



REPORT FOR ACTION

5 Bartonville Ave E – Designation of the Property used by Urban Arts Community Arts Council as a Municipal Capital Facility

Date: June 18, 2018

To: Government Management Committee

From: Treasurer

Wards: Ward 11 - York South-Weston

SUMMARY

This report seeks Council's authority for the adoption of the necessary by-law to designate the property occupied by the Urban Arts Community Arts Council at 5 Bartonville Avenue East as a municipal capital facility, and to provide a property tax exemption for municipal and education purposes. The municipal capital facility agreement will provide an exemption for approximately 3,800 square feet of exclusive space for the entire property.

Urban Arts is a progressive, not-for-profit Community Arts Council which provides opportunities for diverse cultural expression, artistic development, training and employment to members of urban communities with a focus on youth in central west Toronto. They are an incubator for local arts, with a range of programs led by professional artists in visual, digital, culinary and media arts, theatre, dance and music.

RECOMMENDATIONS

The Treasurer 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 a municipal capital facility agreement with Urban Arts Community Arts Council, with whom the City of Toronto has a lease, for the property known as 5 Bartonville Avenue East, with respect to approximately 3,800 square feet of exclusive space on the ground floor (the "Leased Premises") owned by the City of Toronto, to provide a municipal capital facility used for cultural purposes; and

b. exempt the Leased Premises from taxation for municipal and school purposes, which tax exemption is to be effective from the latest of (i) the commencement date of the

Lease, (ii) the date the municipal capital facility agreement is entered into, and (iii) the date the 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, the Conseil Scolaire de District du Centre-Sud-Ouest, and the Conseil Scolaire de District du Catholique Centre-Sud.

FINANCIAL IMPACT

The Leased Premises located at 5 Bartonville Avenue East are owned by the City of Toronto. Although properties owned by the City of Toronto are exempt from taxation, Urban Arts Community Arts Council is a taxable tenant and the Leased Premises are therefore subject to taxation. The annual property taxes on the Leased Premises located at 5 Bartonville Avenue East for the 3,800 square feet of space are estimated at approximately \$17,701, comprised of a municipal portion of \$9,041 and a provincial education portion of \$8,660, based on 2018 Current Value Assessment (CVA) and 2018 tax rates.

Providing a property tax exemption for the 3,800 square feet of space at 5 Bartonville Avenue East will result in a net annual reduction in property tax revenue to the City of approximately \$9,041, representing the municipal portion of taxes that are currently payable that will no longer be collected once the Leased Premises is designated as a municipal capital facility, as shown in Table 1 below. The provincial education portion of property taxes of \$8,660 will no longer be required to be remitted to the Province once the exemption for the Leased Premises takes effect, with no net impact to the City.

Table 1: Financial Implications of Property Tax Exemption - 5 Bartonville Avenue East

	Municipal Taxes	+ Education Taxes	= Total Property Taxes
Amounts Payable if Taxable (annual)	\$9,041	\$8,660	\$17,701
Amounts Payable if Exempt	\$0	\$0	\$0
Reduction in Municipal Tax Revenues:			\$9,041
Reduction in Education Taxes Remitted:			\$8,660

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

DECISION HISTORY

Urban Arts Community Arts Council is a progressive, not-for-profit Community Arts Council which provides opportunities for diverse cultural expression, artistic development, training and employment to members of urban communities with a focus on youth in central west Toronto. They are an incubator for local arts, with a range of programs led by professional artists in visual, digital, culinary and media arts, theatre, dance and music.

The City of Toronto entered into a 5 year lease agreement with the tenant, Urban Arts Community Arts Council, for a 5 year term commencing in January 1, 2010. The lease has been renewed for an additional five years expiring on December 31, 2019.

COMMENTS

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. Given that the space in question at 5 Bartonville Avenue East is owned by the City of Toronto and is currently leased to the Urban Arts Community Arts Council, the leased premises are subject to taxation at commercial rates.

The Urban Arts Community Arts Council provides opportunities for diverse cultural expression, artistic development, training and employment to members of urban communities with a focus on youth in central west Toronto. Designating the property leased by the Urban Arts Community Arts Council as a municipal capital facility and providing an exemption from taxes will assist the Arts Council in providing services to the public which are in line with those services provided by the City.

The property tax exemption on the space leased by Urban Arts Community Arts Council will only apply if City Council agrees to provide a tax exemption, by way of a municipal capital facility agreement under section 252 of the City of Toronto Act, 2006.

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.

Ontario Regulation 598/06 prescribes “cultural, recreational or tourist purposes” as eligible municipal capital facilities for the purpose of section 252. The regulation requires that City Council pass a resolution that the facility is for the purposes of the City and is for public use before entering into an agreement for the provision of a municipal capital facility.

Section 252 of the City of Toronto Act requires:

- a. that the tenant and the City enter into an agreement for the provision of a municipal capital facility for the space being leased; and
- b. that a by-law be passed by Council permitting the City to enter into the agreement, and to exempt the property to which the municipal capital facility agreement applies from taxation for municipal and school purposes.

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 exemption, 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

Mike St. Amant
Treasurer