



**STAFF REPORT
ACTION REQUIRED**

**76 Wychwood Avenue - Designation of the premises
used for Wychwood Green Arts Barn Project as a
Municipal Capital Facility**

Date:	June 24, 2008
To:	Government Management Committee
From:	Treasurer
Wards:	Ward 21 – St. Paul’s
Reference Number:	P:\2008\Internal Services\Rev\gm08015rev (AFS#7653)

SUMMARY

This report seeks Council authority to adopt the necessary by-laws to designate certain portions (14,518 square feet) of the leased premises at 76 Wychwood Avenue that are being re-developed as Green Arts Barn by Toronto Artscape Foundation and Toronto Artscape Inc. (“Artscape”) as a municipal capital facility and to provide a property tax exemption for municipal and education purposes.

RECOMMENDATIONS

The Treasurer recommends that:

1. Council pass a by-law pursuant to section 252 of the *City of Toronto Act, 2006*, providing authority to:
 - a. enter into a municipal capital facility agreement with Artscape, with whom the City has an agreement to develop the Green Arts Barn Project on portions of the leased premises (14,518 square feet) at 76 Wychwood Avenue, to be used for the Covered Street Barn and Community Gallery (8,566 sq. ft.) and the area used as public washrooms, entryways and utility rooms (5,952 sq. ft.); and

- b. exempt the above mentioned portions of the leased lands from property taxation for municipal and school purposes, which tax exemption is to be effective from the latest of the following dates: the commencement date of the lease between Artscape and the City, the date the municipal capital facility agreement is signed; or the date the tax exemption by-law is enacted.
2. The City Clerk be directed to give written notice of the by-law to the Minister of Education, the Municipal Property Assessment Corporation, the Toronto District School Board, the Toronto Catholic District School Board, the Conseil Scolaire de District du Centre-Sud-Ouest, and the Conseil Scolaire de District du Catholique Centre-Sud.
3. Council pass a resolution that the above municipal capital facility is for the purposes of the municipality and is for public use.
4. Authority be granted for the introduction of the necessary bills to give effect thereto; and
5. The appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.

Financial Impact

The property located at 76 Wychwood Avenue which was used as TTC repair barns is currently exempt from paying property taxes as it is owned by the City. However, the land is being leased to Artscape to be redeveloped as the Wychwood Green Arts Barn project. Of the leased premises, a total of 14,518 square feet is eligible to be designated as a municipal capital facility and to receive an exemption from property taxes for both the city and education portions of tax. Since the premises will be leased by Artscape, which is a taxable tenant, the premises would be subject to taxation if the property tax exemption is not granted. The potential annual taxes on the above mentioned premises have been estimated at approximately \$22,194, of which \$11,579 is the City portion, and \$10,615 is the education component. The estimate is based on 2008 commercial tax rates and the estimated current value assessment on an area of 14,518 square feet of the property for 2008, which is \$539,277.

Given that the property is not currently taxable, there are no immediate savings or costs from providing a property tax exemption. If the exemption is not put in place, and the property becomes taxable in the future, the property taxes (including the education taxes) would be payable by the lessee/operator, with no direct cost implications to the City, but which would result in taxation revenue (municipal portion) of approximately \$11,600 annually.

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

DECISION HISTORY

In 2006 the City of Toronto selected Artscape, a non-profit cultural organization, to re-develop and manage the former TTC (Toronto Transit Commission) streetcar repair barns located at 76 Wychwood Avenue (Wychwood and Benson Avenues) as a multi-tenancy community centre and a live/work space for artists.

At its meeting on January 31, February 1 and 2, 2006, City Council adopted a series of recommendations regarding the Wychwood Green Arts Barn Project including a recommendation authorizing that “authority be granted for exempting the Project from taxation for municipal and school purposes for the term of the lease with the City and the municipal housing project facility.” The report can be accessed at:
<http://www.toronto.ca/legdocs/2006/agendas/council/cc060131/pof1rpt/cl015.pdf>

ISSUE BACKGROUND

The Wychwood Green Arts Barn Project is located on a 4.3 acre site between Wychwood Avenue and Christie Street, south of St. Clair Avenue West and South of Benson Avenue. The facility consisted of five attached brick buildings ranging from 198 to 326 feet long and 38 to 44 feet wide, built between 1913 to 1921.

The redevelopment project proposed by Artscape will provide affordable working and living space for Toronto artists and their families, affordable work studios for artists, programming and office space for 13 not-for-profit arts and environmental organizations, a community gallery, programmable event space and a sustainable food education centre for the local community and the public. Construction is scheduled to be completed by the fall of 2008.

The Wychwood Green Arts Barn Project is comprised of two components totalling 57,180 square feet: the affordable housing component (19,386 square feet) and the non-residential component (37,794 square feet).

At its meeting held on January 31, February 1 and 2, 2006, City Council approved a property tax exemption and municipal capital facility agreement for the affordable housing component of the Project, representing 19,386 square feet of space for live/work (residential) artist studios, and ancillary and amenity spaces.

This report recommends a municipal capital facility designation and property tax exemption for certain non-residential portions of the Project (14,518 square feet) which are being re-developed as a Covered Street Barn and Community Gallery (8,566 square feet) and public washrooms, entryways and utility rooms (5,958 square feet).

With respect to the balance of the Project representing a total of 23,276 square feet, 6,817 square feet is exempt from property taxation under the *Assessment Act*, and the remaining 16,459 square feet do not qualify for a municipal capital facility and property tax exemption for reasons outlined in Table 1 below.

COMMENTS

Currently, the property located at 76 Wychwood Avenue is owned by the City and is therefore exempt from property taxation. The Current Value Assessment for 2008 is \$2,282,000. When City-owned land is occupied by a taxable tenant such as Artscape, the occupied portion becomes taxable, unless the organization would be exempt from taxation if they owned the premises, or unless the premises are designated as a municipal capital facility or a municipal housing facility.

Table 1, below, shows the proposed development plan for the Wychwood Green Arts Barn Project, the area occupied, and the tax classification status of the project components.

Table 1: Proposed Development Plan – Wychwood Green Arts Barn Project

No.	Description	Floor Area (sq. ft.)	Tax Status	Comments
1	Live/work (residential) artist studios and ancillary utility and amenity spaces (26 units) – Part of Studio Barn	19,386	Exempt (affordable housing facility)	Council has already approved the designation of this space as a municipal housing facility and an exemption from property taxation.
2	Theatres of under 1,000 seats and ancillary theatre production space	6,392	Exempt (<i>Assessment Act</i>)	Exempt under paragraph 26 of subsection 3(1) of the <i>Assessment Act</i>
3	Storage facility for City of Toronto Parks, Forestry and Recreation Division	425	Exempt (<i>Assessment Act</i>)	Exempt under paragraph 9 of subsection 3(1) of the <i>Assessment Act</i>
4*	Covered Street Barn and Community Gallery (*)	8,566	Being recommended for as a municipal capital facility and property tax exemption by this report	The Covered Street Barn will provide affordable community use space, including year-round access for community events, exhibitions, festivals, etc. The Covered Street Barn will provide an area for vendors to create a hub of economic activity in the neighbourhood. Eligible as a municipal capital facility under paragraph 16 of subsection 2(1) of O. Reg. 598/06
5*	Public washrooms, entryways and utility rooms	5,952	Being recommended for as a municipal capital facility and property tax exemption by this report	As this space is part of Covered Street Barn and Community Gallery, and used in conjunction with the municipal capital facility, it would be exempt from property taxation under paragraph 16 of subsection 2(1) of O. Reg. 598/06
6	Work-only (non-residential) artists studios (15 units) – Part of Studio Barn	4,045	Taxable	Space will be tenanted by individual artists and are essentially for private use.
7	Other non-profit environmental and arts tenants – Part of Community Barn	12,414	Taxable	To provide affordable programming, rehearsal, office and meeting space to not-for-profit community arts and environmental organizations. As these spaces are tenanted by other organizations

No.	Description	Floor Area (sq. ft.)	Tax Status	Comments
	The Green Barn Operated by The Stop Community Food Centre			<p>and are likely only available for public use in limited circumstances, they do not qualify for a tax exemption as a municipal capital facility.</p> <p>The Green Barn will be operated by the Stop Community Food Centre (The Stop) and house a year-round temperate greenhouse, sheltered garden, outdoor bake oven and compost demonstration site. Since the programs will be operated by The Stop, a private organization under a separate agreement with Artscape, the area will be subject to property taxation.</p>
	Total Area	57,180		

* Areas to be designated as a Municipal Capital Facility by this report

Of the total 57,180 square feet:

- a) 19,386 square feet has been designated by Council as a municipal housing facility and is exempt from property taxation;
- b) 6,817 square feet is exempt from property taxation under the *Assessment Act*;
- c) 14,518 square feet, representing a Covered Street Barn and Community Gallery (8,566 square feet) and public washrooms, entryways and utility rooms (5,958 square feet), is the subject of this report and is being recommended for a municipal capital facility designation and property tax exemption; and,
- d) 16,459 square feet do not qualify for a municipal capital facility or property tax exemption.

Portions 4 and 5 from Table 1 above, comprising a total of 14,518 square feet of the property, are eligible to be designated as municipal capital facilities under paragraph 16 of subsection 2(1) of Ontario Regulation 598/06. The potential annual taxes on these portions have been estimated at approximately \$22,194, of which \$11,579 is the City portion, and \$10,615 is the education component. The estimate is based on 2008 commercial tax rates and the estimated current value assessment on an area of 14,518 sq. ft. of the property for 2008, which is \$539,277.

Given that:

- a) Council, at its meeting in February 2006, directed that authority be granted for exempting the Project from taxation for municipal and school purposes;

- b) the Covered Street Barn and Community Gallery (including the public washrooms, entryways and utility rooms within these facilities) are areas for cultural activities that serve the local community; and,
- c) a property tax exemption will help ensure the project's sustainability,

this report recommends that Council authorize a municipal capital facility designation, and a property tax exemption for municipal and school purposes, for the portions of the leased premises (14,518 square feet) at 76 Wychwood Avenue, to be used for the Covered Street Barn and Community Gallery (8,566 sq. ft.) and the area used as public washrooms, entryways and utility rooms (5,952 sq. ft.)

In order to make these portions exempt from taxes, Council must authorize the entering into of a municipal capital facility agreement between the City as owner and Artscape as the tenant/operator, and approve that the facility be made exempt from taxes, in accordance with the legislative provisions outlined below.

Legislation Regarding Municipal Capital Facilities:

Section 252 of the *City of Toronto Act, 2006* (the "Act") allows the City Council to enter into agreements with any person for the provision of municipal capital facilities, and allows the City Council to exempt from taxation for municipal and school purposes, land or a portion of land on which municipal capital facilities are or will be located.

Ontario Regulation 598/06 (the "Regulation") defines eligible municipal capital facilities, and paragraph 16 of subsection 2 (1) of the Regulation includes a class of municipal capital facilities for "City facilities used for cultural, recreational or tourist purposes" as eligible capital facilities for the purpose of section 252 of the Act.

As the subject property is cultural property, the Act and the Regulation require:

- (a) That the municipal capital facility is, or will be on reversion of the property, owned by the City;
- (b) That Artscape and the City enter into an agreement for the provision of a municipal capital facility for the space being leased;
- (c) That a by-law be passed by Council permitting the City to enter into the agreement, and to exempt the property from taxation for municipal and school purposes to which the municipal capital facilities agreement applies; and,
- (d) That Council declare by resolution that the municipal capital facilities are for the purposes of the City and are for public use.

Once the above requirements are fulfilled by Council, the City Clerk must give written notice of the by-law to the Minister of Education and Training. To facilitate the tax exemption, the City Clerk must also provide a written notice of the contents of the by-law to the Municipal Property Assessment Corporation and the Secretary(s) of the School Board(s).

CONTACT

Giuliana Carbone, Director, Revenue Services

Phone: (416) 392-8065 Fax: (416) 696-3778 E-mail: gcarbone@toronto.ca

SIGNATURE

Cam Weldon
Treasurer