



## REPORT FOR ACTION

### **55 Yonge Street - Designation of a portion of the Property used by the Toronto Transit Commission (TTC) as a Municipal Capital Facility**

**Date:** June 22, 2020

**To:** General Government and Licensing Committee

**From:** Controller

**Wards:** Ward 13 - Toronto Centre

#### **SUMMARY**

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This report seeks Council's authority for the adoption of the necessary by-law to designate a portion of a property leased and occupied by the Toronto Transit Commission (TTC) 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 3,234 square feet of space for suite 103 and approximately 3,388 square feet of space for suite 104 which totals 6,622 square feet of combined space.

#### **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 55 Yonge Portfolio Inc, which leases approximately 6,622 square feet at 55 Yonge Street to the Toronto Transit Commission (TTC), all space (the "Leased Premises") related to the provision of telecommunications, transit and transportation systems.
  - 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 6,622 square feet of combined space (currently taxable) occupied by the TTC are estimated at approximately \$140,590, comprised of a municipal portion of \$76,357 and a provincial education portion of \$64,233, based on 2020 Current Value Assessment (CVA) and 2020 tax rates.

As shown in Table 1 below, providing a property tax exemption for the 6,622 square feet of combined space at 55 Yonge Street will result in a net annual reduction in property tax revenue to the City of approximately \$76,357, 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 \$64,233 will no longer be required to be remitted to the Province once the exemptions for the Leased Premises take effect.

Table 1: Financial Implication of Property Tax Exemption - 55 Yonge Street

Location	Municipal Taxes	Education Taxes	Total Property Taxes
55 Yonge Street - 1904-06-4-220-00400	\$76,357	\$64,233	\$140,590
Total Amounts Payable if Taxable (annual)	\$76,357	\$64,233	\$140,590
Total Amounts Payable if Exempt	\$0	\$0	\$0
Reduction in Municipal Tax Revenues			\$76,357
Reduction in Education Taxes Remitted			\$64,233

The resulting impact will be a reduction in property tax revenues to the City of Toronto, and reduced expenditures (lower lease payments) for the TTC.

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

## **DECISION HISTORY**

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At its January 18, 2017 meeting, a report entitled "Property Tax Exemptions - Municipal Capital Facilities Designation - Multiple Locations" was approved by the TTC Board authorizing staff to proceed with requests for municipal capital facility exemptions for all future eligible locations.

A copy of the report and decision can be accessed at:  
[Property Tax Exemption - Municipal Capital Facilities Designation - Multiple Locations](#)

[Decision: Property Tax Exemption - Municipal Capital Facilities Designation - Multiple Locations](#)

## **COMMENTS**

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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 telecommunications, transit and transportation systems as eligible municipal capital facilities for the purpose of section 252.

Property leased by the TTC 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 TTC's use of 55 Yonge Street is consistent with the activities prescribed in the regulation and the property may be designated in accordance with this process.

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**

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Andrew Flynn  
Controller