



STAFF REPORT INFORMATION ONLY

5 Eireann Quay – Supplementary Report: Property Taxes and Payments in Lieu of Taxes

Date:	April 12, 2012
To:	Toronto and East York Community Council
From:	Treasurer
Wards:	Ward 20 – Trinity-Spadina
Reference Number:	P:\2012\Internal Services\rev\te12010rev (AFS15474)

SUMMARY

This report provides information on the amount of any outstanding property taxes or payments in lieu of taxes owed by the Toronto Port Authority with respect to 5 Eireann Quay.

Financial Impact

There are no financial implications associated with this report.

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

DECISION HISTORY

At its meeting of March 20, 2012, Toronto and East York Community Council, in considering item TE14.1: *Final Report - 5 Eireann Quay - Site Plan Control Application*, requested that the Deputy City Manager and Chief Financial Officer submit an information report to the Toronto and East York Community Council on any outstanding taxes and/or payments in lieu of taxes owed by the Toronto Port Authority and proposed terms of payment with respect to 5 Eireann Quay.

The TEYCC decision can be accessed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.TE14.1>

COMMENTS

The property at 5 Eireann Quay is a 4.08 acre (1.65 ha) site owned by the City of Toronto, and until recently was occupied by an Urban Forestry works yard. Structures and other uses on the site include the former Canada Malting silos and associated buildings, surface parking, and a baseball diamond/open space (currently leased by the Toronto District School Board for school purposes).

The Current Value Assessment (CVA) of the land is 28,436,000 (full CVA, as applicable to the 2012 taxation year). The land is currently classified as exempt from taxes. The *Assessment Act* provides that lands owned by a municipality, a public commission or a local board are exempt from taxation unless the land is occupied by a tenant that would be taxable if the tenant owned the land. As such, there are no property taxes nor payments in lieu of taxes levied against this parcel, and no amounts currently owing to the City by the Toronto Port Authority or any other party in respect of taxes or payments in lieu of taxes for this property.

Lease of a Portion of the Site by the Toronto Port Authority

Under an agreement dated March 5, 2012, the City has agreed to lease a portion of the property to 2315155 ONTARIO INC., a subsidiary corporation of the Toronto Port Authority (TPA). The lands to be leased comprise approximately 79,000 square feet (7,310 m²), or roughly 44 per cent of the total area of the City-owned parcel. The proposed uses of the leased lands include a temporary taxi management area, commercial parking lot and construction staging area for a pedestrian tunnel to the Billy Bishop Toronto City Airport. The proposed commercial parking lot consists of 18 short stay parking spaces and 26 long stay spaces.

Once occupied for the above uses, portions of the leased premises may become liable to taxation, or subject to make a payment in lieu of taxes, or they may remain exempt from taxes. The Municipal Property Assessment Corporation (MPAC) is responsible to determine what portions, if any, of the leased space would become taxable or subject to a payment in lieu of taxes (PILT), and the assessment value attributable to these portions. Only once MPAC has made this determination will it be possible to establish the amount of any taxes or payments in lieu of taxes that will become payable to the City from the occupation of this site pursuant to the lease. MPAC's determination would be based on relevant *Assessment Act* provisions, and the terms and tenure of the actual lease between the City and TPA's subsidiary corporation. Should MPAC determine that portions of the site will become taxable or subject to make a payment in lieu of taxes, the City will issue either a supplementary billing for 2012 for any property taxes payable, or a notification for any payment in lieu of tax amounts payable, based on an effective date of occupation.

The lease agreement between the City and the TPA subsidiary corporation includes a requirement under Section 6.3 "Additional Rent" (paragraph 2) whereby the lessee agrees to pay all amounts over and above the basic rent, including:

all realty taxes (or payments in lieu thereof) imposed upon or in respect of the Tenant's use and occupation of the Premises.

The lease also requires that the tenant provide the City copies of any assessment notices or tax bills upon receipt, and that any amounts become payable within thirty days of the tenant's receipt of the invoice, or tax bill, as the case may be.

This provision provides the necessary assurances that any property taxes or payments in lieu of taxes that apply to the leased portions of this site will be paid by the Toronto Port Authority or its subsidiary corporation. As such, a repayment schedule is not currently required and will not be in future unless amounts payable remain unpaid.

As for any other outstanding PILT matters involving the TPA, the City and the TPA continue to negotiate a resolution to those matters as per the terms of a Master Agreement that the parties entered into on March 5, 2012, following Decision CC 10.5 from the July 2011 Council session.

CONTACT

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SIGNATURE

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