



**VIA EMAIL**

Monday, July 14, 2025

Corporate Services Department  
Legal Services  
Office of the Regional Clerk  
1151 Bronte Road  
Oakville, ON L6M 3L1

Samantha Yew, City Clerk, City of Burlington  
Valerie Petryniak, Town Clerk & Director, Legislative Services, Town of Halton Hills  
Meaghen Reid, Director, Legislative & Legal Services/Town Clerk, Town of Milton  
William Short, Town Clerk, Town of Oakville

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Please be advised that at its meeting held on Wednesday, July 9, 2025, the Council of The Regional Municipality of Halton adopted the following resolution:

**RESOLUTION:      FN-19-25 - Adoption of a New Optional Subclass for Affordable Rental Housing**

1. THAT Halton Region adopt the optional subclass of affordable rental housing in respect of the new multi-residential property class effective January 1, 2026, as set out in Report No. FN-19-25.
2. THAT the optional subclass only applies to residential units that are built, or converted from a non-residential use, pursuant to a building permit that is issued after the by-law described in Recommendation #3, below, comes into force.
3. THAT Corporate Counsel be authorized to prepare the necessary by-law, to come into force on January 1, 2026, to adopt the aforesaid optional subclass in respect of the new multi-residential property class, as set out in Report No. FN-19-25.
4. THAT the Regional Clerk forward a copy of Report No. FN-19-25 and the related by-law to the City of Burlington, the Town of Halton Hills, the Town of Milton, and the Town of Oakville.

Please find attached a copy of the above-noted report and by-law 24-25 for your information. If you have any questions, please contact me at the email address below.

Sincerely,



Graham Milne  
Regional Clerk  
[Graham.Milne@halton.ca](mailto:Graham.Milne@halton.ca)

## The Regional Municipality of Halton

Report To:	Regional Chair and Members of Regional Council
From:	Cyndy Winslow, Commissioner, Finance and Regional Treasurer
Date:	July 9, 2025
Report No.:	FN-19-25
Re:	Adoption of a New Optional Subclass for Affordable Rental Housing

### Recommendation

1. THAT Halton Region adopt the optional subclass of affordable rental housing in respect of the new multi-residential property class effective January 1, 2026, as set out in Report No. FN-19-25.
2. THAT the optional subclass only applies to residential units that are built, or converted from a non-residential use, pursuant to a building permit that is issued after the by-law described in Recommendation #3, below, comes into force.
3. THAT Corporate Counsel be authorized to prepare the necessary by-law, to come into force on January 1, 2026, to adopt the aforesaid optional subclass in respect of the new multi-residential property class, as set out in Report No. FN-19-25.
4. THAT the Regional Clerk forward a copy of Report No. FN-19-25 and the related by-law to the City of Burlington, the Town of Halton Hills, the Town of Milton, and the Town of Oakville.

### Report

#### **Executive Summary**

- Starting in the 2026 taxation year, municipalities will have the option to reduce the municipal property tax rate for eligible affordable rental housing units by up to 35%.
- The by-law to adopt the new optional subclass must be passed by September 30, 2025 to be applicable for the 2026 taxation year. The municipal property tax rate reduction, up to 35%, for eligible affordable rental housing units can be set through the annual tax policy process.

- The new optional subclass can apply to existing and/or newly built multi-residential units provided they meet the required conditions, including meeting the definition of affordable residential unit in the *Development Charges Act, 1997* (the “DCA”).
- To be eligible for the optional subclass, the owner of the residential unit or the operator of the building is:
  - required by an Act or a federal statute to provide affordable rental housing, or;
  - required to offer the residential unit at a rent that is governed by an agreement entered into with the Federal or Provincial Governments, the local or upper-tier municipality or a local board of either of them, or;
  - a service manager as defined in the *Housing Services Act, 2011*.
- To incentivize the development of new affordable residential units in Halton and to meet the objectives of increasing housing supply and affordability, staff recommend adopting the optional subclass effective January 1, 2026 for newly built multi-residential units that meet the required conditions, including that they have been built, or converted from a non-residential use, pursuant to a building permit that is issued after January 1, 2026.
- Staff are recommending through this report, to have the necessary by-law passed by September 30, 2025 in order for the optional subclass to be in effect in 2026 for newly built multi-residential units. If approved, staff will work with the Local Municipalities to determine the recommended municipal property tax rate reduction, up to 35%, for Council’s consideration and approval through the 2026 Tax Policy Report in April.
- Staff are awaiting information from MPAC on existing multi-residential units in the multi-residential and new multi-residential property classes (i.e. residential units for which building permits were issued on or before January 1, 2026) to conduct a review, and will report back to Council with an update in the 2026 Tax Policy Report in April.

## **Background**

On October 30, 2024, the Province released the *2024 Ontario Economic Outlook and Fiscal Review: Building Ontario For You* and announced that it would provide municipalities with the ability to reduce municipal property tax rates on certain affordable rental housing.

The 2025 Ontario Budget confirmed that starting in 2026, municipalities will have the option to reduce the municipal property tax rate for certain affordable rental housing

units by up to 35%. At the option of the Region, this reduction can apply to existing and/or newly built residential units provided they meet the definition of affordable residential units in the DCA.

On May 26, 2025, O. Regs. 73/25 and 74/25 were filed that amend certain regulations made under the *Assessment Act* and the *Municipal Act, 2001*, respectively, as follows:

- O. Reg. 73/25 amends O. Reg. 282/98 under the *Assessment Act* by adding **section 22.1.1 Affordable Rental Housing Subclass** and prescribes an optional subclass for affordable rental housing for each of the multi-residential property class and the new multi-residential property class.
- The subclass only applies if a single-tier or upper-tier municipality passes a by-law opting to have the subclass apply in respect of the multi-residential property class and/or the new multi-residential property class.
- For a subclass to apply with respect to the 2026 taxation year, the by-law must be passed by September 30, 2025.
- Municipalities may opt to have a condition apply specifying that the residential unit must have been built, or converted from a non-residential use, pursuant to a building permit has been issued for such unit after the by-law comes into force (i.e. the Region is not required to grandfather existing multi-residential units into the subclass)
- O. Reg. 74/25 amends O. Reg. 73/03, made under the *Municipal Act, 2001*, by adding **section 8.0.0.4(1) Affordable Rental Housing Subclass** to prescribe a range for the affordable rental housing subclass reduction to be between 0% and 35%, inclusive.

## Discussion

The Province is taking action to make more homes available to the people of Ontario by supporting lower taxes on affordable rental housing. With the introduction of the optional subclass for affordable rental housing, municipalities have the ability to reduce municipal tax rates for affordable rental housing units that meet the eligibility criteria in the *Assessment Act*, including the definition of affordable residential unit in the DCA, as noted below.

### Eligibility Criteria under Ontario Regulation 73/25

Under O. Reg. 73/25, municipalities may choose to adopt the optional subclass under the multi-residential and/or the new multi-residential property classes for eligible properties. The eligible properties must meet the following conditions as specified in the O. Reg. under subsection 22.1.1(5):

1. The land is a self-contained residential unit.

2. The residential unit meets the criteria for being an affordable residential unit set out in subsection 4.1(2) of the *Development Charges Act, 1997*.
3. The owner of the residential unit or the operator of the building in which the residential unit is located is,
  - i. Required by an Act or a federal statute to provide affordable rental housing, or
  - ii. Required to offer the residential unit at a rent that is governed by an agreement entered into with one of the following entities:
    - A. The Crown in right of Canada.
    - B. The Crown in right of Ontario.
    - C. An agency of the Crown in right of Canada or of Ontario.
    - D. The local or upper-tier municipality in which the residential unit is located or a local board of either of them.
    - E. A service manager as defined in the *Housing Services Act, 2011*.
4. In the case of the optional subclass for the new multi-residential property class, and only if the single-tier or upper-tier municipality opts to have this condition apply, the tax reduction eligibility only applies to a residential unit built, or converted from a non-residential use, where the building permit for such unit has been issued after the by-law comes into force opting to have the subclass apply within the municipality.

### **Affordable Residential Unit Criteria under the DCA**

The criteria for being an affordable residential unit and being eligible for the new optional subclass is set out in subsection 4.1(2) of the DCA as follows:

#### Exemption for Affordable residential unit, rented

(2) A residential unit intended for use as a rented residential premises shall be considered to be an affordable residential unit if it meets the following criteria:

1. The rent is no greater than the lesser of,
  - i. the income-based affordable rent for the residential unit set out in the Affordable Residential Units bulletin, as identified by the Minister of Municipal Affairs and Housing in accordance with subsection (5), and
  - ii. the average market rent identified for the residential unit set out in the Affordable Residential Units bulletin.
2. The tenant is dealing at arm's length with the landlord.

Attachment #1 to this report provides the affordable eligibility of a residential rental unit for Halton's four Local Municipalities effective June 1, 2024.

### **Existing Multi-Residential Properties in Halton Region**

The multi-residential property class consists of residential rental properties that have seven or more self-contained units, with a building permit issued on or before October 30, 2002. Halton Region's tax ratio for the multi-residential property class has been maintained at 2.0 since 2017, and based on the 2025 final assessment information from MPAC, there are 401 properties in the class with a total current value assessment of \$3.3 billion.

The new multi-residential property class consists of residential rental properties that have seven or more self-contained units, with a building permit issued after the by-law adopting the new multi-residential property class was passed (in Halton Region's case, after October 30, 2002).

Effective April 20, 2017, the Province mandated the new multi-residential property class with a transition ratio of 1.0, which required Halton Region to lower its tax ratio from 2.0 to 1.0 for the 2017 taxation year. Since 2017, Halton Region's tax ratio for the new multi-residential property class has been maintained at 1.0, which is aligned with the tax ratio of the residential class. Based on the 2025 final assessment information from MPAC, there are 17 properties in the new multi-residential property class with a total current value assessment of \$435.3 million.

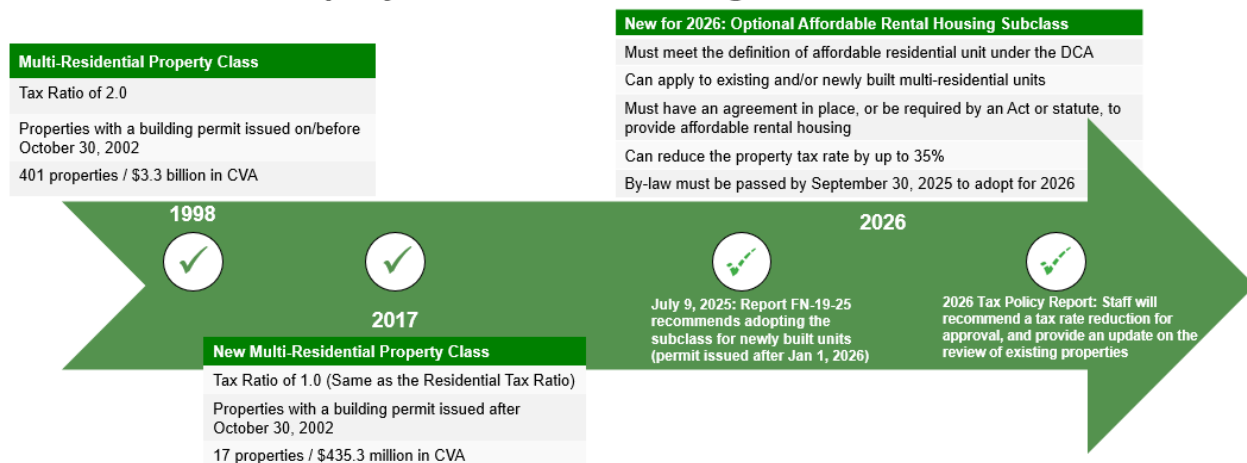
### **Optional Subclass and Tax Rate Reduction on newly built Multi-Residential Units**

O. Reg. 74/25 amends O. Reg. 73/03 made under the *Municipal Act, 2001* by adding **section 8.0.0.4 Affordable Rental Housing Subclass** and prescribes a range for the affordable rental housing subclass reduction to be between 0% and 35%, inclusive.

To incentivize the development of new affordable rental housing in Halton and meet the objectives of increasing housing supply and affordability, staff recommend adopting the optional subclass for the new multi-residential property class effective January 1, 2026 for newly built multi-residential units that meet the required conditions, including that they have been built, or converted from a non-residential use, pursuant to a building permit issued after January 1, 2026.

An overview illustrating the Multi-Residential property classes in Halton is provided below, including the new optional affordable rental housing subclass recommended for approval through Report No. FN-19-25.

## Multi-Residential Property Taxation in Halton Region



### Next Steps

Staff are recommending through this report, to have the necessary by-law passed by September 30, 2025 in order for the new optional subclass to be in effect in the 2026 taxation year. If approved, staff will work with the Local Municipalities to determine the recommended municipal property tax rate reduction, up to 35%, for Council's consideration and approval through the 2026 Tax Policy Report in April.

At this time, MPAC has not communicated a process for reviewing and identifying existing multi-residential properties for optional inclusion in the new optional subclass. Staff will work with MPAC and the Local Municipalities to review the existing multi-residential units in the multi-residential and new multi-residential property classes (i.e. residential units for which building permits were issued on or before January 1, 2026). It is important to note that any reduction in tax ratios for properties within the current tax assessment base shifts the property tax burden to other property classes, primarily the residential property class. Staff will report back to Council with an update in the 2026 Tax Policy Report in April 2026.

## Financial/Program Implications

Staff recommend adopting the new optional subclass of affordable rental housing for the 2026 taxation year, applicable to newly built multi-residential units that meet the required conditions, including that they have been built, or converted from a non-residential use, pursuant to a building permit that is issued after January 1, 2026. Staff will work with the Local Municipalities to review and provide a recommended municipal property tax rate reduction, up to 35%, for Council's consideration and approval through the 2026 Tax Policy Report in April.

The by-law to adopt the new optional subclass in respect of the new multi-residential property class effective January 1, 2026 accompanies this report for Council's approval.

Respectfully submitted by,

Debbie Symons  
Director, Budgets and Tax Policy

Cyndy Winslow  
Commissioner, Finance and  
Regional Treasurer

Approved by,

Andrew Farr  
Chief Administrative Officer

If you have any questions about the content of this report, please contact:  
Debbie Symons – Director, Budgets and Tax Policy

Attachments:  
Attachment #1 – Excerpts from Affordable Residential Units bulletin

Additional Information:

The sources listed below are for supplemental information and reference only. Halton Region is not responsible for the currency, accuracy, or legality of the content from any external links.

None

**Excerpts from the Affordable Residential Units for the Purposes of the Development Charges Act,  
1997 Bulletin effective June 1, 2024 as it relates to Halton's Municipalities**

**(City of Burlington, Town of Halton Hills, Town of Milton, Town of Oakville)**

The [Affordable Residential Units for the Purposes of the Development Charges Act, 1997 Bulletin](#) sets out the market-based and income-based thresholds that are to be used to determine the eligibility of a residential unit DC exemption (and local municipality exclusions from the maximum community benefits charge and parkland dedication requirements under the *Planning Act*).

Shown below, are the market-based and income-based eligibility thresholds for rental residential units applicable to Halton's four local municipalities. Effective June 1, 2024, as highlighted in yellow, for all four of Halton's municipalities, the rental threshold is market-based.

<b>Rental Threshold</b>	
The rent is no greater than the lesser of:	
<ul style="list-style-type: none"> <li>Equal to 30% of income that is at the 60th percentile of gross annual income for renter households in that local municipality as determined by the Minister of Municipal Affairs and Housing, and</li> <li>The average market rent set out in the Affordable Residential Units bulletin</li> </ul>	

<b>Average Market Rent</b>	<b>Burlington</b>	<b>Halton Hills</b>	<b>Milton</b>	<b>Oakville</b>
<b>Bachelor Unit</b>	<b>\$1,192</b>	<b>\$1,243</b>	<b>\$1,243</b>	<b>\$1,299</b>
<b>1 Bedroom Unit</b>	<b>\$1,621</b>	<b>\$1,623</b>	<b>\$1,451</b>	<b>\$1,680</b>
<b>2 Bedroom Unit</b>	<b>\$1,831</b>	<b>\$1,176</b>	<b>\$1,626</b>	<b>\$1,989</b>
<b>3+ Bedroom Unit</b>	<b>\$1,819</b>	<b>\$1,864</b>	<b>\$1,864</b>	<b>\$2,096</b>

<b>Income based</b>	<b>Burlington</b>	<b>Halton Hills</b>	<b>Milton</b>	<b>Oakville</b>
<b>Applies to all Dwelling Types</b>	<b>\$2,280</b>	<b>\$2,160</b>	<b>\$2,920</b>	<b>\$2,610</b>

# THE REGIONAL MUNICIPALITY OF HALTON

## BY-LAW NO. 24-25

A by-law to opt to have the subclass in respect of the new multi-residential property class apply within the Regional Municipality of Halton.

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WHEREAS certain property classes have been prescribed by the Minister of Finance pursuant to section 7 of the *Assessment Act*, R.S.O. 1990, c. A.31, as amended (the "Assessment Act");

AND WHEREAS section 22.1.1(1) of O. Reg. 282/98, a regulation under the *Assessment Act*, prescribes a subclass for the new multi-residential property class;

AND WHEREAS subsection 22.1.1(3) of O. Reg. 282/98 provides that the subclass in respect of the new multi-residential property class applies within a municipality only if the council of a single-tier or upper-tier municipality has passed a by-law opting to have the subclass apply within the municipality;

AND WHEREAS Section 22.1.4 of O. Reg. 282/98 provides that a municipality may opt to include the following condition for a residential unit to be included in the subclass: the residential unit is built, or converted from a non-residential use, pursuant to a building permit that is issued after the by-law came into force opting to have the subclass in respect of the new multi-residential property class apply within the municipality;

AND WHEREAS subsection 22.1.1(4) of O. Reg. 282/98 provides that for the subclass in respect of the new multi-residential property class to apply for the 2026 taxation year, a by-law under subsection 22.1.1(3) of O. Reg. 282/98 must be passed by September 30, 2025;


AND WHEREAS section 308 of the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended, sets out the requirements for establishing tax ratios.


NOW THEREFORE THE COUNCIL OF THE REGIONAL MUNICIPALITY OF HALTON HEREBY ENACTS AS FOLLOWS:

1. THAT the Region hereby opts to have the subclass described in Section 22.1.1(1) of O. Reg 282/98 apply in respect of the new multi-residential property class.
2. THAT, in addition to meeting all other required conditions, as a condition for a residential unit to be included in the subclass in respect of the new multi-residential property class the unit must have been built, or converted from a non-residential use, pursuant to a building permit that is issued after the date this by-law comes into force.
3. THAT the tax ratio for the subclass in respect of the new multi-residential property class is 1.0000.

4. THAT the tax ratio for the subclass in respect of the new multi-residential property class is effective as of January 1, 2026 for the taxation year 2026 and for subsequent taxation years.
5. THAT this By-law comes into force on January 1, 2026.

READ and PASSED this 9th day of July, 2025.

A/   
REGIONAL CHAIR

  
REGIONAL CLERK

Report No. FN-19-25