

1684 Queen Street East - Designation of the Property Used by Shelter, Support and Housing Administration as a Municipal Capital Facility

Date: April 12, 2021

To: General Government and Licensing Committee

From: Controller

Wards: Ward 19 - Beaches East York

SUMMARY

This report seeks Council's authority for the adoption of the necessary by-law to designate the property owned by Queen Kingston Holdings Inc. at 1684 Queen Street East and leased to the City of Toronto as a Municipal Capital Facility, and to provide an exemption for municipal property taxes and education taxes. The Municipal Capital Facility agreement authorized by the by-law will provide an exemption for the entire property, comprised of approximately 34,982 square feet being leased to Shelter, Support and Housing Administration (SSHA).

The City of Toronto is experiencing an unprecedented demand for shelter and respite services for its residents due to the COVID-19 pandemic and the City's state of emergency. As part of the emergency response efforts, SSHA has approval to activate temporary hotel units to support physical distancing, isolation and recovery needs within the shelter system. The Leased Premises at 1684 Queen Street East, formerly known as the Days Inn Hotel, consists of 50 units and will be used for the purposes of a temporary shelter.

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 Queen Kingston Holdings Inc., which leases the entire property, comprising of approximately 34,982 square feet at 1684 Queen Street East (the "Leased Premises") to the City of Toronto used for the provision of social and health services and ancillary parking.

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 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 for the entire property, comprised of approximately 34,982 square feet (currently taxable) being leased by SSHA at 1684 Queen Street East are estimated at approximately \$83,876, comprised of a municipal portion of \$48,042 and a provincial education tax portion of \$35,834 based on 2021 Current Value Assessment (CVA) and 2021 tax rates.

As shown in Table 1 below, providing a property tax exemption for the entire property at 1684 Queen Street East will result in a net annual reduction in property tax revenue to the City of approximately \$48,042, representing the municipal portion of taxes that are currently payable that will no longer be collected once the Leased Premises are designated as Municipal Capital Facility. The provincial education portion of the property taxes of \$35,834 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 – 1684 Queen Street East

Location	Municipal Taxes	Education Taxes	Total Property Taxes
1684 Queen Street East – 1904-09-2-020-04900	\$48,042	\$35,834	\$83,876
Total Amounts Payable if Exempt	\$0	\$0	\$0
Reduction in Municipal Tax Revenues			\$48,042
Reduction in Education Taxes Remitted			\$35,834

As the City currently funds Shelter, Support and Housing Administration the cost of rent (which includes property taxes) on any leased space through an annual budget allocation, there is no net 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 annual budgetary requirement for SSHA. The savings resulting from the designation as a Municipal Capital Facility for the location identified in Table 1 above has been accounted for and included in the 2021 Operating Budget for SSHA.

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

A Delegated Approval Form, dated April 27, 2020 approved a 15-month lease agreement between the City of Toronto and Queen Kingston Holdings Inc. to be occupied by Shelter, Support and Housing Administration at 1684 Queen Street East. A copy of this form can be accessed at: [Delegated Approval Form - 1684 Queen Street East](#).

COMMENTS

Shelter, Support and Housing Administration are approved to activate temporary hotel units in the City to support the unprecedented demand for shelter and respite services for its residents as a result of the COVID-19 pandemic. Consisting of 50 units, the property formerly known as the Days Inn Hotel at 1684 Queen Street East was selected as a suitable location to meet the service needs required to support the City's response efforts to the COVID-19 pandemic. The property is being used for the purposes of a temporary shelter, including but not limited to, meeting the needs of physical distancing obligations, isolation and/or recovery of the clients of the City, or such other shelter needs of the City.

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.

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 space occupied by Shelter, Support and Housing Administration at 1684 Queen Street East is normally subject to taxation at commercial rates. Designating the property leased by Shelter, Support and Housing Administration as a Municipal Capital Facility and providing an exemption from taxes will reduce the monthly rental amount paid by Shelter, Support and Housing Administration.

The property tax exemption on the space leased by the Shelter, Support and Housing Administration 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 provision of social and

health services and ancillary parking 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 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