

About the Affordable Rental Housing Subclass

Introduction

- A new optional subclass within the Multi-Residential and New Multi-Residential property classes is being introduced for the 2026 tax year to support the development and maintenance of affordable rental housing. The **Affordable Rental Housing Subclass** provides municipalities with flexibility to offer a reduced municipal tax rate on eligible affordable rental units.

How does the Affordable Rental Housing Subclass work?

- The subclass gives municipalities the option to apply a **reduction of up to 35%** of the applicable municipal tax rate for eligible properties in the **Multi-Residential** and/or **New Multi-Residential** property classes.
- The Education Property Tax (EPT) rate for eligible properties will remain at the full rate for the respective property class.
- The reduction for the Affordable Rental Housing Subclass must be greater than or equal to any reduction applied to the New Multi-Residential (Municipal Reduction) Subclass.

How do I adopt the Affordable Rental Housing Subclass?

- To adopt the Affordable Rental Housing Subclass for the **2026 tax year**, upper tier and single tier municipalities must pass a by-law by **September 30, 2025**.
- Municipalities may:
 - Adopt the subclass for either the Multi-Residential, New Multi-Residential, or both classes;
 - Set different reduction percentages for each class if desired.
- After the initial adoption, municipalities can specify the percentage reduction through their annual tax by-law.

What properties are eligible for the Affordable Rental Housing Subclass?

- Properties are eligible for the new subclass when all three of the following conditions are met:
 1. A by-law is in force to adopt the Affordable Rental Housing Subclass in the municipality;
 2. The land is classified as either Multi-Residential or New Multi-Residential; and
 3. The land meets the conditions set out in subsection 22.1.1(5) of O. Reg 282/98 under the *Assessment Act*.
- MPAC will classify eligible properties with a new RTQ for municipalities that have adopted the new subclass.

How is the Affordable Rental Housing Subclass discount funded?

- Like other subclasses, municipal tax reductions are to be funded either across all property classes or through a levy decrease.
- For the Affordable Rental Housing Subclass within the Multi-Residential class, the municipal tax reduction can be funded from within the class through the adoption of revenue neutral tax ratios.

How is OPTA impacted?

- OPTA's reports will include properties in the new subclass once they have been created and classified by MPAC.
- OPTA will be updated to support indicating the adoption of the subclass, entering reduction percentages, and modelling tax impacts by class and subclass.
- Where the municipality has not exited capping for the Multi-Residential class, properties within the new subclass remain subject to capping provisions.

Relevant Regulations

- [O. Reg. 73/25](#) amends O. Reg. 282/98 under the *Assessment Act*.
- [O. Reg. 74/25](#) amends O. Reg. 73/03 under the *Municipal Act, 2001*.
- [O. Reg. 75/25](#) amends O. Reg. 121/07 under the *City of Toronto Act*.

Need assistance? Contact OPTA's helpdesk by phone, email, or for one-on-one training

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