

Vacant Unit Tax

2023 Occupancy Year
Annual Report





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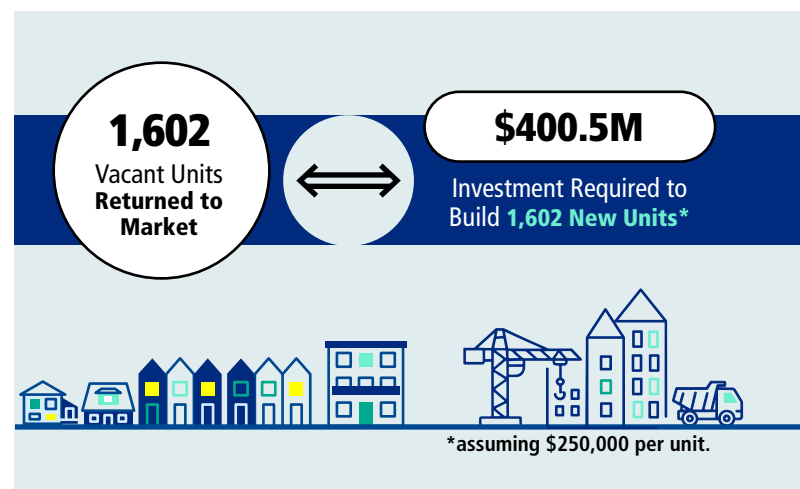
Introduction

On January 29, 2020 Ottawa's City Council unanimously declared a housing and homelessness crisis and emergency. The Vacant Unit Tax (VUT) was subsequently introduced in 2022 as a tool to help return housing supply to the market.

The program addresses Ottawa's housing crisis by encouraging property owners to return vacant units back to the market. This increases the supply of housing and, in turn, improves overall housing affordability. In addition, all net proceeds generated from the program help fund the City's affordable housing initiatives.

The VUT program requires eligible residential property owners to complete an annual declaration indicating whether their property was occupied or vacant during the previous calendar year. Vacant properties are subject to a one per cent tax of their assessed value if vacant for more than 184 days in the year.

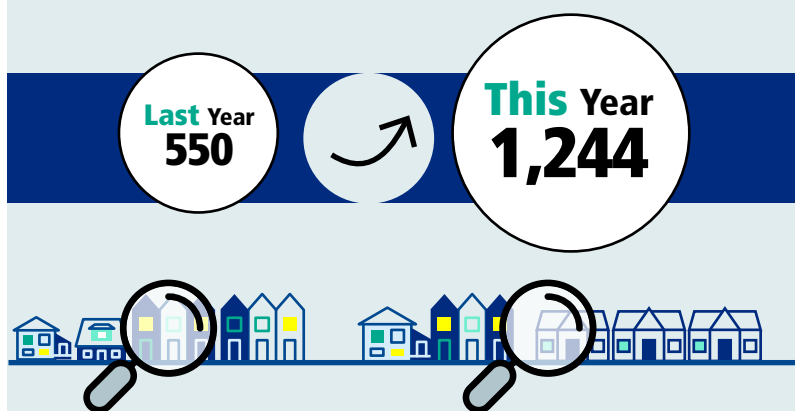
While isolating the impact of a single policy within Ottawa's dynamic housing landscape is complex, the second year of the Vacant Unit Tax (VUT) program provides the City with its first opportunity to analyze year-over-year trends. The 2022 occupancy year served as the baseline, and with a second round of declarations in 2023, clearer patterns are emerging. Notably, despite a 1.5 per cent increase in the number of properties required to declare, **1,602 units were returned to the market**—a strong indicator that the VUT is effectively incentivizing owners to return unused properties to the housing market.



The success of the 2023 audit program further strengthened the program's impact, identifying 1,244 vacant units that had not been previously declared. In addition, 2,067 properties were found to be vacant for two consecutive years, highlighting the importance of sustained enforcement in addressing long-term vacancy. The program also identified 829 newly vacant units, providing valuable insight into emerging vacancy trends and reinforcing the need for continued monitoring.

This report provides a summary of the key results, trends, and impacts of the VUT program for the 2023 occupancy year. Data included in this report is captured as of September 22, 2025 and captures the vast majority of audits and appeals completed for the 2023 occupancy year. Additional key performance and program indicators are further detailed in the appendices. Affordable housing remains a top issue for the citizens of Ottawa and City staff are committed to providing transparency to the public through this annual report.

Vacant units identified through Audits





Why a Vacant Unit Tax?

Ottawa continues to deal with an affordable housing crisis. Like many cities, Ottawa is experiencing population growth, inflation and rising living costs. As a result, demand for available rental units has increased, intensifying pressure on affordability across the city. According to 2021 federal census data, 35.1 per cent of renter households in Ottawa spend 30 per cent or more of their income on shelter costs.

The VUT is one tool the City can leverage to directly target the surge in demand without significant financial investments by encouraging property owners to keep existing residential units available on the market, increasing housing supply and improving overall housing affordability.

Between 2022 and 2023, there was an overall increase in the number of vacant units, primarily due to a more efficient VUT audit process that identified a greater number of vacancies. In total, 4,140 vacant units were identified through the program, which were eligible to be placed on the market. In 2022, there were 3,669 vacant units.

In 2023, 10,642 residential properties were sold on the housing market, according to the Municipal Property Assessment Corporation's (MPAC) Property Pulse Dashboard. Had the 4,140 vacant units identified as vacant through the VUT program in 2023 been available to the market, this would have increased the property inventory by almost 40 per cent. These vacant properties would have made a tangible impact on the housing market, potentially easing supply constraints and contributing to improved housing affordability had they been offered for sale or lease.

In designing Ottawa's Vacant Unit Tax (VUT) program, City staff conducted a comprehensive review of similar initiatives implemented globally, with particular attention to Vancouver's Empty Homes Tax, which has successfully reduced vacancy rates by an average of eight per cent annually. The development process included extensive stakeholder engagement and public consultation, including an online survey that revealed strong community support for the introduction of a VUT.

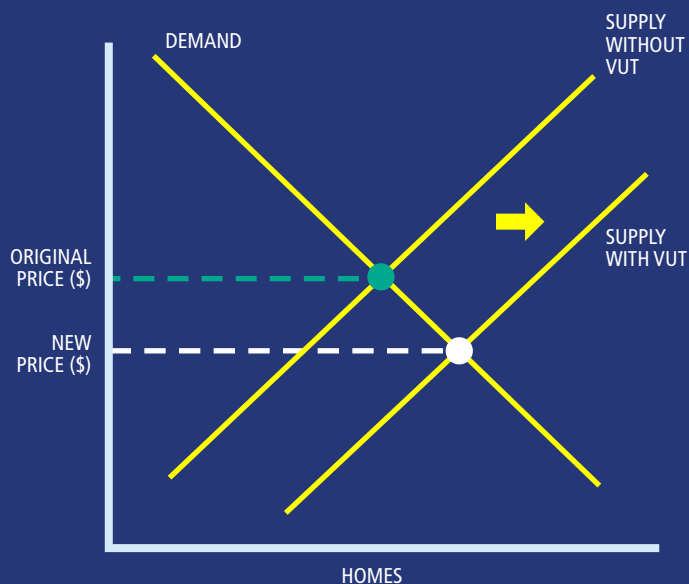
Following this research and feedback, Ottawa City Council approved the program in March 2022 as a strategic measure to improve housing affordability and availability. Since then, several Ontario municipalities—such as Toronto, Hamilton, Oakville, Windsor, and Sault Ste. Marie—have adopted or are actively exploring similar policies. City staff continue to monitor these programs closely to identify best practices and ensure Ottawa’s VUT remains effective and responsive to local housing needs.

10,642 Homes sold in 2023

4,140 Vacant units for the 2023 Occupancy Year



39% Potential increase in housing inventory





How the VUT Works

All eligible residential property owners must declare the status of their property for the previous calendar year by the interim tax due date, typically the third Thursday in March. Late declarations are accepted until April 30 and are subject to a \$250 fee. Properties that are declared vacant, determined vacant (through the compliance process), or deemed vacant (properties that have not made a property status declaration) are subject to a 1 per cent tax on the residential portion of the property's assessed value.

Eligibility is based on property assessment details provided by the Municipal Property Assessment Corporation (MPAC) and applies only to residential properties with six units or less, as defined by provincial legislation.

Most residential properties are not subject to the VUT, including homes that are principal residences for at least six months of the year; homes that are rented out for at least six months of the year; or homes that are eligible for an exemption, as set out in the Vacant Unit Tax By-law. Property owners are required to specify the type of occupancy in their declaration.

There are three occupancy types:

1. Principal residence – homeowner

This designation is for the location where you live and carry out your daily activities, such as receiving mail and paying bills. You can only have one principal residence, even if you are away for extended periods due to travel or work. It is the home you ordinarily occupy.

2. Principal residence – permitted occupant

This category applies when the unit is occupied by a family member, friend, or other permitted occupant for residential purposes, and they consider it their principal residence.

3. Tenanted

This status applies when the property has been occupied by tenants for at least 181 days, in increments of at least 30 days.

If the unit was not occupied for at least six months, property owners may claim one of the following exemptions:

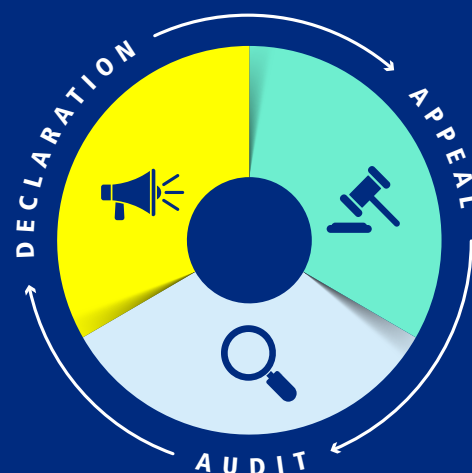
- In case of sale
- In case of court/government order
- In case of death
- Owner in care
- Construction/renovation
- Combination of tenanted and construction/renovation
- Cottage rental
- A newly built unit listed for sale or for lease

A unit is declared vacant if it was not occupied and no exemption applies. Staff continue to monitor the impact of these exemptions to ensure they are in alignment with the intent of the VUT program.

Properties that do not meet the minimum of six months of occupancy or are declared vacant are charged the Vacant Unit Tax (VUT). If a declaration is not received, the property is deemed vacant and charged the VUT on the final property tax bill.

The VUT tax rate for 2023 was one per cent of the property's assessed value. For multi-unit properties with up to 6 units, the VUT charge is prorated based on the number of vacant units.

A two-stage appeal process is available to property owners who disagree with the VUT charge. Additionally, declarations undergo random audits to confirm the validity of declarations, ensure compliance, and maintain equitable application of the VUT program across all properties.



Declaration Phase

Standard: January 1–March 21

Late: March 22–April 30

Appeal Phase

Step 1 Notice of Complaint:

May 15–September 15

Step 2 Request of Review:

60 days from NoC determination

Audit Phase

May 15 onwards

City staff have authority to audit property owner's declaration for up to 3 years



Results and Trends

The audit program had a significantly greater impact for this cycle, more than doubling the number of vacant units identified through audits compared to the previous year. In 2023, the program identified 1,244 vacant units compared to 550 in 2022. Audits accounted for 60 per cent of the newly identified vacancies for the 2023 vacancy year, identifying 1,244 out of a total of 2,073 new vacancies. The sharp increase in the second year of the audit program demonstrates its maturation and effectiveness.

The expansion of audit capacity—enabled by the addition of two dedicated staff resources in the 2025 budget—allowed for increased audits and a more strategic audit scope. This investment directly contributed to the identification of more vacant units and improved overall program performance. The combination of increased staffing and data-driven targeting has proven essential in strengthening oversight and ensuring compliance with the VUT program.

In 2023, over 1,600 previously vacant units were returned to the market, which helped increase housing supply without the expense of new construction. This trend suggests that the VUT is encouraging turnover of underused properties,

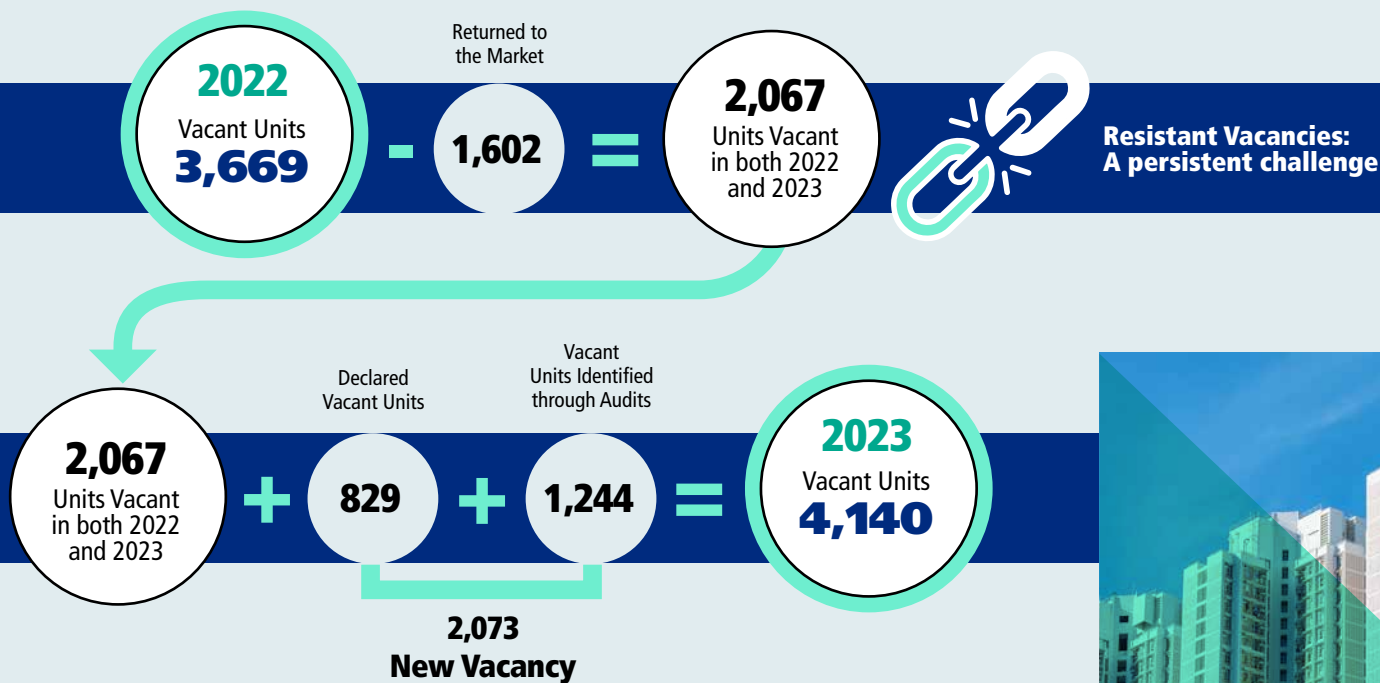
increasing housing availability and reducing prolonged vacancies across the city.

Despite this success, 2,067 properties remained vacant for a second consecutive year, indicating that Ottawa's current 1 per cent VUT may not be sufficient to motivate all owners to return units to the market. To strengthen this incentive, on November 13, 2024, Council approved the implementation of a graduated VUT rate beginning with the 2024 vacancy year. Under this model:

- ▶ The base rate remains at 1 per cent for first-year vacancies.
- ▶ The rate will increase by 1 per cent for each consecutive year a property remains vacant, up to a maximum of 5 per cent of the residential assessed value.

This approach aligns Ottawa with strategies used in cities like Toronto and Vancouver and is designed to further discourage prolonged vacancies. By increasing the financial cost of keeping units empty over multiple years, the City aims to encourage owners to occupy, lease, or sell these properties—supporting broader efforts to improve housing availability across Ottawa.

Change in Vacant Units from 2022 to 2023



Vacancy Results 2022 and 2023

	2022	2023	Change	% Change
Properties Required to Declare	323,192	327,967	4,775	1.5%
Eligible Units	336,819	341,973	5,154	1.5%
Vacant Units (before audit)	3,119	2,896	-223	-7%
Vacancy Rate	0.9%	0.8%	-0.1%	-9%
Audits	550	1,244	694	126%
Total Vacant Units	3,669	4,140	471	13%
Vacancy Rate	1.1%	1.2%	0.1%	11%

*2022 vacant units and vacancy rate have been updated to reflect most current declaration information.

Declarations

In the second year of the program, the declaration period was extended, opening on December 14, 2023. A total of 327,967 residential property owners were required to declare how their property was occupied during the 2023 calendar year. As of September 22, 2025, the City has received 99.7 per cent of the required declarations. While there are various reasons for non-compliance, many undeclared properties were also in arrears for unpaid property taxes.

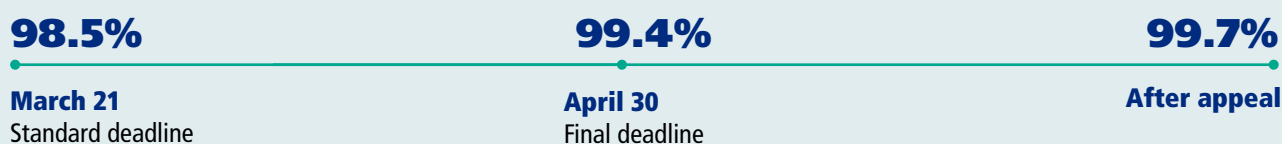
Achieving a high declaration rate is essential to the program's success. It enables the City to make informed decisions, reduces the risk of incorrect billing, and builds trust with residents. Accurate, resident-supplied data also allows staff to focus resources on verification and enforcement, rather than correcting incomplete or missing information.

Declaration timeline

Declarations can be submitted through a variety of accessible channels to support all property owners. These include online declarations via [Ottawa.ca](https://ottawa.ca) or [MyServiceOttawa](https://myserviceottawa.ca) (MySO), by phone or in person with City staff, and by mail upon request. To further assist residents in the second year of the VUT program, the accessible channels were expanded to include Client Service Centers (CSC). Staff at all CSC locations throughout Ottawa received training

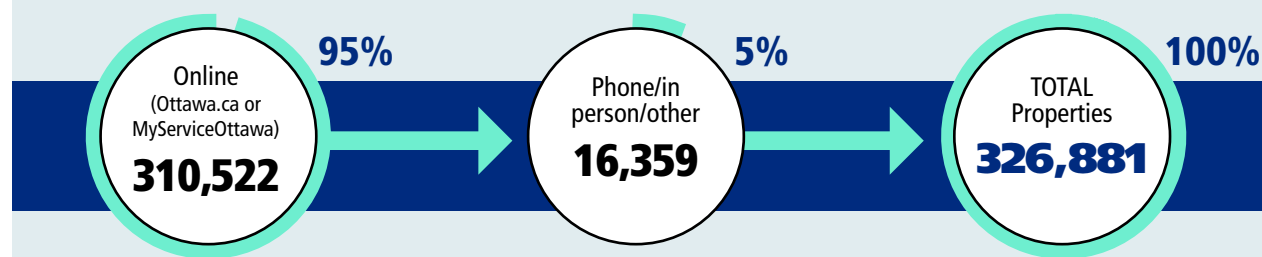
on how to use the internal staff portal, enabling them to better assist residents with submitting their declarations. This included guidance on completing the online staff declaration form on behalf of residents, as well as access to a direct communication channel with VUT staff to resolve any questions or issues that may arise at the CSCs.

Percentage of Declarations Received in 2023



* Compliance to the standard deadline increased from 95.2 per cent to 98.5 per cent from year 1 to year 2.

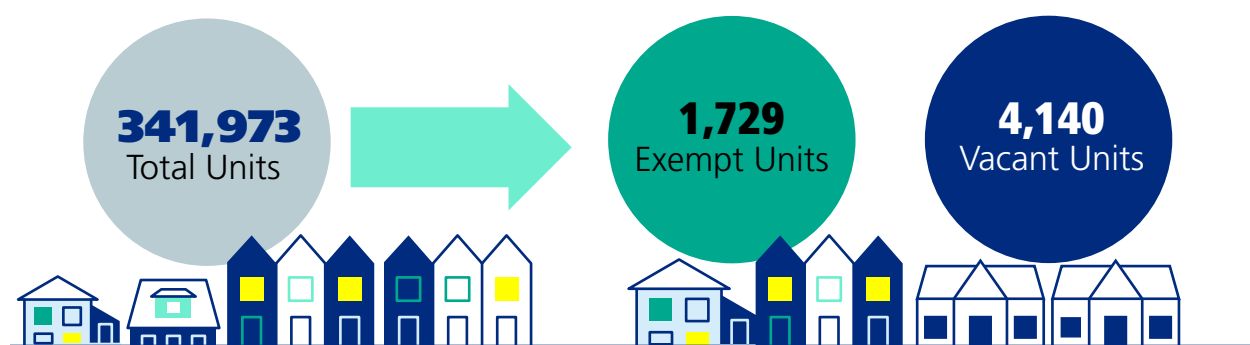
Declaration Method



* Most property owners completed their declaration online, resulting in a significant increase in registrations for My ServiceOttawa and paperless billing.



2023 Vacancy Unit Details and Geographic Data



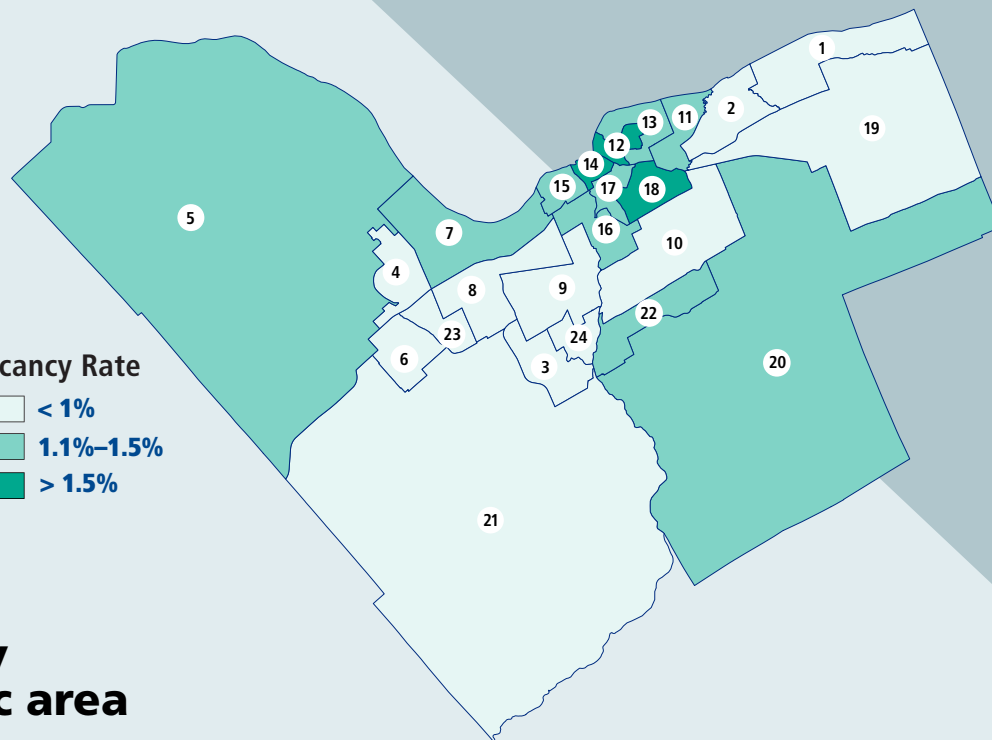
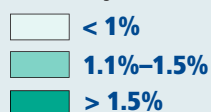
2023 Occupancy status (unit count, by property type)

Condominiums and multi-unit properties continued to have the highest proportion of vacancy across all property types in 2023.

Property Type	Occupied	Exempt	Vacant	Total Units
Single family detached home	170,849	548	1,219 (0.7%)	172,616
Condominium	66,157	275	1,163 (1.7%)	67,595
Townhouse	60,890	71	414 (0.7%)	61,375
Multi-unit residence up to 6 units	19,053	771	986 (4.7%)	20,810
Semi-detached home	17,938	34	123 (0.7%)	18,095
Other	1,217	30	235 (15.9%)	1,482
Total	336,104	1,729	4,140 (1.2%)	341,973

2023 Vacancy by geographic area

Vacancy Rate



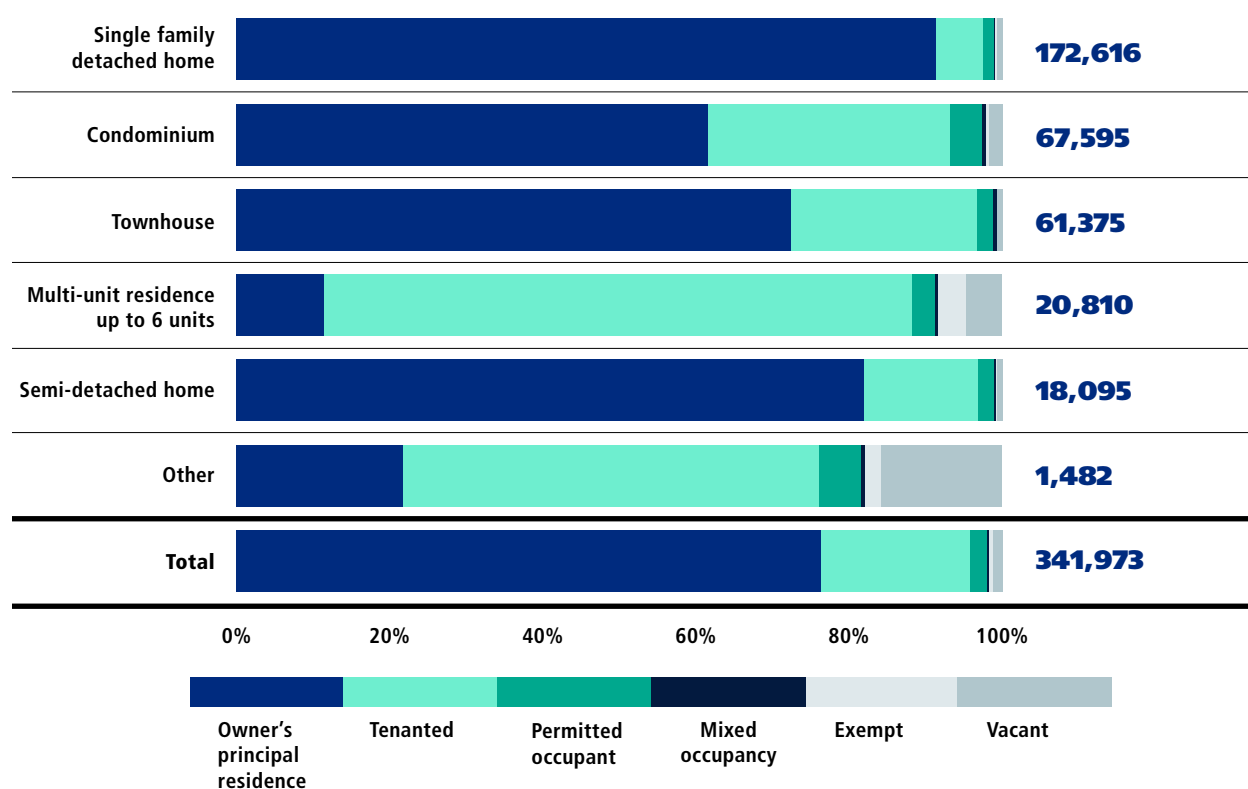
#	Ward Name	VUT eligible units	Vacant Units	2023 Vacancy rates	2022 *Vacancy rates	Change from 2022*
1	Orléans East-Cumberland	18,096	103	0.57%	0.44%	0.13%
2	Orléans West-Innes	16,780	91	0.54%	0.41%	0.13%
3	Barrhaven West	19,099	132	0.69%	1.09%	-0.40%
4	Kanata North	13,972	60	0.43%	0.63%	-0.20%
5	West Carleton-March	8,849	136	1.54%	0.91%	0.63%
6	Stittsville	17,435	87	0.50%	0.84%	-0.34%
7	Bay	12,628	166	1.31%	1.02%	0.29%
8	College	17,353	182	1.05%	0.85%	0.20%
9	Knoxdale-Merivale	11,918	91	0.76%	0.57%	0.19%
10	Gloucester-Southgate	13,510	136	1.01%	0.67%	0.34%
11	Beacon Hill-Cyrville	11,120	125	1.12%	0.62%	0.50%
12	Rideau-Vanier	15,876	536	3.38%	2.28%	1.10%
13	Rideau-Rockcliffe	11,269	187	1.66%	1.37%	0.29%
14	Somerset	13,933	466	3.34%	2.28%	1.06%
15	Kitchissippi	14,690	282	1.92%	1.39%	0.53%
16	River	13,617	157	1.15%	0.97%	0.18%
17	Capital	13,618	211	1.55%	1.28%	0.27%
18	Alta Vista	11,739	274	2.33%	1.83%	0.50%
19	Orléans South-Navan	17,874	139	0.78%	0.74%	0.04%
20	Osgoode	10,078	132	1.31%	0.55%	0.76%
21	Rideau-Jock	10,804	125	1.16%	0.85%	0.31%
22	Riverside South-Findlay Creek	13,687	147	1.07%	1.37%	-0.30%
23	Kanata South	17,689	83	0.47%	0.38%	0.09%
24	Barrhaven East	16,339	92	0.56%	0.58%	-0.02%

*2022 reflects updated data due to ongoing appeals and audits.

The areas of the city with the highest vacancy rates are concentrated in the urban core. The three wards with the highest vacancy rate continue to be Rideau-Vanier, Somerset and Alta Vista.

How is Ottawa's housing stock used?

Data collected through the Vacant Unit Tax (VUT) program offers valuable insights into how Ottawa's housing stock is utilized, distinguishing between properties used as principal residences and those with other occupancy types. Annual declarations enable the City to track trends in property use and ownership. Condominiums and multi-unit buildings show the highest rates of tenanted occupancy, with over one-quarter of all units not occupied by their owners. A detailed breakdown of occupancy types by ward is provided in Appendix 3.



*24 per cent of properties are not used by an owner for their principal residence for more than six months in the year.



Appeals and Audits

Appeal Results

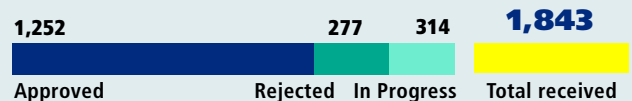
Ottawa's Vacant Unit Tax (VUT) program includes a process for property owners to appeal the tax if they believe they should not have been charged. Appeals must be submitted by specific deadlines and require supporting evidence.

The first stage of appeal is called a Notice of Complaint (NOC), which allows property owners who received a VUT charge on their final property tax bill or a supplementary tax bill to contest it. If the NOC is denied, property owners have the option to proceed to the second level of appeal. This stage involves filing a Request for Review (RFR) within 60 days of the initial denial.

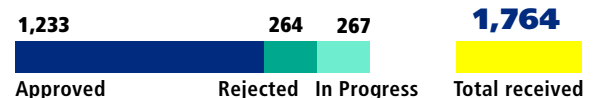
Throughout both stages, the City may request additional information from the appellant to substantiate their appeal.

Appeals decreased 50 per cent in year 2. There were many appeals in year 1 that related to an owner missing the property sale exemption. For year two, the declaration form was altered to make this more prominent, and residents were able to declare with improved clarity on the exemption that was available to them, thus reducing our appeals.

Total 2023 Appeals Summary



2023 Notice of Complaint (NOC)



2023 Request for Review (RFR)



Total 2022 Appeals Summary



▲ Audit Program

The Vacant Unit Tax (VUT) audit program continues to be a cornerstone of the City's efforts to ensure compliance, accuracy, and administration of the program. In 2023, the audit program expanded significantly, with 7,053 occupancy audits completed, marking a 40 per cent increase from the 5,018 audits conducted in 2022.

2023 Occupancy Audits

This expansion of the audit program was driven by the addition of two dedicated staff members and a more strategic focus on high-risk properties. The result was a 126 per cent increase in identified vacant units compared to the previous year—an outcome that underscores the effectiveness of targeted, data-informed enforcement. This increase not only contributed to higher revenue collection but also supported the broader goal of encouraging occupancy and improving housing availability across Ottawa.

The increase in identified vacant units directly supports the VUT's policy objectives—encouraging occupancy and improving housing availability. The audit program's strategic focus ensures that declarations are accurate and that exemptions are properly applied.

The City audits declarations where the VUT was not charged to ensure that the information provided is accurate, complete and complies with the VUT by-law. Property owners may be asked to provide additional documentation if needed. If sufficient information is provided, the audit is closed with no further action. However, if documentation is inadequate to confirm occupancy or documentation is not provided, the VUT charge is applied to the property tax roll. Property owners who disagree with the audit determination can file a Notice of Complaint and follow the same appeal process as properties charged the VUT on their Final Property Tax Bill.



The success of the audit program was further amplified by several high-impact campaigns. One major initiative focused on properties claiming the renovation exemption, uncovering 107 cases where owners lacked valid permits or had not progressed with renovations in a timely manner. Another campaign was a review of corporately owned properties that were assessed as residential but used for commercial purposes. By updating property classifications with MPAC, owners ensure accurate taxation and avoid future VUT charges. Additional audits revealed underreported unit counts, illegal short-term rentals (such as Airbnb's), misrepresented property use, and multiple principal residence claims.

These targeted efforts demonstrate the audit program's growing sophistication and its ability to uncover non-compliance across a range of scenarios. By ensuring accurate property classification and enforcing the VUT by-law consistently, the audit program continues to strengthen the integrity and impact of the tax, while helping to return underused housing stock to the market.



Revenues

Since VUT was introduced, over \$20 million has been allocated to support a range of affordable housing initiatives aimed at increasing the availability and affordability of social housing.

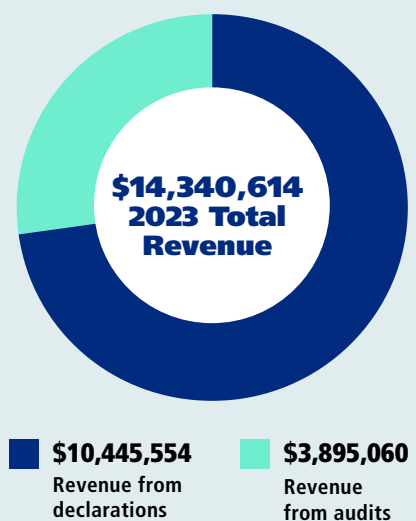
Revenue from the Vacant Unit Tax (VUT) is used to offset administrative and operational expenses. The net proceeds are then directed to the Affordable Housing reserve, a primary funding source for the City's Affordable Housing annual capital program.

Revenue

Revenue	2023 Occupancy year	2022 Occupancy year	Difference
Revenue from declarations	\$10,445,554	\$10,003,412	\$442,142
Revenue from audits	\$3,895,060	\$1,884,207	\$2,010,853
Total revenue	\$14,340,614	\$11,887,619	\$2,452,995

In its second year, The Vacant Unit Tax (VUT) program generated \$14.3 million in revenue. This includes initial billing on the 2024 final property tax bill, audit-related charges, and adjustments from reversals due to appeals for the 2023 occupancy year. The refined audit strategy, coupled with increased staffing contributed to the significant rise in audit revenue for the 2023 occupancy year.

Like property taxes, the VUT is subject to penalties and interest. If payment is not made by the due date, a penalty of 1.25 per cent for late payment will be added to the account the following day, with additional interest applied monthly until the balance is paid. Unpaid VUT amounts become a lien on the property and are subject to standard tax collection procedures.





Use of Funds

Program Administration

All VUT program costs are fully funded through VUT revenues. In its second year, administration costs totaled \$1.85 million, which is about 19 per cent less than the previous year. The City employs 13 full-time staff, supported by part-time personnel, to manage the program. Additional

expenses include IT system development and maintenance, as well as communications. The program benefits from high uptake of online declaration methods, allowing for efficient operations. Residents are encouraged to register with My ServiceOttawa to experience fast and easy VUT declaration process, and to further reduce program expenses for printing and mailing.

Affordable Housing Funding

Through the 2024 budget, \$10.8M in Vacant Unit Tax (VUT) funding was allocated to fund Affordable Housing initiatives. For 2024 and 2025, these projects include:

- 216 Murray Street (Ward 12) – *Shepherds of Good Hope*: 48 supportive rental housing units;
- 171 Armstrong Avenue (Ward 15) – *Centretown Citizens Ottawa Corporation (CCOC)*: 10 affordable rental housing units;
- 1770 Heatherington Road (Ward 10) – *Ottawa Community Housing Corporation (OCHC)*: 90 affordable rental housing units
- 33 affordable homeownership units (proponent and location details not yet disclosed);

The **2024 VUT** contribution of **10.8 million** is equivalent to funding **43 fully supported affordable** housing units.

*Assuming \$250,000 per unit.



Conclusion

The 2023 occupancy year represents a significant milestone in the evolution of Ottawa's Vacant Unit Tax (VUT) program. During its second year, the program provided valuable insights into housing trends, compliance behavior, and its broader impact on housing availability.

Compliance remains exceptionally high, with 99.7 per cent of property owners submitting declarations, an increase from the previous year—demonstrating strong public engagement and awareness of the City's housing initiatives.

While the Vacant Unit Tax (VUT) generated enough net revenue in 2024 to fund approximately 43 affordable housing units, the program's true value lies in its ability to incentivize the return of vacant properties to the market. Between the first and second year of the program, over 1,600 previously vacant units were reintroduced into active use—an outcome that far exceeds what could be achieved through funding alone. To achieve the same increase in housing supply through new construction, the City would require an estimated \$400 million in capital investment.

This comparison underscores that the VUT is not primarily about revenue generation but about shifting behavior and unlocking existing housing stock to improve availability and affordability across Ottawa.

Audit effectiveness was also a success in 2023. The enhanced audit program—supported by additional staff and refined targeting—identified 1,244 vacant units, more than double the number found in 2022. Audits accounted for 60 per cent of newly identified vacancies, demonstrating the program's growing capacity to uncover non-compliance and support accurate reporting.

Despite early success, 2,067 properties remained vacant for a second year, revealing the limits of a flat 1 per cent tax. Beginning in the 2024 vacancy year, Ottawa's new graduated Vacant Unit Tax will raise the tax by 1 per cent annually up to 5 per cent to discourage prolonged vacancies by increasing financial pressure on owners. This approach, aligned with strategies in Toronto and Vancouver, underscores the City's commitment to freeing up housing and promoting active use of residential properties.

Beyond market effects, the program also contributed to improved data quality and regulatory compliance. Through annual declarations and audits, the City corrected property assessment data, such as unit counts and tax classifications, leading to more accurate and equitable taxation. The program has also strengthened compliance with existing municipal regulations. Property owners are showing greater adherence to short-term rental bylaws, zoning rules, and building permit requirements. These improvements not only support the integrity of the VUT but also strengthen broader housing and land use policies.

The VUT continues to serve as a strategic tool to promote housing supply and affordability, complementing direct investment in affordable housing construction.

As the program matures, net revenues are expected to decline, a positive indicator that fewer properties remain vacant. The City remains committed to refining the VUT program, enhancing transparency, and ensuring that it continues to serve as an effective tool in addressing Ottawa's housing and homelessness crisis.



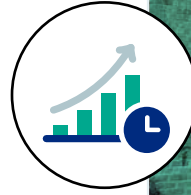


Appendix 1

▼ Change in vacant units

Property Type	2022	2023	Change
Single Family and Semi-Detached	1,286	1,342	56
Condo	1,269	1,163	-106
Townhouse	403	414	11
Multifamily (2-6 units)	648	986	338
Other	63	235	172
Total	3,669	4,140	471

In 2023, 4,140 properties (approximately 1.2 per cent of all properties) were vacant; this is an increase of 471 units and is largely attributed to the effectiveness of the enhanced audit program in identifying previously unreported vacancies.



Appendix 2

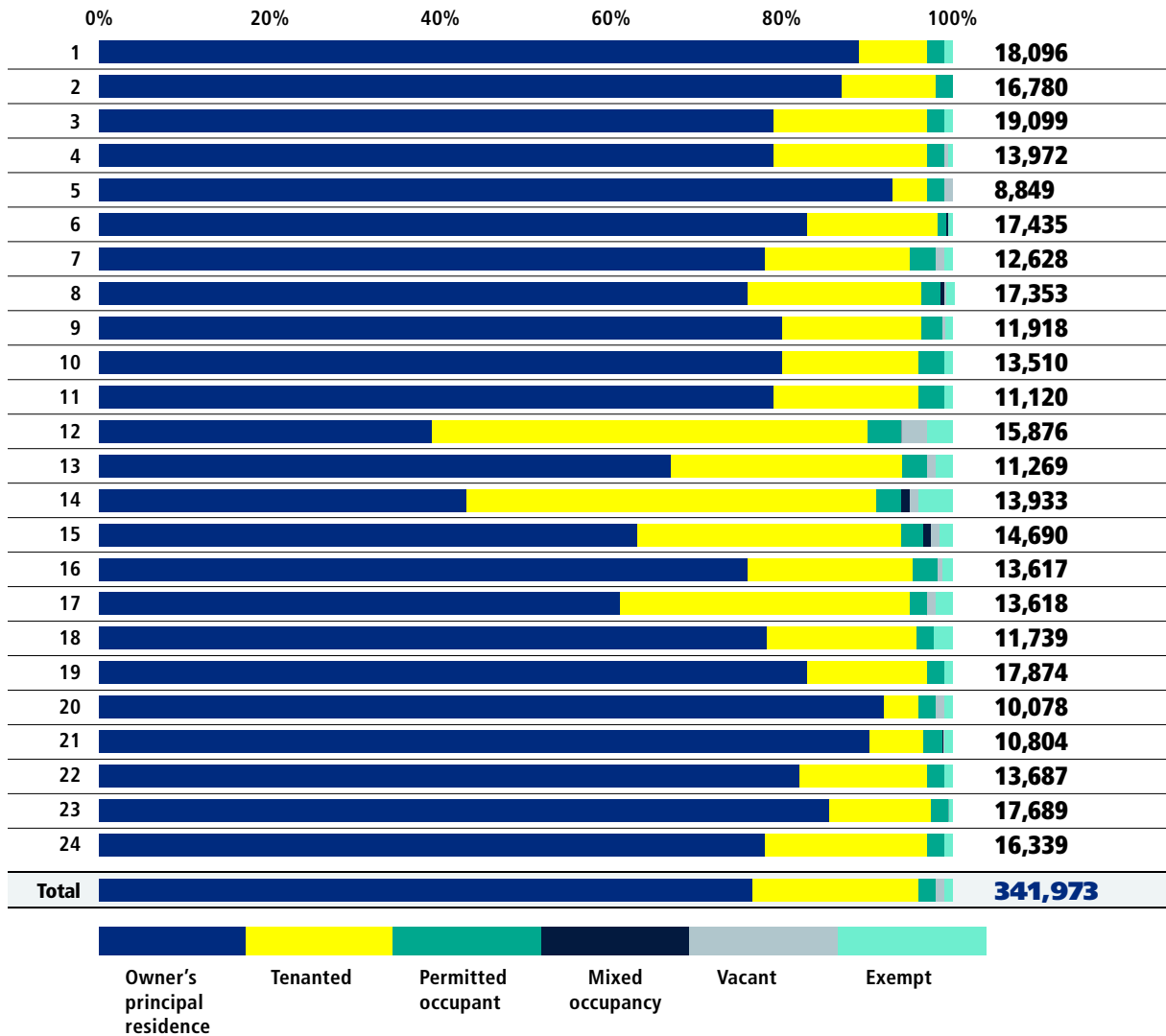
Number of properties required to declare

Property Type	2022	2023	Change
Single Family and Semi-Detached	188,489	190,711	+2,222
Condo	67,319	67,595	+276
Townhouse	59,059	61,375	+2,316
Multifamily (2-6 units)	7,202	7,172	-30
Other	1,123	1,114	-9
Total	323,192	327,967	+4,775

* The number of properties required to declare increased 1.5 per cent.

Appendix 3

Utilization of housing stock by ward



1	Orléans East-Cumberland	9	Knoxdale-Merivale	17	Capital
2	Orléans West-Innes	10	Gloucester-Southgate	18	Alta Vista
3	Barrhaven West	11	Beacon Hill-Cyrville	19	Orléans South-Navan
4	Kanata North	12	Rideau-Vanier	20	Osgoode
5	West Carleton-March	13	Rideau-Rockcliffe	21	Rideau-Jock
6	Stittsville	14	Somerset	22	Riverside South-Findlay Creek
7	Bay	15	Kitchissippi	23	Kanata South
8	College	16	River	24	Barrhaven East



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