



REPORT FOR ACTION

50 Sousa Mendes Street – Designation of the Property to be used by the Christie/Ossington Neighbourhood Centre as a Municipal Capital Facility (the George Chuvalo Neighbourhood Centre)

Date: June 18, 2018

To: Government Management Committee

From: Treasurer

Wards: Ward 18 - Davenport

SUMMARY

This report seeks Council's authority for the adoption of the necessary by-law to designate the property at 50 Sousa Mendes Street, which will be operated by the Christie/Ossington Neighbourhood Centre, 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 7,000 square feet of exclusive space for the entire property.

The property, to be named the George Chuvalo Neighbourhood Centre, is a brand new facility offering community space where creativity, inclusive leadership, empowerment and innovation will be supported, encouraged and celebrated. The plan is to include multi-use space for community meetings, individual and group classes, children's before and after school care, creative youth engagement including culinary arts training, intergenerational employment support services as well as adult programming focused on arts, recreation and peer support.

RECOMMENDATIONS

The Treasurer recommends that:

1. City Council pass a by-law under section 252 of the City of Toronto Act, 2006, providing authority to:

a. enter into a municipal capital facility agreement with the Christie/Ossington Neighbourhood Centre for the property located at 50 Sousa Mendes Street, which will be owned by the City, with respect to approximately 7,000 square feet of exclusive space, for the purposes of providing a municipal capital facility related to the provision of

a community centre; such municipal capital facility agreement to be conditional on the transfer of ownership of the property to the City and on the City and the Christie/Ossington Neighbourhood Centre entering into a lease; and

b. exempt the property from taxation for municipal and school purposes, which tax exemption is to be effective from (i) the date the by-law is passed or (ii) a later date as specified in the municipal capital facility agreement.

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 property located at 50 Sousa Mendes Street will be owned by the City of Toronto and leased to the Christie/Ossington Neighbourhood Centre. Although properties owned by the City of Toronto are exempt from taxation, the Christie/Ossington Neighbourhood Centre is a taxable tenant and therefore subject to taxation. The property is currently under construction and has not been fully assessed. The Municipal Property Assessment Corporation (MPAC) provided an estimated assessment value for the purposes of providing an estimate of property taxes for this report. The estimated annual property taxes are \$26,294, comprised of a municipal portion of \$13,574 and a provincial education portion of \$12,720, based on the 2018 estimated Current Value Assessment (CVA) and 2018 tax rates.

Providing a property tax exemption for the 7,000 square feet of space will result in a net annual reduction in property tax revenue to the City of approximately \$13,574, representing the municipal portion of taxes that will no longer be collected once the premises is designated as a municipal capital facility, as shown in Table 1 below. The provincial education portion of property taxes of \$12,720 will no longer be required to be remitted to the Province once the exemption for this property takes effect, with no net impact to the City.

Table 1: Financial Implications of Property Tax Exemption - 50 Sousa Mendes Street

	Municipal Taxes	+ Education Taxes	= Total Property Taxes
Amounts Payable if Taxable (annual)	\$13,574	\$12,720	\$26,294
Amounts Payable if Exempt	\$0	\$0	\$0
Reduction in Municipal Tax Revenues:			\$13,574
Reduction in Education Taxes Remitted:			\$12,720

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

DECISION HISTORY

The George Chuvalo Neighbourhood Centre, operated by the Christie/Ossington Neighbourhood Centre, will be a brand new facility offering community space where creativity, inclusive leadership, empowerment and innovation will be supported, encouraged and celebrated.

The property is currently owned by Somerset Wallace Developments Limited and is under construction. Upon completion, the City will assume ownership of the property and enter into a five year lease agreement with the Christie/Ossington Neighbourhood Centre.

COMMENTS

Properties “owned and occupied” by a municipality or local board are exempt from taxation pursuant to section 3 of the Assessment Act. However, the Christie/Ossington Neighbourhood Centre is a taxable tenant, because where a municipality or local board leases property that would normally be subject to taxation, this exemption does not apply.

The Christie/Ossington Neighbourhood Centre will provide multi-use space for community meetings, individual and group classes, children's before and after school care, creative youth engagement including culinary arts training, intergenerational employment support services as well as adult programming focused on arts, recreation and peer support. Designating the property to be leased as a municipal capital facility and providing an exemption from taxes will assist in providing services to the public which are in line with those services provided by the City.

Legislation Regarding Municipal Capital Facilities

Section 252 of the City of Toronto Act, 2006 authorizes Council to pass a by-law permitting the City to enter into an agreement for the provision of a municipal capital facility and to exempt from taxation for municipal and school purposes land or a portion of land on which municipal capital facility is or will be located.

Ontario Regulation 598/06 prescribes “community centres” as eligible municipal capital facilities for the purpose of section 252. The regulation 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 an agreement for the provision of a municipal capital facility.

Upon passing a by-law under section 252, 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

Mike St. Amant
Treasurer