



REPORT FOR ACTION

1 York Gate Boulevard and 5150-5160 Yonge Street – Designation of Portions of the Properties used by the Toronto Public Library as Municipal Capital Facilities

Date: August 20, 2019

To: General Government and Licensing Committee

From: Controller

Wards: Ward 7 - Humber River-Black Creek & Ward 18 - Willowdale

SUMMARY

This report seeks Council's authority for the adoption of the necessary by-law to designate portions of two properties leased and occupied by the Toronto Public Library as municipal capital facilities and to provide exemptions for municipal taxes and education taxes. The municipal capital facility agreements authorized by the by-law will provide exemptions for approximately 3,341 square feet of space at 1 York Gate Boulevard and approximately 1,556 square feet of space at 5150-5160 Yonge Street.

The privately owned space at 1 York Gate Boulevard was selected as temporary space for the library during a two year renovation period of the York Woods library. The space being occupied at 5150-5160 Yonge Street is in addition to the already existing North York Central library.

RECOMMENDATIONS

The Controller 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 Municipal Capital Facility Agreements with 7506473 Canada Inc., which leases approximately 3,341 square feet at 1 York Gate Boulevard to the Toronto Public Library, and Great-West Life Realty Advisors, which leases approximately 1,556 square feet at 5150-5160 Yonge Street to the Toronto Public Library, all space (the "Leased Premises") related to facilities for public libraries.

b. exempt the Leased Premises from taxation for municipal and school purposes, with the tax exemption being effective from the latest of: (1) the commencement date of the

Lease, (2) the date the Municipal Capital Facility Agreement is entered into, and (3) the date the Tax Exemption By-law is enacted.

2. 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, le Conseil scolaire Viamonde, and le Conseil scolaire catholique MonAvenir.

FINANCIAL IMPACT

The annual property taxes on the 4,897 square feet of combined space (currently taxable) occupied by the Toronto Public Library are estimated at approximately \$32,726 comprised of a municipal portion of \$16,956 and a provincial education portion of \$15,770, based on 2019 Current Value Assessment (CVA) and 2019 tax rates.

As shown in Table 1 below, providing property tax exemptions for the 4,897 square feet of combined space at 1 York Gate Boulevard and 5150-5160 Yonge Street will result in a net annual reduction in property tax revenue to the City of approximately \$16,956, representing the municipal portion of taxes that is currently payable that will no longer be collected once the Leased Premises are designated as municipal capital facilities. The provincial education portion of property taxes of \$15,770 will no longer be required to be remitted to the Province once the exemptions for the Leased Premises take effect.

Table 1: Financial Implication of Property Tax Exemption - 1 York Gate Boulevard and 5150-5160 Yonge Street

Location	Municipal Taxes	Education Taxes	Total Property Taxes
1 York Gate Boulevard 1908-01-3-270-00250	\$11,075	\$10,300	\$21,375
5150-5160 Yonge Street 1908-07-2-215-00400	\$5,881	\$5,470	\$11,351
Total Amounts Payable if Taxable (annual)	\$16,956	\$15,770	\$32,726
Total Amounts Payable if Exempt	\$0	\$0	\$0
Reduction in Municipal Tax Revenues			\$16,956
Reduction in Education Taxes Remitted			\$15,770

As the City currently funds the Toronto Public Library the cost of rent (which includes property taxes) on any leased space through an annual budget allocation, there is no net impact on the municipal portion of taxes from the Municipal Capital Facility exemption, as the decrease in municipal tax revenue is offset by a corresponding reduction in the annual budgetary requirement for Toronto Public Library. However, providing a property tax exemption for the 4,897 square feet of space to be leased will result in net savings to the City of approximately \$15,770 annually, representing the provincial education portion of property taxes that will no longer be payable once the exemption for this portion takes effect.

The savings resulting from the designation as municipal capital facilities for the two locations as identified in Table 1 above have been accounted for and included in the 2019 Council Approved Operating Budget for Toronto Public Library.

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

DECISION HISTORY

A Delegated Approval Form, dated July 25, 2018 was approved allowing a five year lease agreement between The Great-West Life Assurance Company for the 1,556 of square feet of space to be occupied by the Toronto Public Library at 5150-5160 Yonge Street. A copy of this form can be accessed at:

[Delegated Approval Form - 5150-5160 Yonge Street](#)

On April 12, 2019, a Delegated Approval Form approved a 26 month lease between the Toronto Public Library and 7506473 Canada Inc. for 3,341 square feet of space to be occupied at 1 York Gate Boulevard. A copy of this form can be accessed at:

[Delegated Approval Form - 1 York Gate Boulevard](#)

COMMENTS

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.

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.

The spaces occupied by the Toronto Public Library at 1 York Gate Boulevard and 5150-5160 Yonge Street are normally subject to taxation at commercial rates. Designating the portions of the properties leased by the Toronto Public Library as municipal capital facilities and providing exemptions from taxes will reduce the monthly rental amount paid by the Toronto Public Library.

The property tax exemptions on the spaces leased by the Toronto Public Library will only apply if City Council agrees to provide tax exemptions, by way of municipal capital facility agreements under section 252 of the City of Toronto Act, 2006. Ontario Regulation 598/06 prescribes facilities providing public libraries as eligible municipal capital facilities for the purpose of section 252.

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 exemptions, 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

Andrew Flynn
Controller