



John Tory
Mayor

September 15th, 2016

The Honourable Bill Mauro, M.P.P.
Minister of Municipal Affairs
College Park
17th Floor, 777 Bay St
Toronto ON M5G2E5

Dear Minister:

As you know, the City of Toronto submitted its proposed *City of Toronto Act* (COTA) amendments to the Province in October 2015. At the time, it was noted that Toronto City Council decisions related to revenue tools would be forwarded at a later date within the context of the City's updated Long-Term Financial Direction.

This work is well underway, and in June 2016 Toronto City Council received a report from the City Manager on the City of Toronto's long-term financial direction (<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX15.1>), attached for your reference).

Given the complexity of the issues and the underlying concerns regarding budget sustainability, staff were directed to conduct further analysis, engage in public consultation, and report back with a multi-year revenue strategy in Fall 2016. The public consultation is planned to start in mid-October, and I expect that Council will give full consideration to revenue tools in the context of the Long-Term Financial Direction at its December 2016 meeting.

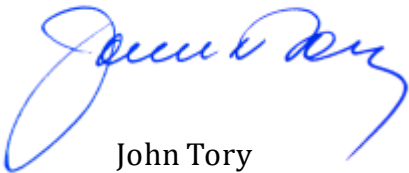
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This approach is consistent with what the Premier proposed in her speech at the Association of Municipalities of Ontario's Annual Conference on August 15, 2016, in which she urged municipal leaders to "put revenue tools on the table" by consulting with residents and discussing with their respective councils.

However, in developing our submission to the province on the COTA review, we have found there is broad support on Council for requesting the authority to levy a tax on lodging (i.e. a hotel tax) in advance of Toronto City Council's broader discussion on revenue tools. If endorsed by City Council later this year, a hotel tax could level the playing field between hotel operators who opt into the existing voluntary destination marketing fee and those that do not, and could also increase the revenues available to the City.

I look forward to your consideration of this issue and further dialogue on amendments to COTA as the City continues to develop its Long-Term Financial Direction.

Sincerely,



John Tory
Mayor of Toronto

c. The Honourable Kathleen Wynne, M.P.P. Premier of Ontario



John Tory
Mayor

September 30, 2016

The Honourable Charles Sousa, M.P.P.
Minister of Finance
Frost Building South, 7th Floor
7 Queen's Park Crescent
Toronto ON M7A 1Y7

Dear Minister Sousa:

I was pleased to see the 2016 Ontario Budget indicated your ministry is continuing its review of the Vacant Unit Rebate (VUR) program. The City of Toronto is very interested in making changes to the program in order to stimulate economic growth and job creation and enhance local retail and employment areas. Not only do rebates cost the City over \$20 million per year, the parameters of the provincial program do not allow the City the flexibility to use the rebate in a way that responds to local economic conditions, neighborhood revitalization plans, city-wide commercial and industrial growth strategies or best practices in incubating small, start-up businesses.

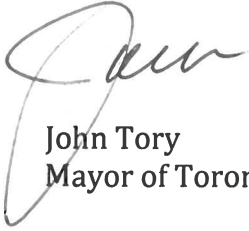
As part of our submission to the province on the City of Toronto Act, City Council asked for greater flexibility to apply additional eligibility criteria or alter other VUR program requirements. City staff participating in your ministry's consultations on this issue have reiterated this request.

It is my view that the best approach to give us the flexibility we need would be to permit the City to vary the rate and conditions of the VUR, up to and including the ability to opt out of the provincial VUR program entirely. This would allow us to develop a customized approach to vacant unit rebates that best serves the complex and diverse needs of the City, following a full and informed debate of the issue by City Council.

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I look forward to your consideration of this issue as part of the City of Toronto Act amendments being prepared for introduction this fall.

Sincerely,

A handwritten signature in black ink, appearing to read "John Tory", written in a cursive style.

John Tory
Mayor of Toronto

c. The Honourable Bill Mauro, Minister of Municipal Affairs

**Ministry of
Municipal Affairs**

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Your Worship
Mayor John Tory
City of Toronto, Office of the Mayor
100 Queen Street West, Floor 2
Toronto ON M5H 2N2

Dear Mayor Tory:

Thank you for your letter dated September 15, 2016. I appreciate receiving an update on the City's current work as it relates to not only potential diversification and increased flexibility in the City's revenue sources but also more broadly its Long-Term Financial Direction.

The province wants to ensure our local governments remain financially sustainable and accountable, and have the flexibility to respond to the people they serve. We support the process the City is undertaking in updating its Long-Term Financial Direction. The Premier has been very clear that the discussion of municipal revenue sources is a very important one, and the province is committed to working with municipalities.

Ministry staff would be pleased to meet to discuss current methods to diversify City revenues already permitted under the City of Toronto Act, at the City's convenience through the Toronto-Ontario Cooperation and Consultation (TOCCA) process.

With regards to any new methods to increase flexibility and diversify City revenue that are not permitted under the City of Toronto Act, including a hotel tax, the province would require a Council motion requesting the change. Further, it would look to the City to engage with constituents and stakeholders, including potentially impacted businesses, to develop a consensus around particular proposed new revenue sources. For example, the province would be interested in hearing about the outcomes of discussions between the City and the hotel sector on a potential hotel tax, including impacts on the Destination Marketing Fee and its role in providing funding to regional tourism promotion. The province would also be interested in understanding any impact a hotel tax could have on the competitiveness of Toronto's hotel sector.

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As you mentioned, City Council has yet to formally endorse a hotel tax and I understand that you will be undertaking public consultations on the issue of increased revenue diversification and flexibility. I look forward to hearing the results of those discussions.

We look forward to building on our strong partnership with the City to continue making progress in areas of shared interest.

Once again, thank you for writing.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bill Mauro".

Bill Mauro
Minister