



## REPORT FOR ACTION

## 462 Birchmount Road – Designation of a Portion of the Property Used by the Toronto Public Library as a Municipal Capital Facility

**Date:** November 1, 2019

**To:** General Government and Licensing Committee

**From:** Controller

**Wards:** Ward 20 - Scarborough Southwest

### SUMMARY

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This report seeks City Council's authority for the adoption of the necessary by-law to designate a portion of the property owned by Key Anlouis Investments and leased to the Toronto Public Library as a Municipal Capital Facility and to provide an exemption for municipal taxes and education taxes. The Municipal Capital Facility Agreement authorized by the By-law will provide an exemption for approximately 1,345 square feet at 462 Birchmount Road, Unit 1A.

The privately-owned space at 462 Birchmount Road was selected as a temporary space for the library during a two-year renovation period of the Albert Campbell branch.

### RECOMMENDATIONS

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The 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 with Key Anlouis Investments, which leases approximately 1,345 square feet of space at 462 Birchmount Road, Unit 1A, to the Toronto Public Library, with respect to a facility for a public library (the "Leased Premises"); and
  - b. exempt the Leased Premises from taxation for municipal and school purposes, with the tax exemption being effective from the latest of: (1) the commencement date of the Lease, (2) the date the Municipal Capital Facility Agreement is entered into, and (3) the date the Tax Exemption By-law is enacted.
2. 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, le Conseil scolaire Viamonde, and le Conseil scolaire catholique MonAvenir.

## FINANCIAL IMPACT

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The annual property taxes on the 1,345 square feet of space (currently taxable) occupied by the Toronto Public Library is estimated at approximately \$5,925 comprised of a municipal portion of \$3,070 and a provincial education portion of \$2,855, based on 2019 Current Value Assessment (CVA) and 2019 tax rates.

As shown in Table 1 below, providing a property tax exemption for the 1,345 square feet of space at 462 Birchmount Road will result in a net annual reduction in property tax revenue to the City of approximately \$3,070, representing the municipal portion of taxes that is currently payable that will no longer be collected once the Leased Premises are designated as a Municipal Capital Facility. The provincial education portion of property taxes of \$2,855 will no longer be required to be remitted to the Province once the exemption for the Leased Premises takes effect.

Table 1: Financial Implications of Property Tax Exemption - 462 Birchmount Road

Location	Municipal Taxes	Education Taxes	Total Property Taxes
462 Birchmount Road 1901-02-3-160-00800	\$3,070	\$2,855	\$5,925
Total Amounts Payable if Exempt	\$0	\$0	\$0
Reduction in Municipal Tax Revenues			\$3,070
Reduction in Education Taxes Remitted			\$2,855

As the City currently funds the Toronto Public Library the cost of rent (which includes property taxes) on any leased space through an annual budget allocation, there is no net impact on the municipal portion of taxes from the Municipal Capital Facility exemption, as the decrease in municipal tax revenue is offset by a corresponding reduction in the annual budgetary requirement for the Toronto Public Library. The savings resulting from the designation as a Municipal Capital Facility for the location identified in Table 1 above have been accounted for and included in the 2019 Council Approved Operating Budget for the Toronto Public Library.

However, providing a property tax exemption for the 1,345 square feet of space to be leased will result in net savings to the City of approximately \$2,855 annually, representing the provincial education portion of property taxes that will no longer be payable once the exemption for this portion takes effect.

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

## **DECISION HISTORY**

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A Delegated Approval Form dated June 28, 2019 approved a two year lease between the Toronto Public Library and Key Anlouis Investments, for 1,345 square feet of space to be occupied at 462 Birchmount Road. A copy of this form can be accessed at: [Delegated Approval Form - 462 Birchmount Road](#)

## **COMMENTS**

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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.

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.

The space occupied by the Toronto Public Library at 462 Birchmount Road is normally subject to taxation at commercial rates. Designating the property leased by the Toronto Public Library as a municipal capital facility and providing an exemption from taxes will reduce the monthly rental amount paid by the Toronto Public Library.

The property tax exemption on the space leased by the Toronto Public Library will only apply if City Council agrees to provide a tax exemption, by way of municipal capital facility agreement under section 252 of the *City of Toronto Act, 2006*. Ontario Regulation 598/06 prescribes facilities providing public libraries as eligible municipal capital facilities for the purpose of section 252.

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**

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Andrew Flynn  
Controller