

756 Bathurst Street - Designation as a Municipal Capital Facility

Date: June 17, 2022

To: General Government and Licensing Committee

From: Controller

Wards: 11 - University-Rosedale

SUMMARY

This report seeks Council's authority for the adoption of the necessary by-law to designate the property to be owned by the City of Toronto and to be leased to the Blackhurst Cultural Centre (formerly known as A Different Booklist Cultural Centre) as a Municipal Capital Facility, and to provide an exemption for municipal taxes and education taxes. The Municipal Capital Facility agreement authorized by the by-law will provide an exemption for the entire property which is proposed to be approximately 566.85 square metres.

RECOMMENDATIONS

The Controller recommends that:

1. City Council pass By-laws pursuant to Section 252 of the City of Toronto Act, 2006, providing authority to:

a. enter into a Municipal Capital Facility Agreement with the Blackhurst Cultural Centre for the entire property known as 756 Bathurst Street, which will be leasing approximately 566.85 square metres of space (the "Leased Premises") for the purposes of providing a Municipal Capital Facility related to the provision of city facilities used for cultural purposes.

b. exempt the Leased Premises from taxation for municipal and school purposes, with the tax exemption to be effective from the latest of:

1. the date when the Leased Premises begins to be used for cultural purposes by the Blackhurst Cultural Centre;
2. the date the Municipal Capital Facility Agreement is entered into; and
3. the date this 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, le Conseil scolaire Viamonde, and le Conseil scolaire catholique MonAvenir.
4. City Council authorize the Controller to cancel or refund any taxes paid after the effective date of the Municipal Capital Facility agreement.

FINANCIAL IMPACT

This report recommends the City provide an exemption for the Leased Premises of approximately 566.85 square metres of proposed space, at the property known as 756 Bathurst Street, from taxation for municipal and school purposes through a Municipal Capital Facility Agreement related to the provision of city facilities used for cultural purposes with the Blackhurst Cultural Centre.

The Leased Premises will be owned by the City of Toronto, pursuant to an Agreement of Purchase and Sale executed in December 2017. Although properties owned by the City of Toronto are exempt from taxation, the Blackhurst Cultural Centre may be deemed a taxable tenant and the Leased Premises would therefore be subject to taxation. As the existing building on the Leased Premises will be demolished and replaced with a new structure, values are difficult to determine with limited information.

As summarized in Table 1 below, an estimated assessment value has been calculated based on the proposed square footage of the commercial space of approximately 6,101.5 square feet (or 566.85 square metres). As the property does not yet exist, it is difficult to provide an accurate estimate of property taxes. The estimated annual property taxes on the Leased Premises are approximately \$42,440, comprised of a municipal portion of \$24,840 and a provincial education portion of \$17,600 based on the proposed square footage, commercial property assessment in the area and 2022 tax rates.

Table 1: Financial Implication of Property Tax Exemption - 756 Bathurst Street

Location	Municipal Taxes	Education Taxes	Total Property Taxes
756 Bathurst Street 1904-06-7-310-02100	\$24,840	\$17,600	\$42,440
Total Amounts Payable if Exempt	\$0	\$0	\$0
Reduction in Municipal Tax Revenues			\$24,840
Reduction in Education Taxes Remitted			\$17,600

Providing a property tax exemption for the Leased Premises will result in a net annual reduction in property tax revenue to the City of approximately \$24,840, representing the municipal portion of taxes that would otherwise be payable by the taxable tenant and which will no longer be collected once the Leased Premises are designated as a Municipal Capital Facility. The provincial education portion of property taxes of \$17,600 will not be required to be remitted to the Province once the exemption for the Leased Premises takes effect, with no net impact to the City.

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 11, 2022, City Council adopted a motion to waive site plan fees in connection with the development and constructions and other fees set out in the Municipal Code Chapter 441 that may be waived by authority of City Council to support the construction of the new Blackhurst Cultural Centre at 756 Bathurst Street.

[MM43.15 – Waiving Development Charges and Other Fees to Support the Construction of the Blackhurst Cultural Centre](#)

At its meeting on December 15, 2021, City Council adopted the proposed terms and conditions to negotiate and enter into a long-term below-market rent lease with Blackhurst Cultural Centre at 756 Bathurst Street. The report also waives the application of the Community Space Tenancy policy in respect of the lease.

[EC26.6 – Proposed Terms and Conditions for a Long-Term Lease with a Different Booklist Cultural Centre at 756 Bathurst Street and Acceptance of Donations](#)

At its meeting on December 16 and 17, 2020, City Council authorized the Executive Director, Corporate Real Estate Management to initiate negotiations with A Different Booklist Cultural Centre for a long-term lease at 756 Bathurst Street, contingent on the General Manager, Economic Development and Culture's review of A Different Booklist Cultural Centre's long-term business plan, and to report back to City Council for the authorization of the lease terms.

[MM27.11 – Request for Staff to Initiate Long-Term Lease Negotiations with A Different Booklist Cultural Centre](#)

At its meeting on July 4, 2017 City Council authorized the purchase of 756 Bathurst Street, for \$2,550,000, for community and/or cultural use.

[MM31.69 – Honest Ed's and Mirvish Village – Proposed Purchase of Community Use Space Within or Adjacent to Development Site and Proposed Sale of City-owned Public Lane known as Honest Ed's Alley](#)

COMMENTS

The Blackhurst Cultural Centre, formerly known as A Different Booklist Cultural Centre will operate a not-for-profit cultural community centre with the purpose of promoting and celebrating the cultural legacy of Canadians of African and Caribbean ancestry through activities consistent with that purpose including providing and prioritizing public uses, community sessions, consultations and meetings, events, performances, lectures, workshops and other cultural purposes.

Through an Agreement of Purchase and Sale executed in December 2017, the City will take ownership of the property. The Blackhurst Cultural Centre will enter into a ground lease with the City for the entire property. The tenant will demolish the existing structure located on the property, and construct a new building for their exclusive use. The timing for construction and occupancy are currently being determined. During the term of the lease, the tenant will be responsible for the building. Upon expiration or earlier termination of the lease, all capital improvements (including the building) will become property of the City.

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 to be occupied by the Blackhurst Cultural Centre would normally be subject to taxation at commercial rates. Designating the property to be leased by the Blackhurst Cultural Centre as a Municipal Capital Facility and providing an exemption from taxes supports the goals of the Toronto Action Plan to Confront Anti-Black Racism, including supporting Black arts and culture, and leveraging City spaces to create a Black community hub in partnership with Black service providers.

The property tax exemption on the space to be leased by the Blackhurst Cultural Centre 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 cultural, recreational or tourist purposes as eligible municipal capital facilities for the purpose of Section 252. The regulation also 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 the agreement for the provision of the municipal capital facility.

Upon the passing of the By-law authorizing the municipal capital facility agreement and the property tax exemption, the City Clerk must give written notice of the By-law to the Minister of Finance, the Municipal Property Assessment Corporation and the Secretary of any affected school board(s).

CONTACT

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SIGNATURE

Andrew Flynn
Controller