

154 University Avenue – Designation of a portion of the property used by the TTC as a Municipal Capital Facility

Date: November 10, 2021

To: General Government and Licensing Committee

From: Controller

Wards: Ward 10 - Spadina-Fort York

SUMMARY

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 2,070 square feet of space plus one parking spot.

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 Slate Toronto Core Office Inc., which leases approximately 2,070 square feet plus one parking spot at 154 University Avenue to the TTC, all space (the "Leased Premises") related to the provision of telecommunications, transit and transportation systems 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 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, the Conseil Scolaire Viamonde, and the Conseil Scolaire Catholique MonAvenir.

FINANCIAL IMPACT

The annual property taxes on the 2,070 square feet of space plus one parking spot (currently taxable) occupied by the TTC are estimated at approximately \$15,218, comprised of a municipal portion of \$8,513 and a provincial education portion of \$6,705, based on 2021 Current Value Assessment (CVA) and 2021 tax rates.

As shown in Table 1 below, providing a property tax exemption for the 2,070 square feet of space plus one parking spot at 154 University Avenue will result in a net annual reduction in property tax revenue to the City of approximately \$8,513, 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 \$6,705 will no longer be required to be remitted to the Province once the exemption for the Leased Premises take effect.

Table 1: Financial Implication of Property Tax Exemption - 154 University Avenue

Location	Municipal Taxes	Education Taxes	Total Property Taxes
154 University Avenue - 1904-06-3-050-00400	\$8,513	\$6,705	\$15,218
Total Amounts Payable if Exempt	\$0	\$0	\$0
Reduction in Municipal Tax Revenues			\$8,513
Reduction in Education Taxes Remitted			\$6,705

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

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

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

Ontario Regulation 598/06 prescribes facilities providing telecommunications, transit and transportation systems and ancillary parking 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 154 University Avenue 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

Andrew Flynn
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