



REPORT FOR ACTION

Councillors' Constituency Offices - Designation of Portions of the Properties Used as Municipal Capital Facilities

Date: June 22, 2020

To: General Government and Licensing Committee

From: Controller

Wards: Ward 25 - Scarborough-Rouge Park, Ward 23 - Scarborough North, Ward 5 - York South-Weston, Ward 8 - Eglinton-Lawrence

SUMMARY

This report seeks Council's authority for the adoption of the necessary By-laws to designate portions of four properties leased to the City of Toronto for use as City Councillor's constituency offices as Municipal Capital Facilities and to provide exemptions for municipal taxes and education taxes. The municipal capital facility agreements authorized by the By-laws will provide exemptions for approximately 3,633 square feet of combined space. The four properties and their respective square footage are provided below.

Property Address	Ward	Size (square feet)
4630 Kingston Road	25	1,256
1571 Sandhurst Circle	23	566
2221 Keele Street	5	725
2960 Dufferin Street (municipally known as 2952 Dufferin Street)	8	1,086
	Total	3,633

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 the landlords of each of the four properties with whom Corporate Real Estate Management has a lease on behalf of the City Councillors (the "Leased Premises"), with respect to approximately 3,633 square feet of combined space, for the purposes of providing municipal capital facilities related to the provision of facilities used by council located at:

- 4630 Kingston Road (Ward 25)
- 1571 Sandhurst Circle (Ward 23)
- 2221 Keele Street (Ward 5)
- 2960 Dufferin Street (Ward 8); 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 3,633 square feet of combined space (currently taxable) leased by the City of Toronto and used as City Councillors' constituency offices are estimated at approximately \$18,417 comprised of a municipal portion of \$9,543 and a provincial education portion of \$8,874, based on 2020 Current Value Assessment (CVA) and 2020 tax rates.

As shown in Table 1 below, providing property tax exemptions for the 3,633 square feet of combined space at 4630 Kingston Road, 1571 Sandhurst Circle, 2221 Keele Street, and 2960 Dufferin Street would result in a net annual reduction in property tax revenue to the City of approximately \$9,543, 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 \$8,874 will no longer be required to be remitted to the Province once the exemptions for the Leased Premises takes effect.

Table 1: Financial Implication of Property Tax Exemption - 4630 Kingston Road, 1571 Sandhurst Circle, 2221 Keele Street, and 2960 Dufferin Street

Location	Municipal Taxes	Education Taxes	Total Property Taxes
4630 Kingston Road 1901-09-2-220-00750	\$2,511	\$2,335	\$4,846
1571 Sandhurst Circle 1901-12-4-110-00100	\$2,040	\$1,897	\$3,937
2221 Keele Street 1908-02-1-060-00250	\$1,299	\$1,208	\$2,507
2960 Dufferin Street 1908-04-2-111-00500	\$3,693	\$3,434	\$7,127
Total Amounts Payable if Taxable (Annual)	\$9,543	\$8,874	\$18,417
Total Amounts Payable if Exempt	\$0	\$0	\$0
Reduction in Municipal Tax Revenues			\$9,543
Reduction in Education Taxes Remitted			\$8,874

As the City currently funds the Councillors' constituency office cost of rent (which includes property taxes) on any leased space as an eligible constituency office expense, there is no net financial 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 actual lease expenditure to be incurred for City Council. There is a net annual savings on the education portion of property taxes as the City will no longer be required to remit this to the Province.

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

DECISION HISTORY

A Delegated Approval Form, dated December 24, 2019, approved a two year and eleven month lease between the City and May Stone Investments Inc., for 1,256 square feet of space to be used as a Councillor's constituency office at 4630 Kingston Road in Ward 25 - Scarborough-Rouge Park. A copy of this form can be accessed at: [Delegated Approval Form - 4630 Kingston Road](#)

A Delegated Approval Form dated January 13, 2020 was approved allowing a three year and one month lease between the City and 2624237 Ontario Corp., for 566 square feet of space to be used as a Councillor's constituency office at 1571 Sandhurst Circle in Ward 23 - Scarborough North. A copy of this form can be accessed at:

[Delegated Approval Form - 1571 Sandhurst Circle](#)

A Delegated Approval Form dated, July 12, 2019, approved allowing a three year and three month lease between the City and Keele Ingram Group Inc., for approximately 725 square feet of space to be used as a Councillor's constituency office at 2221 Keele Street in Ward 5 - York South-Weston. A copy of this form can be accessed at:

[Delegated Approval Form - 2221 Keele Street](#)

A Delegated Approval Form dated February 19, 2019 was approved allowing a lease with an expiry of November 30, 2022 between the City and Bernardo Funeral Home Limited, for 1,086 square feet of space to be used as a Councillor's constituency office at 2952 Dufferin Street in Ward 8 - Eglinton-Lawrence. A copy of this form can be accessed at: [Delegated Approval Form - 2952 Dufferin Street](#)

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 combined space occupied by City Councillors for constituency offices at 4630 Kingston Road, 1571 Sandhurst Circle, 2221 Keele Street, and 2960 Dufferin Street are normally subject to taxation at commercial rates. Designating the properties leased by the City of Toronto as municipal capital facilities and providing an exemption from taxes will reduce the monthly rental amount paid by the City Councillor's office.

The property tax exemption on the spaces leased by the City of Toronto and used as City Councillors constituency offices 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 used for the general administration of the City 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