

**Subject: Affordable Housing Qualification and Property Tax Relief – Municipal
Housing Facility By-law**

File Number: ACS2024-FCS-REV-0003

**Report to Finance and Corporate Services Committee on 2 July 2024
and Council 10 July 2024**

**Submitted on 20 June 2024 by Geraldine Wildman, Director Housing Solutions
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Ward: Citywide

**Objet : Qualification au logement abordable et allégement d'impôt foncier –
*Règlement sur les immobilisations domiciliaires municipales***

Numéro de dossier : ACS2024-FCS-REV-0003

Rapport présenté au Comité des finances et des services organisationnels

le 2 juillet 2024

et au Conseil le 10 juillet 2024

**Soumis le 20 juin 2024 par Geraldine Wildman, directrice, Services des solutions
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Quartier : À l'échelle de la ville

REPORT RECOMMENDATION(S)

That the Finance and Corporate Services Committee recommend that Council approve:

A revised Municipal Housing Facilities By-law as described in this report and attached as Document 4, which includes:

- a. Update to the definition of affordable housing, for the purpose of Municipal Capital Facilities designations and associated property tax exemptions as described in this report,
- b. Requires that savings from tax exemptions be reinvested into affordable housing as outlined in this report; and,
- c. Administrative updates to the by-law as outlined in the report.

RECOMMANDATION(S) DU RAPPORT

Que le Comité des finances et des services organisationnels recommande au Conseil d'approuver :

Un Règlement municipal sur les ensembles domiciliaires, modifié comme décrit dans le présent rapport et joint à titre de document 4, lequel comprend :

- a. des mises à jour de la définition de logement abordable, aux fins des désignations des immobilisations municipales et des exemptions d'impôt foncier connexes comme cela est décrit dans le présent rapport;
- b. l'exigence que les économies provenant des exemptions d'impôt soient réinvesties dans le logement abordable comme souligné dans le présent rapport; et
- c. des mises à jour administratives apportées au règlement comme indiqué dans le rapport.

EXECUTIVE SUMMARY

At the [Planning and Housing Committee meeting](#) of May 3, 2023, direction was given to staff to “advise on the costs and other implications associated with forgiving property taxes for non-profit housing providers”. An analysis of the financial impact on City revenues related to potential tax exemptions for current non-profit housing providers is included in this report.

Given the minimal cost to the City relative to the benefits derived through improved operating efficiencies for housing providers, this report recommends a replacement of the existing Municipal Housing Facilities by-law, applicable to eligible projects going forward, to:

1. Establish a revised definition of “Affordable Housing” for the purpose of receiving a property tax exemption for municipal and school purposes.
2. Refine the eligibility such that existing and future non-profit housing units, which meet the revised definition of affordable housing be designated as municipal capital facilities and be exempted from property taxes for municipal and school purposes.
3. Require that savings from tax exemptions be reinvested into affordable housing as outlined in this report.
4. Make necessary administrative updates ancillary to the above changes being proposed such that references to legislation is current and obsolete sections are removed.

The proposed amendments are consistent with the ten-year Housing and Homelessness Plan’s goals to prioritize affordable housing and create an incentive framework for non-profit affordable housing development.

At the outset, all real property in Ontario is liable to assessment and taxation. However, there are two options whereby non-profit and charitable housing providers may qualify for a property tax exemption. Under section 3 of the *Assessment Act, 1990*, housing providers that believe they meet eligibility criteria can provide the necessary information to the Municipal Property Assessment Corporation (MPAC) and MPAC will determine if the property qualifies for an exemption. Additionally, under sections 110(1) and (6) of the *Municipal Act, 2001* and sections 2 and 7 of Ontario Regulation 603/06, municipalities can enact a municipal housing facility by-law and exempt, by way of a Municipal Capital Facility agreement, properties from taxation that meet the definition of “Affordable Housing” under the Municipal Housing Facilities By-law.

Staff are proposing to redefine the term “Affordable Housing” in the existing Municipal Housing Facilities By-law, which would permit an exemption from property taxes for municipal and school purpose to be extended to most non-profit affordable housing developments. This would enhance operational viability of existing projects and incentivize deeper affordability for future projects.

The revised definition of Affordable Housing in section 4 of the draft by-law is proposed to read as follows:

“The definition of Affordable Housing for the purpose of a municipal capital facilities agreement (MCFA) means:

- (a) All Ottawa Community Housing Corporation housing units with a monthly occupancy cost at or below average monthly city-wide rents by unit type (AMR), for any calendar year, as determined in the annual survey of City-wide rents for the prior calendar year published by the Canada Mortgage and Housing Corporation. If the Canada Mortgage and Housing Corporation does not publish an annual survey of City-wide rents for the prior calendar year, the average monthly City-wide rents for the calendar year shall be determined by the Director of Housing Solutions and Investment Services OR
- (b) Housing Units within a Property that meet all of the following requirements:
 - (i) Are not eligible for a property tax exemption, as determined by the Municipal Property Assessment Corporation, under Section 3, of the Assessment Act, 1990; and
 - (ii) Are owned and/or operated by a registered non-profit or co-operative organization; and
 - (iii) Are rented at a monthly occupancy cost at or below the Average Market Rent (AMR), by unit type for any calendar year, as determined in the annual survey of City-wide rents for the prior calendar year published by the Canada Mortgage and Housing Corporation (CMHC). If the Canada Mortgage and Housing Corporation does not publish an annual survey of City-wide AMR for the prior calendar year, the City-wide AMR for the calendar year shall be determined by the Director of Housing Solutions and Investment Services and those housing units are continuously occupied (with the exception of vacancies for brief periods to accommodate a change in tenancy); and
 - (iv) Are constructed pursuant to an affordable housing capital contribution agreement with the City since 2001 for the delivery and/or operation of the Housing Units or have a rent supplement agreement with the City in good standing for the delivery and/or operation of the housing unit(s) proposed; and
 - (v) House individuals from the City’s Centralized Waiting List (CWL), below-market rent (BMR) waitlist, or other similar approved wait lists in the housing unit(s) at initial occupancy and upon turnover of existing tenants in all the

Affordable Units.

In addition to the already designated properties, staff estimate there are currently 30 affordable housing properties that may qualify immediately for a property tax exemption for municipal and school purposes under the proposed revision to the definition. At this time, it is estimated that the potential additional property tax exemptions for the eligible projects identified in this report could result in a total of \$2.7 million in property tax exemptions, of which \$2.3 million would be Municipal property taxes. The remaining \$0.4 million would be school board taxes which do not impact City revenues.

Following the approval of this report, staff will commence a review and consultation with the inventory of non-profit affordable housing projects that meet the revised “affordable housing” definition. Where a project meets the eligibility requirements, staff would bring a report and by-law back to Council recommending the designation and tax exemption of the units. Upon approval by Council, the Director of Housing Solutions and Investment Services, or delegate, would enter into a Municipal Capital Facilities Agreement (MCFA) with the housing provider. Subsequently, staff would send the agreement and by-law to MPAC to have them adjust the tax roll based on the effective date of the by-law for the property tax exemption or the project completion date, whichever is later.

RÉSUMÉ

Lors de [la réunion du Comité de la planification et du logement](#) du 3 mai 2023, il a été demandé au personnel de « fournir de l'information sur les coûts et autres implications liés à l'exonération de l'impôt foncier pour les fournisseurs de logements à but non lucratif ». Une analyse des répercussions financières sur les recettes de la Ville relativement aux exemptions d'impôt potentielles pour les fournisseurs de logements à but non lucratif actuels figure dans le présent rapport.

Compte tenu du coût minimal pour la Ville relatif aux avantages qui découlent des gains d'efficacité améliorés pour les fournisseurs de logements, le présent rapport recommande un remplacement du *Règlement municipal sur les ensembles domiciliaires* existant, applicable aux projets admissibles à compter de maintenant, pour :

1. Établir une définition modifiée de « logement abordable » aux fins d'obtenir une exemption d'impôt foncier pour les taxes municipales et scolaires.
2. Raffiner l'admissibilité de manière à ce que les unités de logement sans but lucratif existantes et à venir qui répondent à la définition modifiée de logement

abordable soient désignées à titre d'immobilisations municipales et soient exemptées d'impôt foncier pour les taxes municipales et scolaires.

3. Exiger que les économies provenant des exemptions d'impôt soient réinvesties dans le logement abordable comme indiqué dans le présent rapport.
4. Faire les mises à jour administratives nécessaires connexes aux changements ci-dessus proposés de manière à ce que les références à la loi soient courantes et que les articles désuets soient supprimés.

Les changements proposés cadrent avec les objectifs du Plan décennal de logement et de lutte contre l'itinérance visant à instaurer un cadre incitatif et à prioriser les projets d'aménagement de logements abordables.

D'emblée, tous les biens immeubles en Ontario sont assujettis à l'évaluation foncière et sont imposables. Cependant, deux options permettraient aux fournisseurs de logement caritatif et à but non lucratif d'être admissibles à une exemption d'impôt foncier. En vertu de l'article 3 de la *Loi sur l'évaluation L.R.O. 1990*, les fournisseurs de logements qui pensent répondre au critère d'admissibilité peuvent fournir les renseignements nécessaires à la Société d'évaluation foncière des municipalités (SEFM), laquelle déterminera si la propriété est admissible à une exemption. De plus, en vertu des articles 110(1) et (6) de la *Loi de 2001 sur les municipalités* et des articles 2 et 7 du [Règlement de l'Ontario 603/06](#) les municipalités peuvent adopter un règlement municipal sur les ensembles domiciliaires et exempter, par un accord concernant les immobilisations domiciliaires municipales, les propriétés de l'impôt qui entrent dans la définition de « logement abordable » en vertu du *Règlement municipal sur les ensembles domiciliaires*.

Le personnel propose de redéfinir le terme « logement abordable » dans le *Règlement municipal sur les ensembles domiciliaires* existant qui permettrait qu'une exemption d'impôt foncier pour les taxes municipales et scolaires soit étendue à la plupart des aménagements de logements à but non lucratif. Cela favoriserait la viabilité opérationnelle des projets existants et encouragerait la création de projets à des niveaux plus abordables.

La définition modifiée de logement abordable dans l'article 4 de la version préliminaire du règlement qui est proposée se lit comme suit :

« La définition de logement abordable aux fins de l'accord concernant les immobilisations domiciliaires municipales (MCFA) désigne :

- (a) Tous les logements de la Société de logement communautaire d'Ottawa avec des frais mensuels d'occupation égaux ou inférieurs au loyer moyen du marché (LMR) de tout le territoire de la ville par type d'unité, pour toute année civile, comme déterminé dans le sondage annuel sur les loyers à l'échelle de la Ville pour l'année civile précédente publié par la Société canadienne d'hypothèques et de logement. Si la Société canadienne d'hypothèques et de logement ne publie pas un sondage annuel sur les loyers à l'échelle de la Ville pour l'année civile précédente, les loyers moyens mensuels à l'échelle de la Ville pour l'année civile devront être déterminés par le directeur des Services des solutions de logement et des investissements OU
- (c) Des unités d'habitation au sein d'une propriété qui répondent à toutes les exigences suivantes :
 - (vi) ne sont pas admissibles à une exemption d'impôt foncier, comme déterminé par la Société d'évaluation foncière des municipalités, en vertu de l'article 3, de la *Loi sur l'évaluation L.R.O. 1990*; et
 - (vii) sont la propriété d'un organisme à but non lucratif enregistré ou d'une organisation coopérative ou sont exploitées par cet organisme ou cette organisation; et
 - (viii) Sont louées à des frais mensuels d'occupation égaux ou inférieurs au loyer moyen du marché (LMR), par type d'unité pour toute année civile, comme déterminé dans le sondage annuel sur les loyers à l'échelle de la Ville pour l'année civile précédente publié par la Société canadienne d'hypothèques et de logement (SCHL). Si la Société canadienne d'hypothèques et de logement ne publie pas un sondage annuel sur le LMR à l'échelle de la Ville pour l'année civile précédente, le LMR à l'échelle de la Ville pour l'année civile devra être déterminé par le directeur des Services des solutions de logement et des investissements et ces unités d'habitation sont continuellement occupées (à l'exception de brèves périodes d'inoccupation en cas de changement de locataire); et
 - (ix) Sont construites conformément à une entente de contribution pour des immobilisations de logements abordables avec la Ville depuis 2001 pour la réalisation et/ou l'exploitation d'unités d'habitation ou ont une entente de

supplément au loyer en règle avec la Ville pour la réalisation et/ou l'exploitation des unités d'habitation proposées; et

- (x) Logent des personnes de la liste d'attente centralisée de la Ville, de la liste d'attente de loyer inférieur au prix courant ou autre liste d'attente similaire autorisée dans les unités d'habitation à occupation initiale et lors du changement des locataires actuels dans toutes les unités d'habitation.

En plus des propriétés déjà désignées, le personnel estime qu'il y a actuellement 30 propriétés de logements abordables qui pourraient être immédiatement admissibles à une exemption d'impôt foncier pour les taxes municipales et scolaires en vertu de la modification proposée de la définition. À l'heure actuelle, il est estimé que les exemptions potentielles d'impôt foncier supplémentaires pour les projets admissibles indiqués dans le présent rapport pourraient entraîner un total de 2,7 millions de dollars en exemptions d'impôt foncier, duquel 2,3 millions de dollars seraient de l'impôt foncier municipal. Le restant de 0,4 million de dollars serait des taxes des conseils scolaires qui n'ont pas d'incidence sur les recettes de la Ville.

À la suite de l'approbation du présent rapport, le personnel amorcera un examen et une consultation de l'inventaire des projets de logements abordables à but non lucratif qui répondent à la définition modifiée de « logement abordable ». Lorsqu'un projet répondra aux critères d'admissibilité, le personnel présentera au Conseil un rapport et un règlement recommandant la désignation et l'exemption d'impôt pour les unités. Dès l'approbation du Conseil, le directeur des Services des solutions de logement et des investissements, ou son représentant conclura un accord relatif aux immobilisations municipales (MCFA) avec le fournisseur de logements. Ultérieurement, le personnel enverra l'accord et le règlement à la SEFM afin qu'elle modifie le rôle d'imposition fondé sur la date d'entrée en vigueur du règlement pour l'exemption d'impôt de la propriété ou sur la date d'achèvement du projet, selon la plus éloignée des deux éventualités.

BACKGROUND

At the [Planning and Housing Committee meeting](#) of May 3, 2023, direction was given to staff to “advise on the costs and other implications associated with forgiving property taxes for non-profit housing providers”. This report analyzes the financial impact of such property tax exemptions and recommends an updated by-law for the purpose of municipal housing facilities.

A property can obtain a property tax exemption under exemptions identified in Section 3 of the Assessment Act, 1990. Properties that are currently taxable but believe that they would qualify for the exemption may apply for the property tax exemption, either through a Superior Court Application, a Request for Reconsideration (RFR) through MPAC, or 357 application through the City for an in-year change. Guidance on these processes can be provided to applicants by Revenue Services. Some qualifying non-profit housing providers have obtained exemptions under the Assessment Act, 1990 including Multifamily Housing Initiative, John Howard Society of Ottawa and more recently Centertown Citizens of Ottawa Corporation.

Municipalities can provide tax exemptions to eligible properties through Municipal Capital Facilities Agreements (MCFA) under Subsections 110(1) and (6) of the Municipal Act, 2001, and Sections 2 and 7 of Ontario Regulation 603/06. Property tax exemptions resulting from the Municipal Capital Facilities Agreement can only come into effect once the project is complete and in use. MPAC will adjust the tax roll based on the effective date of the by-law for the property tax exemption or the project completion date, whichever is later.

In 2002, as a result of the *Social Housing Reform Act, 2002*, municipalities were transferred responsibility for affordable housing. To avail itself of the opportunity to convey benefits to housing providers in exchange for commitments to provide affordable housing without violating the bonusing provisions of the Municipal Act, the City enacted by-law 2002-088. This by-law allowed the City to pass project-specific by-laws and enter into municipal capital facilities agreements for the provision of affordable housing under the City's Action Ottawa program. Between 2002 and 2006, seven projects were designated as municipal capital facilities. In 2006, by-law 2002-088 was replaced with by-law 2006-1 to expand its use and tie it to Official Plan targets for affordable housing. This included, not only the ability to allocate funding for constructing affordable housing under Action Ottawa, but also the deferral of development charges. Between 2006 and 2009, ten projects were designated as municipal capital facilities. In 2014, Council amended the definition of "affordable housing" by passing by-law 2014-430 such that it was based on average market rents as opposed to 30 per cent of a household's income, which fluctuates. This provided an ability to designate all of Ottawa Community Housing Corporation's affordable housing stock as municipal housing facilities exempt from property taxes for municipal and school purposes. In addition, Council has since designated two other affordable housing projects as municipal housing facilities exempt from property taxes, one at 254-256 St Denis Street and the other at 92 Florence Street. These later projects received the designation since the rents are equivalent to the

shelter benefit under Ontario disability support payments and would otherwise not be financially viable affordable housing projects.

Since the fall of 2009, the City has allocated capital funding for the creation of affordable housing through contribution agreements instead of through municipal housing facility by-laws and agreements. Furthermore, since the fall of 2023, legislation has required that development charges be waived for non-profit housing providers.

Recognizing that by-law 2006-1 is no longer being used as it was originally intended (for allocation of capital funding and deferral of development charges) and that since 2014 the by-law has been used as a property tax exemption tool, staff are recommending replacing the by-law to reflect this, for new municipal housing facilities going forward. Document 4 contains the replacement by-law. Municipal housing facilities previously designated and exempted from property tax will remain exempted as further described in their respective municipal capital facilities agreement and associated by-law.

More details of the current by-laws, affordable housing definitions, and the Assessment Act are included in Document 1.

DISCUSSION

The purpose of this report is to update the Municipal Housing Facilities By-law ([by-law No. 2006-1](#), as amended by [by-law 2014-430](#)) to revise the definition of “Affordable Housing” for the purpose of designating a municipal housing facility, to refine eligibility requirements for tax exempt status, to require savings from tax exemptions to be reinvested into affordable housing and to make necessary administrative updates to the existing by-law. These updates are intended to support non-profit and cooperative housing organizations by providing property tax exemptions, which can enhance operational viability of existing projects and incentivize deeper affordability for future projects. The revised definition does not impact exemptions already in place for Ottawa Community Housing Corporation (OCHC) projects, or other non-profit housing projects that currently benefit from an exemption.

This initiative aligns with the ten-year Housing and Homelessness Plan’s goals to prioritize affordable housing asset preservation and to create an incentive framework for the development of new affordable housing. By revising the definition of Affordable Housing in the Municipal Housing Facilities By-law, non-profit and community housing providers who deliver affordable units at rents that meet the revised definition will be eligible to benefit from municipal property tax exemptions.

Tax Increment Equivalent Grant (TIEG) and Tax Exemption

On April 17, 2024, Council approved the [Affordable Housing Community Improvement Plan \(CIP\)](#), which includes the terms of a program that would provide a Tax Increment Equivalent Grant (TIEG) incentive for the delivery of affordable housing units. With a TIEG, the private or non-profit developer would receive a conditional grant in the form of a tax refund for up to 50 per cent of the future increase in property tax revenue arising from the development. However, where a non-profit affordable housing development is designated as a Municipal Housing Facility, that property will have the benefit of being exempt from both the municipal and schoolboard portions of property tax. This property tax exemption would likely be more lucrative for eligible non-profit affordable housing units as compared to a TIEG. Also, the TIEG is provided after the property tax is paid in full, while an upfront tax exemption is provided under the Municipal Housing Facilities By-law.

Revised Definition

To support the City's commitment to the provision and sustainability of affordable housing by its non-profit housing partners, staff recommend a revision to the definition of "Affordable Housing" for the purpose of qualifying for tax exemptions as a Municipal Housing Facility.

The proposed revisions to the by-law are:

"The definition of affordable housing for the purpose of a municipal capital facilities agreement means:

- (a) All Ottawa Community Housing Corporation housing units with a monthly occupancy cost at or below average monthly city-wide rents by unit type (AMR), for any calendar year, as determined in the annual survey of City-wide rents for the prior calendar year published by the Canada Mortgage and Housing Corporation. If the Canada Mortgage and Housing Corporation does not publish an annual survey of City-wide rents for the prior calendar year, the average monthly City-wide rents for the calendar year shall be determined by the Director of Housing Solutions and Investment Services; OR
- (b) Housing Units within a Property that meet all of the following requirements:
 - (i) Are not eligible for a property tax exemption, as determined by the Municipal Property Assessment Corporation, under Section 3, of the Assessment Act, 1990; and

- (ii) Are owned and/or operated by a registered non-profit or co-operative organization; and
- (iii) Are rented at a monthly occupancy cost at or below the Average Market Rent (AMR), by unit type for any calendar year, as determined in the annual survey of City-wide rents for the prior calendar year published by the Canada Mortgage and Housing Corporation (CMHC). If the Canada Mortgage and Housing Corporation does not publish an annual survey of City-wide AMR for the prior calendar year, the City-wide AMR for the calendar year shall be determined by the Director of Housing Solutions and Investment Services and those housing units are continuously occupied (with the exception of vacancies for brief periods to accommodate a change in tenancy); and
- (iv) Are constructed pursuant to an affordable housing capital contribution agreement with the City since 2001 for the delivery and/or operation of the housing units or have a rent supplement agreement with the City in good standing for the delivery and/or operation of the housing unit(s); and
- (v) House individuals from the City's Centralized Waiting List (CWL), below-market rent (BMR) waitlist, or other similar approved wait lists in the housing unit(s) at initial occupancy and upon turnover of existing tenants in all the Affordable Units.

Property tax usually represents 24 per cent to 26 per cent of the operating costs, excluding mortgage costs, for non-profit housing providers in Ottawa. The revised definition would incentivize non-profit affordable housing units rented at AMR and below. By setting the rent threshold at the maximum of AMR, the City will also maximize the number of non-profit units that become eligible for tax exemption. It will provide long-term certainty and operational sustainability to these non-profit housing providers. Only the portion of units in a property that has an affordable housing capital contribution agreement or rent supplement agreement will be eligible for tax exemption.

Staff undertook a review of similar by-laws and programs and found that the use of Municipal Housing Facilities designations generally applies where affordable units are defined as units with a monthly occupancy cost of AMR or below. The benchmarking of other cities in Canada and the USA offering property tax exemptions to non-profit housing providers is provided in Document 2.

Utilization of Tax-Savings

The revised by-law will add a condition to require that, for a property to receive a tax exemption, a municipal capital facilities agreement (MCFA) must be entered into between the City and non-profit housing provider. The MCFA must indicate that the savings from the property tax exemption will be reinvested into the project as either part of a capital repair reserve fund, or the development of new affordable housing units, or to improve affordability of units in the development. The providers will be required to report back to the City annually on the rent rolls and utilization of tax savings for all tax-exempt units under the MCFA.

Although certain portions of these properties are eligible for tax exemption, owners may still receive tax bills for areas of a building that are not designated for housing or that exceed the Affordable Market Rent (AMR). These tax bills may include taxes for the non-exempt portion, as well as special charges for solid waste, stormwater, or other local improvements.

Financial Implications

There are several types of projects that deliver affordable housing units in the City, such as Affordable Housing Projects, community housing projects, such as Section 26/27 & 95 projects, Provincial Reformed Projects, and Urban Native. A detailed analysis of the current tax status of these existing affordable and community housing projects is provided in Document 3.

The draft by-law as proposed may result in 30 new affordable housing properties (Affordable Housing Projects) consisting of 1,073 units becoming eligible to benefit from the revised definition. The designation and tax exemption of eligible properties would have a financial impact of up to \$2.7 million in property tax exemptions, of which \$2.3 million would be municipal property taxes, and the remaining \$0.4 million of exempt taxes are school board taxes that do not impact City revenues.

The remaining units outlined in Document 3 may become eligible in the future when their current provincial funding agreements and mortgages expire. The affordable and community housing projects under Section 26/27 & 95 projects, Provincial Reformed Projects, and Urban Native, which do not have either a capital contribution agreement with the City or a rent supplement agreement, will not be eligible at this stage. However, in the future, if these properties become eligible, the potential financial impact on the City may be spread over several years as these properties become eligible.

Subject to the above properties also becoming eligible in the future, the potential impact of all of these properties could result in a total of \$8.5 million in property tax exemptions,

of which \$7.2 million would be municipal property taxes, as outlined in Table 1 below. The remaining \$1.3 million of exempt taxes are school board taxes that do not impact City revenues.

Table 1: Property Taxes paid by Non-Profit Housing Projects in 2023

Type	Properties	Units	Municipal	Education	Taxes Paid
Affordable Housing Projects	30	1,073	\$ 2,257,237	\$411,561	\$2,668,798
Community Housing Projects S26 and S95	10	414	\$ 687,196	\$ 82,278	\$769,474
Community Housing Projects - Prov Ref	58	3,335	\$3,750,185	\$771,628	\$4,521,813
Urban Native Projects	114	268	\$481,401	\$118,676	\$ 600,078
Total	212	5,090	\$7,176,019	\$1,384,144	\$8,560,163

Administrative Updates to the Municipal Housing Facilities By-Law

As set out in the background section of this report, the tools to deliver affordable housing have changed since 2006. Municipal development charges are waived for new affordable housing units as a result of Bill 108 which amends the Development Charge Act. In addition, contribution agreements are being utilized instead of municipal capital facilities to allocate capital funding for the creation of affordable housing. Recognizing that the main purpose of designating affordable housing projects as municipal housing facilities is to provide property tax exemptions, staff recommend taking this opportunity to make administrative updates to the by-law to reflect the appropriate regulations and legislation and remove definitions and references that are outdated or no longer relevant. The by-law will now be utilized as a tool to qualify not for profit affordable housing projects for consideration to enter into a Municipal Capital Facilities Agreement with the City.

Next Steps

Following the approval of this report and enactment of the updated by-law, staff will commence a review and consultation with the inventory of non-profit affordable housing

projects that meet the revised definition. Staff will bring reports forward to the Finance and Corporate Services Committee and Council for the enactment of the project-specific by-laws and approval to enter into Municipal Capital Facilities Agreements with the qualifying properties.

FINANCIAL IMPLICATIONS

The financial implications are included in the body of the report. Any property exemptions granted through Municipal Capital Facilities Agreements to qualified properties by Council will reflect as negative property tax growth reducing the annual tax growth reflected in the future budgets.

LEGAL IMPLICATIONS

There are no legal impediments to implementing the report recommendation.

COMMENTS BY THE WARD COUNCILLOR(S)

Not applicable, this is a city-wide report.

ADVISORY COMMITTEE(S) COMMENTS

Not applicable.

CONSULTATION

Once the recommendations are approved and the report is available to the public, a briefing note about the proposed changes in the affordability definition for property tax exemption under the Municipal Housing Facilities by-law will be circulated to Housing and Homelessness Leadership Table (HHLT) members.

ACCESSIBILITY IMPACTS

The Strategic Initiatives and Finance and Corporate Services Departments adhere to the requirements of the *Accessibility for Ontarians with Disabilities Act, (2005)* in its operations, programs and initiatives.

Affordable and accessible housing is an initiative as part of the 2020-2024 City of Ottawa Municipal Accessibility Plan (COMAP). As part of this initiative, the City recognizes the importance of providing affordable, accessible housing options.

The revised Municipal Housing Facilities By-law will have numerous positive impacts for persons with disabilities who reside in affordable housing across the city.

The previously mentioned savings from the tax exemptions, which will be reinvested into more affordable housing incentives to developers, will increase the current supply of non-profit housing. As a result, many people with disabilities will benefit through this increase of affordable housing options, including the provision of accessible and visitable units. Addressing the availability of affordable housing aims to eliminate chronic homelessness, as identified as one of the priorities in the ten-year Housing and Homelessness Plan, through the provision of affordable and/or supportive housing and an improved system of services and supports.

ASSET MANAGEMENT IMPLICATIONS

The recommendations documented in this report are consistent with the City's Comprehensive Asset Management (CAM) Program objectives. The implementation of the Comprehensive Asset Management program enables the City to effectively manage existing and new infrastructure to maximize benefits, reduce risk, and provide safe and reliable levels of service to community users. This is done in a socially, culturally, environmentally, and economically conscious manner.

While this report does not deal with City-owned, the requirement to reinvest savings from property tax exemptions as part of a capital repair reserve fund for the development of new affordable housing units or to improve affordability of units in the development is aligned with asset management principles. It is also critical to acknowledge that, with the construction or acquisition of new assets, consideration must also be given to the commitment to fund future operations, maintenance, and renewal costs to ensure long-term financial sustainability.

CLIMATE IMPLICATIONS

There are no climate implications.

RISK MANAGEMENT IMPLICATIONS

There are no risk implications.

TERM OF COUNCIL PRIORITIES

This report supports the City's ongoing commitments to the current Term of Council Priorities, particularly Council's priority to create thriving communities by increasing access to affordable housing. The proposed amendment to the definition of Affordable Housing supports the goals of the City's ten-year Housing and Homelessness Plan to

prioritize affordable housing and create an incentive framework for non-profit affordable housing development.

SUPPORTING DOCUMENTATION

Document 1 – Legislative Context

Document 2 – Research and Benchmarking

Document 3 – Current Tax Status of Existing Affordable Housing

Document 4 – Draft Municipal Housing Facilities By-Law 2024-XX

DISPOSITION

The City Clerk's Office, Legal Services Housing Services and Revenue Services will work together to finalize the revised by-law and place the final by-law on Council's agenda for enactment.

*Note: A Minor correction was made to this report further to the City Clerk's Delegated Authority, as set out in Schedule C, Section 8 of Delegation of Authority By-Law 2023-67. Document 4 was corrected to fix a typo from 603/03 to 603/06.