

**REPORT FOR ACTION****91 Guildwood Parkway – 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 24 - Scarborough-Guildwood

SUMMARY

This report seeks City Council's authority for the adoption of the necessary By-law to designate a portion of the property owned by Revenue Properties Company Limited 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 1,567 square feet at 91 Guildwood Parkway.

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 a Municipal Capital Facility Agreement with Revenue Properties Company Limited, which leases approximately 1,567 square feet of space at 91 Guildwood Parkway 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

The annual property taxes on the 1,567 square feet of space (currently taxable) occupied by the Toronto Public Library is estimated at approximately \$9,004 comprised of a municipal portion of \$4,665 and a provincial education portion of \$4,339, based on 2019 Current Value Assessment (CVA) and 2019 tax rates.

As shown in Table 1 below, providing a property tax exemption for the 1,567 square feet of space at 91 Guildwood Parkway will result in a net annual reduction in property tax revenue to the City of approximately \$4,665, 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 \$4,339 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 - 91 Guildwood Parkway

Location	Municipal Taxes	Education Taxes	Total Property Taxes
91 Guildwood Parkway 1901-07-3-230-01600	\$4,665	\$4,339	\$9,004
Total Amounts Payable if Exempt	\$0	\$0	\$0
Reduction in Municipal Tax Revenues			\$4,665
Reduction in Education Taxes Remitted			\$4,339

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 1,567 square feet of space to be leased will result in net savings to the City of approximately \$4,339 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

A Staff Report dated February 22, 2016 approved a 10 year lease renewal as well as an expansion of the existing Guildwood Branch library located at 91 Guildwood Parkway. The approved expansion allowed for an additional 1,567 square feet of space. A copy of this report can be accessed at:

[Guildwood Branch Expansion - New Lease Agreement](#)

COMMENTS

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 91 Guildwood Parkway 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

Andrew Flynn
Controller