



REPORT FOR ACTION

Supplementary Report for 85 Ellesmere Road - New Lease Agreement for Maryvale Branch and Designation of a Portion of the Property used by the Toronto Public Library as a Municipal Capital Facility

Date: March 4, 2020

To: General Government and Licensing Committee

From: Controller

Wards: Ward 21 Scarborough Centre

SUMMARY

This supplementary report seeks City Council's authority for the adoption of the necessary By-law to designate a portion of the property owned by FCHT Holdings (Ontario) Corporation proposed to be leased to the Toronto Public Library, Maryvale Branch 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 11,760 square feet at 85 Ellesmere Road. The proposed leased is expected to start on December 1, 2020.

A new Municipal Capital Facility agreement is required as the Maryvale Branch Library will be relocating from their existing space at Parkway Mall into a new expanded space within the mall at 85 Ellesmere Road. The current Municipal Capital Facility agreement will expire with the existing lease on August 31, 2020.

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 between FCHT Holdings (Ontario) Corporation, the landlord, which will lease approximately 11,760 square feet at 85 Ellesmere Road (the "Leased Premises") to the City of Toronto, used for public libraries; 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 Toronto Public Library, Maryvale Branch currently has a Municipal Capital Facility agreement in a different location at 85 Ellesmere Road. This agreement provides an exemption for 4,998 square feet representing an estimated \$40,696 of annual property taxes that is not collected by the City. This agreement will be terminated when the lease expires on August 31, 2020 and the exemption will no longer apply.

The annual property taxes on 11,760 square feet of space (currently taxable) to be occupied by the Toronto Public Library, Maryvale Branch are estimated at \$97,639, comprised of a municipal portion of \$52,837 and a provincial education portion of \$44,802, based on 2020 Current Value Assessment and 2019 tax rates. A new agreement in the expanded space will create an additional 6,762 square feet of space to be exempted from property taxes. Table 1 below summarizes the further financial impact of exempting the newly leased space, in addition to the currently leased space that was previously made exempt as a municipal capital facility.

Table 1: Property Taxes for Maryvale Library Branch – 85 Ellesmere Road

	Square Footage	Estimated Annual Property Taxes
Current Space (currently exempt as MCF)	4,998	\$40,696
New Space (to be exempted)	11,760	\$97,639
Net New Tax Exemption	6,762	\$56,943

As shown in Table 2 below, providing a property tax exemption for 11,760 square feet at 85 Ellesmere Road will result in a net annual reduction in property tax revenue to the City of approximately \$52,837, 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 the property taxes of \$44,802 will no longer be required to be remitted to the Province once the exemption for the Leased Premises takes effect.

Table 2: Financial Implication of Property Tax Exemption - 85 Ellesmere Road

Location	Municipal Taxes	Education Taxes	Total Property Taxes
85 Ellesmere Road – 1901-03-2-720-01000	\$52,837	\$44,802	\$97,639
Total Amounts Payable if Exempt	\$0	\$0	\$0
Reduction in Municipal Tax Revenues			\$52,837
Reduction in Education Taxes Remitted			\$44,802

As the City currently funds the Toronto Public Library the cost of rent (which normally excludes property taxes as a result of Municipal Capital Facility agreement) on the existing leased space through an annual budget allocation, there is no net impact on the Toronto Public Library 2020 Budget resulting from Municipal Capital Facility exemption for the new space to be leased. The savings from the designation as a Municipal Capital Facility for the location identified in Table 1 above have been accounted for and included in the 2020 Council Approved Operating Budget for the Toronto Public Library.

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

DECISION HISTORY

At its meeting on July 8, 2014, City Council adopted the General Management Committee report GM31.11, "85 Ellesmere Road – Maryvale Branch Library – Designation of a Portion of Premises as a Municipal Capital Facility", which authorized the City to enter into a municipal capital facility agreement and exempt additionally leased space of 577 square feet at 85 Ellesmere Road. The staff report can be accessed at:

[85 Ellesmere Road – Maryvale Branch Library – Designation of a Portion of Premises as a Municipal Capital Facility](#)

At its meeting on July 8, 9, 10, 11 and 14, 2014, City Council adopted By-law No. 701-2014 to authorize entering into an agreement for the provision of a municipal capital facility at 85 Ellesmere Road for the Maryvale Branch Library. This By-law exempted 577 square feet of space in addition to the initial 4,421 square feet that was exempted in the former City of Scarborough By-law No. 25069 and can be accessed at:

[City of Toronto By-law 701-2014](#)

COMMENTS

First Capital Asset Management LP (FCR), the real estate management company for Parkway Mall, approached the Library earlier in 2019 to discuss a major redevelopment for the mall and the opportunity for the Library to move into a larger space. Moving to a larger space within the mall is an opportunity that arises infrequently and would achieve the Service Delivery Standard size for a neighbourhood branch at 10,000-20,000 square feet. The new space, at 11,760 square feet achieves this standard and will result

in significantly improved library service for the community. At the current size of 4,998 square feet, the Maryvale Branch does not meet the minimum standard size required to provide the collections and services required for the immediate community. The recommendation to invest in the Maryvale Branch has been validated by the Library's Facilities Master Plan.

Municipal Capital Facility Designation

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 public libraries as eligible for the purpose of section 252.

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