

**Ministry of Finance**

Provincial-Local Finance Division

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April 4, 2024

Dear Municipal Treasurer / Clerk-Treasurer:

I am writing to inform you of a few announcements related to municipal taxation made in the 2024 Ontario Budget, including:

1. A new property tax option available to municipalities.
2. Extension of Municipal Vacant Home Tax authority, as well as the release of a Provincial Policy Framework.

**Taxation of new multi-residential rental properties**

Ontario is committed to addressing the current housing crisis and increasing housing affordability for the people of Ontario. To further encourage the development of purpose-built rental properties, effective immediately, Ontario is providing municipalities with the flexibility to offer a reduced municipal property tax rate on new multi-residential rental properties.

Municipalities will be able to offer this type of tax reduction through the adoption of an optional new multi-residential property subclass within the new multi-residential property class.

Single-tier or upper-tier municipalities that are interested in offering a reduced municipal property tax rate can do so by passing a municipal by-law adopting the subclass and setting a reduction percentage of up to 35%, as determined by the municipality.

Only new multi-residential developments would qualify for a reduced property tax rate, pursuant to a building permit issued on or after an effective date specified in the municipal by-law. Consistent with the approach taken for the previously implemented new multi-residential property class, a property would be subject to the tax reduction once construction has been completed and the building is ready for occupancy. The property would benefit from a reduced rate for a period of 35 years.

Amendments have been made to regulations under the *Assessment Act*, *Municipal Act, 2001*, and the *City of Toronto Act, 2006*. These enabling regulations are available on e-laws at the following links:

- [O. Reg. 140/24: GENERAL \(ontario.ca\)](#)

- [O. Reg. 141/24: TAX MATTERS – SPECIAL TAX RATES AND LIMITS \(ontario.ca\)](#)
- [O. Reg. 142/24: TRADITIONAL MUNICIPAL TAXES, LIMITS AND COLLECTION \(ontario.ca\)](#)

If you have any questions related to this new flexibility, please contact Chris Broughton, Director of the Property Tax Policy Branch at [Chris.Broughton@ontario.ca](mailto:Chris.Broughton@ontario.ca) or 416-455-6307.

### Municipal Vacant Home Taxes

An unoccupied home is unacceptable in a housing crisis. That is why Ontario is empowering municipalities to make more vacant homes available for housing.

Ontario has responded to municipal requests for additional clarity and flexibility around the existing municipal Vacant Home Tax authority by:

- Extending authority broadly to all single- and upper-tier municipalities to impose a tax on vacant homes, effective immediately.
- Releasing a Provincial Policy Framework. Municipalities will be supported with a new Provincial Policy Framework that sets out best practices for implementing a Vacant Home Tax. The Framework will also encourage municipalities to set a higher Vacant Home Tax rate for foreign-owned vacant homes.

Amendments have been made to the relevant regulations under the *Municipal Act, 2001*. This enabling regulation is available on e-laws at the following link:

- [O. Reg. 143/24: OPTIONAL TAX ON VACANT RESIDENTIAL UNITS - DESIGNATED MUNICIPALITIES](#)

The Provincial Policy Framework for municipal Vacant Home Taxes has been released, and is available at:

- [Provincial Policy Framework](#)

If you have any questions related to the Municipal Vacant Home Tax authority, please contact Mary Iannaci, Director of the Municipal Funding Policy Branch at [Mary.Iannaci@ontario.ca](mailto:Mary.Iannaci@ontario.ca) or 647-407-0820.

Sincerely,



Ian Freeman, CPA, CMA  
Assistant Deputy Minister  
Provincial-Local Finance Division