

105 Fourth Street – Designation of a portion of the Property used by New Toronto Seniors Centre as a Municipal Capital Facility

Date: January 3, 2019

To: General Government and Licensing Committee

From: Interim Controller

Wards: Ward 3 (previously Ward 6) - Etobicoke Lakeshore

SUMMARY

This report seeks Council's authority for the adoption of the necessary by-law to designate a portion of the property owned by Toronto Community Housing Corporation (TCHC) and occupied by the New Toronto Seniors Centre at 105 Fourth Street 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 3,250 square feet of space and the associated parking spaces currently occupied by the New Toronto Seniors Centre.

The New Toronto Seniors Centre is located in the Lakeshore Boulevard West and Islington Avenue area and offers recreational programming for older adults. The seniors centre offers a wide range of activities including fitness, sports, cards, and arts and crafts. The Centre, which is operated and funded by the City's Parks, Forestry and Recreation Division, is geared to providing programs that suit the needs of the community.

RECOMMENDATIONS

The Interim Controller 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 at 105 Fourth Street with the New Toronto Seniors Centre, which leases approximately 3,250 square feet of exclusive space and a number of associated parking spaces (the "Leased Premises") from the Toronto Community Housing Corporation.

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 Catholique Centre-Sud.

FINANCIAL IMPACT

The Leased Premises located at 105 Fourth Street are owned by the TCHC. Although this property is owned by TCHC and is exempt from taxation, all non residential leased space is subject to taxation. Accordingly the New Toronto Seniors Centre is subject to taxation, without the MCF. The annual property taxes on the Leased Premises located at 105 Fourth Street for the 3,250 square feet of space and the associated parking spaces are estimated at approximately \$15,103, comprised of a municipal portion of \$7,791 and a provincial education portion of \$7,312, based on the 2018 Current Value Assessment (CVA) and 2018 tax rates.

Given this space is leased by the City's Parks, Forestry and Recreation Division, the decrease in municipal tax revenue will be offset by a corresponding reduction to the annual property tax expenditure included in the lease payment. .As shown in Table 1, providing a property tax exemption for the 3,250 square feet of space and the associated parking spaces at 105 Fourth Street, will result in net savings for the City of Toronto of \$7,312 per year, representing the provincial education share of taxes that would no longer be payable once the exemption takes effect.

Table 1: Property Tax Allocation for 105 Fourth Street

	Municipal Taxes	Education Taxes	Total Property Taxes
Amounts Payable if Taxable (annual)	\$7,791	\$7,312	\$15,103
Amounts Payable if Exempt	\$0	\$0	\$0
Reduction in Municipal Tax Revenues			\$7,791
Reduction in Education Taxes Remitted			\$7,312

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

DECISION HISTORY

The New Toronto Seniors Centre is a small facility that offers recreational programming for older adults. The seniors centre offers a wide range of activities including fitness, sports, cards and arts and crafts. The centre is geared to providing programs that suit the needs of the community.

The TCHC entered into lease agreement with the tenant, New Toronto Seniors Centre, for a 50-year term commencing in January 15, 1980.

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.

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 community centres and ancillary parking facilities 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.

105 Fourth Street is owned by the TCHC and is leased to the New Toronto Seniors Centre, which is a taxable. Designating the portion of the property leased by the New Toronto Seniors Centre, a community centre for older adults, 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. The New Toronto Seniors Centre is a municipal service, which is funded by the Parks, Forestry and Recreation budget, as well as program registration fees and permit issuance.

The property tax exemption on the space leased by the New Toronto Seniors Centre 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.

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

Casey Brendon, Director, Revenue Services

Phone: (416) 392-8065, Fax: (416) 696-3778, E-mail: Casey.Brendon@toronto.ca

SIGNATURE

Sandra Califaretti
Interim Controller