



## Vermont Legislative Research Service

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### The Effect of Vacancy Taxes on Housing Availability

The purpose of this report is to compile information concerning the effectiveness of vacancy taxes for increasing housing for full-time members of the community. There are three measures of housing vacancy: rental vacancy, homeowner vacancy, and gross vacancy. Unless otherwise noted, in this report, “vacancy rate” refers to the gross vacancy rate, or “the percentage of the total housing inventory that is vacant.”<sup>1</sup> As of November 2025, the vacancy rate in the U.S. is seven percent.<sup>2</sup> Domestically and internationally, several governments have implemented taxes and exemptions intended to decrease the number of vacant units.

#### Vermont Vacancy Rate and Tax Status

The vacancy rate in Vermont was 19.2 percent in 2021, the second highest in the nation.<sup>3</sup> This is due in part to a disproportionate number of second/vacation homes in the state.<sup>4</sup> State law does not formally distinguish between primary and secondary residences, making it difficult to identify and tax them.<sup>5</sup> A bill proposing the state’s first vacancy tax was introduced in February 2025 and is currently in committee.<sup>6</sup>

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<sup>1</sup> Robert R. Callis, “Which States Have the Highest Percentage of Vacant Housing Units?” U.S. Census Bureau Current Housing Reports, 2022, <https://www.census.gov/content/dam/Census/library/publications/2022/demo/h121-22-01.pdf>.

<sup>2</sup> U.S. Census Bureau, “Quarterly Residential Vacancies and Homeownership, Second Quarter 2025,” accessed November 20, 2025, <https://www.census.gov/housing/hvs/current/index.html>.

<sup>3</sup> Federal Reserve Bank of St. Louis, “Rental Vacancy Rate for Vermont,” accessed November 20, 2025, <https://fred.stlouisfed.org/series/VTRVAC>.

<sup>4</sup> Graham Campbell, “Taxes and Second Homes,” *State of Vermont Legislative Joint Fiscal Office*, March 30, 2022, <https://legislature.vermont.gov/Documents/2022/WorkGroups/House%20Natural/Bills%20in%20Other%20Committees/S.226%20-%20An%20act%20relating%20to%20expanding%20access%20to%20safe%20and%20affordable%20housing/W~Graham%20Campbell~S.226%20-%20Taxes%20and%20Second%20Homes~3-30-2022.pdf>.

<sup>5</sup> Graham Campbell, “Taxes and Second Homes.”

<sup>6</sup> Vermont General Assembly, “H.433 Bill Status,” accessed November 20, 2025, <https://legislature.vermont.gov/bill/status/2026/H.443>.

## Vacancy Taxes in the U.S.

### California

**San Francisco:** The total number of vacant units in San Francisco increased by 20 percent from 2015 to 2019.<sup>7</sup> The “Empty Homes Tax Ordinance” (EHTO), which went into effect in December of 2022, taxed buildings with more than two residential units if they were left unoccupied for more than 182 days in a fiscal year.<sup>8</sup> The rate was based on the vacant unit’s square footage and ranged from \$2,500 to \$5,000 a year.<sup>9</sup>

Although the city has not reported on the impact of the EHTO, a University of Chicago Law Review article evaluated the legality of vacancy taxes using San Francisco’s EHTO as a case study.<sup>10</sup> In 2023, a group of San Francisco landlords sued the city, arguing that the EHTO constituted a “taking of private property,” thus violating both federal and state constitutions.<sup>11</sup> The state court ruled the EHTO to be unconstitutional under the “Takings Clause” of the Fifth Amendment of the U.S. Constitution,<sup>12</sup> as well as the Ellis Act.<sup>13</sup> The city has been barred from enforcing the tax as of December 2024, although they plan to appeal the court ruling.<sup>14</sup>

**Oakland and Berkeley:** The city of Oakland enacted the Oakland Vacant Property Tax (VPT) in 2019. The current VPT rate is \$3,000 to \$6,000 annually for properties in use less than 50 days in the previous calendar year, but there are several exemptions.<sup>15</sup> Oakland’s VPT has two main purposes; to raise funds to remedy homelessness and illegal dumping, and to increase access to affordable housing.<sup>16</sup> Proceeds from the VPT fund homeless services, affordable housing programs, and contribute to general code enforcement.<sup>17</sup>

Similarly, Berkeley implemented the “Empty Homes Tax,” effective in January 2024, which taxes \$3,000 yearly per vacant residential unit in a condominium, duplex, or single-family

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<sup>7</sup> City of San Francisco, Article 29A, “Empty Homes Tax Ordinance,” November 8, 2022, §2951, [https://sfelections.sfgov.org/sites/default/files/20220207\\_ExciseTax.pdf](https://sfelections.sfgov.org/sites/default/files/20220207_ExciseTax.pdf).

<sup>8</sup> City of San Francisco, Article 29A, “Empty Homes Tax Ordinance,” § 2951.

<sup>9</sup> City of San Francisco, Article 29A, “Empty Homes Tax Ordinance,” § 2953.

<sup>10</sup> Christine Dong, “Vacancy Taxes: A Possible Taking?,” *The University of Chicago Law Review*, Vol. 91.6, 2025, <https://chicagounbound.uchicago.edu/cgi/viewcontent.cgi?article=6403&context=uclrev>.

<sup>11</sup> Christine Dong, “Vacancy Taxes: A Possible Taking?,” pp. 1728.

<sup>12</sup> U.S. Constitution, amend. 5, “Takings Clause,” section 10.1.

<sup>13</sup> State of California, *Ellis Act*, C.A. § 7060, 1985,

[https://leginfo.ca.gov/faces/codes\\_displayText.xhtml?lawCode=GOV&division=7.&title=1.&part=&chapter=12.75.&article=](https://leginfo.ca.gov/faces/codes_displayText.xhtml?lawCode=GOV&division=7.&title=1.&part=&chapter=12.75.&article=)

<sup>14</sup> City of San Francisco, Treasurer and Tax Collector, “Empty Homes Tax (EHT),” accessed November 20, 2025, <https://sftreasurer.org/business/taxes-fees/empty-homes-tax-eh>.

<sup>15</sup> City of Oakland, “Vacant Property Tax (VPT),” accessed November 20, 2025, <https://www.oaklandca.gov/Business/For-Landlords/Vacant-Property-Tax-VPT>.

<sup>16</sup> Rebecca Kaplan, “Working together to Help Solve Our Region’s Problems,” San Francisco Bay Area Planning and Urban Research Association, November 29, 2018, <https://www.spur.org/news/2018-10-29/working-together-help-solve-our-regions-problems>.

<sup>17</sup> Oakland City Council, “Measure W,” November 12, 2018, <https://www.oaklandca.gov/files/assets/city/v/1/finance/documents/vpt/measure-w-city-of-oakland.pdf>.

dwelling, and \$6,000 for any other vacant residential unit.<sup>18</sup> A property is considered vacant if it has been left uninhabited for more than 182 days in a calendar year, although there are several exceptions.<sup>19</sup> This tax increases yearly based on the length of the vacancy.<sup>20</sup> Funding from this tax goes to municipal services including but not limited to “constructing, acquiring, and rehabilitating affordable housing.”<sup>21</sup> The “Empty Homes Tax” in Santa Cruz is another example of a similar vacancy tax.<sup>22</sup>

A recent U.S. Department of Housing and Urban Development analysis of the Oakland-Hayward-Berkeley area points to the potential impacts of these two taxes on the housing and rental market.<sup>23</sup> The area’s apartment vacancy rate increased from 4.6 percent in 2020 to 6.8 percent in 2024 due to the completion of several large affordable apartment complexes in that time period.<sup>24</sup> Additionally, despite the overall increase in affordable housing availability, homeownership and rent have become less affordable since 2021, contributing to the increased vacancy rate.<sup>25</sup> Neither city has released an official report on the effectiveness of these taxes.

**Los Angeles:** In April 2023, Los Angeles implemented the “Homelessness and Housing Solutions Tax,” which is imposed at four percent on homes that value between \$5 and \$10 million, and 5.5 percent on homes that exceed \$10 million value.<sup>26</sup> Now called Measure ULA, this tax raises funding for affordable housing projects and provides resources to renters at risk of homelessness.<sup>27</sup> Although not a traditional vacancy tax, Measure ULA may impact vacancy rates by increasing the availability of affordable housing.

A 2025 report from the UCLA Lewis Center evaluated the impacts of Measure ULA on the city’s housing and job markets.<sup>28</sup> The research concludes that although Measure ULA was successful at decreasing the number of high-value residential property transactions, it disproportionately affected commercial and industrial properties.<sup>29</sup> Additionally, while the tax

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<sup>18</sup> City of Berkeley Rent Board, “Empty Homes Tax,” accessed November 29, <https://rentboard.berkeleyca.gov/laws-regulations/city-berkeley-ordinances-affecting-rental-properties/empty-homes-tax>.

<sup>19</sup> City of Berkeley Rent Board, “Empty Homes Tax.”

<sup>20</sup> City of Berkeley Rent Board and Finance Department, “Empty Homes Tax Guidelines,” updated September 11, 2025, <https://rentboard.berkeleyca.gov/sites/default/files/documents/Empty%20Homes%20Tax%20Guide.pdf>.

<sup>21</sup> City of Berkeley Rent Board and Finance Department, “Empty Homes Tax Guidelines.”

<sup>22</sup> County of Santa Cruz, “City of Santa Cruz Empty Home Tax Initiative Measure,” accessed November 29, 2025, <https://votescount.santacruzcountyca.gov/Home/Elections/November2022CaliforniaGeneralElection/LocalMeasures/November2022/N-SCEmptyHomeTax.aspx>.

<sup>23</sup> Adam Tubridy, “Comprehensive Housing Market Analysis for Oakland-Hayward-Berkeley, California,” *U.S. Department of Housing and Urban Development*, January 1, 2025, <https://www.huduser.gov/portal/publications/pdf/OaklandHaywardBerkeleyCA-CHMA-25.pdf>.

<sup>24</sup> Adam Tubridy, “Comprehensive Housing Market Analysis for Oakland-Hayward-Berkeley, California.”

<sup>25</sup> Adam Tubridy, “Comprehensive Housing Market Analysis for Oakland-Hayward-Berkeley, California.”

<sup>26</sup> Los Angeles Municipal Code, “Real Property Transfer Tax Ordinance of the City of Los Angeles,” January 1, 2022, § 21.9.2b, [https://codelibrary.amlegal.com/codes/los\\_angeles/latest/lamc/0-0-0-127023](https://codelibrary.amlegal.com/codes/los_angeles/latest/lamc/0-0-0-127023).

<sup>27</sup> Los Angeles Office of Finance, “Real Property Transfer Tax and Measure ULA FAQ,” accessed November 29, 2025, <https://finance.lacity.gov/faq/measure-ula>.

<sup>28</sup> Michael Manville and Mott Smith, “The Unintended Consequences of Measure ULA,” UCLA Lewis Center for Regional Policy Studies, April, 2025, <https://escholarship.org/content/qt9z17p49t/qt9z17p49t.pdf>.

<sup>29</sup> Michael Manville and Mott Smith, “The Unintended Consequences of Measure ULA.”

raised substantial revenue for affordable housing projects, the resulting increase in property values reduced housing affordability overall.<sup>30</sup>

## Rhode Island

Although not in effect until July 2026, Rhode Island has approved a “Non-owners Occupied Property Tax,” applied to non-owner-occupied residential properties that are assessed at a value of eight hundred thousand dollars or more.<sup>31</sup> Properties that are vacant for more than 183 days in a fiscal year are taxed at a rate of 0.4 percent on homes that value between \$800,000 and one million, 0.5 percent on homes that value between one and two million, and 0.6 percent on homes that value more than two million.<sup>32</sup> The purpose of this tax is to encourage owners to increase the stock of available real estate for renters and other full-time members of the community, and the funds collected will be put towards the low-income housing tax credit fund.<sup>33</sup>

## Utah and Montana

While neither Utah nor Montana have a formal vacancy tax, their tax structures create similar housing incentives by reducing rates for full-time occupants. Utah’s primary residential exemption was enacted by the state legislature in 1982.<sup>34</sup> Under this policy, 45 percent of the fair market value of a residential property is exempt from taxation.<sup>35</sup> In other words, homeowners only owe property taxes on 55 percent of the property’s assessed value. According to the legislation, only primary residences are eligible for this exemption. Primary residences include property that is occupied by the owner or a tenant for at least 183 consecutive days out of the year, and do not include condominiums that are part of the rental pool.<sup>36</sup>

Similarly, Montana has approved reduced tax rates for primary residences and long-term rentals rather than imposing an increased tax on vacant properties and second homes.<sup>37</sup> Although not in effect until 2026, the reduced tax rate will follow a tiered structure centered around the estimated median home value, \$378,000.<sup>38</sup> For primary residences and long-term rentals, the tax rates range from 0.76 percent to 1.90 percent depending on the assessed value of the homes. For non-primary residences and non-long-term rentals, it is a flat 1.90 percent tax rate. For multifamily dwellings, the flat tax rate is 1.10 percent.<sup>39</sup>

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<sup>30</sup> Michael Manville and Mott Smith, “The Unintended Consequences of Measure ULA.”

<sup>31</sup> State of Rhode Island, *Non-Owner Occupied Property Tax Act*, 2025, <https://webserver.rilegislature.gov/BillText25/HouseText25/H6189.pdf>.

<sup>32</sup> State of Rhode Island, *Non-Owner Occupied Property Tax Act*, § 44-72-6.

<sup>33</sup> State of Rhode Island, *Non-Owner Occupied Property Tax Act*, § 44-72-2.

<sup>34</sup> Utah State Tax Commission, *Residential Exemption Information*, July 30, 2025, <https://propertytax.utah.gov/media/residential-exemption-info.pdf>.

<sup>35</sup> Utah State Tax Commission, *Residential Exemption Information*.

<sup>36</sup> Utah Property Tax Division, *Primary Residential Exemption*, <https://propertytax.utah.gov/tax-relief/primary-residential-exemption/>.

<sup>37</sup> Montana Department of Revenue, “2026 Tax Information for Montana Property Owners,” accessed November 30, 2025, <https://revenue.mt.gov/property/property-tax-changes/2026-property-tax-information>.

<sup>38</sup> Montana Department of Revenue, “2026 Tax Information for Montana Property Owners.”

<sup>39</sup> Montana Department of Revenue, “2026 Tax Information for Montana Property Owners.”

So, in both Utah and Montana, properties that are not designated as primary residences, such as second homes or vacant units, do not qualify for reduced tax rates and are taxed on their full assessed value. Although this is framed as a benefit for primary residences rather than a penalty for vacancy, the financial effect may be comparable to a vacancy tax because it discourages leaving properties unoccupied.

## **Washington D.C.**

In 2010, Washington D.C. passed the “Vacant Property Disincentivization Act,” which implemented additional property taxes, called the “Vacant Real Property” tax, to disincentivize vacant commercial and residential properties.<sup>40</sup> The current tax rate is \$5 for every \$100 in assessed property value.<sup>41</sup> This act also imposes a tax for blighted or abandoned vacant properties, at a rate of \$10 for every \$100 in assessed property value.<sup>42</sup> There has been no official report on the impact of this tax, although rental vacancy rates have decreased overall, from nine percent in 2010 to 6.8 percent in 2024.<sup>43</sup>

The “Vacant to Vibrant Act,” effective in October 2025, alters several designations and regulations set forth in the “Vacant Property Disincentivization Act.”<sup>44</sup> It implements policy changes to prevent the entry of new vacant and blighted properties into the rental market, redesignates what constitutes a vacant or blighted property, and issues formal requests to renovate vacant buildings into affordable housing units.<sup>45</sup> There has been no official report on the impact of the updates implemented by this act.

## **Vacancy Taxes Abroad**

### **Australia**

In 2018, the state of Victoria, Australia implemented a vacant residential land tax (VRLT) to incentivize homeowners to make empty properties available to rent or purchase, and to increase the efficiency of housing stock in high-demand areas.<sup>46</sup> From 2018 to 2024, the VLRT only

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<sup>40</sup> District of Columbia, “Vacant Property Disincentivization Act of 2010,” D.C. § 2042, <https://code.dccouncil.gov/us/dc/council/laws/docs/18-223.pdf>.

<sup>41</sup> D.C. Office of Tax and Revenue, “Vacant Real Property,” accessed November 19, 2025, <https://otr.cfo.dc.gov/page/vacant-real-property-0>.

<sup>42</sup> D.C. Office of Tax and Revenue, “Vacant Real Property.”

<sup>43</sup> Federal Reserve Bank of St. Louis, “Rental Vacancy Rate for the District of Columbia,” accessed November 18, 2025, <https://fred.stlouisfed.org/series/DCRVAC>.

<sup>44</sup> Council of the District of Columbia, “Vacant To Vibrant Amendment Act of 2025,” D.C. Law § 26-41, 2025, <https://code.dccouncil.gov/us/dc/council/laws/26-41>.

<sup>45</sup> Council of the District of Columbia, “Vacant to Vibrant Amendment Act of 2025,” D.C. Law § 26-41.

<sup>46</sup> Victoria State Revenue Office, “Vacant Residential Land Tax FAQ,” accessed November 19, 2025, [https://www.sro.vic.gov.au/owning-property/vacant-residential-land-tax/vacant-residential-land-tax-frequently-asked-questions#why\).%20From%202018-2024,%20the%20VRLT%20only%20applied%20to%20high-demand%20areas%20in%20Melbourne,%20and%20taxed%20land%20with%20homes%20that%20were%20vacant%20for%20more%20than%20six%20months%20in%20the%20previous%20calendar%20year,%20or%20had%20been%20under%20construction%20for%20two%20years%20or%20more%20\(https://www.sro.vic.gov.au/owning-property/vacant-residential-land-tax\).%20As%20of%202026,%20the%20VRLT%20will%20be%20extended%20and%20expanded%20to%20apply%20to%20non-](https://www.sro.vic.gov.au/owning-property/vacant-residential-land-tax/vacant-residential-land-tax-frequently-asked-questions#why).%20From%202018-2024,%20the%20VRLT%20only%20applied%20to%20high-demand%20areas%20in%20Melbourne,%20and%20taxed%20land%20with%20homes%20that%20were%20vacant%20for%20more%20than%20six%20months%20in%20the%20previous%20calendar%20year,%20or%20had%20been%20under%20construction%20for%20two%20years%20or%20more%20(https://www.sro.vic.gov.au/owning-property/vacant-residential-land-tax).%20As%20of%202026,%20the%20VRLT%20will%20be%20extended%20and%20expanded%20to%20apply%20to%20non-)

applied to high-demand areas in Melbourne, and taxed land with homes that were vacant for more than six months in the previous calendar year, or had been under construction for two years or more.<sup>47</sup> As of 2026, the VLRT will be extended and expanded to apply to non-residential land if it has been undeveloped for five years.<sup>48</sup> Additionally, the tax rate will decrease to one percent of the capital improved value of the land, down from the original one to three percent margin.<sup>49</sup> The Absentee Owner Land Tax Surcharge is another type of vacancy tax in Australia. Introduced in 2017, it applies to those who own property in Victoria but reside elsewhere.<sup>50</sup> The surcharge rate increased from two percent to four percent in 2024.<sup>51</sup> There are several exemptions from both the VLRT and the Absentee Owner Land Tax Surcharge.<sup>52</sup>

The state of Victoria has not officially reported on the effect of these taxes, and there is no existing scholarly research on the topic. However, data from SQM Research shows that Melbourne's vacancy rate has decreased overall since the implementation of the VLRT in 2018.<sup>53</sup>

## Canada

In 2022, the Government of Canada implemented the Underused Housing Tax (UHT), an annual one percent tax on vacant housing.<sup>54</sup> The tax only applied to foreign national property owners, with citizens and permanent residents being exempt. According to Canada's 2025 budget, which was passed on November 17, 2025, the UHT has been repealed for 2025 and subsequent years.<sup>55</sup> The UHT was eliminated to help simplify Canada's tax system, and due to the existence of provincial vacancy taxes.<sup>56</sup> In addition to the UHT, several Canadian cities have implemented their own vacancy taxes.

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[residential%20land%20if%20it%20has%20been%20undeveloped%20for%20five%20years.%20Additionally,%20the%20tax%20rate%20will%20decrease%20to%201%25%20of%20the%20capital%20improved%20value%20of%20the%20land%20.](#)

<sup>47</sup> Victoria State Revenue Office, "Vacant Residential Land Tax," accessed November 18, 2025,

<https://www.sro.vic.gov.au/owning-property/vacant-residential-land-tax>.

<sup>48</sup> Victoria State Revenue Office, "Vacant Residential Land Tax."

<sup>49</sup> Victoria State Revenue Office, "Vacant Residential Land Tax."

<sup>50</sup> Victoria State Revenue Office, "Understanding the absentee owner surcharge," accessed November 20, 2025, <https://www.sro.vic.gov.au/owning-property/land-tax/absentee-owner-surcharge/understanding-absentee-owner-surcharge>.

<sup>51</sup> Victoria State Revenue Office, "Understanding the absentee owner surcharge."

<sup>52</sup> Victoria Revenue Office, "Exemptions from vacant residential land tax," accessed November 19, 2025, <https://www.sro.vic.gov.au/owning-property/vacant-residential-land-tax/exemptions-vacant-residential-land-tax>. Victoria State Revenue Office, "Understanding the absentee owner surcharge."

<sup>53</sup> SQM Research, "Residential Vacancy Rates: Melbourne," accessed November 19, 2025, [https://sqmresearch.com.au/graph\\_vacancy.php?region=vic-Melbourne&type=c&t=1](https://sqmresearch.com.au/graph_vacancy.php?region=vic-Melbourne&type=c&t=1).

<sup>54</sup> Government of Canada, "Underused Housing Tax," accessed November 30, 2025, <https://www.canada.ca/en/services/taxes/excise-taxes-duties-and-levies/underused-housing-tax.html>.

<sup>55</sup> Department of Finance Canada, *Canada Strong Budget*, November 2025, <https://www.budget.canada.ca/2025/report-rapport/pdf/budget-2025.pdf>.

<sup>56</sup> Department of Finance Canada, *Canada Strong Budget 2025*.

**Vancouver:** Vancouver, Canada implemented a tax on vacant residential properties called the Empty Homes Tax (EHT) in 2017.<sup>57</sup> A property is considered vacant if it has not been occupied for at least six months of the vacancy reference period.<sup>58</sup> To be exempt from the EHT, property must be the principal residence of an occupier for at least six months of the year or must be rented out for six months of the year. The legislation also states that rental property must be occupied by a tenant for at least 30 consecutive days in order to be exempt from the EHT. When the tax was implemented in 2017, the tax rate was one percent. It was increased to 1.25 percent in 2020, and to three percent in 2021, where it remains today.<sup>59</sup>

According to a 2023 annual report on the tax, the number of condominium units in the long-term rental stock increased by 5,920 units from 2018 to 2019, after the implementation of the EHT.<sup>60</sup> This increase exceeded the number of new condominium units added to the stock during that time, showing a shift towards long-term rentals of previously used condominiums as opposed to new construction.<sup>61</sup> According to Vancouver’s 2024 annual report on the EHT, the rate of vacant homes decreased from 1.18 percent in 2017 to 0.54 percent in 2023.<sup>62</sup> Additionally, the number of tenanted properties increased from 186,038 properties in 2017 to 200,373 properties in 2023.<sup>63</sup>

According to a report published by the Canada Mortgage and Housing Corporation, rental condominium growth continued to be an important part of the rental supply in Vancouver as the Vancouver “rental condominium universe” increased by 7.2 percent from 2022 to 2023.<sup>64</sup> This increase is due in part to the rented units that were previously vacant.<sup>65</sup> According to a report published by the C.D. Howe Institute, the number of people who have found apartments to rent after the implementation of the EHT has increased by 1.5 percent from 2017 to 2021.<sup>66</sup>

Since the EHT was implemented, more than CA\$169.8 million in revenue has been allocated to support affordable housing initiatives in Vancouver.<sup>67</sup> Some of this revenue goes towards the Community Housing Incentive Program, which provides non-profit housing providers with grants for developing new social housing projects in Vancouver.<sup>68</sup> EHT funds also support Vancouver’s housing land acquisition program, which provides city-owned land for social

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<sup>57</sup> City of Vancouver, “Empty Homes Tax,” accessed November 29, 2025, <https://vancouver.ca/home-property-development/empty-homes-tax.aspx>.

<sup>58</sup> City of Vancouver British Columbia, “Vacancy Tax By-law,” November 1, 2023, <https://bylaws.vancouver.ca/11674c.PDF>.

<sup>59</sup> City of Vancouver, *Empty Homes Tax Annual Report 2024*, November 1, 2024, <https://vancouver.ca/files/cov/2024-empty-homes-tax-annual-report.pdf>.

<sup>60</sup> City of Vancouver, *Empty Homes Tax Annual Report 2023*.

<sup>61</sup> City of Vancouver, *Empty Homes Tax Annual Report 2023*.

<sup>62</sup> City of Vancouver, *Empty Homes Tax Annual Report 2024*.

<sup>63</sup> City of Vancouver, *Empty Homes Tax Annual Report 2024*.

<sup>64</sup> Canada Mortgage and Housing Corporation, *Rental Market Report*, January 2024, <https://assets.cmhc-schl.gc.ca/sites/cmhc/professional/housing-markets-data-and-research/market-reports/rental-market-report/rental-market-report-2023-en.pdf>.

<sup>65</sup> Canada Mortgage and Housing Corporation, *Rental Market Report*.

<sup>66</sup> Gherardo Caracciolo and Enrico Miglino, “Ripple Effects: The Impact of an Empty-Homes Tax on the Housing Market,” C.D. Howe Institute, August 1, 2025, <https://cdhowe.org/publication/ripple-effects-impact-empty-homes-tax-housing-market/>.

<sup>67</sup> City of Vancouver, *Empty Homes Tax Annual Report 2024*.

<sup>68</sup> City of Vancouver, “Community Housing Incentive Program,” accessed November 30, 2025, <https://vancouver.ca/people-programs/community-housing-incentive-program.aspx>.

housing.<sup>69</sup> Finally, revenue from the EHT funds the staff working on affordable housing projects.<sup>70</sup>

**Ottawa:** In 2022, in response to a regional affordable housing crisis, Ottawa implemented the Vacant Unit Tax (VUT).<sup>71</sup> Residential properties are liable for the VUT if they have been unoccupied for more than 184 days in the previous calendar year. For the first year that a property is vacant, the tax rate is one percent. For additional consecutive years that a property is vacant, the tax rate goes up by one percent each year up to a maximum of five percent. According to a 2024 report on the VUT, the tax generated CA\$12.6 million in its first year.<sup>72</sup> The cost of running the VUT program is fully funded by the revenues, and the net revenue is used to support the construction of affordable housing. This report concludes that the VUT was effective at identifying and taxing vacant units and “has made significant contributions toward affordable housing initiatives.”<sup>73</sup> This is the most up-to-date data available about the tax, as the city has not published a report on the VUT for subsequent years.

**Toronto:** In 2021, Toronto implemented a Vacant Home Tax (VHT) to encourage homeowners to sell or rent unoccupied properties, which applies to homes that are vacant for more than six months out of the year.<sup>74</sup> For the 2022 and 2023 taxation years, the tax rate was one percent, and it increased to three percent in 2024.<sup>75</sup> In 2022, the tax generated \$56.5 million in revenue compared to CA\$50.6 million in 2023.<sup>76</sup> For the 2024 taxation year, accounting for the increased tax rate, the city estimates that the tax will generate CA\$105 million in revenue.<sup>77</sup> Revenue from the VHT goes towards supporting housing programs that are outlined in the HousingTO Action Plan.<sup>78</sup>

## Ireland

In 2022, Ireland introduced a “Vacant Homes Tax” (VHT) to encourage owners of vacant properties to put them on the market to increase the amount of available housing stock.<sup>79</sup> This tax applies to residential properties that are occupied for less than 30 days out of a chargeable

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<sup>69</sup> City of Vancouver, “Housing Vancouver Strategy,” accessed November 30, 2025, <https://vancouver.ca/people-programs/housing-vancouver-strategy.aspx>.

<sup>70</sup> City of Vancouver, *Empty Homes Tax Annual Report 2024*.

<sup>71</sup> City of Ottawa, “Understanding the Vacant Unit Tax,” accessed November 30, 2025, <https://ottawa.ca/en/living-ottawa/taxes/property-taxes/vacant-unit-tax/understanding-vacant-unit-tax#section-ab0dff5-b8d0-43c9-abf4-bf2d1258f069>.

<sup>72</sup> City of Ottawa, *Vacant Unit Tax – 2022 Occupancy Year Annual Report*, August 15, 2024, [https://documents.ottawa.ca/sites/default/files/OTTAWA\\_2022\\_24-145\\_ENG.pdf](https://documents.ottawa.ca/sites/default/files/OTTAWA_2022_24-145_ENG.pdf).

<sup>73</sup> City of Ottawa, *Vacant Unit Tax – 2022 Occupancy Year Annual Report*.

<sup>74</sup> City of Toronto, “2024 Vacant Home Tax Program,” accessed November 29, 2025, <https://www.toronto.ca/news/2024-vacant-home-tax-program/>.

<sup>75</sup> City of Toronto, “Vacant Home Tax,” accessed November 30, 2025, <https://www.toronto.ca/services-payments/property-taxes-utilities/vacant-home-tax/>.

<sup>76</sup> City of Toronto, *Vacant Home Tax: Status Update*, September 19, 2023, <https://www.toronto.ca/legdocs/mmis/2023/ex/bgrd/backgroundfile-239435.pdf>.

<sup>77</sup> City of Toronto, *Vacant Home Tax: Status Update*.

<sup>78</sup> City of Toronto, “HousingTO 2020-2030 Action Plan,” December, 2019, <https://www.toronto.ca/wp-content/uploads/2020/04/94f0-housing-to-2020-2030-action-plan-housing-secretariat.pdf>.

<sup>79</sup> Republic of Ireland Revenue Office, “How Vacant Homes Tax (VHT) applies,” accessed November 30, 2025, <https://www.revenue.ie/en/property/vacant-homes-tax/apply/index.aspx>.

period, which is November 1<sup>st</sup> to October 31<sup>st</sup> of the following year. Originally, the VHT taxed at a rate of three times the amount of the local property tax but will be increased to seven times the local property tax beginning in the 2025 chargeable year. According to a report published by Irish Tax and Customs, the VHT generated €2.3 million in its first chargeable period, and €2.22 in its second chargeable period.<sup>80</sup> Irish Tax and Customs has not published a report on the most recent chargeable period. Additionally, although the Revenue Office has stated that the goal of the VHT is to increase the housing supply, there is no information available about how the revenue from the tax is being used.<sup>81</sup>

## France

France has two types of vacancy taxes. The tax on vacant dwellings (TLV), implemented in 1999, applies to urban areas of more than 50,000, where there is increased demand for housing. The rate is 17 percent for the first year and 34 percent for the following years.<sup>82</sup> TLV proceeds go to the National Housing Agency, which in turn provides financial services to homeowners and supports housing infrastructure in areas with high demand.<sup>83</sup> The Housing Tax on Vacant Dwellings, implemented in 2006, can be optionally imposed by a municipality that doesn't meet the requirements for the TLV.<sup>84</sup> It taxes homeowners who leave properties vacant for more than two years, and the rate is decided by each municipality.<sup>85</sup> The overarching purpose of these vacancy taxes is to incentivize owners of second homes to sell them or rent them out to full-time members of the community.<sup>86</sup>

A 2020 study used French housing market data from 1995-2005 to determine the impacts of the TLV on primary/secondary housing ratios, short-term and long-term pricing, and market mobility.<sup>87</sup> Overall, vacancy rates decreased 13 percent in a four-year period after the implementation of the TLV in the municipalities that were taxed.<sup>88</sup> Although rental prices increased overall, there is no evidence that the TLV decreased the amount of housing stock available. Additionally, housing market mobility increased after the implementation of the tax. The author concludes that the TLV was particularly effective in decreasing long-term vacancies by shaping the incentives of the housing market.<sup>89</sup>

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<sup>80</sup> Republic of Ireland Revenue Office, *Property Tax Statistics*, October, 2025,

<https://www.revenue.ie/en/corporate/documents/statistics/property-taxes/pt-stats-update-211025.pdf>.

<sup>81</sup> Republic of Ireland Revenue Office, "How Vacant Homes Tax (VHT) applies."

<sup>82</sup> French Republic Ministry of the Economy, "Everything you need to know about taxes on vacant housing (TLV and THLV)," accessed November 20, 2025, <https://www.economie.gouv.fr/particuliers/impots-et-fiscalite/gerer-mes-impots-locaux/tout-savoir-sur-les-taxes-sur-les>.

<sup>83</sup> French Republic National Housing Agency, "Our major public service missions," accessed November 20, 2025, <https://www.anah.gouv.fr/action/missions>.

<sup>84</sup> French Republic Ministry of the Economy, "Everything you need to know about taxes on vacant housing (TLV and THLV)."

<sup>85</sup> French Republic Ministry of the Economy, "Everything you need to know about taxes on vacant housing (TLV and THLV)."

<sup>86</sup> French Republic Ministry of the Economy, "What is the tax on vacant dwellings," accessed November 20, 2025, <https://www.economie.gouv.fr/cedef/fiches-pratiques/quest-ce-que-la-taxe-sur-les-logements-vacants>.

<sup>87</sup> Mariana Segu, "The impact of taxing vacancy on housing markets: Evidence from France," *Journal of Public Economics*, 2019, [file:///Users/annarich/Downloads/Segu\\_vacancy\\_taxes.pdf](file:///Users/annarich/Downloads/Segu_vacancy_taxes.pdf).

<sup>88</sup> Mariana Segu, "The impact of taxing vacancy on housing markets: Evidence from France," pp. 15.

<sup>89</sup> Mariana Segu, "The impact of taxing vacancy on housing markets: Evidence from France," pp. 15.

## Summary

Our research found that several cities, states, and countries have implemented a tax on vacant properties with the primary goal of increasing housing opportunities for full-time residents of the community, to varying degrees of success. A recent evaluation of local vacancy taxes by the Institute on Taxation and Economic policy concludes that in most cases, vacancy taxes have no significant impact on vacancies in the housing market.<sup>90</sup> Despite this, they can be a useful tool for raising revenue to fund affordable housing projects and can create incentives that help achieve similar goals.<sup>91</sup>

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Disclaimer: The material contained in the report does not reflect the official policy of the University of Vermont.

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<sup>90</sup> Rita Jefferson, “Local Vacancy Taxes: A Tool but Not a Panacea,” Institute on Taxation and Economic Policy, November 17, 2025, <https://itep.org/vacancy-tax-bligh-tax-property-tax-tools/>.

<sup>91</sup> Rita Jefferson, “Local Vacancy Taxes: A Tool but Not a Panacea.”