

Bylaw 4851 Residential Tax Exemption

Goals

- TRIGGER NEW MULTIPLE UNIT HOUSING DEVELOPMENT
 - Encourage Diverse Housing Options in Newer Neighbourhoods
 - Encourage New Development & Redevelopment in Established Areas that Build on existing Infrastructure
- TRIGGER NEW MIXED-USE DEVELOPMENTS
- RECOUP THE TAX Exemption WITH NEW LONG TERM TAX BASE

This is governed by Bylaw 4851 – Residential Tax Exemption Bylaw

Tax Exemption Overview

- a) Funding will be in the form of a tax exemption applied to the increase in the municipal tax portion of eligible properties.
- b) After an approved Building Permit Services Report is received by the owner(s) you may proceed with an application.
- c) The applicant will be eligible to receive a tax exemption applied to the increase in the assessment value of the municipal tax portion, upon approval.
 - New assessed value municipal taxes (post approved Building Permit Services Report) **SUBTRACT** Original assessed value municipal taxes (pre-construction) **EQUALS** Increase in the municipal taxes.
- d) The number of years and percent of exemption eligibility is outlined in the **Municipal Tax Exemption Structure** section.

Timeline

- a) Applications will be accepted until December 31, 2027.
- b) Applications will be accepted once a Building Permit Services Report has been approved.
 - Building Permit Services Report approval date must be between January 1, 2025 & December 31, 2027.

Terms

- a) If the Owner(s) (Applicant) sells the property at any time during the approved Exemption Years, the tax exemptions will stay with the property and transfer to the new Owner(s).
- b) Only the property Owner(s) can apply under Bylaw 4851.
 - Must be the property owner who originally obtained the approved Building Permit Services Report.

Eligible Properties

- a) New construction of eligible development on vacant infill and greenfield sites, including redevelopment (see below) on existing properties.
- b) Redevelopment consists of the demolition of an existing building(s) that is replaced with a new eligible development. For example, three existing houses are demolished, and are replaced by a new apartment building.
 - At the sole discretion of the City Manager, redevelopment or repurposing of existing non-residential buildings may be considered on a case-by-case basis.
- c) Properties that have been approved for funding through other City of Medicine Hat incentive programs will **NOT** be eligible for a tax exemption under Bylaw 4851.

Eligible Development Built Forms

- a) New construction projects of various forms of Multiple Unit Housing and 'Missing Middle' Housing, including:
 - Multiple Unit Housing (includes apartments, townhouses, and stacked townhouses, Multiplex)
 - Row Housing
 - Duplex Housing
 - Triplex Housing
 - Semi-detached Housing
 - Residential components of a Mixed-Use Building (Commercial space with more than one residential unit)
 - A tax exemption for this type of development will only apply to the assessment value associated with the residential portion of the new build.
- b) Backyard & Secondary Suites
 - This includes the construction or conversion of these types of suites on existing properties and new construction on vacant lots.
 - Tax exemptions for this type of development will only be applied to the increase resulting from the backyard or secondary suite only.
- c) Development proposals are subject to conformance with the City of Medicine Hat Land Use Bylaw.

Non-Eligible Development Built Forms

- a) Detached House

Required Documentation

- a) Copy of Land Title ownership
- b) Approved Building Permit Services Report
- c) Business License (if applicable)
- d) Articles of Incorporation (if applicable) and proof that the corporation is active and in good standing.
- e) Government issued ID of Applicant

Application Procedure

Tax Exemptions will be awarded to approved applicants only. Applicants will be contacted by the Economic Development Department (EDD) Staff to set up an appointment. Prior to the appointment, the EDD Staff will provide the applicant with a list of information that will be required to assess the work that the applicant has carried out in reference to their multiple unit housing project. The required information will include the following:

- a completed online application form;
- a description of the multiple unit housing project
- a recent and accurate land title certificate in respect of the Property showing that the interested person is the registered owner thereof (the “Owner”) or, alternatively, a fully executed, and in full force and effect, real estate purchase contract in respect of the Property which the interested person has entered into as “Purchaser”;
- Valid approved Building Permit Services Report
- a government-issued photo ID of the applicant;
- If the Applicant is a corporation, a verification of articles of incorporation.
- any additional documents or information that the EDD Staff may, at their sole discretion, require in order to assess the project

At the scheduled appointment, the applicant will have the opportunity to outline their multiple unit housing project and deliver the required information to the EDD Staff.

The EDD Staff will then confirm with the City or our internal records each of the following:

- that the applicant has not applied for funding on more than one other Property;
 - Maximum 2 properties per applicant under Bylaw 4851
- the applicant has not received funding on the specific property from another incentive program
 - Properties that have been approved for incentives or funds under another City of Medicine Hat program will not be eligible.
- the applicant or property **is not** in arrears regarding municipal taxes or utilities.
- the applicant **must not** be involved in unresolved litigation with the City. Applicants that are involved in unresolved litigation with the City are not eligible
- that an approved Building Permit Services Report has been issued in respect to the multiple unit housing Project by the City after January 1, 2025, and prior to December 31, 2027.

Once all eligibility criteria have been confirmed, the application will be approved or denied accordingly by the CAO who is hereby authorized to approve and execute Tax Exemption Agreements on behalf of the City.

Approved applicants will be issued a Tax Exemption Agreement with respect to their completed Project. The Approval Agreement shall specify the tax exemption schedule including percent exempt on the increase of municipal taxes and number of years tax exemptions will be provided for with the approved application.

If, following the issuance of a Tax Exemption Agreement to the applicant, the Applicant fails to meet any eligibility requirement of Bylaw 4851, then the approval will be cancelled, and the applicant will not receive the tax exemption.

If, following the issuance of a Tax Exemption Agreement to the applicant, any permit issued by the City to the applicant in respect of the Project lapses or is revoked, cancelled or terminated, then the approval will be cancelled, and the applicant will not receive the tax exemption.

Further:

- the Property including, without limitation, all Residential Buildings and Dwellings, must be in compliance with all applicable construction codes including building, electrical, gas and plumbing, development requirements, zoning requirements, City bylaws, permits, orders and all other applicable law;
- the Property must not be in arrears in respect of municipal taxes, levies or other charges payable to the City;
- the applicant, and if applicable, the corporation must not be in arrears in respect of City utility charges payable to the City;
- The Medicine Hat Economic Development Department may share and advertise your project on the City of Medicine Hat website & social media channels. Our marketing specialist will work with you to ensure your content, project, and brand is accurately represented prior to any publication. This allows us to acknowledge and celebrate the development with the community.

How will the Tax Exemption be Applied:

- a) Exemptions will be applied to the municipal tax increase between pre-build assessment and assessment received after Building Permit Services Report has been approved.
- b) Exemptions are applied to the increased dollar amount of the Municipal Tax Rate portion only.
- c) Exemptions will be applied directly to the Municipal Tax portion and will not be paid out in funds.
- d) Exemptions applied for year 1 is subject to the legislated Property assessment timelines, tax levies, CAO's approval of the Tax Exemption Agreement and the completed Building Permit Services Report showing a final status of "Approved"

Municipal Tax Exemption Structure:

Tier 1: New construction of 50 or more units on an infill property

Year	Tax Exemption	Applied To	Applied When
1	100%	Municipal Tax Portion	Subject to the legislated Property assessment timelines, tax levies, CAO's approval of the Tax Exemption Agreement and the completed Building Permit Services Report showing a final status of "Approved"
2	100%	Municipal Tax Portion	Tax assessment of the year following year 1
3	100%	Municipal Tax Portion	Tax assessment of the year following year 2
4	80%	Municipal Tax Portion	Tax assessment of the year following year 3
5	60%	Municipal Tax Portion	Tax assessment of the year following year 4
6	40%	Municipal Tax Portion	Tax assessment of the year following year 5
7	20%	Municipal Tax Portion	Tax assessment of the year following year 6

Tier 2: New construction of 5 - 49 units on an infill property

Year	Tax Exemption	Applied To	Applied When
1	100%	Municipal Tax Portion	Subject to the legislated Property assessment timelines, tax levies, CAO's approval of the Tax Exemption Agreement and the completed Building Permit Services Report showing a final status of "Approved"
2	100%	Municipal Tax Portion	Tax assessment of the year following year 1
3	80%	Municipal Tax Portion	Tax assessment of the year following year 2
4	60%	Municipal Tax Portion	Tax assessment of the year following year 3
5	40%	Municipal Tax Portion	Tax assessment of the year following year 4
6	20%	Municipal Tax Portion	Tax assessment of the year following year 5

Tier 3: New construction of 2 - 4 units on an infill property

Year	Tax Exemption	Applied To	Applied When
1	100%	Municipal Tax Portion	Subject to the legislated Property assessment timelines, tax levies, CAO's approval of the Tax Exemption Agreement and the completed Building Permit Services Report showing a final status of "Approved"
2	80%	Municipal Tax Portion	Tax assessment of the year following year 1
3	60%	Municipal Tax Portion	Tax assessment of the year following year 2
4	40%	Municipal Tax Portion	Tax assessment of the year following year 3
5	20%	Municipal Tax Portion	Tax assessment of the year following year 4

Tier 4: New construction of 5 or more units on a greenfield property (eg. New lots)

Year	Tax Exemption	Applied To	Applied When
1	100%	Municipal Tax Portion	Subject to the legislated Property assessment timelines, tax levies, CAO's approval of the Tax Exemption Agreement and the completed Building Permit Services Report showing a final status of "Approved"
2	80%	Municipal Tax Portion	Tax assessment of the year following year 1
3	60%	Municipal Tax Portion	Tax assessment of the year following year 2
4	40%	Municipal Tax Portion	Tax assessment of the year following year 3
5	20%	Municipal Tax Portion	Tax assessment of the year following year 4

Tier 5: New construction of 2 - 4 units on a greenfield property (eg. New lots)

Year	Tax Exemption	Applied To	Applied When
1	100%	Municipal Tax Portion	Subject to the legislated Property assessment timelines, tax levies, CAO's approval of the Tax Exemption Agreement and the completed Building Permit Services Report showing a final status of "Approved"
2	50%	Municipal Tax Portion	Tax assessment of the year following year 1
3	25%	Municipal Tax Portion	Tax assessment of the year following year 2

Tier 6: Backyard and Secondary Suites

Year	Tax Exemption	Applied To	Applied When
1	100%	Municipal Tax Portion	Subject to the legislated Property assessment timelines, tax levies, CAO's approval of the Tax Exemption Agreement and the completed Building Permit Services Report showing a final status of "Approved"
2	100%	Municipal Tax Portion	Tax assessment of the year following year 1
3	100%	Municipal Tax Portion	Tax assessment of the year following year 2
4	100%	Municipal Tax Portion	Tax assessment of the year following year 3
5	100%	Municipal Tax Portion	Tax assessment of the year following year 4

Example Exemption:

**These are to provide examples and may not reflect the actual exemptions provided to your project*

Example 1 – New 2 units on a Greenfield Property

Current Lot Assessment - \$144,300

- Municipal Tax portion - \$978.90

Duplex Assessed at \$525,000 (<https://forms.medicinehat.ca/Finance-Tax/Tax-Estimator>)

- Municipal Tax Portion - \$3,561.50

Year	Municipal Tax New Assessment	Original Assessment	Difference	Tax Discount	Tax Exemption
1	\$3,561.50	\$978.90	\$2,582.60	100%	\$2,582.60
2	\$3,561.50	\$978.90	\$2,582.60	50%	\$1,291.30
3	\$3,561.50	\$978.90	\$2,582.60	25%	\$645.65
Total					\$4,519.55

Example 2 – New 100 Unit Apartment Complex on an Infill Property

Current Lot Assessment - \$595,000

- Municipal Tax portion - \$4,035.55

New Apartment Assessed at \$11,000,000 (<https://forms.medicinehat.ca/Finance-Tax/Tax-Estimator>)

- Municipal Tax Portion - \$85,296.20

Year	Municipal Tax New Assessment	Original Assessment	Difference	Tax Discount	Tax Exemption
1	\$85,279.14	\$4,035.55	\$81,243.59	100%	\$81,243.59
2	\$85,279.14	\$4,035.55	\$81,243.59	100%	\$81,243.59
3	\$85,279.14	\$4,035.55	\$81,243.59	100%	\$81,243.59
4	\$85,279.14	\$4,035.55	\$81,243.59	80%	\$64,994.87
5	\$85,279.14	\$4,035.55	\$81,243.59	60%	\$48,746.15
6	\$85,279.14	\$4,035.55	\$81,243.59	40%	\$32,497.44
7	\$85,279.14	\$4,035.55	\$81,243.59	20%	\$16,248.72
Total					\$406,217.95