

Proposed Amendments to Innovative Housing Incentives Policy No. C09-002

(Bolded highlights denote proposed amendments)

4.3 Affordable Housing Property Tax Abatement

Current policy

- a) The City will provide a five-year property tax abatement of the incremental tax increase for the residential portion of any eligible affordable housing project.
- b) In addition to complying with section 3.1, “Eligibility Criteria – Affordable Housing”, projects must meet the following criteria in order to qualify for a property tax abatement:
 - I. Applicants shall provide a ten-year business plan to verify that the project will be viable for at least five years after the conclusion of the abatement;
 - II. The project must be in the form of rental or cooperative housing and must maintain this type of tenure for the duration of the abatement.;
 - III. The project may be ownership housing only if the housing is built by a non-profit organization with a mission to provide affordable home ownership;
 - IV. Applicants must be non-profit corporations, or must be providing the affordable housing on a non-profit basis; and
 - V. For-profit applicants shall provide documentation in their business plan, and ongoing verification that the project will be provided and operated on a non-profit basis for the duration of the abatement.

New proposed policy

- a) The City will provide a five-year property tax abatement of the incremental tax increase for the **affordable** residential portion of any eligible affordable housing project. The property tax abatement will be applied to eligible affordable housing projects based on the type of development in the following manner:
 - I. **Projects that contain all affordable units will receive a five-year property tax abatement equal to 100% of the incremental tax increase.**
 - II. **Mixed-market developments that contain both market and affordable rental units will receive a five-year property tax abatement on the incremental tax increase, pro-rated by the percentage of units that are affordable in the project.**

- III. **The pro-rated calculation for mixed-market developments will be done using the ratio of affordable units to the overall development of the project (e.g. 10 affordable units in a 50 unit mixed-market project will result in the applicant receiving an abatement equal to 20% of the incremental tax increase over five years).**
- IV. **Any commercial space in the project is not eligible for a property tax abatement.**

- b) In addition to complying with section 3.1, “Eligibility Criteria – Affordable Housing”, projects must meet the following criteria in order to qualify for a property tax abatement:
- I. Applicants shall provide a ten-year business plan to verify that the project will be viable for at least five years after the conclusion of the abatement;
 - II. The project must be in the form of rental or cooperative housing and must maintain this type of tenure for the duration of the abatement.;
 - III. The project may be ownership housing only if the housing is built by a non-profit organization with a mission to provide affordable home ownership including **mixed-market developments**;
 - IV. Applicants must be non-profit corporations, or must be providing the affordable housing on a non-profit basis; and
 - V. For-profit applicants shall provide documentation in their business plan, and ongoing verification that the project will be provided and operated on a non-profit basis for the duration of the abatement.