REPORT FOR ACTION

900 Dufferin Street, Suite 219 - Designation of a Portion of the Property Used by Toronto Employment and Social Services as a Municipal Capital Facility

Date: March 15, 2021
To: General Government and Licensing Committee
From: Controller
Wards: Ward 9 - Davenport

SUMMARY

This report seeks City Council's authority for the adoption of the necessary by-law to designate a portion of the property leased and occupied by Toronto Employment and Social Services 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 27,894 square feet of space (Suite 219) at 900 Dufferin Street.

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 Dufferin Mall Holdings Inc., with whom the City has a lease, for the property known as 900 Dufferin Street, Suite 219, for approximately 27,894 square feet of space (the "Leased Premises"), with respect to the general administration of the city; 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 Leased Premises located at 900 Dufferin Street, Suite 219 for the 27,894 square feet of space are estimated at approximately $125,395, comprised of a municipal portion of $68,699 and a provincial education portion of $56,696 based on 2020 Current Value Assessment (CVA) and 2020 tax rates.

As shown in Table 1 below, providing a property tax exemption for the 27,894 square feet of space at 900 Dufferin Street, Suite 219 will result in a net annual reduction in property tax revenue to the City of approximately $68,699, representing the municipal portion of taxes that are 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 $56,696 will no longer be required to be remitted to the Province once the exemption for the Leased Premises takes effect.

Table 1: Financial Implication of Property Tax Exemption – 900 Dufferin Street, Suite 219

Location	Municipal Taxes	Education Taxes	Total Property Taxes
900 Dufferin Street 1904-02-4-500-01400	$68,699	$56,696	$125,395
Total Amounts Payable if Exempt	$0	$0	$0
Reduction in Municipal Tax Revenues			$68,699
Reduction in Education Taxes Remitted			$56,696

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications as identified in the Financial Impact Section.

DECISION HISTORY

At its September 30, October 1 and 2, 2020 meeting, Council adopted Item GL15.20: Toronto Employment and Social Services Lease at 900 Dufferin Street, Suite 219, approving a 15-year lease agreement commencing December 1, 2021 between the City of Toronto and Dufferin Mall Holdings Inc. for 27,894 square feet of space on the second floor.

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 a landlord or tenant for the provision of the municipal capital facility.

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.

The space occupied by Toronto Employment and Social Services at 900 Dufferin Street is normally subject to taxation at commercial rates. Designating the property leased by the City of Toronto as a municipal capital facility and providing an exemption from taxes will reduce the monthly rental amount paid by Toronto Employment and Social Services.

The property tax exemption on the space leased by the City of Toronto and used by Toronto Employment and Social Services 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 the 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