

**THE CITY OF TORONTO**

**City Clerk's Office**

**Minutes of the Joint Meeting of the Policy and Finance Committee  
and the Economic Development and Parks Committee**

**Meeting 2**

**Thursday October 20, 2005  
and Friday October 21, 2005**

The Policy and Finance Committee and the Economic Development and Parks Committee met jointly on Thursday, October 20, 2005, and on Friday, October 21, 2005 in Committee Room 1, 2nd Floor, City Hall, Toronto, commencing at 10:03 a.m. on October 20, 2005 and at 9:38 a.m. on October 21, 2005.

Attendance

Members were present for some or all of the time period indicated.

Members Policy and Finance Committee	October 20, 2005 10:03 a.m. to 12:30 p.m.	October 21, 2005 9:38 a.m. to 12:11 p.m.
Mayor David R. Miller, Chair	X	X
Councillor Gerry Altobello	X	X
Councillor Maria Augimeri	X	X
Councillor Sandra Bussin	X	X
Councillor Gay Cowbourne	X	X
Councillor Frank DiGiorgio	X	X
Councillor Pam McConnell		
Councillor Howard Moscoe	X	X
Councillor Joe Pantalone (Vice-Chair)	X	X
Councillor David Soknacki	X	X

Members Economic Development and Parks Committee	October 20, 2005 10:03 a.m. to 12:30 p.m.	October 21, 2005 9:38 a.m. to 12:11 p.m.
Councillor Gloria Lindsay Luby, Chair	X	X
Councillor Maria Augimeri, Vice-Chair	X	X
Councillor Brian Ashton	X	X
Councillor Mark Grimes	X	X
Councillor Suzan Hall	X	X
Councillor Giorgio Mammoliti		
Councillor Kyle Rae	X	X
Councillor Michael Walker	X	X

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On motion by Councillor Bussin, the Policy and Finance Committee and the Economic Development and Parks Committee confirmed the Minutes of the joint meeting held on September 20, 2005.

**2-1. Final Recommendations - Enhancing Toronto's  
Business Climate - It's Everybody's Business  
(All Wards)**

The Policy and Finance Committee and the Economic Development and Parks Committee considered a report (October 17, 2005) from the Deputy City Manager and Chief Financial Officer reporting on the outcome of public and stakeholder consultations and recommending implementation of the action plan as presented in this report to enhance the business climate in the City of Toronto.

Recommendations:

It is recommended that:

- (1) Council endorse, as policy, a fifteen year plan to correct the imbalance in property class tax allocations, by setting a commercial, industrial and multi-residential tax ratio target of 2.5-times residential, to be achieved in 15 years or less:
  - (a) subject to securing the legal authority sought in Recommendation (1)(c) and (4)(a), endorsing a first phase five-year plan to equalize commercial (excluding neighbourhood retail), industrial and multi-residential tax ratios to a target of 3.38-times residential over five-years (2010), and for neighbourhood retail as provided for in Recommendation No. 4, to a target of 3.15-times residential by year five (2010), which targets are achievable through the following yearly target tax ratios, calculated after any budgetary tax increase:

Column I	Column II	Column III	Column IV	Column V
	Maximum Tax Ratio Targets (after any budgetary tax increase)			
	Commercial	Commercial – Neighbourhood	Industrial	Multi- Residential
<u>Tax Year</u>	<u>Residual</u>	<u>Retail</u>		
2006	3.72	3.72	4.09	3.69
2007	3.63	3.54	3.92	3.61
2008	3.55	3.41	3.74	3.53

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Column I	Column II	Column III	Column IV	Column V
Maximum Tax Ratio Targets (after any budgetary tax increase)				
	Commercial	Commercial – Neighbourhood Retail	Industrial	Multi- Residential
<u>Tax Year</u>	<u>Residual</u>			
2009	3.46	3.28	3.56	3.46
2010	3.38	3.15	3.38	3.38
2015	3.0	2.5	3.0	3.0
2020	2.5	2.5	2.5	2.5

- (b) subject to securing the legal authority sought in Recommendation (1)(c) and (4)(a), endorsing a second phase plan to reduce the commercial (excluding neighbourhood retail), industrial and multi-residential tax ratio targets to 3.0 times residential by 2015, and 2.5 times residential by 2020, and for neighbourhood retail, to a tax ratio target of 2.5-times residential by year ten (2015), calculated after any budgetary tax increase; and
  - (c) if not otherwise provided for in the new *City of Toronto Act*, the Province be requested to amend legislation to allow, as part of this long-term strategy, for up to one-third of any residential tax rate increase to be applied to the commercial, neighbourhood retail, industrial, and multi-residential tax classes, commencing in 2006;
- (2) Council reaffirm its position that the Province implement a reduction in Toronto’s business education tax rates to the average of the surrounding GTA municipalities to create a ‘level playing field’ and in respect of business education tax fairness;
- (3) Council endorse a plan to phase-out the capping and clawback regime and to accelerate the progress to full CVA-taxation for the business and multi-residential property classes:
- (a) by adopting a capping limit of five percent based on the preceding year’s current value taxes by annual by-law, commencing for the 2006 taxation year, as permitted under section 329.1 (1) of the *Municipal Act, 2001* or as authorized under a new *City of Toronto Act*; and

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- (b) subject to securing the legal authority sought in Recommendation (3)(d), commercial, neighbourhood retail, industrial, and multi-residential properties, upon reaching full CVA-taxation, be excluded from any future capping or clawback of taxes; and
  - (c) funding for the capping protection continue to be by way of clawing back tax decreases from within each respective broad class, by annually adopting a clawback by-law under section 330 of the *Municipal Act, 2001* or any comparable provision of a new *City of Toronto Act*. For clarity, the broad commercial class includes the commercial neighbourhood retail class; and
  - (d) if not otherwise provided for in a new *City of Toronto Act*, the Province be requested to grant the City the authority to exclude any commercial (including neighbourhood retail), industrial, or multi-residential property from any capping or clawback of taxes once such a property reaches its full-CVA level of taxation;
- (4) Council approve a program, commencing in 2007, to provide property tax relief for the neighbourhood retail class:
- (a) by requesting the Province to, if not otherwise provided for in a new *City of Toronto Act*, grant the City authority to create a new neighbourhood retail class, as defined in Section 4 of this report, and requesting the Municipal Property Assessment Corporation (MPAC) to identify and re-classify properties eligible for this class in the City of Toronto, such that the program can commence in the 2007 taxation year; and
  - (b) subject to securing the legal authority sought in Recommendation 4(a), Council endorse an accelerated phase-in over a maximum 10-year period, commencing in 2007, to reduce the target tax ratio for the neighbourhood retail property class to 2.5-times the municipal residential tax rate, as provided for in Column III of the Table contained in Recommendation 1(a);
- (5) Council implement the program to provide property tax rebates to eligible designated heritage properties, on the basis and criteria previously approved by Council in 2002, and funding in the amount of \$718,300 be made in the 2006 Operating Budget to commence the program, initially limited to eligible national historic sites in 2006, and approval in principle to include all eligible designated heritage properties commencing in 2007; funding for this program be from general revenues

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Business Cost Competitiveness Initiatives:

- (6) Council approve, in principle, programs to encourage the development and construction of new non-retail office, hotel and industrial space, specifically:
- (a) subject to securing the legal authority sought in Recommendation (6)(d), a City program be approved, commencing in 2006, to provide for a lower municipal tax rate to apply, for up to a five-year period, for all new non-retail office and hotel development, and expansions of 50 percent or more in gross floor area related to non-retail office and hotel uses, with such a lower tax rate being based on the tax ratios targets shown in Column III of the Table below and determined from the time the Occupancy Permit is issued (Column I):

Column I		Column II		Column III		Column IV	
Year	Occupancy Permit Issued	Commercial Ratio	Residual	Tax	Tax Ratio Target applicable for a 5-year period for new non-retail office and hotel construction, and eligible expansions	Applicable Years	Tax
2006		3.72			3.38	2006 - 2010	
2007		3.63			3.30	2007 - 2011	
2008		3.55			3.23	2008 - 2012	
2009		3.46			3.15	2009 - 2013	
2010		3.38			3.08	2010 - 2014	
2011		3.30			3.00	2011 - 2015	
2012+					as embodied in report		

- (b) subject to securing the legal authority sought in Recommendation (6)(d), a City program be approved, commencing in 2006, to provide for a lower municipal tax rate to apply, for up to a fifteen-year period (to the year 2020), for all new industrial development, and expansions of 50 percent or more in gross floor area related to industrial uses, with such a lower tax rate being based on a tax ratio target of 2.5-times the residential rate and determined from the time the Occupancy Permit is issued; and
- (c) subject to securing the legal authority sought in Recommendation 6(d), a City program be approved, commencing in 2006, to provide for the abatement of property taxes related to the vacant portion of

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new office construction during the initial lease-up period, for a period not to exceed two years on that portion that remains vacant from the time that the occupancy permit was issued; and

- (d) if not otherwise provided for in a new *City of Toronto Act*, the Province be requested to grant the City the authority to: (i) establish lower tax rates for a limited time period for new or expanded non-retail office, hotel and industrial properties; and (ii) to provide for the abatement of property taxes on vacant portions of eligible development under this section;
- (7) the Deputy City Manager and Chief Financial Officer, in consultation with the Chief Building Official, the General Manager of Economic Development and the City Solicitor, review the feasibility, including the legal and financial implications, of waiving building permit fees on non-retail office, hotel and industrial development, and report back through the Planning and Transportation Committee to the Policy and Finance Committee;
- (8) the Deputy City Manager and Chief Financial Officer, in consultation with the General Manager of Economic Development and the Chief Planner, review the feasibility of expanding the Tax Increment Equivalent Grant program in Community Improvement Plan Areas to protect selected employment areas, and report back to a joint meeting of Economic Development and Parks Committee and Planning and Transportation Committee to the Policy and Finance Committee;

General Economic Development Initiatives:

- (9) With respect to planning for employment areas:
  - (a) the Chief Planner also report to the joint meeting of Economic Development and Parks Committee and Planning and Transportation Committee on development patterns since Council adoption of the Official Plan, highlighting the disposition of current applications to convert employment lands to residential use; and
  - (b) Council reaffirm for the Province the position taken with respect to *Planning Act* reform – that where Council refuses an application to convert employment lands to non-employment use, where the Official Plan designates said lands for employment purposes, that the applicant have no right of appeal to the Ontario Municipal Board;

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- (10) a Mayor's Economic Competitiveness Advisory Committee be established to ensure the ongoing engagement and involvement of the business community;
- (11) the City Manager be directed to create an Executive Interdivisional Economic Growth Team to assess and improve programs and services and ensure an integrated corporate response to improving the business climate, and that the Executive Interdivisional Economic Growth Team to report through the appropriate Standing Committee(s) to Policy and Finance committee at its January 2007 meeting with a status report on the effectiveness of the recommendations from this report in enhancing employment and business assessment growth in the City of Toronto; and
- (12) the appropriate City officials be authorized and directed to give effect thereto, including the introduction of any necessary bills.

The Policy and Finance Committee and the Economic Development and Parks Committee also considered a communication (October 18, 2005) from the Economic Development and Parks Committee advising that the Economic Development and Parks Committee on October 17, 2005, received the report (September 22, 2005) from Deputy City Manager, Sue Corke, respecting Toronto Financial Services Alliance Financial Services Sector Profile and Update and directed that a copy of the report and the presentation material from Janet Ecker of the Toronto Financial Services Alliance be forwarded to the joint meeting of Policy and Finance Committee and the Economic Development and Parks Committee on October 20, 2005, for information and consideration with the report entitled "Final Recommendations – Enhancing Toronto's Business Climate – It's Everybody's Business".

The Policy and Finance Committee and the Economic Development and Parks Committee also considered the following communications:

- (1) (October 18, 2005) from Mr. Brian Maguire, Acting Chair, Confederation of Resident and Ratepayer Associations in Toronto;
- (2) (October 18, 2005) from Mr. Brian Maguire, Secretary on behalf of the Board, North Hill District Home Owners' Association;
- (3) (October 19, 2005) from Terry A. Bryk;
- (4) (October 19, 2005) from Mr. William J. Phillips submitting a document entitled "Why Homeowners are Opposed to Recommendation of the Final Recommendations – Enhancing Toronto's Business Climate to Ship More of the Municipal Property Tax Burden onto the Residential Property Class";

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- (5) (October 19, 2005) from Ms. Cindy Caron Thorburn, President, Moore Park Residents' Association;
- (6) (October 19, 2005) from Ms. Judy Geary, President, Kingsway Park Ratepayers Incorporated;
- (7) (October 19, 2005) from Ms. Frances Labelle, Director, Swansea Area Ratepayers' Association/Swansea Area Ratepayer's Group;
- (8) (October 19, 2005) from Mr. John Smart, President, Teddington Park Residents Association;
- (9) (October 19, 2005) from Mr. Robert Witchel, President, Lytton Park Residents' Organization; and
- (10) (October 20, 2005) from Ms. Agnes Vermes, Director, Leaside Property Owners Association.

The Deputy City Manager and Chief Financial Officer and the Executive Director of Economic Development gave a presentation on this matter and filed a copy of their presentation.

The following persons addressed the Policy and Finance Committee:

- Mr. Glen Grunwald, President and Chief Executive Officer, Toronto Board of Trade, and filed a written submission with respect thereto;
- Ms. Janet Ecker, Executive Director, Toronto Financial Services Alliance, and filed a written submission with respect thereto;
- Mr. Calvin Weinfeld, Toronto Real Estate Board, and filed a written submission with respect thereto;
- Mr. Ib Amonsén, and filed a written submission with respect thereto;
- Mr. Tim Woods, Toronto Industry Network, and filed a written submission;
- Mr. Chris Conway, Government Relations Manager, Real Pac;
- Mr. Phil Gillan, and Mr. David Fleet, on behalf of the Toronto Office Coalition, and filed a written submission with respect thereto;
- Mr. John Cartwright, Toronto and York Region Labour Council and filed a written submission with respect thereto;



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- Mr. Lionel Miskan, on behalf of Toronto Association of Business Improvement Areas (TABIA);
- Mr. Brad Butt, Executive Director, Greater Toronto Apartment Association;
- Mr. Tom Charette, Senior Policy Analyst, Canadian Federation of Independent Business and filed a written submission with respect thereto;
- Mr. Zygmunt Uznanski;
- Mr. David Vallance;
- Mr. Tom Lexovsky, Superior Restaurant;
- Mr. Mark Robert, Heritage Toronto, and filed a written submission with respect thereto on behalf of Peter Carruthers, Chair, Heritage Toronto;
- Mr. Dan McIntyre, on behalf of residential tenants;
- Mr. Alan Burke, President, East Beach Community Association;
- Mr. Michael Kilpatrick, Chair, Scarborough Residents Association;
- Mr. Michael McMahon;
- Ms. Hildi Reese-Smart, on behalf of Mr. John Smart, President, Teddington Park Residents Association; and
- Ms. Catherine Halliday, on behalf of the Toronto Committee, Communist Party of Canada, and filed a written submission with respect thereto.

The following Members of Council also addressed the Policy and Finance Committee:

- Councillor Shelley Carroll, Don Valley East;
- Councillor Janet Davis, Beaches-East York;
- Councillor Cliff Jenkins, Don Valley West;
- Councillor Denzil Minnan-Wong, Don Valley East;
- Councillor Jane Pitfield, Don Valley West; and

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- Councillor Karen Stintz, Eglinton-Lawrence.

The Policy and Finance Committee and the Economic Development and Parks Committee:

(A) recommended that:

(1) City Council:

(i) adopt the staff recommendations contained in the Recommendations Section of the report (October 17, 2005) from the Deputy City Manager and Chief Financial Officer subject to amending Recommendation (10) to provide that the first task of the Mayor's Economic Competitiveness Advisory Committee be to establish (through broad consultation) benchmarks to measure the success of each component of the program for approval by Council; (**Motion by Councillor Moscoe**) and

(ii) request the City Manager to submit a report to the meeting of the Policy and Finance Committee to be held on November 22, 2005, with recommendations on the Terms of Reference and Membership of the Mayor's Economic Competitiveness Advisory Committee; (**Motion by Councillor Soknacki**)

(2) the Deputy City Manager and Chief Financial Officer be requested to report annually, through the Policy and Finance Committee, on the success or failure of each component part of the policy utilizing the benchmarks established by Council on the advice of the Mayor's Economic Competitiveness Advisory Committee; each component program to be evaluated on the basis of these benchmarks/targets and failure

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to reach these benchmark/targets in three consecutive years result in an automatic re-evaluation of the program and at that time staff be directed to present the case why that part of the program should not be suspended; **(Motion by Councillor Moscoe)**

- (3) the Minister of Municipal Affairs and Housing be requested to amend the Tenant Protection Act – TPA to ensure that the multi-residential tax reductions proposed under this plan flow through as rent reductions to tenants; **(Motion by Councillor Lindsay Luby)**
- (B) requested the Deputy City Manager and Chief Financial Officer to submit a report directly to Council for its meeting to be held on October 26, 2005:
- (i) providing additional recommendations to support those on limited income, such as some seniors, so as to ensure that the proposed changes do not cause undue hardship to the needy; **(Motion by Deputy Mayor Pantalone)** and
  - (ii) on how residential development charges can be used to finance the 0.3 percent annual tax shift and funding relief to the new neighbourhood retail class and rebates to heritage properties; **(Motion by Councillor Soknacki)**
- (C) requested the Deputy City Manager and Chief Financial Officer to submit a report to the Policy and Finance Committee respecting funding for the neighbourhood retail program being derived entirely from the business class of property taxes; **(Motion by Councillor Moscoe)** and

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- (D) referred the following motion to the Deputy City Manager and Chief Financial Officer for report thereon to the Policy and Finance Committee:

Moved by Deputy Mayor Pantalone:

“That the Policy and Finance Committee and the Economic Development and Parks Committee recommend that Council endorse in principle that the existing commercial and industrial buildings that have been retrofitted to meet energy efficiency standards of the Federal Commercial Building Incentive Program may be granted the same tax classification proposed for new buildings, subject to a review of the specific impact on overall revenues within each class; and that before any further action is taken on this, the Deputy City Manager and Chief Financial Officer report thereon to a future meeting of the Policy and Finance Committee.” **(Motion by Deputy Mayor Pantalone)**

The following Motion by Councillor Di Giorgio was voted on and **lost**:

The Policy and Finance Committee and the Economic Development and Parks Committee recommend to Council that staff recommendation (1)(c) contained in the Recommendations Section of the report (October 17, 2005) from the Deputy City Manager and Chief Financial Officer be amended by striking out the words “one-third” and inserting the words “one-half” so that Recommendation (1)(c) shall now read as follows:

- “(1) (c) if not otherwise provided for in the new *City of Toronto Act*, the Province be requested to amend legislation to allow, as part of this long-term strategy, for up to one-half of any residential tax rate increase to be applied to the commercial, neighbourhood retail, industrial, and multi-residential tax classes, commencing in 2006;”

(See Minute 9-1 of the Policy and Finance Committee meeting held on October 20, 2005 and on October 21, 2005.)

**(Clause 1, Report 2)**

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The Policy and Finance Committee and the Economic Development and Parks Committee recessed its joint meeting at 12:30 p.m. on October 20, 2005 and adjourned its joint meeting at 12:11 p.m. on October 21, 2005.

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Chair.