

# Staff Report



Financial Services Department

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**REPORT TO:** Finance and Corporate Services Committee

**DATE OF MEETING:** August 11, 2025

**SUBMITTED BY:** Saleh Saleh, Director, Revenue Division, 519-904-6308

**PREPARED BY:** Saleh Saleh, Director, Revenue Division, 519-904-6308

**WARD(S) INVOLVED:** 1

**DATE OF REPORT:** July 16, 2025

**REPORT NO.:** FIN-2025-323

**SUBJECT:** Property Tax Exemption for Affordable Housing- Union Co-operative

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## RECOMMENDATION:

That the draft by-law attached to report FIN-2025-323 as Appendix “A”, allowing units qualifying as a Municipal Housing Project Facility (as defined in By-law 2024-152) located at 475-477 Lancaster Street West to participate in the Regional Municipality of Waterloo’s Municipal Housing Facility Property Tax Exemption program and therefore exempting them from the City’s portion of the property tax levy, be approved.

## REPORT HIGHLIGHTS:

- The City’s affordable housing property tax exemption by-law number 2024-152 made pursuant to section 110(9) of the Municipal Act, 2001 exempts Municipal Housing Project Facilities (as defined in Region of Waterloo By-law 24-007) that are owned and operated by non-profit and co-operative affordable housing service providers to be exempt from the City’s portion of the property tax levy for a period of 20 years starting in 2025.
- This report is seeking council endorsement to allow the Municipal Housing Project Facilities (qualifying units) located at 475-477 Lancaster St. W (owned by USDC at Lancaster Inc. and operated by Union: Sustainable Development Co-operative Inc. (“Union Co-operative”)) to participate in the Region’s property tax exemption program as it relates to exempting the City’s portion of the property tax levy.
- The property tax exemption outlined in this report will result in a tax shift of approximately \$30,700 in taxes which would be redistributed to other property classes

## BACKGROUND:

On August 12, 2024, Council supported the City’s participation in the Region’s Municipal Housing Facilities 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 qualifying Municipal Housing Project Facilities owned and operated by non-profit and co-operative affordable housing service providers for a period of 20 years starting in 2025.

\*\*\* This information is available in accessible formats upon request. \*\*\*  
Please call 519-741-2345 or TTY 1-866-969-9994 for assistance.

Council also expressed support for the inclusion of those qualifying Municipal Housing Project Facilities located at 475-477 Lancaster Street West in this program.

The corporate structure and operations at 475-477 Lancaster Street West are unique, and while the Municipal Housing Project Facility at this property meets the intent of City of Kitchener By-law 2024-152, there is a technical need to create a site-specific by-law pursuant to section 110(9) of the Municipal Act to permit its participation in the program.

The purpose of this report is to approve a by-law exempting the Municipal Housing Project Facility located at 475-477 Lancaster Street West from City's portion of the property taxes.

## **REPORT:**

Previously, Council approved the City's participation in the Region's property tax exemption program by providing a property tax exemption for the City's portion of the levy for Municipal Housing Project Facilities owned and operated by non-profit and cooperative housing services providers for a period of 20 years starting in 2025. This allows the City to provide property tax relief to non-profit and co-operatives who own and operate qualifying affordable housing units.

USDC at Lancaster Inc. is listed as the registered owner of the property located at 475-477 Lancaster St W. This property has 58 rental units of which 60% are at the affordable housing rent threshold and meet the definition of a Municipal Housing Project Facility as defined in Regional Municipality of Waterloo By-law 24-007. All voting shares of USDC at Lancaster Inc. are owned by Union Cooperative.

The City's Municipal Housing Facility Property Tax Exemption By-law 2024-152 permits Municipal Housing Project Facilities (qualifying rental units) owned and operated by non-profit housing co-operatives incorporated under the *Co-operative Corporations Act* to participate in the Region's program, exempting the City's portion of the property tax levy for the qualifying units. The unique ownership structure of Union Cooperative and USDC at Lancaster Inc., requires an additional by-law to be enacted to enable its participation in the program.

Staff are recommending approval of the attached by-law in Appendix "A" to allow the Municipal Housing Project Facility located at 475-477 Lancaster Street West to participate in the Region's Municipal Housing Facility property tax exemption program as it relates to exempting the City's portion of the property tax levy.

## **STRATEGIC PLAN ALIGNMENT:**

This report supports **Building a Connected City Together: Focuses on neighbourhoods; housing and ensuring secure, affordable homes; getting around easily, sustainably and safely to the places and spaces that matter.**

## **FINANCIAL IMPLICATIONS:**

Implementing a property tax exemption for Municipal Housing Project Facilities will have no impact to the City's tax base revenues. However, the recommended tax exemption will result in a shift of tax burden on other taxed property classes such as residential, multi-residential, commercial for example.

In 2025, the City's portion of property taxes for 475–477 Lancaster St W amounted to \$51,168.35. If a tax exemption is applied to the affordable housing portion of this property, approximately \$30,700 in taxes would be redistributed to other property classes.

#### **COMMUNITY ENGAGEMENT:**

INFORM – This report has been posted to the City's website with the agenda in advance of the council / committee meeting.

#### **PREVIOUS REPORTS/AUTHORITIES:**

- Municipal Act, 2001
- Assessment Act
- [DSD-2023-160](#) Enabling Missing Middle and Affordable Housing
- [FIN-2024-299](#) Property Tax Exemption for Affordable Housing

**APPROVED BY:** Jonathan Lautenbach, Chief Financial Officer, Financial Services

#### **ATTACHMENTS:**

Attachment A – Draft By-law