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His Worship Mayor John Tory
Office of the Mayor
City Hall, 2nd Floor
100 Queen Street West
Toronto, Ontario
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Dear Mayor Tory:

I am writing further to correspondence that was sent to you on February 22, 2017 from MPP Han Dong, Trinity-Spadina, regarding 401 Richmond Street West.

As you may be aware, MPP Dong has met with the owner and tenants of this property to discuss their concerns regarding the assessment of the property that was established by the Municipal Property Assessment Corporation (MPAC) and the resulting tax increase for the 2017 taxation year.

MPP Dong's correspondence of February outlined some of the existing property tax programs that the City could use to reduce the property taxes for the owner and tenants of 401 Richmond. One key measure included the Province's willingness to work with the City to explore the possibility of creating a new property class that would enable the City to apply a reduced tax rate to arts and culture facilities.

Following MPP Dong's engagement on this issue, I understand there has been productive dialogue between staff of the Ministry of Finance and the City of Toronto regarding 401 Richmond Street West and similar arts and culture facilities. These discussions have examined the range of existing tax tools that are at the City's disposal including tax rebates for charities and heritage properties and tax exemptions for municipal capital facilities, in addition to the possible creation of a new property class.

I was pleased to learn that MPAC and the property owner were able to resolve the assessment appeals for this property through a negotiated settlement, which has reduced the 2016 current value assessment (CVA) by more than 40%. In addition to the resulting tax refund for 2017, I understand there will also be a tax refund for the 2013 to 2016 tax years stemming from an appeal settlement for the 2012 CVA. This resolution of the assessment appeals will provide stability for the owner and tenants of 401 Richmond and provide clarity to the City in the context of tax policy deliberations.

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Although the owner's concerns have been addressed through the resolution of the assessment appeals, if there are other concerns relating to this or similar properties, we are willing to work with the City to establish a new property class.

Property classes are created through regulation under the *Assessment Act*. Given the unique and local nature of this proposed property class, the Province would not move forward to create such a class without first receiving a formal request from the City articulating the local policy objectives and detailing the key eligibility criteria for the proposed class. Normally, this request would be submitted in the form of a council resolution.

Upon receipt of a formal request, Ministry staff would work with City staff in developing a draft regulatory framework to support the creation of the proposed new property class. The regulatory framework would provide flexibility for the City to design its own eligibility criteria beyond the broad parameters established by the Province.

If the City requires further information regarding this process, Ministry officials are available to address any questions. We look forward to continuing to work with the City in supporting the local arts and culture community.

Sincerely,



Charles Sousa
Minister

cc:

Han Dong, MPP Trinity-Spadina
Joe Cressy, Councillor Ward 20
Peter Wallace, City Manager, City of Toronto