



Tax Exemption Bylaw for Non-Profit Non-Market Housing

CD2024-1202

2025 January 16

Previous Council Direction

2023 September 14: Home is Here: The City of Calgary's Housing Strategy CD2023-0749

That Council:

1. Approve Home is Here: The City of Calgary's Housing Strategy 2024-2030 (Attachment 2), as amended below, and rescind Foundations for Home – Calgary's Corporate Affordable Housing Strategy (2016-2025):
2. Direct Administration to:
 - a. Immediately begin work on implementing the Housing Strategy's actions that do not need further Council direction or budget approval.

Home is Here: The City of Calgary's Housing Strategy

Action 2.A.2: Enact a municipal bylaw under s. 364 of the Municipal Government Act to exempt properties held by non-profit organizations providing non-market housing from the municipal portion of property tax.

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.



Background

Sept. 2023

- Housing Strategy approved: direction to exempt non-profit non-market housing by bylaw

Nov. 2023

- “Right at Home” decision (Alberta Court of King’s Bench) – new interpretation of *COPTER*
 - To date, approximately 500 residential properties exempt under impacted *COPTER* provisions

May 2024

- *Municipal Affairs Statutes Amendment Act, 2024* (Bill 20) passed
- New exemption for affordable housing (*MGA* s. 363(1)(e))
 - List of properties to be provided by Government of Alberta for exemption

Dec. 2024

- Finalized list of properties receiving *MGA* s. 363(1)(e) exemptions received
 - 153+ additional properties to become exempt effective 2025



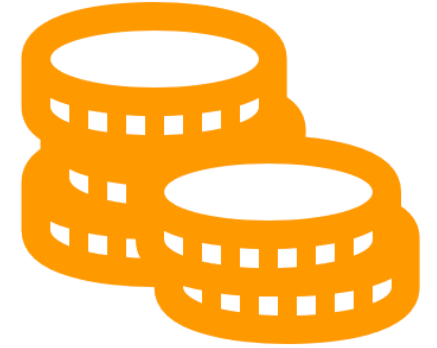
Supporting Housing Providers

- Reduce operating costs for non-market housing providers.
- Create equity for providers who don't qualify for existing exemptions.
- Fill the gap for providers who serve equity-deserving populations.



Tax Exemption

- Property must be held by a non-profit organization.
- Applies to non-market housing where there is an income verification process and rent is **no more than 80% of market average**.
- Exempts both municipal and provincial property tax.



Non-Profit Tax Mitigation

- Properties remain taxable until available as housing.
- Retroactive cancellation of **municipal** property taxes paid during construction (up to 4 years), upon completion.
- No additional budget for NPTM required.



Property Tax Implications

Exemptions reduce the taxable assessment base...

$$\text{Tax Rate} = \frac{\text{Tax Revenue Requirement}}{\text{Sum of Taxable Assessed Property Values}}$$

...but the tax revenue collected remains the same. (*Revenue Neutral*)

No impact to 2025 tax rates.

Tax implications take effect 2026 tax year.

Estimates in 2025 terms for information purposes.

Actuals will vary.

360 **potentially** eligible properties identified.

~\$372 million total assessed value

Up to \$1.45 million tax responsibility redistribution

High-end estimate in 2025 terms.

Assumes all identified properties will qualify and become fully exempt.

Up to 0.11% residential tax rate increase



Overview



The Housing Strategy – Outcome 2

Support affordable housing providers to deliver services that make a positive impact.

Actions	Implications	Timing
<p>2.A.2. Enact a municipal bylaw under s. 364 of the Municipal Government Act to exempt properties held by non-profit organizations providing non-market housing from the municipal portion of property tax. HATF</p>	<p>Administration estimates that the work to create such a bylaw would take up to a year. The work involved is primarily updating existing research and analysis, legal drafting, and Council approval. This work may be done within existing resources currently and may require budget and resource requests in the future.</p>	<p>Next</p>

Up to \$1.45 million in annual savings for non-market housing providers

Supporting asset maintenance and development of affordable housing sector

No anticipated impact to City budgets or revenue

Up to est. 0.11% residential tax rate increase (**not** effective for 2025)

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.