

220 Attwell Drive – Amending the Municipal Capital Facility Designation for the Property Used by Toronto Employment and Social Services

Date: November 16, 2021

To: General Government and Licensing Committee

From: Executive Director, Corporate Real Estate Management

Wards: 1 – Etobicoke North

SUMMARY

This report seeks City Council's authority for the adoption of the necessary amending by-law to designate the entire property owned by 3052690 Nova Scotia Ltd (the "Landlord") at 220 Attwell Drive and currently leased to City of Toronto as a Municipal Capital Facility ("M.C.F."), and to provide an exemption for municipal and education taxes. The amending M.C.F. agreement authorized by the amending by-law will provide for a continued exemption for the existing space occupied by Toronto Employment and Social Services ("T.E.S.S.") of approximately 20,396 square feet (exempted by By-law 630-2011) and a new exemption for an additional 7,040 square feet of space that is occupied by T.E.S.S. as of February 22, 2012 (the date the original M.C.F. agreement was entered into).

The additional space was required as part of T.E.S.S.'s greater City-wide project to ensure clients were fully supported in their efforts to seek employment. The City of Toronto introduced or improved 10 T.E.S.S. offices at the time to ensure uniformity in each office. T.E.S.S. continues to deliver their services under the same model.

RECOMMENDATIONS

The Executive Director, Corporate Real Estate Management 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 an amended Municipal Capital Facility Agreement between 3052690 Nova Scotia Ltd, the landlord, which leases the entire property, comprising of approximately 20,396 square feet of the existing leased space and 7,040

additional square feet at 220 Attwell Drive (the "Leased Premises") to the City of Toronto, used for social and health services; and

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 Leased Premises at 220 Attwell Drive currently has a Municipal Capital Facility designation. This designation provides an exemption for 20,396 square feet, representing an estimated \$39,339 of foregone annual property taxes.

The annual property taxes for the additional 7,040 square feet of space (currently taxable) occupied by T.E.S.S. are estimated at \$13,094, comprised of a municipal portion of \$7,474, and a provincial education portion of \$5,620, based on the 2021 Current Value Assessment and 2021 tax rates. An amended agreement for the expanded space will create an additional 7,040 square feet of space to be exempted from property taxes. Table 1 below summarizes the further financial impact of exempting the additional leased space, in addition to the leased space that was previously made exempt as a municipal capital facility.

Table 1: Property Taxes for 220 Attwell Drive

	Square Footage	Estimated Annual Property Taxes
Current Exempted Space	20,396	\$39,339
Additional Space (to be exempted)	7,040	\$13,094
Total New Tax Exemption	27,436	\$52,433

As shown in Table 2 below, providing a property tax exemption for the additional 7,040 square feet at 220 Attwell Drive will result in a net annual reduction in property tax revenue to the City of approximately \$7,474 representing the municipal portion of taxes that is currently payable but will no longer be collected once the Leased Premises are designated as Municipal Capital Facility. The provincial education portion of \$5,620 will

no longer be required to be remitted to the Province once the exemption for the Leased Premises takes effect.

Table 2: Financial Implication of Property Tax Exemption – 220 Attwell Drive

Location	Municipal Taxes	Education Taxes	Total Property Taxes
220 Attwell Drive – 1919-03-8-310-04201	\$7,474	\$5,620	\$13,094
Total Amounts Payable if Exempt	\$0	\$0	\$0
Reduction in Municipal Tax Revenues			\$7,474
Reduction in Education Taxes Remitted			\$5,620

As the City currently funds Toronto Employment and Social Services 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. This is because a reduction in municipal tax revenue is offset by a corresponding reduction in the annual budgetary requirement for T.E.S.S. The savings resulting from the designation as a Municipal Capital Facility for 220 Attwell Drive are accounted for and included in the 2021 Council Approved Operating Budget for Toronto Employment and Social Services.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications as identified in the Financial Impact Section.

DECISION HISTORY

At its meeting on May 17, 18 and 19, 2011, City Council adopted City of Toronto By-law 630-2011 to authorize entering into an agreement for the provision of a municipal capital facility at 220 Attwell Drive for Toronto Employment and Social Services and provided an exemption for 20,396 square feet of space.

<https://www.toronto.ca/legdocs/bylaws/2011/law0630.pdf>

At its meeting on May 17, 2011, City Council adopted Item GM3.13 Municipal Capital Facilities (Multiple Properties) authorizing the City to enter into a municipal capital facility agreement and exempt the leased space of 20,396 square feet at 220 Attwell Drive.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.GM3.13>

COMMENTS

This report seeks to amend the necessary by-law to designate the entire property at 220 Attwell Drive occupied by T.E.S.S. as a M.C.F. Currently, a portion of the Leased

Premises is designated as an M.C.F. The partial designation was determined during a recent review completed by Corporate Real Estate Management.

History

As part of T.E.S.S.'s greater City-wide project to ensure clients were fully supported in their efforts to seek employment, the City entered into a lease amending agreement to lease an additional 7,040 square feet of space at 220 Atwell Drive to supplement the existing space of 20,396 square feet already occupied by T.E.S.S. T.E.S.S. sites are service locations that are situated based on operational requirements and the needs of the population being served. Services at 220 Atwell Drive include but are not limited to, job search support, access to computers, career development workshops and job fairs, and books and printed materials.

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.

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 space occupied by Toronto Employment and Social Services at 220 Atwell Drive is normally subject to taxation at commercial rates. Designating the property leased by Toronto Employment and Social Services as a Municipal Capital Facility and providing an exemption from taxes will reduce the monthly rental amount paid by Toronto Employment and Social Services.

The property tax exemption on the space leased by Toronto Employment and Social Services will only apply if City Council agrees to provide a tax exemption, by way of municipal capital facility agreement under Section 252 of the City of Toronto Act, 2006. Ontario Regulation 598/06 prescribes facilities used for the provision of social and health services as eligible municipal capital facilities for the purpose of Section 252.

Upon the passing of the 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 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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220 Atwell Drive – Amending the M.C.F.
Designation

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SIGNATURE

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