

Memorandum to the Council of Corporation of the Municipality of Temagami

Subject: Consideration of Affordable Rental Housing Property Tax Subclass

Memo No: 2025-M-192

Date: August 14, 2025

Attachment: Appendix A - Letter from Temagami Non-Profit Housing Corporation

Prepared By: Laala Jahanshahloo - CAO/Treasurer

Recommendation

BE IT RESOLVED THAT Council receives Memo 2025-M-192 and the attached correspondence from Temagami Non-Profit Housing Corporation as presented;

AND FURTHER THAT Council choose to:

1. Accept the request from the Temagami Non-Profit Housing Corporation and direct staff to prepare a draft by-law to implement the Affordable Rental Housing Property Tax Subclass; or
2. Defer consideration of the request until additional analysis or information is received; or
3. Reject the request and not proceed with adoption of the subclass.

Contents

1. Executive Summary	2
2. Background	2
3. Legislative and Regulatory Framework.....	3
4. Municipal Considerations	4
5. Status in Other Municipalities	4
6. Options for Council Consideration.....	5
7. Conclusion.....	5
Appendix A.....	6

1. Executive Summary

This memorandum presents a request from the Temagami Non-Profit Housing Corporation for Council’s consideration regarding the adoption of a new optional property tax subclass for affordable rental housing, introduced under Ontario Regulations 73/24, 74/24, and 75/24.

If implemented, the subclass would authorize the Municipality to apply a property tax reduction of up to 35% to qualifying affordable rental units, thereby supporting local housing affordability initiatives. A municipal by-law must be enacted by September 30, 2025, for the subclass to take effect in the 2026 taxation year.

Staff have outlined the relevant legislative framework, potential benefits, and associated administrative and financial implications. Council direction is required to determine whether to proceed, defer, or decline adoption.

2. Background

The Municipality received a formal request from the Temagami Non-Profit Housing Corporation to consider adopting the new property tax subclass for affordable rental housing introduced by the Province earlier this year.

This subclass authorizes municipalities to reduce property taxes by up to 35% on qualifying affordable rental units. Eligibility is defined by the Ministry of Municipal Affairs and Housing and requires that rents be below the lesser of:

- The Average Market Rent (AMR) for the region; or
- An income-based threshold defined in the Ministry's *Provincial Policy Statement (2023)* and *(Affordable Residential Units Bulletin, January 2024)*.

The subclass applies to both existing and new affordable rental units but does not take effect automatically. It requires adoption by municipal by-law no later than September 30, 2025.

3. Legislative and Regulatory Framework

The authority to implement the subclass is provided through:

- Municipal Act, 2001, Section 308(4)
- Assessment Act
- Ontario Regulations 73/24, 74/24, and 75/24

These instruments permit single- and lower-tier municipalities to:

- Establish a subclass for affordable rental housing;
- Apply a tax reduction of 35–100% (equivalent to setting the tax ratio at 0–65% of the standard residential rate); *Example: A 35% tax reduction = 65% tax ratio (e.g., \$1,000 tax bill reduced to \$650)*;
- Define local eligibility criteria aligned with provincial guidelines;
- Enact the subclass by municipal by-law, coordinated with MPAC to apply the adjusted rates.

4. Municipal Considerations

4.1. Potential Benefits

- Reduces the tax burden for non-profit affordable housing providers.
- Enhances affordability and housing stability for eligible tenants.
- Enables flexibility in applying a locally appropriate reduction rate (e.g., 15%, 25%, or 35%).
- Supports preservation of affordable housing stock.

4.2. Challenges and Limitations

- May result in a modest but ongoing reduction in the municipal tax base.
- Implementation may require forty to sixty staff hours initially for by-law drafting, MPAC coordination, and system configuration; ongoing compliance may require approximately twenty hours annually.
- The number of eligible affordable units in Temagami is currently limited, reducing immediate impact.
- May set a precedent for future tax relief requests from other sectors or property types.

5. Status in Other Municipalities

As of August 2025, larger municipalities have moved forward with adoption or support of the subclass:

- York Region: Adopted (May 2025)
- Toronto: Adopted (June 2025)
- Mississauga: Supported (March 2025), as part of a broader housing strategy.

To date, staff are not aware of any small or rural Northern Ontario municipalities that have adopted this subclass.

6. Options for Council Consideration

6.1. Proceed with Adoption

Council may direct staff to prepare a draft by-law implementing the affordable rental housing property tax subclass at a specified reduction level (e.g., 25%). The by-law must be passed by September 30, 2025, to apply for the 2026 taxation year. Coordination with MPAC and the creation of eligibility and monitoring procedures will be required.

6.2. Option 2 – Defer Decision

Council may defer the decision to allow time for additional financial analysis, community consultation, or administrative planning. This option provides time for a more detailed assessment of long-term impacts and resource implications.

6.3. Option 3 – Decline Adoption

Council may opt not to proceed at this time. This may be appropriate given the current number of eligible units, potential tax revenue implications, and the administrative effort required for implementation.

7. Conclusion

The Municipality of Temagami has the authority to adopt an affordable rental housing property tax subclass under O. Reg. 73/24. Adoption is discretionary and allows flexibility in determining both the amount of tax relief and the eligibility criteria, within provincial guidelines.

Implementation would require modest but measurable administrative capacity and coordination with MPAC. While the current number of eligible units is limited, adoption would align with provincial housing priorities and provide targeted support to local non-profit housing providers. Staff are seeking Council's direction on how Council wishes to proceed.

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Temagami, ON P0H 2H0 705-569-3544

July 25, 2025

Municipality of Temagami
PO Box 220
Temagami, Ontario
P0H 2H0

Subject: Support for adopting the new affordable housing property tax subclass

Attention: Municipal Council

Dear Mayor and Councilors:

I'm writing on behalf of Temagami Non-Profit Housing Corporation, a non-profit housing provider in Temagami, to ask that the municipality adopt the new **affordable rental housing property tax subclass** recently introduced by the Ontario government.

This optional tool would allow the municipality of Temagami to reduce property taxes by up to **35%** for eligible affordable rental units (including both new and existing homes). These savings would help organizations like ours keep rents affordable and reinvest in our buildings and support for tenants.

To qualify, units must meet the province's definition of affordability, meaning rents would not exceed the lesser of an **income-based** rent amount and the **average market rent**, as outline in the Ministry's Affordable Residential Units bulletin.

We understand that the subclass won't apply automatically. It requires a local **by-law to be passed by September 30, 2025** for this new tool to take effect in 2026.

We're encouraging the Municipality of Temagami to:

- Review the new regulations (O.reg. 73/25, 74/25, and 75/25)
- Bring forward a by-law so this tool can be used to support affordable housing in our community



We would be happy to speak with you further about the positive impact this could have on local housing providers and tenants. Thank you for your continued leadership on affordable housing issues.

Sincerely,

Angela St Pierre
Project Manager, Temagami Non-Profit Housing Corporation