



Subject: *Affordable Housing Fee and Tax Exemption*
To: Planning Advisory Committee
Date Prepared: April 7, 2026
Related Motions: NA
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Summary

The Municipality of East Hants has received two requests from developers of affordable housing, Riverview United Church & the NS Provincial Housing Agency. These organizations are requesting a tax exemption and fee waiver. The requests are being made to enable more below market rental housing to be built in East Hants. In this report, staff outline these requests, options and recommend a response.

Financial Impact Statement

Based on Staff's recommended approach, these two requests would reduce one time permit revenue by \$3,464 and reduce property tax revenue by \$12,390 per year for a ten year period. The total number of organizations that might take advantage of such a program, and therefore the potential reduced revenue, is unknown.

Recommendation

Direct staff to prepare an Affordable Housing Fee and Tax Exemption Policy and draft amendments to Bylaw F-400 that would:

- Exempt new affordable housing developments from 50% of applicable property taxes for 10 years.
- Exempt new affordable housing developments from 100% of building and development fees (not including infrastructure charges).

Recommended Motion

Move that Planning Advisory Committee recommends to Council that Council direct staff to prepare an Affordable Housing Fee and Tax Exemption Policy and draft amendments to Bylaw F-400 that would:

- *Exempt new affordable housing developments from 50% of applicable property taxes for 10 years.*
- *Exempt new affordable housing developments from 100% of building and development fees (not including infrastructure charges).*

Background

Riverview United Church

In an effort to help mitigate the impacts of the ongoing housing crisis in Nova Scotia, the trustees of the Riverview United Church are exploring options to build an affordable housing development with a goal of rents that are 20% lower than current market rates in the area. The trustees have met with the East Hants Planning Department and Nova Scotia Department of Public Works to confirm proposed project parameters will meet requirements. There currently is a home on the property behind the church that is being rented out. If the trustees proceed with the housing development, this existing home will be demolished.

The trustees are looking to create a separate entity to operate the development and while forecasting a minimal profit, the intention will be to donate any profits to local charities as they do with a clothing bank and thrift shop, they currently operate.

Based on similar types of building that have been constructed over the past couple of years in the Elmsdale/Enfield area, the average residential assessment is approximately \$1,000,000 which based on current rates for the location of this property would generate \$12,390 in property tax per year without the exemption in place. A full exemption would mean a loss of this potential revenue. There will be additional costs to providing waste management services to the complex for the 8 units. The total waste management fee of \$1,840 would also be exempt and is included in the estimated exemption amount.

NS Provincial Housing Agency (NSPHA)

NSPHA intends to build an eight unit apartment building in Shubenacadie that will be maintained as public housing. They are requesting that all associated municipal fees be waived for the project. In this case, fees are estimated as follows:

Base fee:	\$125
Application fee:	\$807 (5380 sq ft x \$0.15/sq ft)
Occupancy fee:	\$800 (\$50/unit x 16 units)
Water infrastructure fee:	\$33,300 (\$900/bedroom x 37 bedrooms)
Sewer infrastructure fee:	\$33,300 (\$900/bedroom x 37 bedrooms)
Sewer hook-up fee:	\$4,250 (\$500 for 1 st unit, and \$250 for each additional unit discharging into the same lateral)
Total Permit Fee:	\$72,582 (\$1,732 building permit fees & \$70,850 infrastructure fees)

Discussion

East Hants Housing Strategy

Municipal Council adopted a housing strategy in October 2025. The strategy is intended to better understand the housing situation in East Hants and provide recommendations to enable additional housing, particularly affordable housing development. Specifically, the strategy determined that East Hants is underserved with below market housing from both the public and non-profit sector. The housing strategy also identified a project to explore the creation of a tax relief program for non-profit organizations that provide housing. As a result, these requests from the Riverview United Church and the NSPHA are timely and consistent with Council's Priority 6.3.1 in the housing strategy to "Take action to create a Tax Relief Program for Non-profit organizations that provide housing in East Hants".

6.3 Incentives



PRIORITY 6.3.1: Take action to create a Tax Relief Program for Non-profit organizations that provide housing in East Hants.

INCENTIVIZE



REGULATE

MUNICIPAL ROLE

The Municipality of East Hants does not provide any incentives for new housing developments outside of waiving building permit fees for building an Accessory Dwelling Unit and waiving fees for non-profit organization. The Municipality does not offer any incentives in the form of grants or through tax relief. Incentives have been explored to encourage developers to build within East Hants and to aid in the financial costs associated with building, specifically for non-profit organizations providing affordable housing or organizations that provide a direct community benefit. The Halifax Regional Municipality (HRM) provides a tax-relief program where non-profit and charitable organizations are eligible for a property tax reduction each year. The HRM program has three categories for organizations that would be eligible to the tax relief:

- are non-commercial in nature;
- do not represent the interests of business, commerce, or industry; and
- provide a direct community benefit to the residents of the Municipality.

There are also a number of benefits for the non-profit and charitable organizations. A representative from a local housing non-profit indicated after a pro forma analysis that for every dollar saved in operating expenses through reduced property tax, there is \$22 dollars "unlocked" in capital financing ability. For example, if a \$100,000 annual property tax bill was waived by the Municipality, \$2,200,000 in additional mortgage servicing could be enabled over the course of a 50- year mortgage term, filling a critical gap in the upfront capital stack for housing development.

Actions

Action 017: Explore the option of implementing a tax relief program for non-profit organizations that provide housing within East Hants

Timeline

The development of a tax relief program is a medium-term action.

Bylaw F-400

As a non-profit group, the trustees of Riverview United Church are looking to use Bylaw F-400 for an exemption from property taxes using the qualification under Section 2.3 of the bylaw to support this request:

The property of nonprofit community, charitable, fraternal, educational, recreation, religious, cultural or sporting organizations which, in the opinion of council, provide a service that might otherwise be a responsibility of council, named in Schedule "A", be totally exempt from taxation including area and fire protection rates in the Municipality of East Hants;

Bylaw F-400 is created under the provisions of Section 71 of the Municipal Government Act (MGA) which permits a Council to exempt a property from taxes in a similar manner as noted in the Bylaw, referencing Section 71(1)(b) of the MGA:

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

(b) property of a nonprofit community, charitable, fraternal, 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;

It should be noted that low-income housing provided by the Province of Nova Scotia is not exempt under the Assessment Act and is taxed based on the residential assessment of the property. Specifically, the Assessment Act notes under Section 5(1)(a):

5 (1) The following property is exempt from taxation under this Act: (a) all property vested in His Majesty or vested in any person for Imperial, Dominion or Provincial purposes, and either unoccupied or occupied by some person in an official capacity, except that, if any such property is occupied by any person otherwise than in an official capacity, the occupant shall be assessed and rated in respect thereof, but the property itself shall not be liable;

Jurisdictional Scan

Cape Breton Regional Municipality and the Town of Lunenburg have similar policies that grant a ten-year tax credit to encourage the development of affordable housing units. The credit schedule is a decreasing balance over the ten year period:

Years 1-2: 90% credit

Years 3-4: 75% credit

Years 5-6: 60% credit

Years 7-8: 45% credit

Years 9-10: 30% credit

No credit will apply beyond Year 10.

The builder/developer must agree to maintain the units as affordable for the full ten year period in order to continue to qualify for the tax credit. The credit is pro-rated to the area of the building dedicated to affordable housing units.

The basis for this credit comes from the Municipal Government Act 57(4):

(4) Notwithstanding subsection (2), a municipality may provide direct financial assistance to a business for the purpose of increasing the availability of affordable housing in the municipality

Halifax Regional Municipality also offers a program for non-profit and charitable organizations similar to the East Hants F-400 bylaw that is intended to provide tax relief to support development of affordable housing. They offer a tax relief grant equivalent to 50% of taxes levied with a maximum payable per property of \$25,000. Properties eligible for the CAP Assessment Program receive a reduction equivalent to 25%. Recipients must apply each year to maintain eligibility to receive the credit.

Alternatives

Alternative 1

Develop an affordable Housing Fee and Tax Exemption Policy and draft amendments to Bylaw F-400 that would:

- Exempt new affordable housing developments from 50% of applicable property taxes for 10 years.
- Exempt new affordable housing developments from 100% of building and development fees (not including infrastructure charges).

This approach would incentivize affordable housing while putting a sunset on the financial impact to the municipality and is consistent with Council's Housing Strategy.

Although a definition hasn't been developed by staff yet, typically for a project to be considered affordable, rents would have to be at least 20% below market rents for the life of the tax abatement.

Staff are not proposing to include infrastructure charges in the fee reduction policy given the direct link between system capacity and the ability to accommodate additional housing, affordable or otherwise. Infrastructure charges revenue is critical to fund those capital projects that directly lead to increased capacity in the municipal water and sewer systems to support additional housing.

Alternative 2

Direct staff to design a tax and fee exemption policy with different parameters:

- Specify a higher or lower tax reduction amount from the 50% proposed by staff
- Specify a higher or lower time frame from the 10 years proposed by staff
- Include a declining exemption amount per year (e.g., 90% year 1 and 30% in year 10)
- Provide a general government grant to cover all or a portion of Infrastructure Charges

Alternative 3

Council could decide to not implement a tax or fee waiver policy and encourage developers to build affordable housing in East Hants using other funding mechanisms (e.g., CMHC).
