

Corporate Planning & Financial Services Report to  
Community Development Committee  
2025 January 16

ISC: UNRESTRICTED  
CD2024-1202

## Tax Exemption Bylaw for Non-Profit Non-Market Housing

### PURPOSE

This report recommends Council pass a bylaw under section 364 of the [Municipal Government Act \(MGA\)](#) to exempt taxable properties held by non-profit organizations providing non-market (affordable) housing from property taxes. This report also recommends Council approve the amended *Non-Profit Tax Mitigation (NPTM) Council Policy* in Attachment 3 to provide tax relief to eligible non-market housing properties upon completion of construction, including those that become exempt under the proposed bylaw or section 363(1)(e) of the *MGA*.

### PREVIOUS COUNCIL DIRECTION

Council approved the [Home is Here: The City of Calgary's Housing Strategy 2024-2030](#) (The Housing Strategy) on September 16, 2023, which directed action 2.A.2. to “enact a bylaw to exempt properties held by non-profit organizations providing non-market housing from municipal property taxes.” Additional background is included in Attachment 1.

### RECOMMENDATIONS:

That the Community Development Committee recommend that Council:

1. Give three readings to the Proposed Bylaw in Attachment 2 to establish exemptions from property taxes for non-market housing properties held by non-profit organizations; and
2. Approve the proposed amended *Non-Profit Tax Mitigation Council Policy* in Attachment 3, to make exempt non-market housing properties under the proposed Bylaw eligible for municipal property tax mitigation during the period they were under construction or renovation and were therefore ineligible for exemption.

### CHIEF ADMINISTRATIVE OFFICER/GENERAL MANAGER COMMENTS

Les Tochor, Acting Chief Financial Officer and General Manager of Corporate Planning and Financial Services concurs with this report.

### HIGHLIGHTS

- Outcome 2 of the Housing Strategy directs The City to “support affordable housing providers to deliver services that make a positive impact.” The proposed exemption would reduce operating costs for eligible properties used by these housing providers, enabling them to redirect funds to other uses such as asset maintenance to preserve the existing limited supply of affordable housing, or to support programs and services for residents.
- The province has enacted legislation (“Bill 20”) to exempt many non-profit affordable housing properties from property taxes. Others are already exempt under other provisions of the *MGA* and its regulations. Providers whose properties do not meet criteria for these existing exemptions may be served by the proposed bylaw, which includes broader criteria.
- To align with other tax exemptions for non-market housing and non-profit organizations, and to further support the non-market housing sector, the proposed exemption would apply to both the municipal and provincial portion of property taxes.
- Administration also recommends an amendment to the *NPTM Council Policy* to allow eligible non-market housing properties to qualify for a cancellation or refund of the municipal

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portion of property taxes levied during the period of construction of the property, during which time they would not be eligible for tax exemptions.

- The proposed actions would support more equitable treatment of non-market housing properties within the tax exemption scheme and the *NPTM* program, which currently provide eligibility for some properties due to recent legislative changes, while others remain ineligible.

### DISCUSSION

Property tax exemptions are governed by the *MGA* and associated regulations, including the [Community Organization Property Tax Exemption Regulation](#) (“*COPTER*”) and the [Social and Affordable Housing Accommodation Exemption Regulation](#). Prior to 2023, most non-market housing held by non-profit organizations was not exempt due to provisions in *COPTER* which prohibited exemptions for properties where the use is restricted from the public’s use.

The Housing Strategy, approved in 2023, directed the creation of a bylaw in accordance with *MGA* section 364 to exempt non-market housing held by non-profit organizations to support these housing providers in addressing the housing crisis in Calgary, which would not be subject to the provisions of *COPTER*. Since the Strategy’s approval, there have been two key developments in the property tax exemptions regime:

- A decision from the Court of King’s Bench which opened exemptions to some non-market housing properties under *MGA* s. 362(1)(n) and *COPTER*, starting in 2024. This has resulted in property tax exemptions under *COPTER* for approximately 500 housing properties, saving over \$5.72 million in taxes for housing providers in 2024.
- The Province’s passing of Bill 20, which amended the *MGA* to add s. 363(1)(e), exempting certain affordable housing properties starting in 2025, in accordance Provincially-defined criteria. There are at least 153 additional properties that will be made at least partially exempt under this new exemption starting in 2025.

Despite these developments, housing that is targeted to equity-deserving populations, including for Indigenous Peoples and seniors is unlikely to qualify for exemption under *COPTER*, and non-market housing that is not tied to an agreement with any order of government does not qualify for *MGA* s. 363(1)(e) exemptions. More detailed information on the evolution of property tax exemptions for affordable housing, including the above-mentioned Court decision and Bill 20 is included in Attachment 1.

The proposed bylaw would act as a “safety net” to provide exemptions to non-market housing properties that do not meet the qualifications for existing property tax exemptions. The proposed bylaw includes the following criteria to be met to qualify:

- The property must be held by a non-profit organization.
- The non-profit organization (the housing provider) must have an income verification process to qualify tenants.
- The exemption would only apply to the residential portions of the property, where rent rates are no more than 80% of the average market rent for units with a similar number of bedrooms, as reported in the most recent [Canada Mortgage and Housing Corporation \(CMHC\) data](#) for Calgary.

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This means only the portion of the property used to provide non-market housing will be exempt, while non-residential or market-rate residential portions of the property will remain taxable. Additionally, properties will remain taxable during construction. This is consistent with how properties exempt under MGA s. 363(1)(e) are treated. Additional analysis regarding the rent threshold is included in Attachment 4.

The City offers tax relief to eligible exempt properties of the municipal portion of property taxes paid during the construction or renovation period through the *NPTM* program, to support the development of these properties while upholding the principles of the exemption system. In accordance with the procedures laid out in the *NPTM* Council Policy, an eligible property may receive a tax cancellation in the amount of the municipal property taxes paid during the property's construction, to a maximum of 4 years of taxes. The recommended amendments to the *NPTM Council Policy* would provide access to this program for non-market housing properties that are eligible for tax exemptions under the proposed bylaw or section 363(1)(e) of the *MGA*. Non-market housing properties eligible for exemption under *MGA* s. 362(1)(n)(iii) and *COPTER* s. 15(k) are already considered for *NPTM* under the policy.

### EXTERNAL ENGAGEMENT AND COMMUNICATION

- |                                     |   |                          |   |
|-------------------------------------|---|--------------------------|---|
| <input type="checkbox"/>            | Public engagement was undertaken        | <input type="checkbox"/> | Dialogue with interested parties was undertaken     |
| <input checked="" type="checkbox"/> | Public/interested parties were informed | <input type="checkbox"/> | Public communication or engagement was not required |

Non-profit housing providers whose properties may be eligible for the exemption under this bylaw were informed by direct email of this report.

### IMPLICATIONS

#### Social

The proposed bylaw would fill a gap in the existing property tax exemption framework that disadvantages non-market housing providers whose property is not currently eligible for exemptions, including ones that serve equity-deserving populations.

Tax exemptions would reduce non-profit housing providers' operational costs. Any reduction in property tax could be used for lifecycle maintenance of aging units, provision of services to tenants or towards projects to build new units. All of which would improve housing outcomes for tenants, particularly the most vulnerable members of our community.

#### Environmental

Not Applicable.

#### Economic

In order to maintain Calgary's status amongst the top 10 most livable cities in the world, continue to attract top talent, and to grow our economy, we need to keep housing affordable. Access to safe, adequate and affordable housing is fundamental to quality of life and enables all Calgarians to have stability to work, go to school, and contribute to the economic resilience of our community.

#### Service and Financial Implications

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### **No anticipated financial impact / Existing operating funding - base**

No additional resources would be required to support the implementation of this proposed bylaw and policy amendment. The existing base operating budget for the Non-profit Tax Mitigation Program (\$500,000/year) is anticipated to be able to accommodate the expanded criteria.

Property tax exemptions do not impact The City's revenues. When a property becomes exempt from taxation, the tax rate is adjusted accordingly and other properties in the same assessment class become responsible for the share of tax revenue the now-exempt property would have paid. There would be no impact to the 2025 tax rate, as tax implications would be accounted for within existing budgets for current-year change to assessments. Analysis of the estimated property tax implications for 2026 onward, and additional analysis supporting the proposed bylaw and policy changes, is included in Attachment 4.

### **RISK**

- While it is anticipated the administration of this exemption would be manageable within existing resources, depending on volume and complexity of the applications, additional budget for added FTE(s) may be needed to support tax exemption processing.
- Significant growth in the non-market housing sector may lead to increased costs associated with the NPTM program and an increase to the exempt residential assessment base. This will be monitored with the annual reporting for NPTM and through the annual Property Tax Exemptions and Tax Relief Expenditures briefing to Council.
- Not passing this bylaw means:
  - Some non-profit, non-market housing may remain taxable despite similar service offerings to properties that are exempt, leaving an inequity in the taxation system.
  - Not delivering on the actions in the Housing Strategy.

### **ATTACHMENT(S)**

1. Background and Previous Council Direction
2. Proposed Bylaw
3. Proposed Non-Profit Tax Mitigation Council Policy Amendments
4. Tax Implications and Policy Analysis
5. Presentation
6. Public Submission

### **Department Circulation**

General Manager/Director	Department	Approve/Consult/Inform
Les Tochor, Acting Chief Financial Officer/General Manager	Corporate Planning & Financial Services	Approve
Eddie Lee, Director/City Assessor	Assessment & Tax	Approve
Marcus Berzins, Acting Chief Housing Officer	Chief Operating Officer	Consult

Author: Policy & Strategy, Assessment & Tax