

**Property Tax Exemption for Sheena's Place,  
A Registered Charity**

<b>Date:</b>	April 25, 2007
<b>To:</b>	Government Management Committee
<b>From:</b>	Treasurer
<b>Wards:</b>	20 (Trinity-Spadina)
<b>Reference Number:</b>	P:\2007\Internal Services\Rev\gm07014Rev (AFS #4120)

**SUMMARY**

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This report seeks Council authority to exempt the land occupied by Sheena's Place, a facility known as the Hospice for Eating Disorders of Toronto, located at 87 Spadina Road, from taxation for municipal purposes beginning in 2006, and to cancel taxes for municipal purposes that were payable from 1996 to 2005.

The authority for the property tax exemption/cancellation for 87 Spadina Road is provided under the *Sheena's Place Act, 2006*, a private statute, which allows the City to pass a by-law providing for the tax exemption/cancellation. Once a by-law is passed, the provincial education portion of taxes will also be made exempt or cancelled.

**RECOMMENDATIONS**

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**The Treasurer recommends that:**

1. Council exempt from taxation for municipal purposes the land occupied by Sheena's Place, located at 87 Spadina Road, for the 2006 and subsequent taxation years, provided the following conditions continue to be met:
  - (a) the property is occupied and used solely for the purposes of a centre for people affected by eating disorders operated by Sheena's Place; and
  - (b) Sheena's Place is a registered charity within the meaning of the *Income Tax Act* (Canada);

2. Council cancel the taxes for municipal purposes that were payable for the years 1996 through 2005, including accrued interest and penalties, for the land occupied by Sheena's Place, located at 87 Spadina;
3. the City Clerk notify the Minister of Finance of Council's actions with respect to the recommended exemption and cancellation of taxes for Sheena's Place, for the purposes of ensuring that the exemptions and cancellations in respect of school taxes are implemented, as required by the *Sheena's Place Act, 2006*;
4. authority be granted for the introduction of the necessary bill to give effect thereto; and
5. the appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.

### **Implementation Points**

Following Council's enactment of the by-law associated with this report, it will be necessary for Sheena's Place to file a Request for Reconsideration with the Municipal Property Assessment Corporation (MPAC) to make the property exempt for 2007, as the property was returned on the assessment roll for 2007 as taxable at the residential rate. Additionally, in order to cancel the taxes levied for 2006 on this property, it is necessary to file an application under Section 357 of the *Municipal Act, 2001 (Cancellation, Reduction, Refund of Taxes)*, as the property was also returned as taxable for 2006. As an application for 2006 under this section must be made by the Treasurer prior to April 30, 2007, this application has already been initiated by the Treasurer in anticipation of Council's approval of the recommendations in this report, and will be processed following enactment of the by-law.

### **Financial Impact**

The net effect of providing a property tax exemption for the property located at 87 Spadina Road would be a reduction in current property tax revenue of approximately \$7,000 per year, representing the municipal portion of taxes that are levied against the property annually.

Additionally, the property tax cancellation from May 1, 1996 to 2005 would result in a cancellation of \$116,231 in total taxes including interests and penalty, of which the City would be responsible for \$91,225, representing the outstanding municipal taxes (\$42,103) and interest (\$49,122), which would be charged to the City's Non-Program Tax Deficiency account, and the remaining \$25,006, representing the education portion of the levy that would be fully recoverable from the school boards/Province.

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

## **DECISION HISTORY**

At its meeting on December 5, 6 and 7, 2005, City Council considered a communication (November 10, 2005) from former Councillor Chow and adopted the recommendation of the Policy and Finance Committee that the Deputy City Manager and Chief Financial Officer be requested to report to the Policy and Finance Committee on a request from Sheena's Place seeking the City's support in obtaining a property tax exemption for their property located at 87 Spadina Road. This report can be accessed at the following site:

<http://www.toronto.ca/legdocs/2005/agendas/council/cc051205/pof10rpt/cl043.pdf>

In response to the above request, staff reported back to Council at the meeting held on April 25, 26 and 27, 2006. At that meeting, Council considered a staff report from the Treasurer dated March 29, 2006 entitled "Property Tax Exemption for Sheena's Place, a Registered Charity", and resolved that Council support the efforts of Sheena's Place in seeking private legislation that would provide an exemption for property taxes. The report can be accessed at:

<http://www.toronto.ca/legdocs/2006/agendas/committees/pof/pof060411/it006.pdf>

The Council recommendation can be accessed at:

<http://www.toronto.ca/legdocs/2006/agendas/council/cc060425/pof3rpt/cl033.pdf>

## **ISSUE BACKGROUND**

Sheena's Place applied to the Province to enact special legislation, through a Private Members Bill, that would provide an exemption from property taxes on the property it occupies at 87 Spadina Road, beginning in 2006, and to cancel the property taxes that were payable from 1996 to 2005. In response to this request, the Province enacted private legislation, the *Sheena's Place Act, 2006*, which received Royal Assent on December 21, 2006.

The Act provides that City Council may pass by-laws exempting the property at 87 Spadina Road from property taxes for municipal purposes, beginning January 1, 2006, if,

- a. The specified property is occupied and used solely for the purposes of a centre for people affected by eating disorders operated by Sheena's Place; and
- b. Sheena's Place is a registered Charity within the meaning of the *Income Tax Act* (Canada).

The Act further provides that Council may also pass by-laws cancelling the taxes for municipal purposes, including interest and penalties, on the specified property for years 1996 to 2005.

Upon passing by-laws exempting and cancelling municipal taxes, the Act also provides that the property will then be exempt from taxes for school purposes and that taxes for school purposes will also be cancelled.

## **COMMENTS**

Sheena's Place, a facility known as the Hospice for Eating Disorders of Toronto, located at 87 Spadina Road in Toronto, is a non-profit, community-based support centre for people affected by eating disorders and their families. Sheena's Place is a registered charity with a registration number issued by the Canada Revenue Agency. Sheena's Place has been offering programs from its location at 87 Spadina Road since May 1996.

In April of 2006, Council adopted a resolution that provided, among other things, that Council recognizes the philanthropic nature of the services provided by Sheena's Place and acknowledged that the organization fulfills a vital service need and complements the City's own health and wellness initiatives. It was resolved that Council would support the efforts of Sheena's Place in seeking private legislation to provide an exemption from property taxes.

Given Council's prior indication of support for Sheena's Place's efforts to obtain private legislation, and with the passage of the *Sheena's Place Act, 2006* that now permits such an exemption beginning with the 2006 taxation year, and the cancellation of taxes for the period May 1996 to the end of 2005, it is recommended that Council enact the necessary by-law to provide the exemption/cancellation. It should be noted, however, that the *Sheena's Place Act, 2006* provisions regarding the tax exemption/cancellation are permissive, not mandatory, and therefore entirely at the City's discretion to provide.

## **Financial Implications of Property Tax Exemption/Cancellation**

The net effect of a tax exemption on current and future budgets would be a reduction in the City's property tax revenues by approximately \$7,000 per year, representing the municipal portion of taxes levied against the property.

In terms of the cancellation of taxes levied for the period May 1, 1996 to December 31, 2005, Table 1 provides a summary of the total property taxes and accrued interest and penalty charges for the property at 87 Spadina Road. From a financial perspective, the property tax cancellation would result in a cancellation of \$116,231 in total taxes including interests and penalty, of which the City would be responsible for \$91,225, representing the outstanding municipal taxes and interest (which would be charged to the City's Non-Program Tax Deficiency account), and the remaining \$25,006 representing the education portion of the levy that would be fully recoverable from the Province.

Table 1  
 Outstanding Property Taxes and Accrued Interest and Penalty Charges  
 (Sheena's Place - 87 Spadina Road – taxation years 1996 to 2005)  
 (as at April 3, 2007)

Taxation Year	Total Tax Levy	Payments Received	Taxes Before Penalty			Interest and Penalty Accrued	Taxes Including Penalty	
			Total	Municipal	Education		Municipal + Penalty	Total Taxes + Penalty
1996 (i)	\$2,327	\$2,346	\$2,327	\$1,027	\$1,300	\$19	\$1,046	\$2,346
1997	\$3,503	\$3,519	\$3,503	\$1,560	\$1,943	\$16	\$1,576	\$3,519
1998	\$4,373	\$0	\$4,373	\$1,777	\$2,595	\$5,467	\$7,244	\$9,839
1999	\$4,850	\$0	\$4,850	\$3,196	\$1,654	\$11,482	\$14,678	\$16,332
2000	\$5,596	\$0	\$5,596	\$3,687	\$1,909	\$5,806	\$9,493	\$11,402
2001	\$7,614	\$0	\$7,614	\$4,968	\$2,645	\$6,744	\$11,712	\$14,357
2002	\$9,351	\$0	\$9,351	\$6,191	\$3,160	\$6,853	\$13,044	\$16,204
2003	\$9,241	\$0	\$9,241	\$6,119	\$3,122	\$5,432	\$11,551	\$14,673
2004	\$10,027	\$0	\$10,027	\$6,689	\$3,339	\$4,367	\$11,056	\$14,395
2005	\$10,228	\$0	\$10,228	\$6,889	\$3,339	\$2,936	\$9,825	\$13,164
<b>Total</b>	<b>\$67,110</b>	<b>\$5,865</b>	<b>\$67,110</b>	<b>\$42,103</b>	<b>\$25,006</b>	<b>\$49,122</b>	<b>\$91,225</b>	<b>\$116,231</b>

- (i) Taxes cancelled for 245 days as ownership for the property changed to "Hospice for Eating Disorders" (Sheena's Place) on May 1, 1996.

## CONTACT

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## SIGNATURE

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Cam Weldon  
 Treasurer