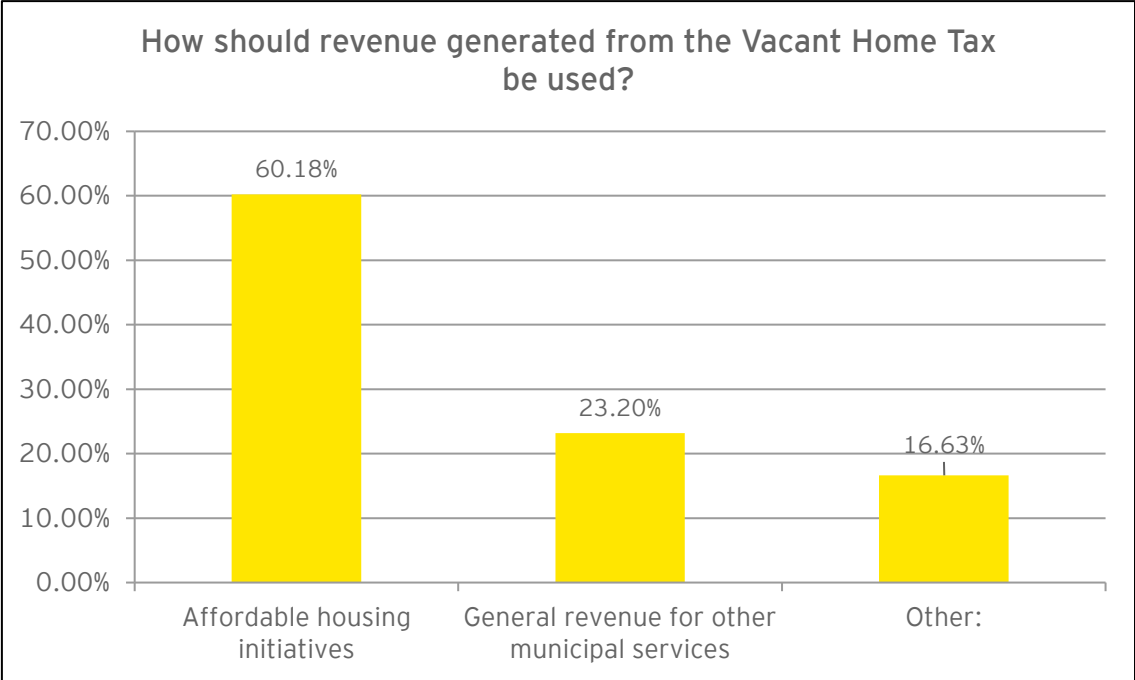
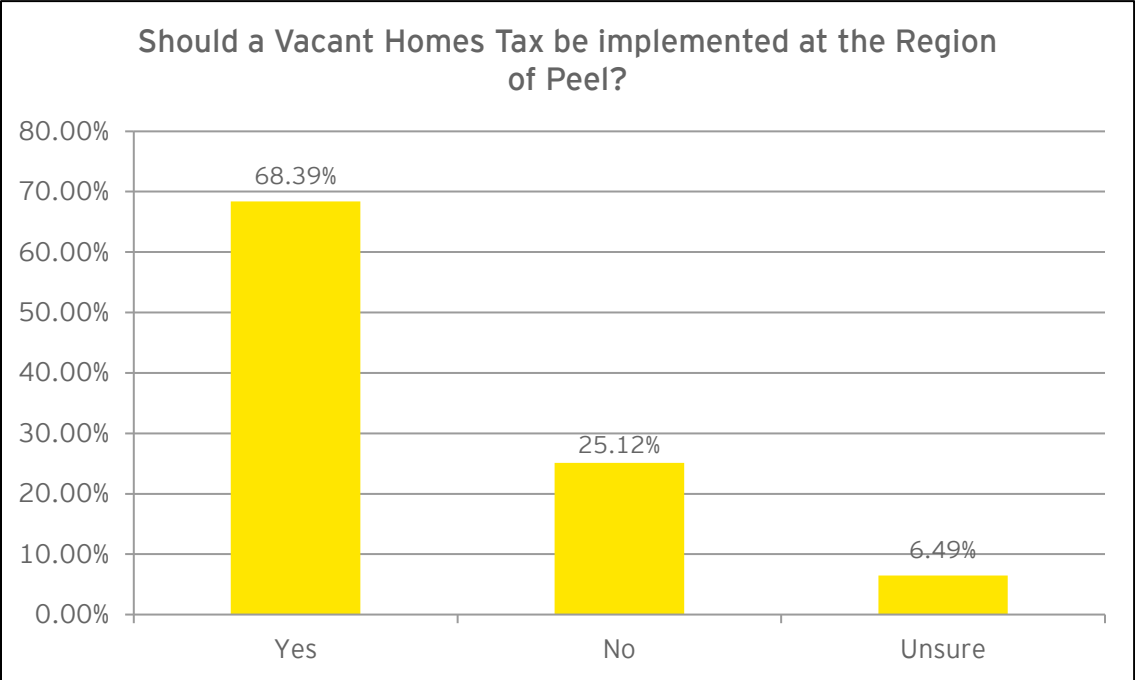
57% of the respondents agree that vacant homes are prevalent across the region and contribute to housing affordability challenges in Peel. The broad consensus that vacant homes negatively impact supply of affordable housing provides support to the rationale for a vacant homes tax at Peel.



SURVEY FINDINGS | SUPPORT FOR VACANT HOME TAX

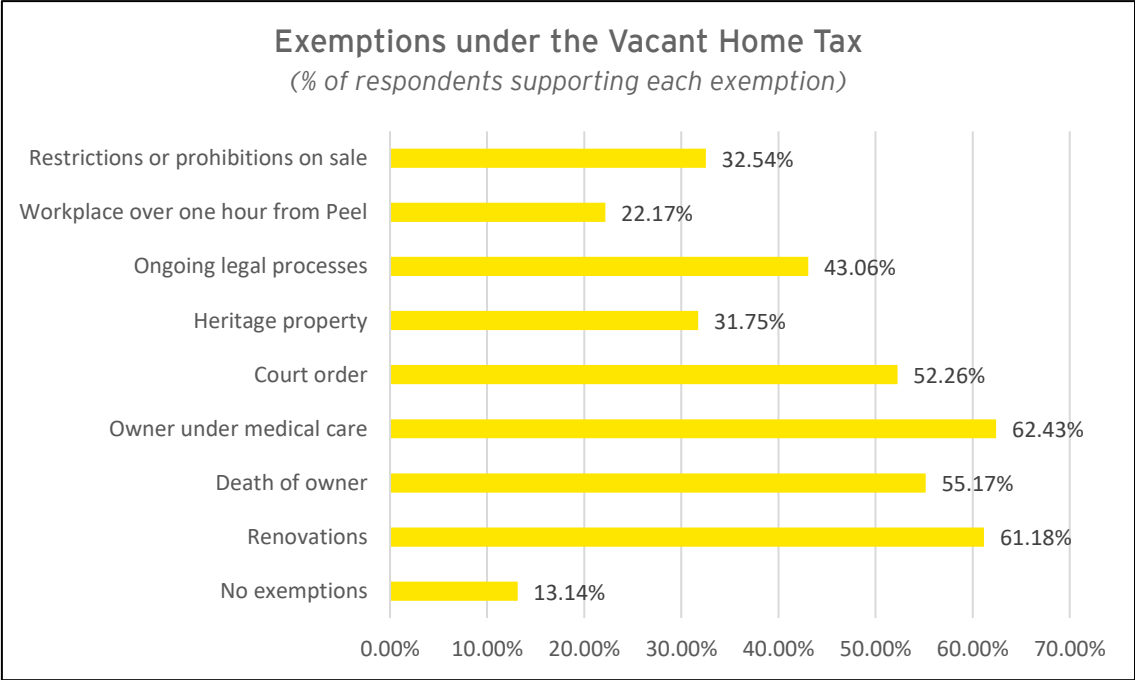
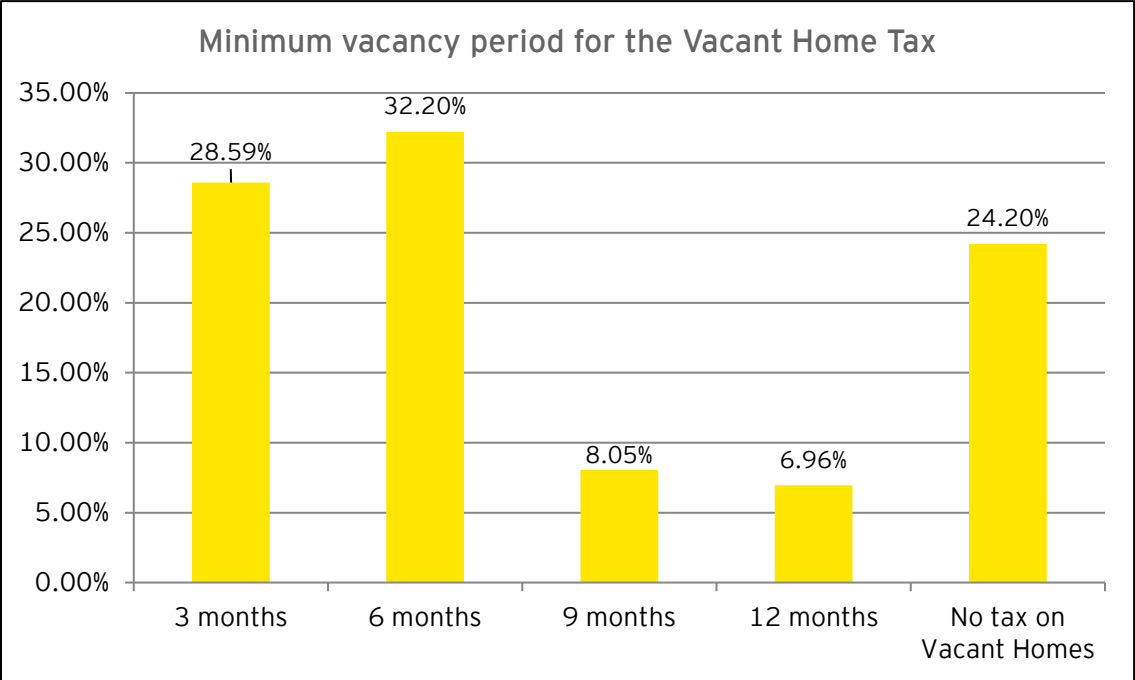
68% of the respondents supported the idea of a vacant home tax in Peel. This is comparable to the response received by the City of Toronto for a similar survey conducted to gauge the support for a vacant home tax (73% of residents in Toronto supported the tax).

Over 60% of the respondents agreed that revenue from the vacant home tax must be allocated towards affordable housing initiatives. This indicates that the public may welcome a tax that seeks to ease housing availability and affordability challenges at the region, as long as the proceeds are directed towards a tangible goal. It is also consistent with the objectives identified by the Ministry of Finance in the enabling legislation for municipalities.



SURVEY FINDINGS | SCOPE AND EXEMPTIONS FOR VACANT HOME TAX

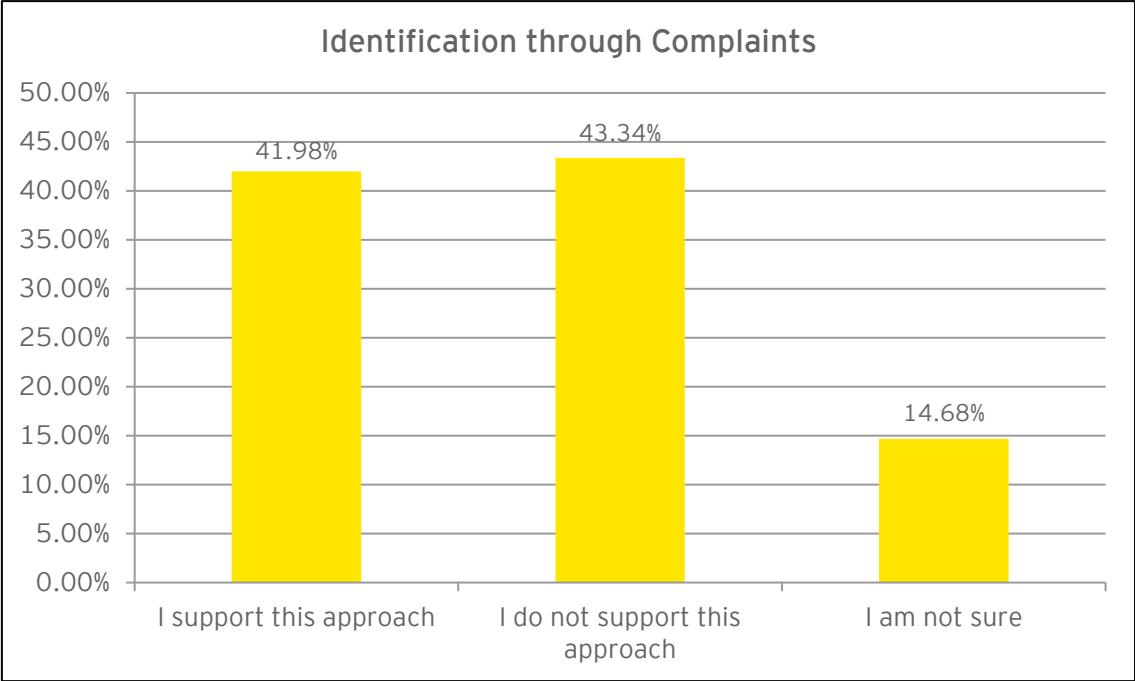
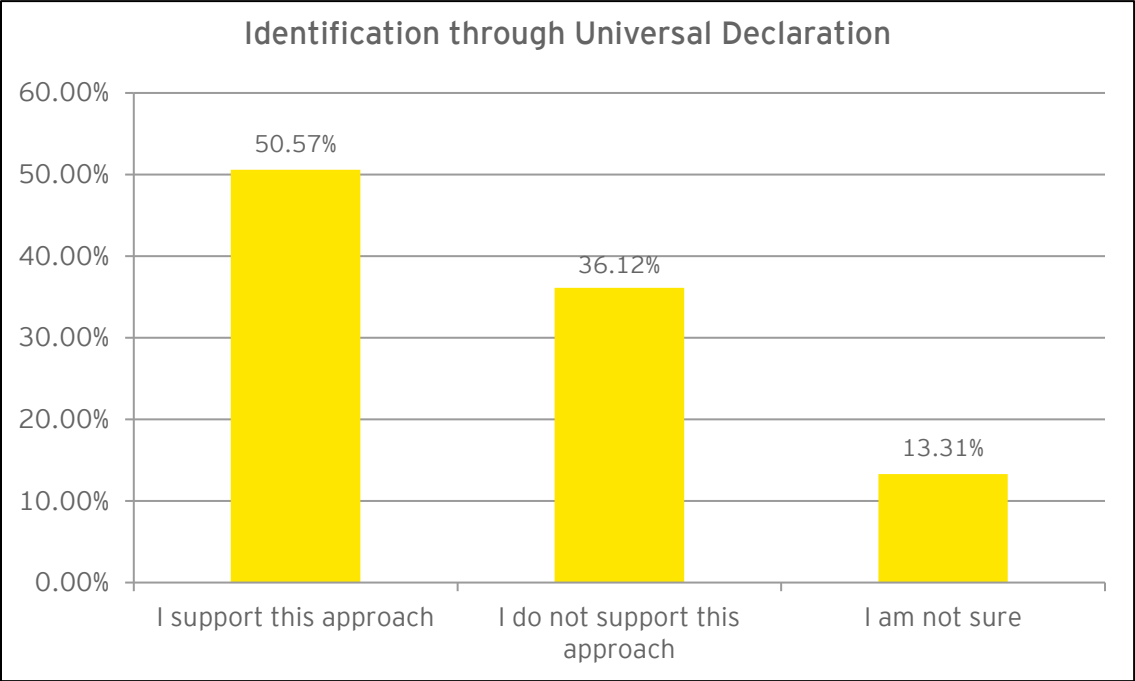
A majority of respondents (32%) preferred imposing the vacant homes tax on properties that are unoccupied for more than 6 months. 28% of the respondents also supported imposing the tax on properties that are vacant for less than 3 months. However, the 6 month vacancy threshold is most commonly observed among municipalities that have implemented or are considering to implement the vacant home tax (Vancouver, Melbourne, Toronto etc.).



SURVEY FINDINGS | IDENTIFICATION OF VACANT HOMES

Over 50% of respondents supported the Universal Declaration method for identification of vacant homes. By this method, all homeowners in Peel would have to mandatorily submit a declaration indicating whether their home was vacant or occupied over the previous calendar year. This is the most common method for identification of vacant homes adopted by municipalities that have implemented the vacant home tax (e.g. Vancouver).

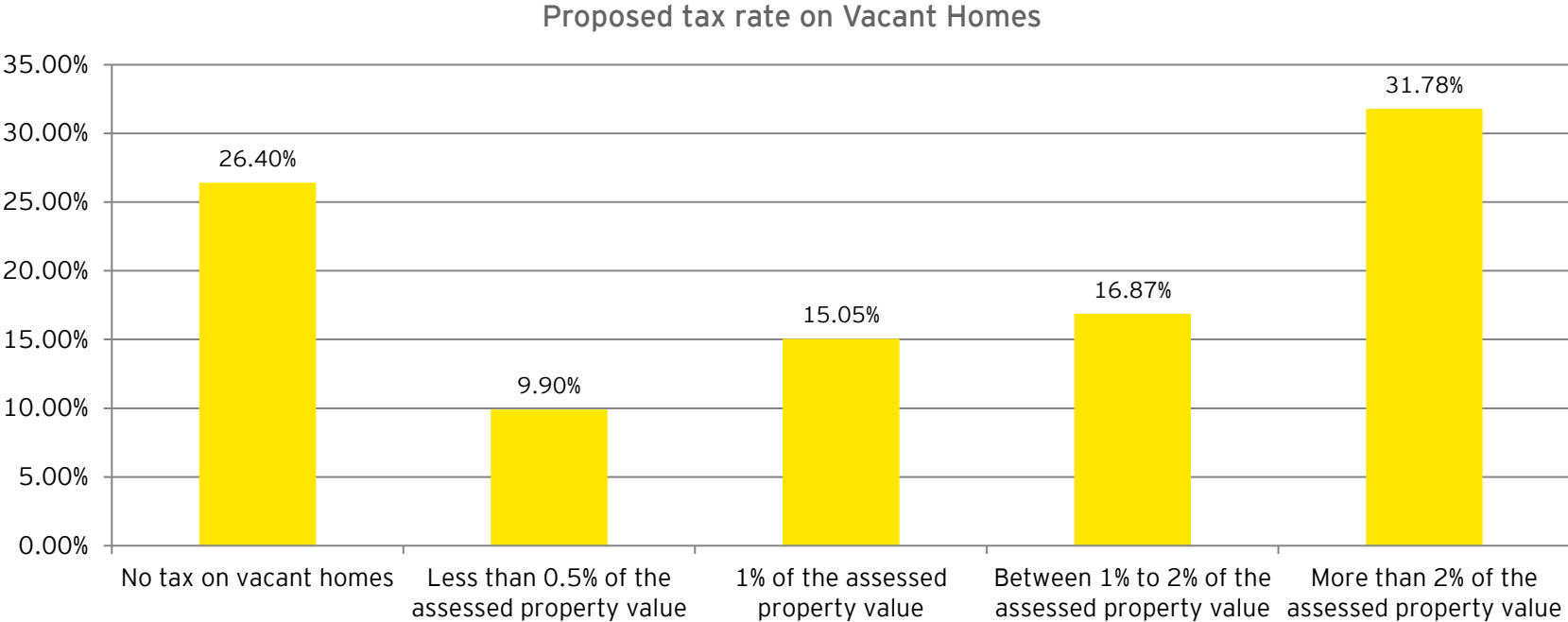
While more respondents disagreed with the approach of identifying vacant homes through complaints submitted by other residents (e.g. neighbours), this method may still be considered as a secondary means of identification as it has generated positive results in ensuring compliance in Vancouver.



SURVEY FINDINGS | TAX RATE

A majority of respondents (32%) supported a tax rate of >2% on the assessed value of vacant homes. However, municipalities that have implemented the tax have initiated it with a 1% tax rate to evaluate the response in terms of revenue generation and conversion of vacant homes for rent/sale. Based on the observations over a 1-2 year period, municipalities may make decisions to increase or decrease the tax rate.

A 2% tax rate is over two times existing property tax rate, and may be perceived negatively and create higher non-compliance. Hence, Peel may consider initiating the tax with a 1% tax rate, and then re-evaluate on an annual basis to identify opportunities for rate revision.

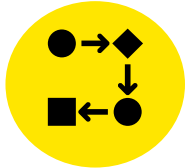


An aerial photograph of a city, likely Peel, showing a complex highway interchange with multiple overpasses and ramps. A river flows through the lower part of the image. The city buildings and green spaces are visible in the background. The image is overlaid with a semi-transparent dark grey layer.

Peel Vacant Home Tax Program Design

PROGRAM DESIGN | OVERVIEW

This section explains the detailed design of each core VHT function.



Flow of Responsibilities

An updated delineation of responsibilities between the Region and Local Municipalities



Details for each Core Function

Process maps, rationale, detailed definitions, required changes, considerations, and risks for each core function of the VHT

DELIVERY MODEL | FLOW OF RESPONSIBILITIES

The delivery model has been designed to leverage the authorities, capabilities, and capacities of each municipal partner to maximize effectiveness and reduce operational complexity and cost. This model assigns declaration notices and revenue collection responsibilities to local municipalities in order to leverage existing property tax collection systems, while centralizing declaration system, audit, and customer service/communications responsibilities at the Regional level.

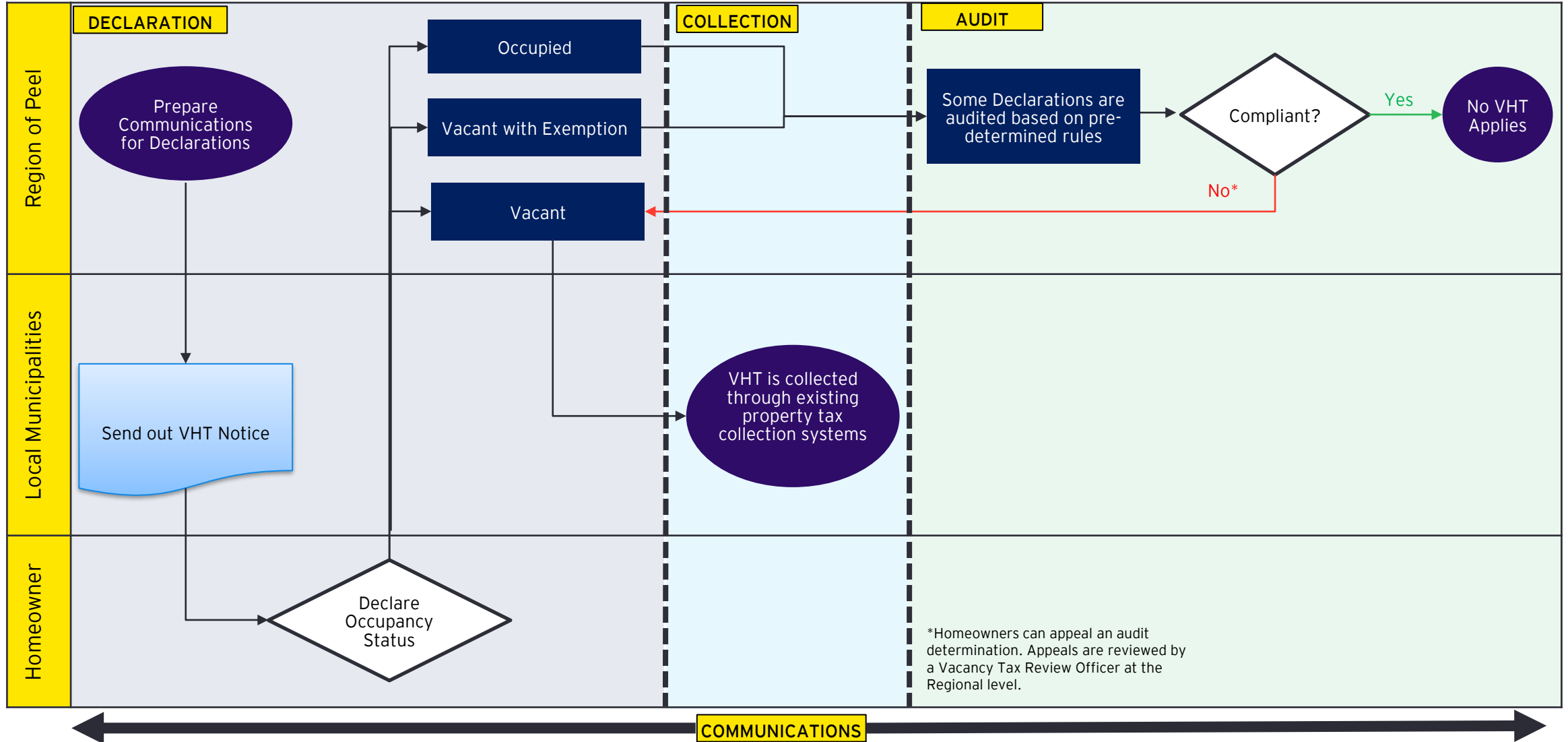
HOW IT WOULD WORK

- ▶ The local municipalities would be responsible for sending declaration notices on behalf of Peel, and for collecting the tax from owners of vacant homes (declared or deemed). The Region would be responsible for establishing and managing the declaration system, establishing and overseeing audit and compliance activities and systems, and managing customer service for residents.
- ▶ The local municipalities would leverage existing property tax collection systems and processes with the required functionality enhancements to assess, impose, and collect a vacant home tax on properties that have been declared as vacant by the homeowner or deemed as such through subsequent audits.
- ▶ While the Region would be responsible for auditing declarations, it would coordinate with local municipalities to collect arrears using existing collection and enforcement tools.



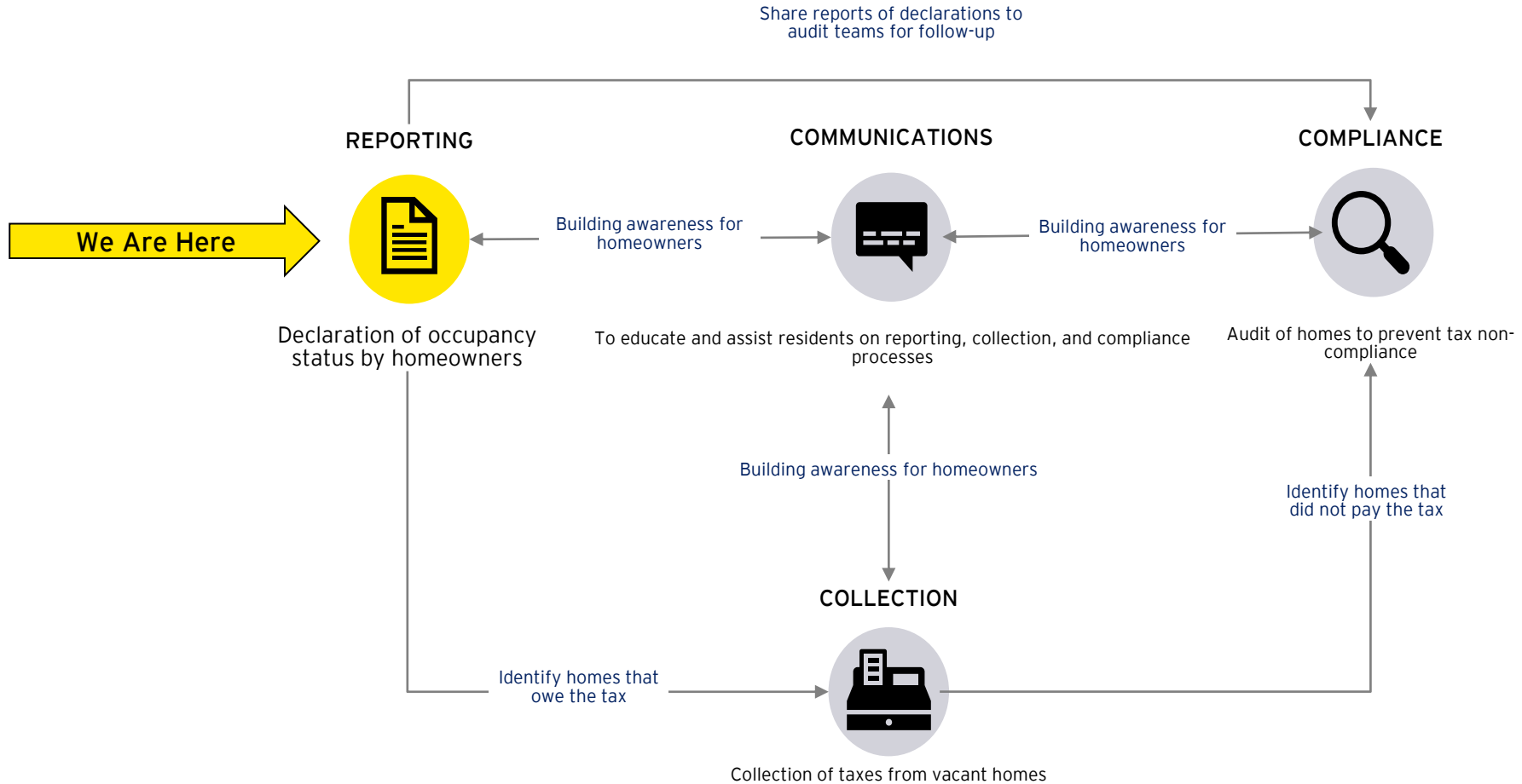
DELIVERY MODEL | OVERALL PROCESS

Below is an overview of the final proposed Vacant Home Tax program design.



DECLARATION & REPORTING

CORE OPERATIONS



DECLARATION & REPORTING

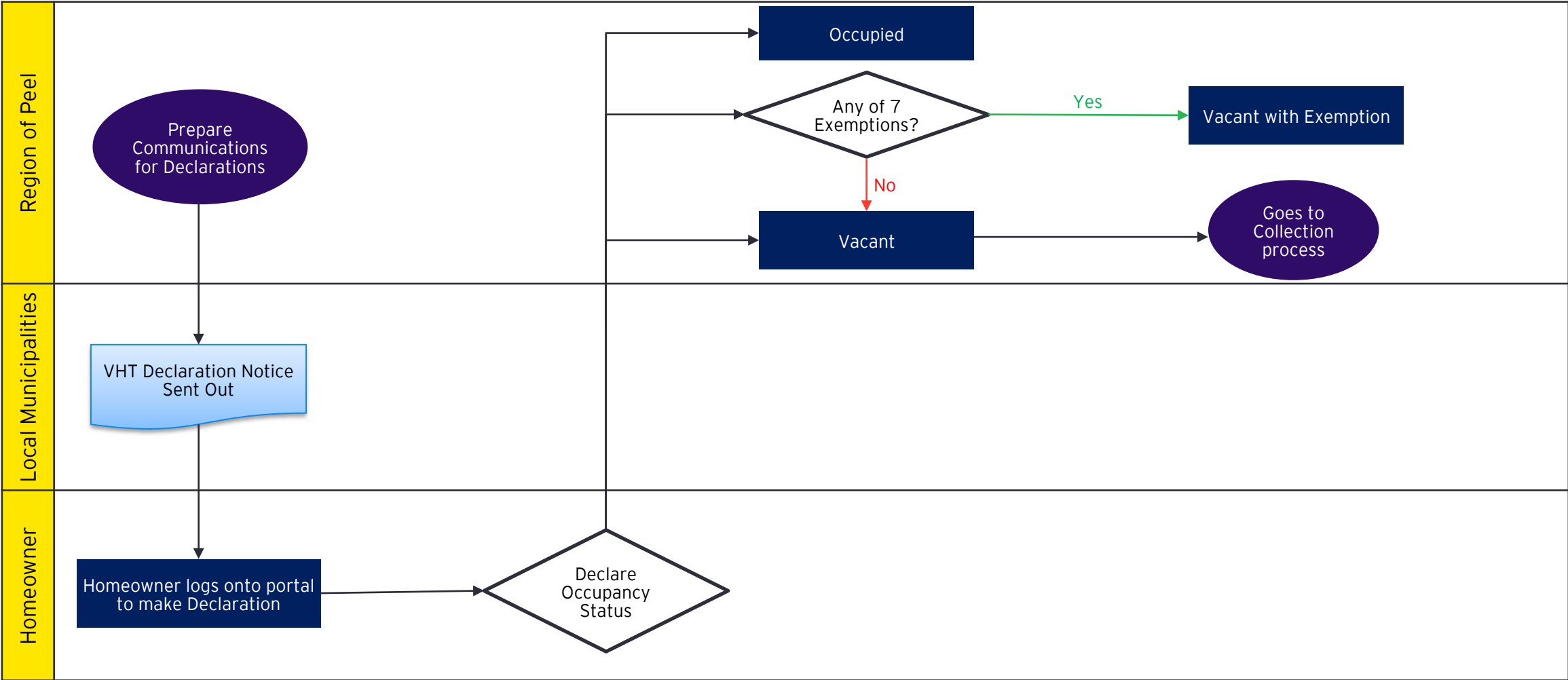
The first step in the Vacant Home Tax process requires homeowners to declare the occupancy status of their homes.

The Declaration & Reporting process is the initial step in core vacant home tax operations:

- All Peel homeowners are required to declare whether a home is occupied as a principal residence, vacant with exemption, or vacant.
- A notice informing the homeowner of the requirement to declare the home's occupancy status is sent by local municipalities.
- Homeowners enter and confirm their declaration through a Region-administered declaration portal.
- Homes declared vacant, or deemed vacant through the Audit & Compliance process, will proceed to the Collection process.
- Homes declared occupied, or confirmed occupied through the Audit & Compliance process, will not proceed beyond Declaration.

DECLARATION & REPORTING | PROCESS

The process of identifying vacant homes in the Region through declarations reported by homeowners is outlined below.


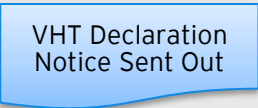
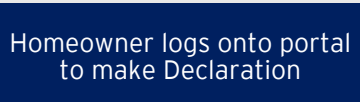




DECLARATION & REPORTING | RATIONALE



The Feasibility Study recommended that Declaration and Reporting lie with the local municipalities. Based on consultations with the Region of Peel and the local municipalities, it is more cost-effective, and strengthens data security, for the Declaration & Reporting system to be housed at the Regional level.

- ▶ Although the Feasibility Analysis recommended that local municipalities be responsible for Declaration and Reporting, it was indicated by IT departments at local municipalities and Peel Region that a single system held at the regional level is likely to be more cost-efficient than three independent local Declaration systems.
- ▶ Neither local municipalities nor Peel Region identified existing declaration or reporting capacity that can be used for implementation of a Vacant Home Tax. As such, it was concluded that it would be more costly to build, and more complex to integrate, three independent Declaration systems rather than a single system at the Regional level. The consensus among all municipalities was that this would also ensure consistency of presentation to, and results from, homeowners of all three local municipalities when submitting declarations.
- ▶ While the Region of Peel would prepare communications for declaration, tax departments at local municipalities indicated they may be able to use existing Property Tax Notice processes to distribute Declaration Notices for the Vacant Home Tax, pending further assessment and finalization of tax parameters.

DECLARATION & REPORTING | KEY COMPONENTS

Legend	Description
	<p>Create written communication for dissemination to homeowners indicating the requirement and deadline to declare status, instructions to access the declaration system (including account number and access code), and contact information for outstanding questions or concerns.</p>
 	<p>The Region of Peel will identify homeowners from Tax Roll Information that is currently retained by local municipalities as part of their Property Tax billing systems, as they have the most updated information reflecting current assessment values. In addition, the Region may use the MPAC's Property Codes to determine eligible residential properties.</p> <p>Using Tax Roll Information and MPAC Property Codes, local municipalities send out declaration notices.</p>
	<p>Homeowners log onto the declaration website using the Account Number and Access Code provided in their notice. Before declaring property status, homeowners must first acknowledge that the municipality will collect evidence required for the initial reporting, audit and compliance for the purpose of imposing the Vacant Home Tax. The Declaration is then entered along with any supporting information required (e.g. when declaring a vacant home with exemption).</p>
	<p>Home has been declared occupied as a principal residence and no tax applies. Home may be selected for audit to verify status.</p>

DECLARATION & REPORTING | KEY COMPONENTS

Legend	Description
	<p>Homeowners may select from any of the following seven (7) exemptions:</p> <ol style="list-style-type: none">1. Transfer of Property2. Redevelopment or Major Renovation3. Property of Owner in Care4. Occupancy for Full-Time Employment5. Court Order6. Death of Owner7. Combination Exemption <p>If any of the above apply to the home, the homeowner must provide the <u>corresponding information</u> and declare the exemption to which no vacant home tax applies. Exemptions are audited.</p> <p>If none of the above exemptions applies, the homeowner declares the home to be Vacant.</p>
	<p>Home has been declared vacant and the tax applies. The home proceeds to the Collection process where a vacant home tax is applied and collected.</p>

DECLARATION & REPORTING | CHANGES REQUIRED

The proposed declaration and reporting process requires primarily technological changes in the form of sourcing a declaration system.

	PEOPLE	PROCESS	TECHNOLOGY
REGION	Some incremental effort is anticipated for initial setup and ongoing maintenance of the declaration system (e.g. software updates) as well as ongoing policy reviews and updates, but is not anticipated to result in the need for incremental IT or policy Full-Time Equivalents.	Design self-declaration forms and implement a reporting process for homeowners.	Implement a dedicated declaration system, including the ability to integrate with local municipal property tax systems (e.g. through APIs). Ensure ability of the declaration system to integrate with the Region's selected audit software.
BOTH	Resource requirements will be monitored following implementation of the program to identify any incremental employee impacts.	Design and coordinate a process for sending declaration notices to homeowners.	Coordinate and regularly test connections between declaration and collection systems.
LOCAL MUNICIPALITY	Initial setup and development of integrations may require additional resources. As the declaration system will be established and maintained by Peel, no ongoing incremental employee impacts are expected.		Develop integrations between the local municipal property tax system (and associated vacant home tax module) and the declaration system.

DECLARATION & REPORTING | OCCUPIED DECLARATIONS

The first step in the Declaration & Reporting Process requires the declarer to identify themselves. The following is a table that outlines what information is required when an individual declares a property as occupied. The purpose of collecting this information is to ensure all communications related to the Vacant Home Tax are addressed to the right individual.

DECLARE OCCUPIED	
Declaration	Information Required on Declaration
Owner	N/A
On Behalf of Owner	Owner's Full Name, Phone Number, and Email (Optional) Declarer's Full Name, Phone Number, and Email (Optional)
Corporation	Name of Corporation Contact Full Name, Phone Number, and Email (Optional)
Principal Residence with a Permitted Occupant ¹	Number of Occupants Full Name and Phone Number for Each
Tenanted ²	Number of Agreements in Vacancy Period Year Names on Each Agreement

1. Property was used as a principal residence by a family member, friend, or other permitted occupier for more than 184 days of the year.
2. Property was rented to one or more arm's length tenant(s) or subtenant(s) for residential purposes for more than 184 days of the current year.

DECLARATION & REPORTING | EXEMPTIONS

The following is a proposed list of seven exemptions that residents may select from during the Declaration process. The table includes the definition for each exemption along with the information residents are required to provide on the Declaration.

Exemption		Definition	Information Required on Declaration
1	Transfer or Sale of Property	The transfer of 100 percent of the legal interest in the property was registered in the Land Title Office to an Arm's Length party during the reference period.	<ul style="list-style-type: none"> • Registration Number • Sale Closing Date
2	Redevelopment or Major Renovation	Property is undergoing major renovations, construction, or redevelopment that causes the property to be vacant for more than 184 days where building permits have been issued and permit work in progress. If the property is a heritage property, as defined by the Province of Ontario or a local municipality, the property will not be subject to the tax if activity related to its conservation, such as redevelopment or renovation, resulted in the property qualifying as being vacant in the reference period.	<ul style="list-style-type: none"> • Permit Number OR Permit Application Number and Description • *Other documentation may include: Reference Number, Application Number, Inquiry Number, Zoning Permit Application, etc. • If the owner has a fire report or open insurance claim, this option becomes a Yes/No response
3	Owner in Care	Property was unoccupied for more than 184 days because the owner, tenant, or permitted occupant resided in a hospital, long-term, or supportive care facility and had previously been using the property as a principal residence or occupying it for residential purposes as a tenant.	<ul style="list-style-type: none"> • Name of Person Receiving Care, • Name, Address, and Phone Number of Facility

DECLARATION & REPORTING | EXEMPTIONS

The following is a continuation of the proposed list of seven exemptions that residents may select from during the Declaration process. The table includes the definition for each exemption along with the information residents are required to provide on the Declaration.

Exemption		Definition	Information Required on Declaration
4	Occupancy for Full time Employment	Principal Residence was outside of the Region, but the owner occupied the property for residential purposes for more than 184 days within the reference period because they were employed full-time in the Region. The nature of the employment must require physical presence in the Region.	<ul style="list-style-type: none"> • Employer Name, Address, and Phone Number • Registered Property Owner: <ul style="list-style-type: none"> • Self-Employed • Employed Full-Time (Either: Offices within the City OR Offices outside the City)
5	Court Order	Property was unoccupied for more than 184 days because the property was under: a court order; court proceedings; or an order of a governmental authority prohibiting occupancy. Note: in cases where occupancy is not permitted due to the owner's neglect, an exemption will not be granted.	<ul style="list-style-type: none"> • Court File Number OR Order Number
6	Death of Owner	The property was unoccupied for more than 184 days because of the death of the registered owner in the applicable reference period or in the previous period. This exemption is only available in the year of death and the subsequent year.	<ul style="list-style-type: none"> • Ask for Death Certificate Number only during the Audit process
7	Combination Exemption	A combination of any of the above exemptions resulting in more than 184 days of vacancy in a reference period.	<ul style="list-style-type: none"> • Same evidence required as any of the above exemptions claimed

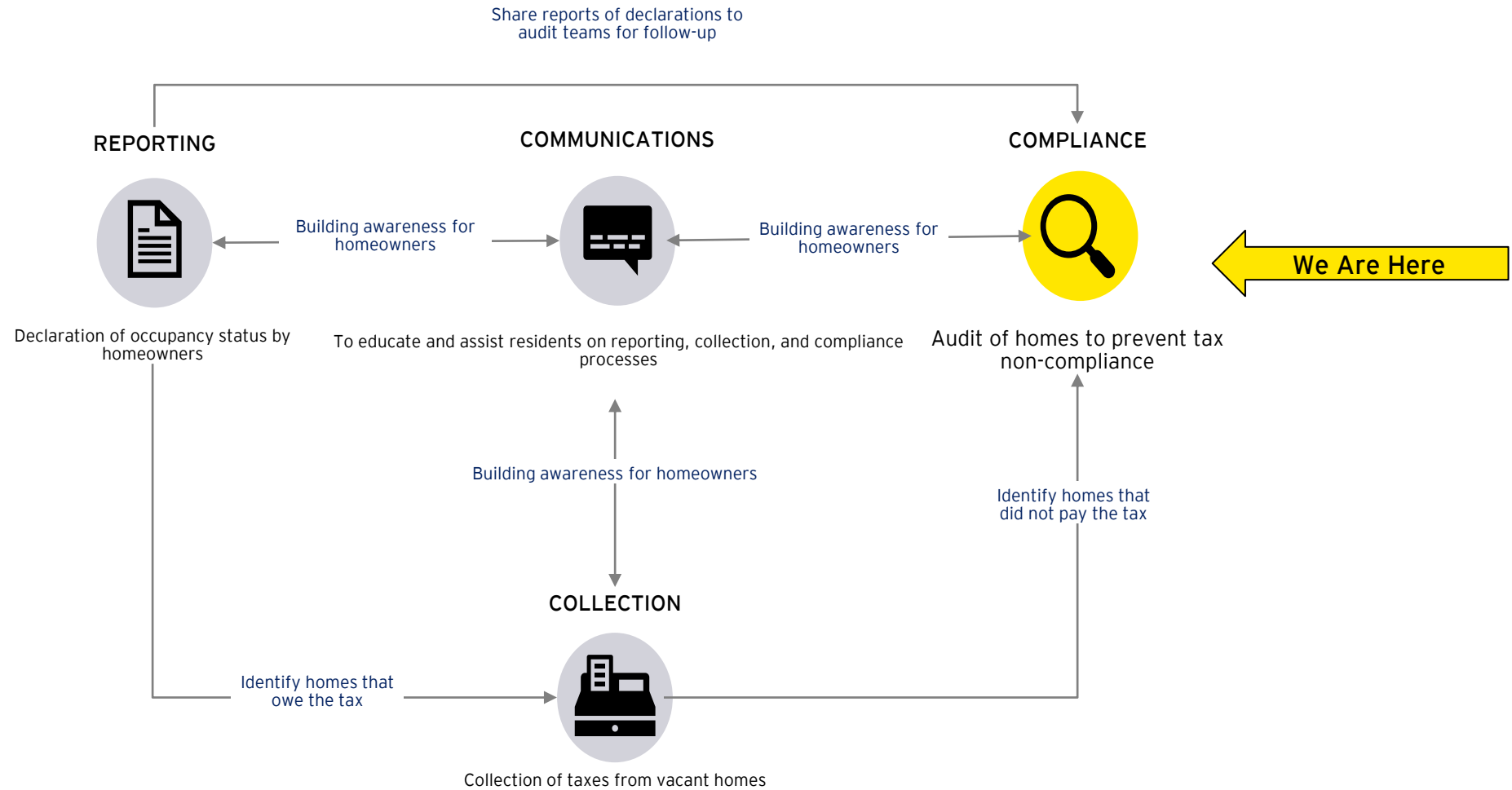
DECLARATION & REPORTING | RISKS

Key risks and their subsequent mitigation measures to the Declaration & Reporting process are outlined below.

Risks	Mitigation Measures
<p>Privacy implications and potential breaches to data privacy associated with storing confidential data from residents.</p>	<p>Storing declaration information centrally in a single Region-managed system will allow Peel to put in place appropriate safeguards to prevent unauthorized access to information.</p> <p>Records related to the Vacant Home Tax are classified under Record Series Identifier (RSI) F43 -Taxation. Paper records are kept in office for the current year plus 1 additional year and then sent offsite to the Region's Inactive Records Centre (IRC) for the remaining 5 years, for a total retention of 7 years. Electronic records must be stored and maintained in an approved regional repository (EIM, SharePoint) for the total 7 years and then destroyed.</p>
<p>Multiple potential points of contact for queries regarding the Declaration process. As residents are accustomed to contacting local municipalities about support with Property Taxes, there may be confusion about who to contact about the Vacant Home Tax.</p>	<p>The Region may engage in a communications campaign with residents to explain how different types of queries (e.g. in-person or virtual) related to Declaration and Reporting of the Vacant Home Tax are handled. Additionally, call centre and front line staff at the local municipalities may be directed to resources to answer high-level questions about declarations and notified of the ability to redirect homeowners to contact the Region.</p>
<p>To align the Vacant Home Tax with Property Tax timelines, it may be difficult to set a single deadline to submit Declaration Notices with the differing collection timelines of the three local municipalities.</p>	<p>As identified during consultations with municipalities, additional information will be required to determine declaration timelines for each constituent municipality, including technical functionality of existing and new tax collection systems.</p>

AUDIT & COMPLIANCE

CORE OPERATIONS



AUDIT & COMPLIANCE

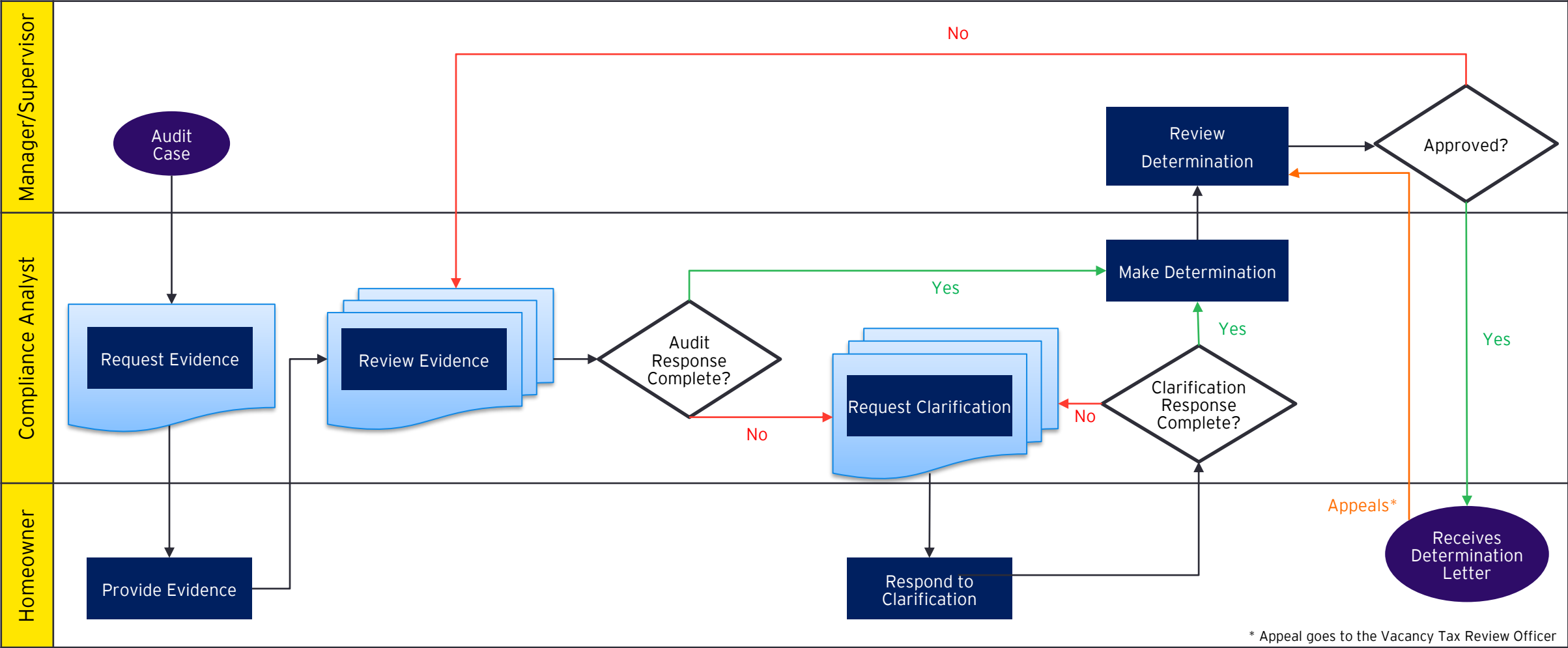
Following receipt of a declaration, the Audit & Compliance process is initiated in a separate software system to assess and validate declarations. Audit rates vary depending on type and volume of declarations, and on the ease of availability of verifying information. Additionally, all declarations may be subject to audit for up to two (2) years after the date of declaration.

Following declaration, the Audit & Compliance process is initiated:

- A new audit software system may be required to manage external-facing audits. Integration with the declaration system will be required.
- Homes declared as vacant with exemption are audited at rates based on their expected volume and ease of access to verification documents.
- Homes declared as occupied are audited at rates based on auditor capacity and total audit volume targets set by Peel.
- Audit findings may be appealed. Appeals are reviewed and a final determination is made by a dedicated Vacancy Tax Review Officer.
- Homeowner inquiries not relating to vacancy status decisions (e.g. failure to submit a declaration, errors in declaration) are directed to dedicated positions within the organization.

AUDIT & COMPLIANCE | PROCESS

The process for conducting investigations at the Regional level to confirm the declared vacancy status of a property is outlined below.




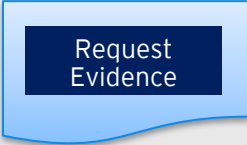

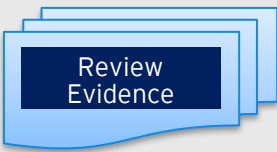

* Appeal goes to the Vacancy Tax Review Officer

AUDIT & COMPLIANCE | RATIONALE







The Feasibility Study recommended that Audit & Compliance be housed with the Region. Based on consultations with Vancouver, the Region of Peel, and local municipalities, it is necessary for the Audit & Compliance system to remain at the Regional level.

- ▶ Through discussions with local municipality tax departments, it was found that a single Audit & Compliance system held at the regional level is preferred to ensure consistency, prevent system redundancy, and support overall operating cost recovery.
- ▶ Peel Region and local municipalities indicated a lack of external audit capacity that can be leveraged for the implementation of a Vacant Home Tax. As such, it was concluded that it would be more costly to build, and more complex to integrate, three Audit systems rather than a single system at the Regional level. All municipalities agreed this approach would also ensure consistency in decision-making outcomes of Audit cases.
- ▶ As indicated by the Peel Region IT department, overall system complexity and the likelihood of data breaches is expected to be lower if the Audit system is housed at the Regional level. This is primarily due to the Declaration and Audit processes being built within a single system, reducing the need for data transmission between organizations and ensuring data security measures are consistently applied.


AUDIT & COMPLIANCE | KEY COMPONENTS

Legend	Description
	An audit case is created in the Region's audit system with a list of properties to be audited. Each property is assigned a Case File Number and is assigned to a Compliance Analyst.
	The Compliance Analyst sends a communication to the homeowner requesting evidence to determine the validity of the declaration status.
	Using their Account Number and Access Code, the homeowner provides requested evidence. For examples, please see Evidence Required for Audit & Compliance .
	The Compliance Analyst reviews the information provided and, where possible, cross-references with information available through Region records or data sharing agreements with local municipalities.
	Based on the evidence provided, the Compliance Analyst decides whether the information is sufficient to make a determination. If the Compliance Analyst is able to complete an audit response, a determination is made. If not, further clarification and documentation is requested as required.

AUDIT & COMPLIANCE | KEY COMPONENTS

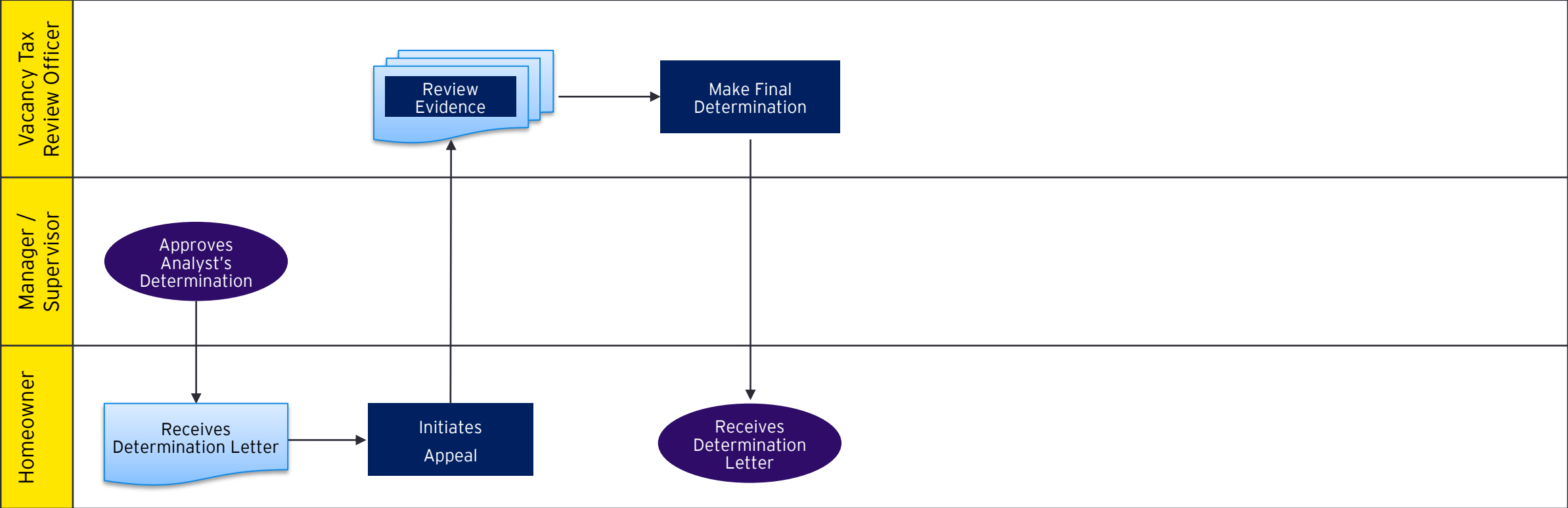
Legend	Description
	<p>If the evidence provided by the homeowner is insufficient, the Compliance Analyst sends a communication to the homeowner requesting clarification and further information.</p>
	<p>Using their Account Number and Access Code, the homeowner provides additional information as requested.</p>
	<p>Based on the additional evidence provided, the Compliance Analyst decides whether the clarification response is sufficient to make a determination. If the Compliance Analyst finds the clarification response is complete, a determination is made. If not, further clarification is requested.</p>
 	<p>The Compliance Analyst makes a determination on the Case File after reviewing provided evidence.</p>
	<p>The Manager or Supervisor reviews the audit determination. If the determination is approved, a letter is sent to the homeowner indicating the case has been resolved. If not, the evidence is reviewed again and the audit process continues with additional requests for clarification or information as required.</p>

AUDIT & COMPLIANCE | KEY COMPONENTS





Legend	Description
 Receives Determination Letter	<p>The homeowner receives a determination letter from the Region outlining the determination of the audit, the rationale, and next steps. If the homeowner is found compliant, no further action is required and the audit process ends.</p> <p>If the homeowner is found non-compliant, the Audit System changes the declaration status of the property in the declaration system. The amended declaration triggers the collection process and the homeowner is required to pay the tax in addition to any applicable penalties.</p> <p>The homeowner is provided the option to appeal the determination, with instructions outlined in the determination letter.</p>
Appeals*	The homeowner is able to appeal an audit determination. See Appeals Process

AUDIT & COMPLIANCE | APPEALS PROCESS

The process for appealing audit determinations at the Regional level is outlined below.



APPEALS PROCESS | KEY COMPONENTS

Legend	Description
	After receiving the determination letter indicating the results of the initial audit from the Region, the homeowner initiates an appeal, and the case is sent to the Vacancy Tax Review Officer.
  	The Officer reviews the evidence, requests additional information as needed, and makes a final determination. A communication is sent to the homeowner through the Region’s audit system indicating the final decision.

AUDIT & COMPLIANCE | CHANGES REQUIRED

	PEOPLE	PROCESS	TECHNOLOGY
REGION	<p>Create a new organizational unit to support the ongoing operation of the Vacant Home Tax. It is anticipated that the organization will require approximately 30 Full-Time Equivalent positions directly, and additional supporting positions may be required in other organizational units.</p> <p>See: Staff Organizational Chart</p>	<p>Design new vacant home tax audit process to validate declarations, including appeals process, audit checklist, and communication and escalation.</p>	<p>Implement an Audit System which includes features such as status tracking, the ability to upload files, communications and notifications as well as integration with the Declaration System to allow staff to amend declarations.</p> <p>Coordinate and regularly test connections between declaration and collection systems.</p>
BOTH	<p>Resource requirements will be monitored following implementation of the program to identify any incremental employee impacts.</p>	<p>New or updates to existing data sharing agreements may be required to verify evidence provided by homeowners during audits.</p>	
LOCAL MUNICIPALITY	<p>No anticipated changes.</p>	<p>Amend (or develop new) collection processes for off-cycle billing to support penalty collection.</p>	<p>Ensure property tax collection system, or associated vacant home tax module, is capable of supporting off-cycle penalty billing.</p>

AUDIT SCENARIOS

Audits will be based on claimed exemptions, random samples, behavioural changes, and complaints to align with other jurisdictions.

	PROS	CONS
RANDOM SAMPLE The compliance team will randomly audit units that were self-declared to be occupied to ensure the declaration was correct	<ol style="list-style-type: none"> 1. Encourages compliance and proper declaration as the owner can, at anytime, be audited, and face fines for non-compliance 2. Increases the number of audited units as there is a dedicated team that is responsible for auditing, potentially lowering non-compliance 	<ol style="list-style-type: none"> 1. More expensive to implement as it will require hiring full-time compliance auditors and require customized auditing processes and systems 2. May be seen as intrusive by the public
HOMEOWNER COMPLAINTS The compliance team would only investigate units that are suspected to be vacant by neighbours, or Regional/City service staff (e.g. waste management staff) who observe the lack of inhabitation at an address	<ol style="list-style-type: none"> 1. Easier to implement, as it does not require a dedicated audit team since only complaints are investigated 2. Cheaper to implement as an online form or existing call centres can be leveraged to intake complaints 	<ol style="list-style-type: none"> 1. May not have a large uptake if neighbours are not keen to report vacancy 2. May not achieve the goal to increase total housing supply if owners do not believe they will be audited 3. Pushes onus of ensuring compliance onto residents instead of the Region
RISK-BASED ASSESSMENT The compliance team uses judgemental sampling methods to select units for inspection based on defined risk parameters so that audit resources are dedicated to high risk areas, rather than casting a wide net across all homes	<ol style="list-style-type: none"> 1. Allows audit teams to select homes which are considered to be of special audit interest based on risk-profiles (e.g. same exemption criteria declared for multiple years) 2. High potential for digitization and streamlining through the use of analytics as more information on non-compliance trends become available 	<ol style="list-style-type: none"> 1. High reliance on the professional judgement auditors which can be developed only after a reasonable amount of historical information is available to determine high risk areas 2. Presents risks of bias against various communities
EXEMPTION-BASED The compliance team will audit units that were self-declared to be exempt to ensure the declaration was correct	<ol style="list-style-type: none"> 1. If data are readily available, audits can be conducted quickly by referencing easily accessible information 2. Having clearly defined, rules-based exemptions can increase the total audit capacity of staff and overall audit accuracy 3. Encourages compliance as the owner knows if they declare an exemption, they are likely to be audited 	<ol style="list-style-type: none"> 1. If data are not readily available for high volume exemptions, the audit process can require significant effort and lead to increased operating costs 2. May not achieve the goal to increase total housing supply if owners successfully claim fraudulent exemptions on their vacant homes

EVIDENCE REQUIRED FOR AUDIT & COMPLIANCE

Evidence required to audit and verify each listed exemption is detailed in the table below. More information may be requested during the Audit & Compliance process.

EVIDENCE FOR AUDIT

Declaration	Evidence Required
Principal Residence for a Permitted Occupant	<u>One</u> of: Driver's Licence; or Government Photo ID card(s) with address; and <u>Two</u> of: CRA Notice of Assessment; Official Government Agency Correspondence; Homeowner's Insurance Certificate; Vehicle Insurance & Registration; Utility Bills. More information may be requested during the audit process.
Tenanted	<ol style="list-style-type: none">1. Rental Agreement2. Proof of Rental Income

EVIDENCE REQUIRED FOR AUDIT & COMPLIANCE

Evidence required to audit and verify each listed exemption is detailed in the table below.

EVIDENCE FOR AUDIT

Exemption	Evidence Required
Transfer or Sale of Property	<ol style="list-style-type: none"> 1. Title Transfer of Deed issued by LRO; and 2. Statement of Adjustments 3. Copy of Land Transfer Tax 4. Letter from Lawyer, as needed
Redevelopment or Major Renovation	<ol style="list-style-type: none"> 1. Copy of the Building Permit 2. Letter from Contractor with Start and End Date 3. Copy of the Fire Report 4. Letter from Insurance Provider including date of damage and scope of work
Owner in Care	<ol style="list-style-type: none"> 1. Signed letter from care facility on letterhead
Occupancy for Full-Time Employment	<ol style="list-style-type: none"> 1. Government Photo ID card(s) with address; and 2. Homeowner's Insurance Certificate
Court Order	Copy of the Court Order
Death of Owner	Copy of Death Certificate of Owner
Combination Exemption	Same evidence required as any of the above exemptions claimed

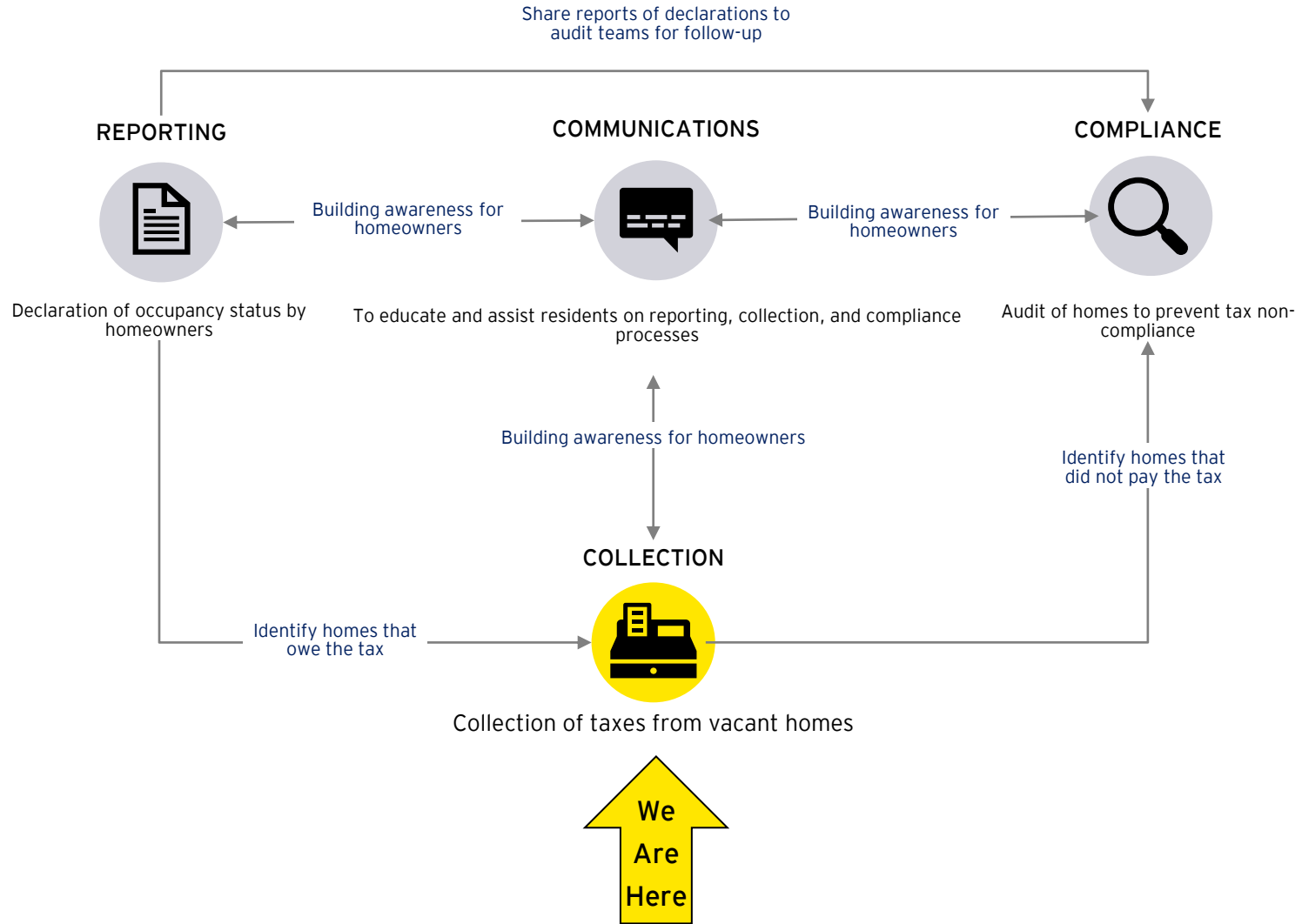
AUDIT & COMPLIANCE | RISKS

Key risks and their subsequent mitigation measures to the Audit & Compliance process are outlined below.

Risks	Mitigation Measures
<p>Privacy implications and potential breaches to data privacy associated with storing confidential data from residents.</p>	<p>Storing declaration information centrally in a single Region-managed system will allow Peel to put in place appropriate safeguards to prevent unauthorized access to information.</p> <p>Records related to the Vacant Home Tax are classified under Record Series Identifier (RSI) F43 -Taxation. Paper records are kept in office for the current year plus 1 additional year and then sent offsite to the Region's Inactive Records Centre (IRC) for the remaining 5 years, for a total retention of 7 years. Electronic records must be stored and maintained in an approved regional repository (EIM, SharePoint) for the total 7 years and then destroyed.</p>
<p>While there are initial and ongoing costs associating with building a division of staff to manage the Vacant Home Tax program, the number of staff available may not have the capacity to handle the number of audits.</p>	<p>Similar to other jurisdictions, audit rates can be set that result in an overall number of audits that lie within the expected capacity of Compliance Analysts and the Vacancy Tax Review Officer. Annual reviews of capacity and generated revenue will be required to amend audit rates as desired.</p>

COLLECTION

CORE OPERATIONS



COLLECTION

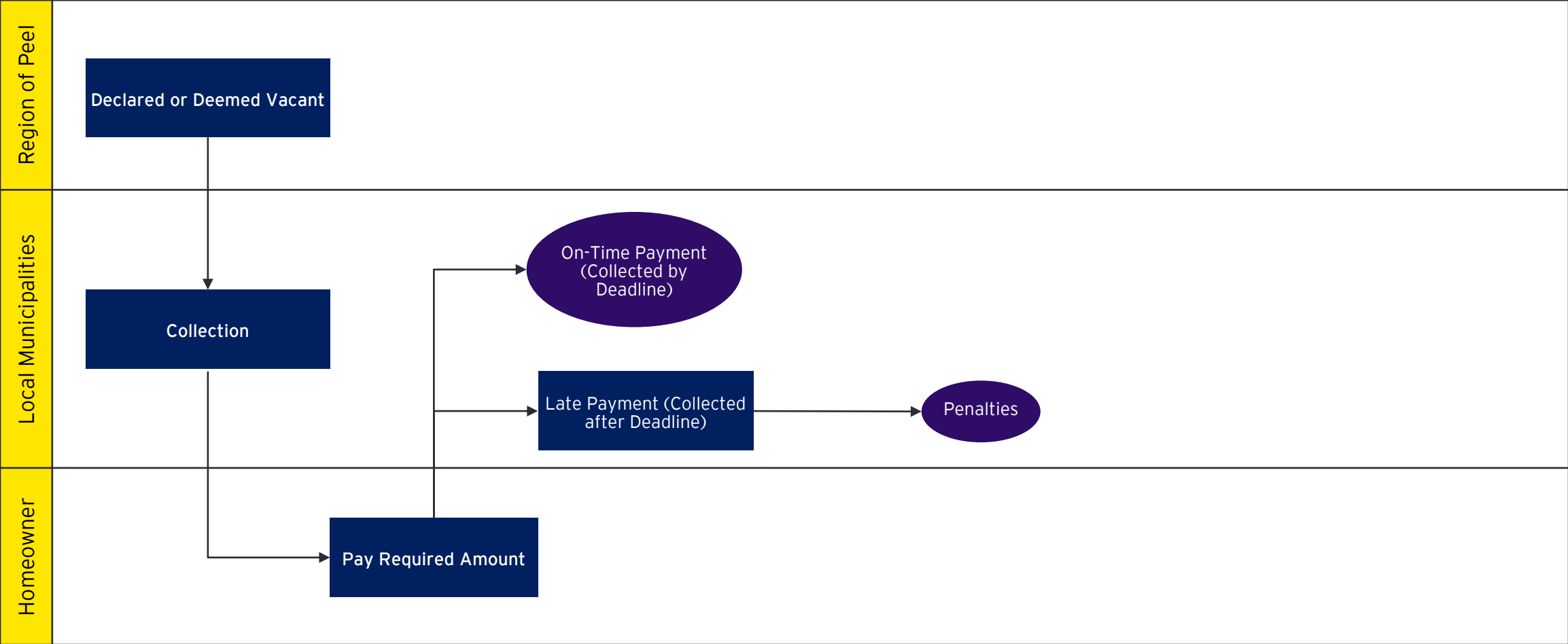
Following a declaration or determination of vacancy, the collection process is initiated through a separate module in existing property tax systems.

Following a declaration or determination of vacancy, the Collection process is initiated:

- If a home is declared vacant, or deemed vacant through the Audit & Compliance process, the Vacant Home Tax is applied.
- Collection processes flow through a separate module built onto each existing property tax system.
- The tax amount to be collected is based on the assessed value of the home, multiplied by the tax rate.
- A bill is generated for identified homes through existing local municipality property tax systems.
- Penalties for late or false declaration, or late vacant home tax payment, are calculated and bills are issued by the local municipalities.

COLLECTION | PROCESS

The process of collecting tax revenue from vacant homes and penalties from homeowners who are non-compliant or who present fraudulent declarations is outlined below.

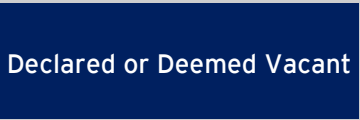







COLLECTION | RATIONALE

The Feasibility Study recommended that Collection lie with the local municipalities. Based on consultations with both the Region of Peel and the local municipalities, the Collection system should remain with the local municipalities.

- ▶ Using Property Tax collection systems and processes appears to be an efficient and effective method to implement the Vacant Home Tax, as evidenced by similar implementation in other jurisdictions.
- ▶ Costs incurred as a result of the collection process can be reimbursed through revenues generated by the tax.
- ▶ Note that an interim approach to local municipality collection of the Vacant Home Tax may be required as existing collection systems are intended to be replaced within the decade.

COLLECTION | KEY COMPONENTS

Legend	Description
 Declared or Deemed Vacant	The property has been classified as vacant through (1) a declaration by the homeowner, (2) a determination through the Audit & Compliance process, or (3) the homeowner fails to declare by the deadline and the home is deemed vacant.
 Collection	Once the property has been declared or deemed vacant, the local municipalities would begin the collection process of the Vacant Home Tax.
 Pay Required Amount	Homeowners could potentially use existing property tax accounts and processes to pay the vacant home tax online, in person, by mail, or over the phone.
 On-Time Payment (Collected by Deadline)	The homeowner pays the vacant home tax by the deadline. The collection process ends.
 Late Payment (Collected after Deadline)	If the homeowner fails to pay the vacant home tax by the prescribed deadline, a penalty is applied in addition to the vacant home tax outstanding. Late payments and associated penalties are collected through the same payment options as on-time payments.
 Penalties	Penalties apply for (1) non-declaration, (2) late declaration, (3) false declaration, (4) late tax payment, and (5) non-payment of tax due. Penalties include one-time charges (in cases 1, 2, 3, and 4) and daily interest arrears (in case 5). If non-payment continues, the the local municipality may undertake a tax sale process on the property.

COLLECTION | CHANGES REQUIRED

The primary changes in the proposed collection process are development of integrations with declaration and audit systems.

	PEOPLE	PROCESS	TECHNOLOGY
REGION	No anticipated changes.	New processes to identify late or outstanding declarations and payments for collection of penalties.	Implement a new declaration system with the capability to communicate and change declarations and penalties to local municipal property tax collection systems.
BOTH	Resource requirements will be monitored following implementation of the program to identify any incremental employee impacts.		
LOCAL MUNICIPALITY	Initial setup of integrations with the Region's declaration system may require additional resources. Given the largely automated nature of the process, ongoing incremental employee impacts are not expected, although there may be an increased workload for finance administrative staff.	Upgrade tax collection processes to include the implementation of a vacant home tax	Upgrade property tax collection system to include a module for the vacant home tax and integration with Peel declaration system.

COLLECTION | PENALTIES AND PARAMETERS

Details of penalties applied in relation to declaration and payment of the vacant home tax are further outlined below.

Offence	Penalty	Rationale
Late and non-declaration	<ul style="list-style-type: none"> ▶ Property is deemed vacant. ▶ Vacant home tax is applied. ▶ One-time \$250 fee is issued. 	Implemented in Vancouver and Toronto consistent with similar by-law offences.
False declaration	<ul style="list-style-type: none"> ▶ Property is deemed vacant. ▶ Vacant home tax is applied. ▶ \$250 - \$10,000 fine for each offence is charged. 	Implemented in Vancouver and Toronto consistent with similar by-law offences.
Late tax payment or non-payment	<ul style="list-style-type: none"> ▶ 1.25% monthly interest on arrears. ▶ A tax sale process if amounts owed remain outstanding for three (3) years. 	Similar to system implemented in Vancouver and Toronto consistent with local municipal property tax penalties and tax sale process.

COLLECTION | RISKS

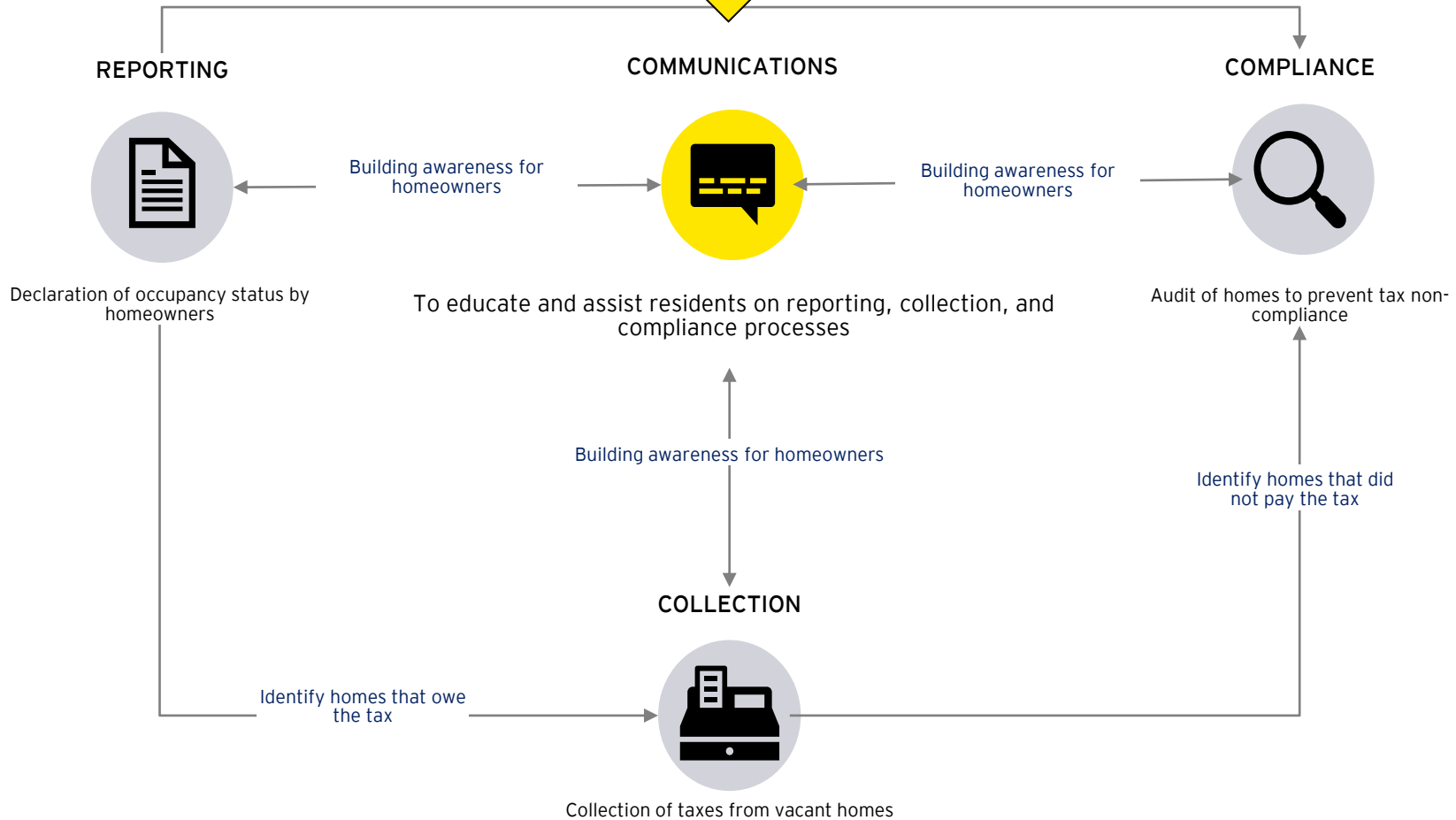
Key risks and their subsequent mitigation measures to the Collection process are outlined below.

Risks	Mitigation Measures
Technology implications associated with integrating the Regional Declaration System with the collections systems of the local municipalities.	There is a one-way flow of information from the Regional Declaration system to the local municipal Collection systems. A home deemed or declared vacant would trigger the application and collection of the Vacant Home Tax from the relevant homeowner.
If the Region of Peel prefers to align the Vacant Home Tax with Property Tax timelines, it may be difficult to align with the collection timelines of the three local municipalities, in particular as all three are updating respective tax collections systems. The Region may have to defer implementation of the VHT until all local municipalities have updated their collection systems, which may result in lost revenue.	Consultation and agreement on timelines with the three local municipalities will be required. Furthermore, the Region may consider developing an interim approach to collection with the local municipalities to determine a different method of collection, such as building modules within current systems and subsequently building modules again with the new systems.

COMMUNICATIONS

CORE OPERATIONS

Share reports of declarations to audit teams for follow-up



COMMUNICATIONS

Following a declaration or determination of vacancy, the collection process is initiated through a separate module in existing property tax systems.

Communication with homeowners is on-going throughout the vacant home tax process, but has two important phases:

INITIATION PHASE

- Initial campaign informing homeowners that a Vacant Home Tax will be implemented
- Includes an explanation of what the tax is, why it is being implemented, an overview of what the process will be, and any other pertinent information for the homeowner to be aware of

ONGOING OPERATIONS PHASE

- Sending out regular reminders, instructions, and deadlines for Declarations, Collections, and Audits
- Handling inbound queries, complaints, and grievances from homeowners
- Escalating queries as needed through the appropriate channels

COMMUNICATIONS | RATIONALE

The Feasibility Study recommended that Communications be housed exclusively with the Region. Based on consultations with both the Region of Peel and the local municipalities, the Region should lead communications with local municipalities supporting as needed.

- ▶ Although the Region of Peel will hold primary responsibility for communications related to the Vacant Home Tax, Peel staff indicated the Region currently does not have capacity to directly interact with members of the public in person. As such, local municipalities indicated their support will be required to address in person and some generic inquiries, directing requests to Peel as needed.
- ▶ As the Declaration & Reporting process is housed at the Regional level, Peel's communications department indicated it may develop materials required for Declaration Notices. If the VHT timeline is to be aligned with the Property Tax timeline, local municipality tax departments indicated they may be able to issue VHT-related notices (declaration and collection) along with Property Tax Notices.

COMMUNICATIONS | CHANGES REQUIRED

Changes required to implement communications processes are focused on ensuring trained staff and robust processes are in place.

	PEOPLE	PROCESS	TECHNOLOGY
REGION	<p>Additional call centre or other communications staff may be required to handle queries, complaints, and grievances.</p> <p>Additional communication staff may be required in a new vacant home tax organizational unit to support escalated cases.</p> <p>Upskill existing customer service staff to manage queries about the vacant home tax.</p>	<p>Develop training materials and processes for front-line communications staff.</p> <p>Develop staged communications processes, including escalation points.</p>	<p>Adjust call centre, phone, and other communications systems as appropriate to support a new organizational unit and the ability to escalate vacant home tax-related communications as needed.</p>
BOTH	<p>Resource requirements will be monitored following implementation of the program to identify any incremental employee impacts.</p>		
LOCAL MUNICIPALITY	<p>Inform and train appropriate staff to support initial awareness campaign and direct queries to Peel.</p>	<p>Ensure property tax billing processes support additional outgoing communications to homeowners (e.g. declaration notices, penalty bills)</p>	

COMMUNICATIONS | RISKS

Key risks and their subsequent mitigation measures to the Communications process are outlined below.

Risks	Mitigation Measures
<p>Multiple potential points of contact for queries regarding the Declaration process. As residents are accustomed to contacting local municipalities about support with Property Taxes, there may be confusion about who to contact about the Vacant Home Tax.</p>	<p>The Region may engage in a communications campaign with residents to explain how different types of queries (e.g. in-person or virtual) related to Declaration and Reporting of the Vacant Home Tax are handled. Additionally, call centre and front line staff at the local municipalities may be directed to resources to answer high-level questions about declarations and notified of the ability to redirect homeowners to contact the Region.</p>

TENTATIVE IMPLEMENTATION TIMELINE

Once the VHT Program Design has been approved by Council, it may proceed through the next steps of implementation, as outlined in the tentative timeline below.

Note: the timeline below represents the earliest potential implementation of a Vacant Home Tax in Peel. The timeline may be impacted by factors including software development delays, and is dependent on the timelines for local municipalities to implement new tax collection systems.

