



P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 14.1
Halifax Regional Council
August 5, 2025
August 19, 2025

TO: Mayor Fillmore and Members of Halifax Regional Council

FROM: Cathie O'Toole, Chief Administrative Officer

DATE: May 20, 2025

SUBJECT: **Administrative Order 2024-001-ADM – Schedule D: Organizations Providing Affordable Housing Rental Accommodations**

INFORMATION REPORT

ORIGIN

November 19, 2024 - Halifax Regional Council [Item 15.2.1].

MOVED by Councillor Austin, seconded by Councillor Morse

THAT Halifax Regional Council direct the CAO to prepare a staff report on increasing HRM's tax relief for non-profits that provide affordable housing beyond the 50% grant that HRM currently provides to as much as 100%.

MOTION PUT AND PASSED UNANIMOUSLY

EXECUTIVE SUMMARY

HRM's annual Tax Relief Program offers financial assistance to eligible registered nonprofit and charitable property owners. The value of these grants may vary each year, reflecting changes in property assessment values and municipal tax rates. In 2024, a new administrative order was introduced, providing 50% tax relief to organizations delivering affordable housing within HRM to properties not covered by the Provincial Capped Assessment Program (CAP).

Municipal discretionary tax relief does not consider debt obligations of an organization, including tax sale proceedings, foreclosure, a mortgage or loan. As such, tax relief is not linked to the source, type, level, or duration of debt financing. Instead, municipal tax relief makes a clear distinction between (1) emergency shelter/supportive housing serving individuals and households, homeless or at-risk of homeless, and vulnerable populations who face barriers in securing and maintaining tenancy without on-site supports, and (2) affordable or "mixed market" housing. Supportive housing is provided at nominal cost, if any, or rental rates are set as a modest percentage of gross household income, whereas affordable housing is generally a variation of a market-based approach with a mix of at/or below average or median market rents which vary by location.

An increase from 50% to 100% exemption for properties in Schedule D fails to recognize an important distinction between mixed income/rents at-or below-market housing (Schedule D), and the additional costs incurred in the provision of supportive housing or rent-gear-to-income for marginalized or at-risk populations found in Schedule A. It would also negate the moderating effect of the current policy's maximum tax payable per dwelling unit. In the alternative, targeted cash grants, inclusionary zoning provisions, and municipal fee concessions in combination with partial tax relief is consistent with Canada Mortgage and Housing Corporation's National Housing Strategy which defines financial viability as "...the ability for the building owner or manager to generate sufficient income (from rent, common element fees etc) to meet its operating payments and debt commitments, and saving for future capital needs to maintain the building in good condition"¹.

A mixed-market approach to affordable housing is intended for the long-term financial viability of the project without an-going operating subsidy. This approach aligns with HRM's Affordable Housing Grants Program and matches that of the provincial Affordable Housing Development Fund and the federal Affordable Housing Fund. In the alternative, cash grants provide a targeted approach to support acquisition, construction, or conversion for housing. Given the volatility inherent in the cost of new construction, cash grants may be especially effective in expediting the purchase of existing market housing which may be faster in realizing cash flow from occupancy revenues. In effect, tax relief is a form of on-going operating subsidy paid by other taxpayers of HRM, some of whom may face comparable issues with respect to housing affordability.

BACKGROUND

Provincial Legislation and Municipal Policy

The purpose of HRM's Tax Relief for Nonprofit and Charitable Organizations Program ("Tax Relief Program") is to support specific programs and/or services that provide a direct benefit to residents of the Municipality. Eligibility is restricted to registered nonprofit and charitable organizations who own property and may also include their nonprofit tenants as applicable. Current policy also makes provision for occupancy of government property under a lease agreement or a municipal license agreement that will be the subject of further review. The following synopsis of how this program assists the region's nonprofit housing sector is provided for readers unfamiliar with Administrative Order 2024-001-ADM which can be viewed in full at: <https://www.halifax.ca/city-hall/legislation-by-laws>.

In 2023, HRM embarked upon a re-design of the tax relief program aimed at a re-distribution of the program's financial capacity to enhance predictability and consistency for program participants through implementation of eligibility criteria while achieving administrative efficiencies for both HRM and program participants. Notwithstanding these goals, it was acknowledged that the redesign came at a time when the Municipality and the nonprofit sector were facing exceptional financial pressures². Likewise, because the cost of the program is paid by other taxpayers of the region, tax relief is also an affordability issue across a broad spectrum of property owners, including lower income homeowners and, indirectly, residential tenancy. Although the cost to other taxpayers is apportioned based on assessed property values, the "affordability" impact on individual households or small business might not be proportional and cannot be substantiated.

Section 89 of the *Halifax Regional Municipality Charter* allows for certain properties named in policy to be exempt from taxation. Subsection 89(1) allows for full exemption for properties either owned by registered charities used directly and solely for charitable purposes, or for other properties where the organization provides a service that is otherwise a responsibility of the Municipality. For partial exemptions, subsection

¹ Source: National Housing Strategy Glossary of Terms. <https://www.cmhc-schl.gc.ca/nhs/guidepage-strategy/glossary>

² Report to February 7, 2023, meeting of Regional Council, Proposed Tax Relief for Non-Profit Organizations Program Redesign Concept, dated January 31, 2023. Item 15.1.7.

89(2) allows for the tax payable on properties owned by other nonprofit and charitable organization to be reduced from the Commercial to Residential rate. For property under the category of “affordable housing”, those properties are already assessed Residential. If the property has defined portions of the property assessed Commercial, for example an office or programming space, then those portions would be reduced under subsection 89(2). Occupancy of private property (commercial leasing) is not eligible for consideration.

The *Housing Act* and the *Housing Supply and Services Act* also allow for limitations or exemptions of tax levied for those organizations established pursuant to the *Housing Act* or Part I of the *Housing Supply and Services Act*.

To comply with legislation, the development of the prior program policy (Administrative Order 2014-001-ADM) incorporated Section 79A of the Charter which permits grants at Council’s discretion. The resulting policy was in effect a ‘hybrid’ which adhered to the principles of Section 89 while adding latitude to include property assessed as Residential or Resource. This approach was maintained in current policy (Administrative Order 2024-001-ADM).

Annual Increasing Costs

The Tax Relief Program budget has been growing significantly each year, primarily due to rising property assessments and the addition of new properties. The 2025/26 budget increased by \$1.8 million compared to 2024/25 — a 23% rise. Currently, there is substantial investment from all levels of government in the affordable housing sector. Grant programs, such as HRM’s Affordable Housing Grant Program, offer one-time funding to organizations for the acquisition, development, or rehabilitation of properties. These investments often lead to the addition of new properties to the Tax Relief Program or increase property assessment values, which in turn elevate property tax bills and the Municipality’s tax relief costs. Tax relief represents an ongoing expectation that this form of operating assistance may be in perpetuity for the Municipality, however budget capacity or competing municipal priorities may exert the need for change.

In recent years, most properties added to the program have been in Schedule A (Charitable Organizations Providing Housing and Dedicated Services for Persons with Special Needs) and Schedule D (Affordable Housing). Table 1 below illustrates the total number of new additions, highlighting those under Schedules A and D, including properties listed under Schedule F (Vacant Property Under Development), which are expected to transition to Schedules A or D upon project completion. Notably, the number of annual additions to the Tax Relief Program has more than doubled in recent years.

Table 1. Trends in Addition of Supportive Housing and Affordable Housing Properties: HRM Tax Relief Program Fiscal 2021 to 2025				
Year	Schedule A – New Additions	Schedule D – New Additions	Total New Additions	Percentage of New Additions in Schedule A and D
2021/22	2	2	12	33%
2022/23	4	3	13	54%
2023/24	4	6	13	77%
2024/25	11	11	31	71%
2025/26 (proposed)	13	10	27	81%

Since January 2023, non-profit organizations providing supportive or affordable housing within the municipality have applied for the addition of fifty-five (55) new properties. These organizations are all eligible for inclusion in the Tax Relief Program and are either already participating or currently undergoing evaluation for enrollment.

The proposed motion to increase tax relief from 50% to 100% for organizations providing affordable housing would raise the cost-of-service delivery by approximately \$600,000, based on current program data, tax

rates, and assessed values. This cost is expected to rise annually as new properties are added to the program, properties transition from Schedule F (Vacant Property Under Development) to Schedule D, and as tax rates and assessment values fluctuate. At this time, an increase in service delivery is not recommended, as program costs are already rising each year due to these ongoing factors.

DISCUSSION

Context: Housing Availability, Affordability, and Suitability

The dynamics of market supply and demand impact housing availability and thereby housing “affordability”. If supply is low, access is constrained and the cost higher. Conversely, if demand is low the cost to buy or rent may be adjusted to attract buyers or tenants. The combination of supply and demand impacts movement from leasing to ownership or visa-versa. The issue of housing “suitability” is also of concern and may include one or a combination of dwelling unit size appropriate to the number of family members/occupants, geographic location, the provision of on-site specialized support services, accessibility, or culturally appropriate management, programs and/or services. In general, limited availability places low-income households at a disadvantage in accessing market rental housing, resulting in disproportionate representation among the homeless or inadequately housed resulting from victimization, discrimination, disability, mental illness, a lack of employment, or low-waged/intermittent employment.

Recent media coverage has drawn attention to the loss of affordable market rental units at a faster rate than the addition of new units: *“Building new housing can help balance supply and demand, slowing down rent increases for existing apartments. But new construction won’t increase the stock of housing that remains affordable for those who need it most”*³. This situation has led to increased efforts to support the shift of existing older housing stock, or non-residential property, from the private sector to nonprofit ownership by funding the purchase or conversion of property in preference to, or in addition to, new construction. But even this approach may need to incentivize accommodations for low-income households using rent-geared-to-income in preference to below market value rents that are based on average or median rental rates that are location-specific.

Part 1. Current Context: Tax Relief for Housing Programs and Services

The Tax Relief Program does not encompass the entire housing spectrum. For example, educational or institutional residential facilities are excluded⁴ while lower income homeowners may be eligible for tax assistance under Administrative Order 10 *Respecting Partial Exemption for Residential Taxation*⁵ or By-law T-700 *Respecting Tax Deferrals*. The policy does, however, make a distinction between “supportive housing” and “affordable housing”. The Schedules listed below by the level of tax relief include specific provisions for supportive housing and for affordable housing.

- Schedule A: Charitable Organizations Providing Housing and Dedicated Services for Persons with Special Needs (100%)

Eligibility is limited to registered Canadian charities. Upon initial application to the program, the organization must provide an audited financial statement in addition to their Articles of Incorporation. Housing providers listed in this Schedule serve individuals and families requiring specialized support services including temporary accommodations for the homeless, victims of violence, addictions recovery, guardianship, post incarceration release or probationary supervision, and supportive and transitional housing for person with a physical or cognitive disability, or mental illness. Such programs and services

³ Source: CBC News article, “N.S rapidly losing some of its most affordable apartments, while cost soar for new ones” February 3, 2025.

⁴ Temporary lodgings, for example a campground, may be considered in relation to a recreational program or service benefiting residents of HRM under Schedule C.

⁵ In 2025, the gross household income threshold for Administrative Order 10 is \$48,000.

are offered at no more than a nominal cost, in part due to a client's inability or limited ability to pay. On a case-by-case basis this Schedule may include a designated campsite for the homeless, "pallet shelters", or tiny home communities with shared amenities. Typically, supportive housing addresses suitability through the provision of specialized support services for clients that may be subsidized by federal and/or provincial government social and/or health services.

- Schedule D: Organizations Providing Affordable Rental Accommodations (25% or 50%)

The definition of "rental housing" used in tax relief policy is the same as that used in HRM Bylaw R-400 *Registration of Residential Rental Properties* and means that all or a portion of the residential property is occupied by someone other than the owner for which the occupant pays rent to the owner.⁶ Housing included in this Schedule provides rental accommodation for low to moderate income households. Tenants maintain occupancy without on-site support services. The calculation of tax payable is unique in that it incorporates a maximum amount per dwelling unit. This approach moderates the variance in housing form and scale. For example, a 60-unit apartment building has more capacity to apportion taxes as compared to a single-family dwelling. Consequently, two maximum tax payment thresholds apply to property in Schedule D.

- (i) The "Maximum Tax Per Dwelling Unit" means 50% of the average total urban residential property taxes for single-family homes within HRM for the prior fiscal year multiplied by the number of dwelling units.

or

- (ii) \$25,000 per property.

Eligible properties receive a 50% tax reduction; however, if a property qualifies for the provincial assessment cap, the tax relief is adjusted to 25% to reflect restricted access to a reduced ("capped") assessment value. This approach helps ensure fairness among nonprofit organizations delivering similar services, regardless of their eligibility for the provincial assessment cap. Affordability is addressed primarily by rental rates in comparison to the private sector and includes a mix of below market and at market rents.

Implications: An increase to 100% full exemption for properties in Schedule D would negate current policy's moderating effect of a per dwelling unit maximum tax payable and fails to recognize an important distinction between affordable/mixed income housing and the additional costs incurred in the provision of supportive housing.

- Schedule F: Vacant Property Under Development (75%)

The current policy makes provision for new construction, the conversion of vacant buildings, or major renovations for up to three (3) consecutive years. This approach recognizes that the subject property does not generate earned revenue while vacant. A limit on the level and duration of tax relief is required because the subject property does not provide a program or service to benefit residents. Properties listed in Schedule F are subject to review and reassignment to another Schedule once development is substantively complete.

- Schedule G: Organizations Under Federal Government Rapid Housing Initiatives Program (100%)

In 2021, HRM entered into an agreement with Canada Mortgage and Housing Corporation ("CMHC") with respect to federal funding to development a minimum of 85 affordable housing units serving groups and

⁶ Co-operatives are a form of joint ownership wherein the incorporated entity holds title and provides housing to its members. Technically, a coop member does not pay "rent to the owner" but enters into a housing agreement to pay housing charges (albeit may be referred to as "rent") and although each member may have a right to occupancy, they do not have proprietary rights, meaning that a member does not have exclusive control or ownership of the asset.

individuals identified as “vulnerable” and in severe housing need. This population was to include the persons experiencing or at high risk of homeless, women and children subject to domestic violence, seniors, persons with a disability, mental health consumers and addictions recovery, veterans, racialized groups, recent immigrants or refugees, and members of the 2SLGBTQA+ community. Rents are geared to income and cannot exceed 30% of gross household income and affordability must be maintained for a defined term (for example, 10, 20, or 30 years). Funding recipients must submit an annual attestation to HRM/CMHC.

Part II. Additional Clarification

The rationale provided in the Notice of Motion to consider an increase in tax relief for nonprofit affordable housing providers on Schedule D was as follows:

- (i) The absence of sustained expansion of public housing.
- (ii) The impacts of a housing crisis are felt mostly by those who can least afford market rental rates.
- (iii) Increased tax relief would make maintenance costs more manageable.
- (iv) To assist the viability of new projects given that taxes form part of the calculation used for loans and funding by lenders and grant programs from other orders of government.

Each of these points is addressed below followed by a brief synopsis of the implications to current policy, program budget, and administrative capacity.

(i) Expansion of Public Housing⁷

In 2020 the Government of Nova Scotia created a Crown Corporation, the Nova Scotia Provincial Housing Agency (“the Commission”) to examine the status of affordable housing and develop recommendations to address the gap between housing supply and demand. The Commission’s recommendations were published in a report Charting a New Course for Affordable Housing in Nova Scotian Communities (2021). Within this context the term “public housing” refers to provincially owned subsidized rental housing units. Recommendation #11 of the Commission’s report advocates for the “transformation” of the current public housing model to enhance efficiency, effectiveness, sustainability, expansion, and potential divesture.

As proposed, a new arms-length agency would be tasked with the authority to manage and leverage existing public housing assets to generate, retain, and reinvest revenues. The Commission is to undertake the development of an “*asset management plan that includes opportunities for redevelopment in partnership with the community housing sector*” (p.44). Although there is no specific reference to expansion of public housing, if divestiture includes rent-to-buy to enable home ownership or the conveyance of property to nonprofit ownership there could be an impact on HRM’s tax assistance programs for lower income homeowners (Administrative Order 10 and/or Bylaw T-700) or for nonprofit property owners (Administrative Order 2024-001-ADM) in terms of both the cost to other ratepayers and HRM’s administrative capacity.

Implications: Given the absence of a detailed action plan in relation to a new operating model for public housing, it may be premature to assume that an increase in the level of tax relief under Schedule D correlates with an expansion in the number of public housing units within the region unless the proceeds from sale are reinvested into construction of new units. There is also an important distinction between government-subsidized income-tested public housing and mixed income housing (“affordable housing”); the latter may rely on additional government investment in targeted, income-based, rent supplements to

⁷ Prior to 2022, these assets were managed by five regional housing authorities, including the Metropolitan Regional Housing Authority in the Halifax region. To date, HRM’s role in public housing has been primarily to collect and remit a mandatory provincial rate through the municipal tax billing system. Although this transfer was discontinued in 2023 there is no cost-saving to the HRM because the rate was essentially a flow-through; the only saving is in administrative costs incurred in collection and transfer of funds on behalf of the provincial government.

maintain affordability for households living on very low income.

In the event of future divestiture of public housing to the nonprofit housing sector HRM's Administrative Order 2020-008-ADM Respecting Grants for Affordable Housing includes funding towards renovations and repairs. Because this program is funded primarily through density bonusing revenues the cost is largely independent of the general tax rate.

(ii) Market Rental Rates

Although subsection 26 (1) of policy states that an organization eligible for inclusion in Schedule D “serves households in the low to moderate income range” these terms are not defined and neither is “affordability”, for example, as a percentage of gross household income. Although the intended target of tax relief is explicit, there is no practical or cost-effective administrative capacity to monitor a household income threshold unless policy were amended to require individual tenants provide an annual Notice of Assessment from Canada Revenue Agency⁸. Therefore, it has been accepted that a mix of income and corresponding below and at-market rental rates may be desirable as a form of self-subsidy and contributes to operating viability.

Advocates of mixed-income housing suggest that a combination of below market and market rental rates reduces economic segregation and stigma, fosters neighborhood social diversity, and may contribute to financial stability as compared to accommodations exclusively serving lower-income households. Presumably, the ratio of below and at-market rental rates also impacts revenue and financial stability. Likewise, Recommendation #6 of the Commission's report encourages a focus on “mixed-income and mixed-use approaches that combine affordable and market units as well as commercial space to promote inclusiveness and financial viability” (p.39).

Implications: An increase in tax relief for residential property on Schedule D - that is not in receipt of the provincial capped assessment - does not provide any assurance of an increase in affordability for lower income tenants in the absence of income-based eligibility restrictions and/or a defined ratio of below market and market rental rates. A uniform increase for properties in Schedule D would also diminish or negate consideration afforded registered charities that provide housing for individuals unable to live independently, and those unable to obtain or maintain temporary or permanent housing without on-site support services which contribute to higher operating costs. Examples of the latter include shelter for the homeless or victims of domestic abuse, and temporary transitional housing.

The Province of Nova Scotia is currently providing a rent supplement through the Canada-Nova Scotia Targeted Housing Benefit Program. This initiative helps eligible renters by capping their rent contribution at approximately 30% of their income, with the government covering the remainder. The extent to which this program has been accessed by tenants of non-profit housing provides cannot be confirmed by municipal staff but conceivably could provide significant financial benefit to tenants and indirectly reduce the pressure on non-profit landlords.

(iii) Building Maintenance

Unlike a conventional operating or capital grant which would have a maximum funding threshold and may impose a limit on the number or combined value of successive applications, the annual saving to a recipient of HRM tax relief is not attached to specific expenditures and measurable outcomes. Neither is there an ability for the Municipality to monitor any accrual of the savings realized through tax relief in the form of a capital reserve or investment(s) and subsequent expenditures. Consequently, there is no cost-effective method to gauge the impact of recurring annual tax relief on a property owner's spending on preventive maintenance, repairs, or compliance with minimum occupancy standards.

⁸ Proof of gross household income is required under Administrative Order 10 (homeowners). In 2024 the combined gross household income eligibility threshold was capped at \$40,800.

Implications: While acknowledging the Commission's assertion that the preservation of rental housing stock is important in the overall approach to sustainability and less expensive than new construction (p.42), cash grants targeting the retrofit of existing rental units to enable accessibility and address minimum standards, safety issues, preventive maintenance or repairs is preferable to an across-the-board generic tax concession. In the alternative, HRM's Grants for Affordable Housing Program includes funding towards renovations, energy efficiency or accessibility upgrades, and repairs and because this program is funded primarily through density bonusing revenues the cost is largely independent of the general tax rate.

(iv) Financing Eligibility and Debt Servicing Costs

In accordance with subsection 44 (e) of policy, tax relief does not consider amounts owed for debts of an organization. As such, except for Schedule G, tax relief is not linked to the source, type, level, duration, the on-going cost of debt financing, or any actions regarding non-compliance with the terms and conditions of market or government financing or other payment obligations.

Although government financing such as fixed rate, low or interest-free mortgages may be leveraged by the prospect of future operational savings realized through discretionary tax relief, the payment of tax is a recurring annual operating cost. Hence, financial support for the acquisition of property or new construction would be better targeted using a one-time cash grant, not tax relief. HRM's Grants for Affordable Housing Program includes funding towards property acquisition or new construction and nothing in current policy excludes funding towards a downpayment on a mortgage or an "equity contribution". Because this grant program is funded primarily through density bonusing revenues the cost is largely independent of the general tax rate and as such the impact on other taxpayers is minimized. In contrast, tax relief is a recurring operating grant that is paid for by other property owners through the general tax rate.

It is also important to note that some government programs issue low or no interest loans and may offer "forgivable" loans. For example, the provincial Affordable Housing Development Fund⁹ supports the creation of affordable rental housing, including community organizations, through new construction, conversion of a non-residential building, or renovation of an existing, fully vacant multi-unit building. The program provides "forgivable loans" for rental units at least 20% below the average market rent for a minimum of 15 years. Funding is available for up to 50% of the rental units or up to 100% for projects with fewer than ten (10) units. Under this program a forgivable loan does not require reimbursement of the funds provided the "affordable rents" are maintained during the agreement period. However, if the loan recipient converts affordable rents to market or sells the property during the agreement period they are in default of the terms and conditions of funding and repayment is due based on the balance of the loan¹⁰. In addition, the 5% minimum equity contribution required of applicants is flexible for projects that excel in relation to the program's social, economic or environmental outcomes. Other forms of support that might directly contribute to financial viability include grants, the sale or donation of surplus municipal property, "tax rebates", inclusionary zoning, or a municipal fee reduction or waiver *might* be considered "equity". Organizations applying to the Affordable Housing Development Fund are assumed to have "access to project funding from third party partners in the form of mortgages, loans, cash, land donations and other financial supports like grants and waived fees" (p.5). *The program also allows provincial funds to be combined with CMHC programs such as the National Housing Co-Investment Fund.*¹¹

Implications: Cash grants are an expedient and targeted means to support mortgage financing with respect to a downpayment or a required equity contribution. Whereas a mortgage principal, with or without interest, is/may be re-repaid to a lender, municipal discretionary tax relief is a recurring annual net expense recovered from other taxpayers. Neither scenario is necessarily enduring due to the potential for changing

⁹ Affordable Housing Development Program Guide, Nova Scotia Department of Municipal Affairs and Housing, June 2022.

¹⁰ Clarification provided by staff of the Department of Growth and Development, Nova Scotia Department of Municipal Affairs and Housing, February 28, 2025.

¹¹ Affordable Housing Development Program Guide, Nova Scotia Department of Municipal Affairs and Housing, June 2022.

government priorities, budget capacity, or the duration of a specific program.

Part III. Municipal Budget and Administrative Pressures

Examples of Budget Pressures.

In 2025, the cost of the tax relief program is projected to be \$9.5M and appears to be trending upwards due to several factors, some of which are beyond HRM's control.

- Under the HRM/CMHC Rapid Housing Initiatives Program Round 1 and 2 (2021) the Municipality received ~\$8.6M with a target of at least 85 affordable rental units and an additional ~\$11M in Round 3 with a target of 36 units for a combined total of 121 new supportive housing units.
- Under HRM/CMHC Housing Accelerator Funding Agreement the Municipality received ~\$79.3M with a target of 2,600 new housing units of which 333 are designated "affordable housing"¹².
- In 2024, HRM's Affordable Housing Grants Program received two (2) applications for funding towards the purchase of 382 housing units; the combined projected cost of both projects was \$67M¹³. Eight (8) applications were received for funding towards the construction of 331 units; the combined projected cost of these projects was \$193M. Although some of these proposed projects may not come to fruition, and there is no direct correlation between construction costs and subsequent assessed market value, the scale of project is largely a function of access to exceptional levels of federal and provincial financing.
- In 2024 the conveyance of 1940 Gottingen Street, Halifax to the Mi'Kmaq Native Friendship Society closed. In 2025, the vacant land is assessed Commercial with a value of \$6,432,900. The construction of a new cultural centre was initially estimated to cost in the range of \$33M to \$49M.
- In February of 2025 the Mi'Kmaq Native Friendship Society acquired a 6-storey office building (known as Marine House) located at 176 Portland Street, Dartmouth under the Federal Lands Initiative to convert into ~ 61 units of mixed income affordable housing; a minimum of 50% of the units are to be "affordable" rents below 80% of the median market rental rate. Occupancy is projected to be in fiscal 2027. In 2025, the property has an assessed market value of \$4,736,800.
- In March 2025 the Nova Scotia Department of Public Works entered into an agreement with the Canada Lands Company CLC Limited to purchase a portion of the former Shannon Park waterfront property to develop 600 units of affordable housing. The sale price was \$16.8M but is considered below market value. Future conveyance or leasing of all or a portion of these lands to nonprofit organizations to develop is unconfirmed but would have significant impact on the Tax Relief Program.
- In April 2025 the Upper Hammonds Plains Community Land Trust acquired land located on Equestrian Lane, Upper Hammonds Plains, upon which they propose to build 136 homes to be operated by the newly incorporated Upper Hammonds Plains Housing Co-operative Limited. The venture is to be assisted with \$61.2M in financing from the CMHC Co-operative Housing Development Program.
- If affordable housing were to be included in the Cogswell Redevelopment Project, there could be a significant impact on the Tax Relief Program. Although the feasibility, cost, and scale of any

¹² HAF Agreement Action Plan Summary, January 2, 2025.

¹³ An application does not constitute a grant but is indicative of the scale and cost of proposed acquisitions. All applicants must demonstrate an ability to proceed with the project and identify the balance of any non-municipal funding source.

nonprofit ownership or land lease is yet to be determined, any development is anticipated to be high density (up to 500 units) with a high market value. Likewise, the less than market value sale of surplus municipal property to nonprofit or charitable organizations under Administrative Order 50 may impact the Tax Relief Program, especially if the land has a high market value and is used for new construction.

- HRM-initiated corrective action and quality assurance measures could impact municipal tax assistance programs. For example, the identification of occupancy in HRM-owned property that has not been assessed as taxable.
- Large-scale, high value construction projects or property acquisitions undertaken by nonprofits and charities, including requests for municipal capital funding under a municipal Contribution Agreement could contribute to an increase in the cost of tax relief renewal or applications for addition to the program. For example, cultural or sports facilities, or childcare expansion supported through federal and provincial funding.

Examples of Administrative Pressures.

- The timelines attached to tax billing, payment, and collection are highly prescriptive. Therefore, as the number of properties accepted into the Tax Relief Program grows there is a corresponding increase in workload to meet service standards. These impacts are not exclusive to Finance (Fiscal Policy, Grants & Contributions, Revenue, Collections) and include Legal and Legislative Services, and Property, Fleet, and Environment (notably Corporate Real Estate).
- Increasing complexity in terms of joint property ownership, third party funding agreements, compliance monitoring, and the direct or indirect participation of for-profit or private interests adds to the review process.
- Pressure from tenants of commercial property seeking tax relief comparable to that afforded property owned and operated by nonprofit and charitable organizations or those organizations exempt taxation under an Act of the Legislature or the Assessment Act.

Part IV. Additional Options

- Develop a revised or additional maximum tax payable threshold across all Schedules to address a significant increase in the scale and value of property acquisitions, development including subdivisions, or major capital projects. This action would require amendments to Administrative Order 2024-001-ADM and communication materials.
- Undertake a priority-setting exercise to maximize the incremental impact of HRM's discretionary funding under tight time constraints while taking advantage of access to exceptional levels of government assistance, primarily federal and provincial mortgage financing (loans/loan guarantees and forgivable loans). For example, the addition of a second intake under the Affordable Housing Grants Program could address "readiness" in the acquisition of existing residential property or the conversion of property for residential use.

As noted in the Nova Scotia Affordable Housing Commission's report, the acquisition of existing housing units can expedite timelines and reduce risk associated with supply chain issues, labour shortages, and inflationary costs. This strategy has also been recognized and facilitated by the federal government's Community Housing Acquisition Program which provides fixed-rate mortgages for up to 95% of the purchase price to a maximum of \$10M amortized over a 30-year term. The applicant's "equity contribution" may be as low as 5%, but a defined percentage of units must be rented at 30% below the average rent for a dwelling unit of similar size in the same location.

- The use of long-term land leases may be preferable to the donation of surplus municipal property.
- Administrative Order 50 could be amended to incentivize the timely development of property conveyed at less than market value using a two-phase Buy-Back Agreement whereby if the property has not been developed within a defined period (for example, within three years as of closing to coincide with Schedule F of the Tax Relief Program) after which the property reverts to HRM's ownership and can be re-offered to eligible nonprofit and charitable organizations.
- HRM might leverage the incremental impact of municipal funding by publicizing existing federal, provincial, and municipal government programs that provide grants for property acquisition, construction, conversion or remediation, repairs or upgrades, heritage conservation, energy efficiency or water conservation, and/or accessibility. This approach is comparable to that used by HRM to publicize assistance programs targeting lower-income homeowners.
- Unsolicited requests for capital funding for projects initiated by nonprofit and charitable organizations can have significant cost implications to the Tax Relief Program, including property acquisition, new construction, or major remediation. To address equitable access to opportunity, manage budget implications, and establish administrative efficiencies HRM could develop an Administrative Order to guide policy and procedures for municipal Contribution Agreements.

FINANCIAL IMPLICATIONS

Upholding current policy results in no increase to the Tax Relief Program budget beyond (i) annual assessment values and municipal tax rates for renewals, (ii) the annual addition of properties to the program, and/or (iii) major capital improvements or expansion of properties in receipt of municipal tax relief ("renewals").

RISK CONSIDERATION

The primary risks associated with tax grants are representational (accuracy and completeness of information), an error in assessment classification, and any substantive change in use during the fiscal year. Tax arrears might also pose reputational risk should collection proceedings be required.

Any increase in level of tax relief afforded only affordable housing providers in Schedule D could pose reputational risk to the Municipality given that other nonprofit and charitable organizations face similar financial challenges.

COMMUNITY ENGAGEMENT

No community engagement was undertaken.

ENVIRONMENTAL IMPLICATIONS

No environmental implications were identified.

LEGISLATIVE AUTHORITY

- *Assessment Act*, SNS 1989, c 23
- *Housing Supply and Services Act*, SNS 2022, c 36

Powers of municipalities respecting taxation

13 (1) Subject to the regulations, a municipality may

(a) limit the municipal taxes levied with respect to the property owned by a company or corporation established for the purpose of this Part for such period as the municipality may determine; and

(b) exempt from municipal taxation or limit the municipal taxes levied with respect to the property owned by a charitable corporation eligible for loans under Section 88 of the *National Housing Act* (Canada).

(2) For greater certainty, a decision to limit or exempt municipal taxes under Section 19 of the *Housing Act* continues to have legal force and effect, subject to the regulations.

- *Halifax Regional Municipality Charter*, SNS 2008, c 39

7A The purposes of the Municipality are to

- (a) provide good government;
- (b) provide services, facilities and other things that, in the opinion of the Council, are necessary or desirable for all or part of the Municipality; and
- (c) develop and maintain safe and viable communities.

71(2) The Municipality may not grant a tax concession or other form of direct financial assistance to a business or industry.

79A (1) Subject to subsections (2) to (4), the Municipality may only expend money for municipal purposes if

- (a) The expenditure is included in the Municipality's operating budget or capital budget or is otherwise authorized by the Municipality...

Tax exemption by-law for organizations

89(1) The Council may, by policy, exempt from taxation to the extent and under the conditions set out in the policy

- (a) property
 - (i) of a named registered Canadian charitable organization, and
 - (ii) that is used directly and solely for a charitable purpose;
- (b) property of a non-profit community, educational, recreational, religious, cultural or sporting organization, if in the opinion of the Council, the organization provides a service that might otherwise be a responsibility of the Council.

(2) The Council may, by policy, to the extent and under the conditions set out in the policy, provide that the tax payable with respect to all or part of the taxable commercial property of any non-profit community, charitable, fraternal, educational, recreational, religious, cultural or sporting organization named in the policy be reduced to the tax that would otherwise be payable if the property were residential property, including area rates.

Taxes in respect of other properties

128 Where property is

- (a) vested in His Majesty or any person for Imperial, Dominion or Provincial purpose; and

- (b) occupied by a person other than in an official capacity, the occupant shall be taxed in respect of the property, but the property may not be sold for taxes.

Tax bills

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- (1) Every person liable to pay taxes shall be served with a tax bill showing the amount of taxes for the current year, the due date and all arrears of taxes or in respect of the property.
- (2) Subject to subsection (2A), the tax bill must be served personally or mailed to the address shown on the assessment roll or any more current address known to the Treasurer.

- *Administrative Order 2023-003-ADM Respecting Municipal Registry of Emergency Services Providers.*
- *Administrative Order 2024-001-ADM Respecting Tax Relief for Non-Profit Organizations.*
- *Administrative Order 54 Respecting Procedures for Developing Administrative Orders.*
- *Administrative Order 2019-007-ADM Respecting Public Disclosure of Municipal Grants.*

ATTACHMENTS

None.

Report Prepared by: Peta-Jane Temple, Team Lead Grants & Contributions, Finance & Asset Management
902.490.5469; Carolyn Penny, Senior Financial Consultant, Finance & Asset
Management.
