

Municipal Capital Facility Designation for Storefront Humber Incorporated for a Portion of the Property at 2445 Lake Shore Boulevard West

Date: April 12, 2021

To: General Government and Licensing Committee

From: Controller

Wards: Ward 3 - Etobicoke-Lakeshore

SUMMARY

This report seeks Council's authority for the adoption of the necessary by-law to designate a portion of the property at 2445 Lake Shore Boulevard West that is owned by the City of Toronto and leased to Storefront Humber Incorporated as a Municipal Capital Facility, and to provide an exemption for municipal and education taxes. The Municipal Capital Facility agreement authorized by the by-law will provide an exemption for the entire building currently being leased by Storefront Humber Incorporated under the Community Space Tenancy Policy.

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 Storefront Humber Incorporated for the property known as 2445 Lake Shore Boulevard West, for the entire building comprising approximately 9,595 square feet of space (the "Leased Premises") for the purposes of providing a Municipal Capital Facility related to the provision of social and health services; and
 - b. exempt the Leased Premises from taxation for municipal and school purposes, with the tax exemption to be 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 space leased and occupied by Storefront Humber Incorporated at 2445 Lake Shore Boulevard West is owned by the City of Toronto. Although properties owned by the City of Toronto are exempt from taxation, Storefront Humber Incorporated is a taxable tenant and the Leased Premises may therefore be subject to taxation. The annual property taxes on the Leased Premises located at 2445 Lake Shore Boulevard West for the entire building, comprising approximately 9,595 square feet of space, is estimated at approximately \$4,279, comprised of a municipal portion of \$2,255 and a provincial education portion of \$2,024, based on the 2021 Current Value Assessment and 2021 tax rates.

Providing a property tax exemption for the Leased Premises will result in a net annual reduction in property tax revenue to the City of approximately \$2,255, representing the municipal portion of taxes that would otherwise be payable that will no longer be collected once the Leased Premises are designated as a Municipal Capital Facility, as shown below in Table 1. The provincial education portion of property taxes of \$2,024 will not be required to be remitted to the Province of Ontario once the exemption for the Leased Premises takes effect, with no net impact to the City.

Table 1: Financial Implication of Property Tax Exemption - 2445 Lake Shore Blvd West

Location	Municipal Taxes	Education Taxes	Total Property Taxes
2445 Lake Shore Boulevard West 1919-05-1-450-01800	\$2,255	\$2,024	\$4,279
Total Amounts Payable if Exempt	\$0	\$0	\$0
Reduction in Municipal Tax Revenues			\$2,255
Reduction in Education Taxes Remitted			\$2,024

Given that Municipal Capital Facility exemptions are not retroactive and the tenant has been located in the facility since 1996, in the event that the Municipal Property Assessment Corporation determines that the tenants have been in taxable occupation of these premises, the Municipal Property Assessment Corporation may issue supplementary/omitted assessment notices for the current year and the prior two years. Should the Municipal Property Assessment Corporation issue this additional taxable assessment, this would result in an unfunded estimated potential financial impact of

\$8,500 for the 2019 and 2020 taxation years combined, and an unfunded amount of \$4,279 for the current budget year. If a tax bill is issued to the tenant, at that point the City will work with the tenant to address the cost.

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

DECISION HISTORY

At its meeting on June 26, 27, 28 and 29, 2018, City Council adopted [Item GM28.22: Community Space Tenancy Lease with Storefront Humber Incorporated – 2445 Lake Shore Boulevard West](#), which authorized the City to enter into a five year lease with Storefront Humber Incorporated pursuant to the Community Space Tenancy Policy.

COMMENTS

Storefront Humber Incorporated (SHI) services over 3,000 community members. The majority of their clients are isolated and disadvantaged seniors aged 55 and older. However, the organization has expanded to also serve disabled adults aged eighteen and older, and uses a holistic and integrated program model to support integration within the community. SHI's programs include an elderly centre, health and health referral services, community engagement and counselling, legal support, a drop-in centre, and settlement services.

The original lease between the City and SHI was entered into in 1996 and amended in 1997, 2005 and again in 2013. In August 2018, the City entered into a Community Space Tenancy Lease with SHI for a term of five years with an option to renew for an additional five years.

Legislation Regarding Municipal Capital Facilities

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.

The property tax exemption on the space leased by Storefront Humber Incorporated 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 related to the provision of social and health services 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

Casey Brendon, Director, Revenue Services
Phone: (416) 392-8065; Fax: (416) 696-3778; E-mail: Casey.Brendon@toronto.ca

SIGNATURE

Andrew Flynn
Controller