



## **STAFF REPORT ACTION REQUIRED**

### **Intention to Designate the Proposed Toronto Entertainment District Business Improvement Area (BIA)**

<b>Date:</b>	September 26, 2007
<b>To:</b>	Economic Development Committee
<b>From:</b>	Acting Director, Small Business & Local Partnerships
<b>Wards:</b>	20 and 28
<b>Reference Number:</b>	P:\2007\Cluster A\EDCT\ECON DEV\ed0710-037

#### **SUMMARY**

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The purpose of this report is to recommend that the City Clerk conduct a poll to determine if there is sufficient support to designate the Toronto Entertainment District as a Business Improvement Area (BIA).

Upon the completion of the poll, the General Manager of Economic Development, Culture and Tourism will report on the results to Council. Subject to a positive poll result, staff shall prepare the necessary by-laws and bills to give effect thereto.

#### **RECOMMENDATIONS**

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**The General Manager of Economic Development, Culture and Tourism recommends that:**

1. the area described by Attachment No. 1 (Maps 1 to 4), be designated as a Business Improvement Area (BIA), under Chapter 19 of the Toronto Municipal Code;
2. the City Clerk be authorized and directed to send out a notice of Council's intention to pass a by-law designating the area, as defined in Attachment No. 1 (Maps 1 to 4), as a Business Improvement Area (BIA), in accordance with Chapter 19 of the Toronto Municipal Code;
3. the Executive Director of Technical Services be requested to prepare designation by-law maps of the area, as described by Attachment No. 1 (Maps 1 to 4), and submit them to the City Solicitor; and

4. the Acting Director of Small Business & Local Partnerships report on the poll results so that the BIA can be established and hold an annual general meeting in time for the 2008 budget cycle.

### **Financial Impact**

The proposed Toronto Entertainment District Business Improvement Area (BIA) is one of four potential new BIAs to be established in 2007.

Capital budgets may be impacted in future years should streetscape or other capital improvements be undertaken by the Toronto Entertainment District BIA. These capital improvements are cost-shared equally between the BIA and the City.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

### **BACKGROUND**

Over the last eleven months the BIA Office has been working with the members of the Toronto Entertainment District BIA Steering Committee, consisting of board members of the Toronto Entertainment District Association (TEDA). In December, 2006, TEDA adopted a resolution to explore the possibility of forming a Business Improvement Area.

The Steering Committee has followed the procedure for starting a BIA set out in the City of Toronto Municipal Code, defining the boundaries of the proposed BIA, speaking to local businesses about what a BIAs is and how it operates, and hosting public meetings.

Informal consultation meetings were held with individual major stakeholders, including CN Tower, Air Canada Centre, Holiday Inn on King, Rogers Centre and Toronto Blue Jays, Marriott Renaissance Hotel, The Fairmont Royal York, Allied Properties, Swiss Canadian Management, Cadillac Fairview Corporation, Oxford Properties Group, Mirvish Productions, Soho Metropolitan Hotel, The Daniels Corporation, CTVglobemedia, Steam Whistle Brewing, and Marriott Residence Inn. The feedback from these meetings was overwhelmingly in favour of a BIA.

Formal public consultation meetings were also held on August 21, 2007 and August 27, 2007 for property owners and business tenants within the proposed BIA. For these meetings, notices were mailed by the Steering Committee to all business establishments within the proposed BIA and mailed to commercial and industrial property owners in the area by the City's BIA Office. Approximately 80 property owners and tenants attended the two meetings.

The public consultation meetings included a presentation and discussion of what BIAs do, how they operate and how they are self-funded through a special charge on member property tax bills. Ample opportunity was also provided for questions and clarification. Issues discussed included ways to beautify the area through the City's BIA Capital Cost-Share Program, area identification and marketing, public safety, and the role BIAs play as

advocates for the interests of the local business community. BIA Office staff participated in the public meetings, providing details of the support programs offered by the City to BIAs and the hands-on assistance provided by City staff to the BIA Boards of Management. Overall, response to the proposed BIA at the public meetings was positive, with many expressing support for the BIA.

## **COMMENTS**

While there was overwhelming support for the BIA, representatives from Cadillac Fairview Corporation and Oxford Properties Group, who have substantial office holdings, questioned the boundaries of the proposed BIA, expressed concern over the share of levies which would be borne by large office buildings, and requested that a cap be considered to prevent a few property owners from paying a disproportionate share of the BIA levy.

Based on the feedback from the public meetings the local Councillor, BIA Staff and the Steering Committee amended the eastern boundary of the BIA to exclude large office buildings on University Avenue. The rationale for this change is that these major office buildings are more closely associated with the Financial District. However the properties owned by Cadillac Fairview Corporation and Oxford Properties Group are part of the core of the Entertainment District and can not be excluded without creating gaps in the district. The southern boundary was extended to include properties on the south side of Bremner Boulevard, creating a more contiguous district.

Office buildings are part of the fabric of the Entertainment District. Though office buildings do not rely on visitors in the same way a restaurant or club might they have an equal interest in being located in a viable, safe and attractive neighbourhood.

Office tenants want to locate in a district with a vibrant and recognized identity, which is close to restaurants, theatre and entertainment venues, and has attractive public spaces. Owners of office properties benefit from being part of an effective business association where issues can be brought forward and addressed.

The proposed Toronto Entertainment District BIA would need to recognize and reflect the importance of office uses in its planned initiatives and may consider devoting a certain number of seats on its Board of Management to large office property owners through its constitution to ensure office issues are addressed.

BIA Office staff have investigated numerous options to cap the levies of larger properties but have not found adequate justification to recommend a cap. Cadillac Fairview Corporation and Oxford Properties Group represent approximately 11.9 percent and 15.2 percent respectively of the rateable assessment of the proposed BIA (2007 figures). However the assessment is spread across numerous properties, many of which are registered in different names, and these properties are not the largest in the district.

No single property within the proposed Toronto Entertainment District BIA represents more than 9.4 percent of the total rateable assessment. The distribution of assessment is

quite different from the two BIAs which currently have caps. The Eaton Centre accounts for 40.8% of rateable assessment in the Downtown Yonge BIA and its levy is capped at \$572,101 plus inflation (base year 2000) which was equal to 31.9% of the 2007 levy. The three largest properties in the Danforth Village BIA represent a combined 45.8 percent of the rateable assessment of the Danforth Village BIA and are capped at 34.5 percent of the levy. Neither of these scenarios are similar to the Entertainment District where there is more of an equal distribution of assessment.

There is no clear threshold at which to cap properties in the proposed BIA. Any decision to cap properties above a certain threshold would be arbitrary and unfair to those properties below the cap who would share the increased burden. Most adversely affected would be owners of properties immediately below the cap threshold who may be competing for tenants with those who have been capped.

A cap on properties categorized as "O - Office" through their property assessment was considered. However, Revenue Services staff have advised that the classifications are unreliable - some office space is categorized as "C - Commercial" - and cap would be very difficult to calculate and administer. Furthermore, staff do not agree with the notion that office should pay a lesser levy because they do not benefit from a BIA as much as retail or restaurant uses. It should also be noted that caps on a particular category of assessment are not done in any other BIA, many of which have significant industrial or office uses.

A final capping scenario would involve freezing the levies on office properties currently under construction at the 2007 level for a five year period. Staff do not support this option as new office buildings would benefit from their location in the Entertainment District in attracting new tenants without paying an equivalent share of BIA levies.

Based on a projected budget of \$1 million in its first year, the levies of the proposed Toronto Entertainment District BIA would be equivalent to less than 1% of the property taxes paid by office and commercial properties. In addition, in most cases these levies are passed on to individual commercial and office tenants.

The BIA Steering Committee has since submitted a letter to the General Manager of Economic Development, Culture and Tourism confirming that they have successfully undertaken the public consultation process required by the City and formally request that City Council adopt a by-law to establish the BIA.

## **CONCLUSIONS**

The proposed Toronto Entertainment District BIA is a large and diverse area including restaurants and nightclubs, corporate offices, shopping, hotels, live theatre and performance venues, the CN Tower, Rogers Centre, Air Canada Centre, and Metro Toronto Convention Centre. The Toronto Entertainment District includes many of Toronto's premier entertainment and sporting attractions.

Some of the issues affecting the Entertainment District include a lack of cohesive marketing and branding, inadequate streetscaping, the challenges of dealing with the influx of visitors on weekends (particularly to nightclubs), and the transition of office and commercial space to residential condominiums.

The framework and funding mechanism provided by a Business Improvement Area would provide a remarkable opportunity to promote the Entertainment District as a vibrant and exciting place to live, work and play; to deal with issues affecting the future of the district; and to foster a closer working relationship with City Hall.

## **CONTACT**

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## **SIGNATURE**

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## **ATTACHMENTS -**

Attachment No. 1 – Maps (1 to 4) of Proposed Toronto Entertainment District BIA