



REPORT FOR ACTION

351 Lake Shore Boulevard East, 545 Lake Shore Boulevard West and 5800 Yonge Street – Designation of portions of the properties used as temporary shelters as Municipal Capital Facilities

Date: November 1, 2019

To: General Government and Licensing Committee

From: Controller

Wards: Ward 10 - Spadina-Fort York and Ward 18 - Willowdale

SUMMARY

This report seeks City Council's authority for the adoption of the necessary By-law to designate portions of two properties leased and occupied as temporary shelters and ancillary parking facilities and one property leased and occupied as a temporary shelter without ancillary parking as Municipal Capital Facilities and to provide exemptions for municipal taxes and education taxes. The Municipal Capital Facility Agreements authorized by the By-law will provide exemptions for approximately 53,000 square feet of space at 351 Lake Shore Boulevard East, 90,040 square feet of space at 545 Lake Shore West, and 8.1 acres of land, including 84,366 square feet of building space at 5800 Yonge Street.

Although the request includes ancillary parking for 351 Lake Shore Boulevard East and 5800 Yonge Street, the parking lot located at 545 Lake Shore Boulevard West is being run by the Toronto Parking Authority and is not subject to the Municipal Capital Facility exemption.

RECOMMENDATIONS

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 Municipal Capital Facility Agreements with Gulfdream Limited Partnership, which leases approximately 53,000 square feet of space at 351 Lake Shore Boulevard East, and Times 5800 Inc., which leases approximately 84,366 square feet of space at 5800 Yonge Street, with respect to facilities for social and health services and ancillary parking and with 545 Lake Shore West Property Inc., which leases approximately

90,040 square feet of space at 545 Lake Shore Boulevard West, with respect to a facility for social and health services (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

The annual property taxes on the 227,406 square feet of combined space, including ancillary parking (currently taxable), occupied by Shelter, Support and Housing Administration are estimated at approximately \$820,517, comprised of a municipal portion of \$605,635 and a provincial education portion of \$214,882, based on 2019 Current Value Assessment (CVA) and 2019 tax rates.

As shown in Table 1 below, providing property tax exemptions for the 227,406 square feet of combined space at 351 Lake Shore Boulevard East, 545 Lake Shore Boulevard West, and 5800 Yonge Street would result in a net annual reduction in property tax revenue to the City of approximately \$605,635, representing the municipal portion of taxes that is currently payable that will no longer be collected once the Leased Premises are designated as Municipal Capital Facilities. The provincial education portion of property taxes of \$214,882 will no longer be required to be remitted to the Province once the exemptions for the Leased Premises take effect.

Table 1: Financial Implications of Property Tax Exemption - 351 Lake Shore Boulevard East, 545 Lake Shore Boulevard West, and 5800 Yonge Street

Location	Municipal Taxes	Education Taxes	Total Property Taxes
351 Lake Shore Boulevard East - 1904-07-1-060-00950	\$66,137	\$23,466	\$89,603
545 Lake Shore Boulevard West - 1904-06-2-040-00751	\$75,191	\$26,678	\$101,869
5800 Yonge St - 1908-07-3-210-10700	\$464,307	\$164,738	\$629,045
Total Amounts Payable if Taxable (Annual)	\$605,635	\$214,882	\$820,517
Total Amounts Payable if Exempt	\$0	\$0	\$0
Reduction in Municipal Tax Revenues			\$605,635
Reduction in Education Taxes Remitted			\$214,882

As the City currently funds the Shelter, Support and Housing Administration's 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 Shelter, Support and Housing Administration. The savings resulting from the designation as Municipal Capital Facilities for the three locations, as identified in Table 1 above, will result in lower rental costs for Shelter, Support and Housing Administration.

However, providing a property tax exemption for the 227,406 square feet of space to be leased will result in net savings to the City of approximately \$214,882 annually, representing the provincial education portion of property taxes that will no longer be payable once the exemption takes effect.

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

DECISION HISTORY

A Delegated Approval Form, dated August 30, 2018 was approved allowing a two year lease agreement between Gulfdream Limited Partnership for approximately 53,000 square feet of space to be occupied by the City of Toronto on behalf of the Shelter, Support and Housing Administration (SSHA) as a temporary shelter at 351 Lake Shore Boulevard East. A copy of this form can be accessed at:

[Delegated Approval Form - 351 Lake Shore Blvd East](#)

A Delegated Approval Form, dated July 30, 2018, was approved allowing a one-year-and-sixteen-day lease agreement between 545 Lake Shore West Property Inc. for approximately 90,040 square feet of space to be occupied by the City of Toronto on behalf of the Shelter, Support and Housing Administration (SSHA) as a temporary shelter and/or 24 hour respite centre at 545 Lake Shore Boulevard West. A copy of this form can be accessed at:

[Delegated Approval Form - 545 Lake Shore Blvd West](#)

A Delegated Approval Form, dated September 28, 2018 was approved allowing a two year lease agreement between Times 5800 for approximately 84,366 square feet of space to be occupied by the City of Toronto on behalf of the Shelter, Support and Housing Administration (SSHA) as a temporary shelter to accommodate asylum seekers at 5800 Yonge Street. A copy of this form can be accessed at:

[Delegated Approval Form - 5800 Yonge Street](#)

COMMENTS

Section 252 of the City of Toronto Act, 2006 allows City Council to exempt from taxation for municipal and school purposes land or a portion of land on which a municipal capital facility is or will be located once the City enters into an agreement with the landlord or tenant for the provision of the municipal capital facility.

Ontario Regulation 598/06 prescribes facilities providing social and health services and ancillary parking as eligible municipal capital facilities for the purpose of section 252.

Property leased by the City is not exempt from taxation unless designated as a municipal capital facility. This requires that City Council pass a designating by-law and that the City enter into a municipal capital facility agreement with the landlord. The City's use of 351 Lake Shore Boulevard East, 545 Lake Shore Boulevard West and 5800 Yonge Street are consistent with the activities prescribed in the regulation and the property may be designated in accordance with this process.

351 Lake Shore Boulevard East

The City's Shelter Support and Housing Administration has entered into a lease agreement with Gulfream Limited Partnership to occupy approximately 53,000 square feet of space for the use of a temporary shelter. The purpose of this shelter is to accommodate the high volume of refugees in the downtown core as well as providing an emergency respite centre for the homeless. The space is being licensed to Dixon Hall who is a service provider for the City and will run the shelter on the City's behalf.

545 Lake Shore Boulevard West

Homes First has been selected as a service provider to run a temporary shelter and/or a 24 hour respite centre in approximately 90,040 square feet of space at this property. As well as providing respite on the bottom floor, the second and third floors will be used as a shelter for couples experiencing homelessness. A lease agreement has been entered into between the City and 545 Lake Shore West Property Inc. in order to run the shelter. The parking lot is being run by the Toronto Parking Authority and is not subject to the municipal capital facility exemption.

5800 Yonge Street

The City has entered into a lease agreement with Times 5800 for the entire property and intends to licence the site to run a temporary shelter.

Upon the passing of the by-law authorizing the agreement and the tax exemption, 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

Andrew Flynn
Controller