



REPORT FOR ACTION

1884 Davenport Road – Designation of a Portion of the Property used by The Stop Community Food Centre as a Municipal Capital Facility

Date: May 16, 2018

To: Government Management Committee

From: Treasurer

Wards: Ward 17 - Davenport

SUMMARY

This report seeks Council's authority for the adoption of the necessary by-law to designate the property occupied by The Stop Community Food Centre at 1884 Davenport Road as a municipal capital facility, and to provide a property tax exemption for municipal and education purposes. The municipal capital facility agreement will provide an exemption for approximately 7,457 square feet of exclusive space on the ground floor.

The Stop Community Food Centre offers a broad range of programs that provide access to healthy food, foster social connections, build food skills, and promote civic engagement for individuals suffering from poverty and hunger in Toronto. The Stop Community Food Centre is an Imagine Canada accredited organization.

RECOMMENDATIONS

The Treasurer recommends that:

1. City 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 The Stop Community Food Centre, with whom Toronto Community Housing Corporation has a lease, for the property known as 1884 Davenport Road, with respect to approximately 7,457 square feet of exclusive space on the ground floor (the "Leased Premises") owned by Toronto Community Housing Corporation, for the purpose of providing a municipal capital facility as a community centre; and

b. exempt the Leased Premises from taxation for municipal and school purposes, which tax exemption is to be effective from the latest of (i) the commencement date of the Lease, (ii) the date the municipal capital facility agreement is entered into, and (iii) the date the tax exemption by-law is enacted.

2. City Council pass a resolution that the above municipal capital facility is for the purposes of the City and is for public use.

3. City Council direct the City Clerk to give written notice of the by-law to the Minister of Finance, 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.

FINANCIAL IMPACT

The Leased Premises located at 1884 Davenport Road are owned by Toronto Community Housing Corporation. Although properties owned by the Toronto Community Housing Corporation are exempt from taxation, The Stop Community Food Centre is a taxable tenant and the Leased Premises are therefore subject to taxation. The annual property taxes on the Leased Premises located at 1884 Davenport Road for the 7,457 square feet of space are estimated at approximately \$42,023, comprised of a municipal portion of \$22,220 and a provincial education portion of \$19,803, based on 2018 Current Value Assessment (CVA) and 2017 tax rates.

Providing a property tax exemption for the 7,457 square feet of space at 1884 Davenport Road will result in a net annual reduction in property tax revenue to the City of approximately \$22,220, representing the municipal portion of taxes that are currently payable that will no longer be collected once the Leased Premises are designated as a municipal capital facility, as shown in Table 1 below. The provincial education portion of property taxes of \$19,803 will no longer be required to be remitted to the Province once the exemption for the Leased Premises takes effect, with no net impact to the City.

Table 1: Financial Implications of Property Tax Exemption - 1884 Davenport Road

	Municipal Taxes	+ Education Taxes	= Total Property Taxes
Amounts Payable if Taxable (annual)	\$22,220	\$19,803	\$42,023
Amounts Payable if Exempt	\$0	\$0	\$0
Reduction in Municipal Tax Revenues:			\$22,220
Reduction in Education Taxes Remitted:			\$19,803

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

DECISION HISTORY

On October 8, 9, 10 and 11, 2013, City Council authorized the premises used by The Stop Community Food Centre at 76 Wychwood Avenue to be designated as a municipal capital facility. City staff visited and reviewed the uses of the portions of the property used by The Stop Community Food Centre and determined they meet the eligibility criteria for a municipal capital facility as a community centre.

The City Council Decision can be accessed at:

[GM24.5: 76 Wychwood Avenue - Designation of the Premises Used by The Stop Community Food Centre at the Artscape Wychwood Barns Project as a Municipal Capital Facility](#)

On January 1, 2015, The Stop Community Food Centre entered into a lease agreement with the landlord, Toronto Community Housing Corporation, for a five year term at 1884 Davenport Road.

On October 5, 6 and 7, 2016, City Council requested the appropriate City staff to prepare a report on the feasibility of providing a municipal capital facility exemption for The Stop Community Food Centre located at 1884 Davenport Road.

The City Council Decision can be accessed at:

[MM21.12: Request for report on the feasibility of a Municipal Capital Facility Exemption for The Stop Community Food Centre located at 1884 Davenport Road - by Councillor Cesar Palacio, seconded by Councillor Glenn De Baeremaeker \(October 5, 2016\)](#)

COMMENTS

Properties “owned and occupied” by a municipality or local board are exempt from taxation pursuant to section 3 of the *Assessment Act*. However, where a municipality or local board leases property that would normally be subject to taxation, this exemption does not apply. Given that the space in question at 1884 Davenport Road is owned by Toronto Community Housing Corporation and is currently leased to The Stop Community Food Centre, the leased premises are subject to taxation at commercial rates.

The Stop Community Food Centre provides a variety of programs and services to address problems of poverty and hunger in Toronto. The centre offers a wide range of activities that includes a drop-in meal program, a food bank, perinatal and family support programs, community kitchens and gardening programs, and volunteer programs. Designating the property leased by The Stop Community Food Centre as a municipal capital facility and providing an exemption from taxes will assist the centre in providing services to the public which are in line with those services provided by the City.

The property tax exemption on the space leased by The Stop Community Food Centre will only apply if City Council agrees to provide a tax exemption, by way of a municipal capital facility agreement under section 252 of the *City of Toronto Act, 2006*.

In addition to the Leased Premises which will be designated, The Stop Community Food Centre uses 1,950 square feet of non-exclusive space on the ground floor and 2,500 square feet of storage space in the basement of 1884 Davenport Road. The non-exclusive space cannot be designated because it is not entirely occupied or used as a municipal capital facility and the storage space cannot be designated because no rent is paid.

Legislation Regarding Municipal Capital Facilities

Section 252 of the *City of Toronto Act, 2006* allows the City to enter into agreements with any person for the provision of municipal capital facilities, and allows 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 prescribes “community centres” as eligible municipal capital facilities for the purpose of section 252. The regulation requires that City Council pass a resolution that a community centre is for the purposes of the City and is for public use before entering into an agreement for the provision of a municipal capital facility.

Section 252 of the *City of Toronto Act* requires:

- a. that the tenant and the City enter into an agreement for the provision of a municipal capital facility for the space being leased; and
- b. that a by-law be passed by Council permitting the City to enter into the agreement, and to exempt the property to which the municipal capital facility agreement applies from taxation for municipal and school purposes.

Upon the passing of this by-law, the City Clerk must give written notice of the by-law to the Minister of Finance. For 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 of any affected school board(s).

CONTACT

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SIGNATURE

Mike St. Amant
Treasurer