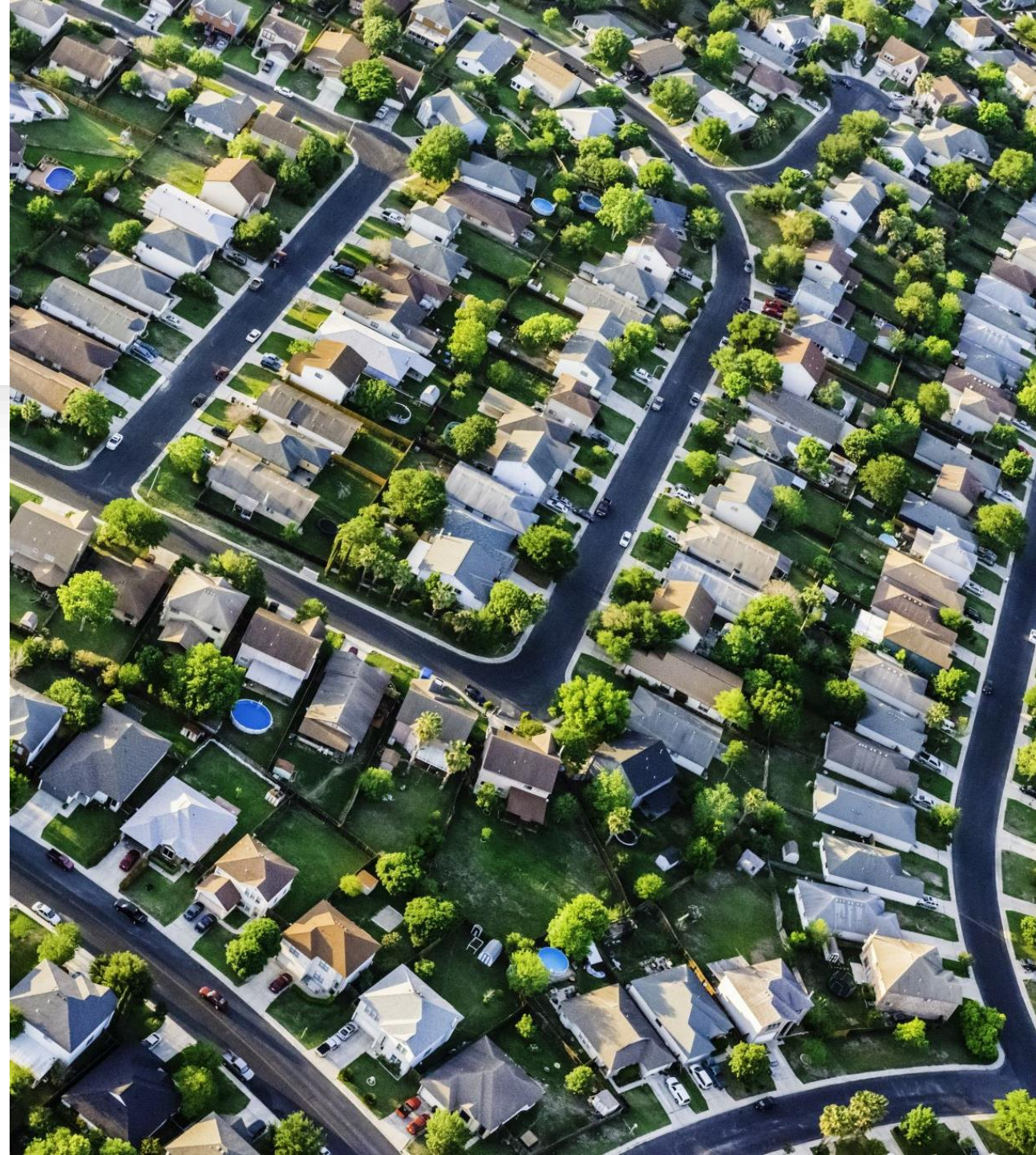

Property Tax Exemption for Affordable Housing



Background

- The Region of Waterloo previously approved a property tax exemption for affordable housing providers for the Region and Education portion of the property taxes.
- Purpose of the regional program is to:
 - Provide incentives for the creation of affordable housing units.
 - Prevent the loss of existing affordable housing units.
 - Create an additional incentive tool to improve the affordable housing stock in the Region.
- Requires a commitment of 60 years from qualified applicants (minimum 20 years depending on the useful life of the building).





Relevant Legislation

There are two pathways where a provider of affordable housing may be considered for a property tax exemption under legislation.

1. Assessment Act:
 - MPAC may provide a tax exemption for any charitable, non-profit philanthropic corporation organized for the relief of the poor if the corporation is supported in part by public funds.
2. Municipal Act, 2001
 - Municipalities can enter into Municipal Facilities agreements with non-profit and for-profit developers to provide incentives in exchange for affordable housing.

City Of Kitchener's Committment

The City has also played a vital role in implementing several tools/incentives to accelerate the growth of affordable housing units. A few examples of these tools/incentives include:

- Non-profit affordable rental and co-op housing incentive (pilot)
- Affordable rental housing fee waiver
- Waiver of development charges



City of Kitchener- Recognition

The City has been recognized for its role in the creation of not only affordable housing but housing in general by the Province:

- On April 11, 2024, the City was awarded \$14M in funding through the Building Faster Fund as the City exceeded its 2023 housing target.
- On November 11, 2023, the Federal government announced funding of \$42.4M to the City for developing new programs and initiatives to accelerate housing starts.

Area Municipality Survey

Other Regional municipalities are expected to either:

- Fully participate in the Regional program, or
- Review interest in the program before making any decisions, or
- Limit participation in the program based on some parameters such as program length and housing provider (for profit or non-profit)



Recommendation

- That Council support participation in the Region's property tax exemption program as outlined in staff report FIN-2024-299 by providing a property tax exemption for the City's portion of the levy to non-profit and cooperative affordable housing service providers for a period of 20 years starting in 2025.
- That staff report back to council following the first full year of implementation of the program to assess:
 - The outcomes of the exemption in the first year of the program
 - The potential tax shifts/increases an exemption may create for other tax-paying properties
 - The level of interest from for-profit developers for this affordable housing incentive and potential to include them in the program
 - The appropriate duration of a property tax exemption program and potential sunset provisions



Rationale for Recommendation

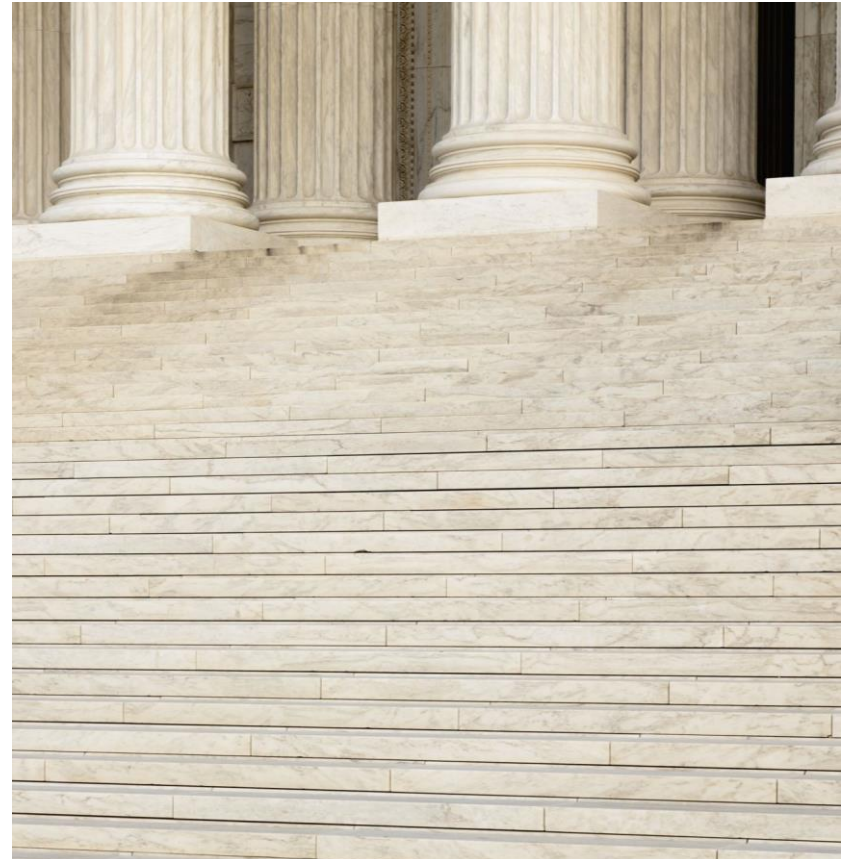
Partial participation in the Regional program by the City at this time would:

1. Provide a property tax exemption to non-profit and cooperative affordable housing providers.
2. Allow the Regional and the City staff to evaluate interest in the program (including the 60-year term) as it relates to for profit affordable housing providers.
3. Based on approved applications, staff may be able to provide an estimate of potential property tax class shifts which would occur if a property tax exemption was granted to for profit providers.

Minor Amendment- By-law (Appendix A)

c. The Municipal Housing Project Facility shall consist of a building or structure used as a residential purpose and owned and operated by:

- i. a corporation to which the *Not-for-Profit Corporations Act, 2010*, S.O. 2010, c. 15, as amended, applies, that is in good standing under that Act and whose primary object is to provide housing;
- ii. a corporation without share capital to which the *Canada Not-for-profit Corporations Act* (S.C. 2009, c. 23), as amended, applies, that is in good standing under that Act and whose primary object is to provide housing;
- iii. a non-profit housing co-operative that is in good standing under the *Co-operative Corporations Act*, R.S.O. 1990, c. C.35, as amended; or
- iv. a co-operative corporation for which the *Co-operative Corporations Act*, R.S.O. 1990, c. C.35, as amended applies, that is in good standing under that Act, whose primary objective is to provide affordable housing, ~~and which is subject to the Housing Services Act~~





Questions?