

240 Alton Towers Circle - Designation of a Portion of the Property as a Municipal Capital Facility

Date: February 16, 2023

To: General Government Committee

From: Controller

Wards: 23

SUMMARY

This report seeks Council's authority for the adoption of the necessary by-law to designate a portion of the property owned by Cedar City Paradise (Milliken) Inc. and leased by the City of Toronto, 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 approximately 1,700 square feet of space at 240 Alton Towers Circle, suite 300 leased to Toronto Public Health.

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 Cedar City Paradise (Milliken) Inc, which leases approximately 1,700 square feet of space at 240 Alton Towers Circle, suite 300 (the "Leased Premises") to the City of Toronto, used for social and health services; 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 1,700 square feet of space (currently taxable) that is being leased by Toronto Public Health located in suite 300 at 240 Alton Towers Circle are estimated at approximately \$4,904, comprised of a municipal portion of \$2,870 and a provincial education portion of \$2,034, based on 2022 Current Value Assessment (CVA) and 2022 tax rates.

As shown in Table 1 below, providing a property tax exemption for 1,700 square feet of space at 240 Alton Towers Circle, suite 300 will result in a net annual reduction in property tax revenue to the City of approximately \$2,870, 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 the property taxes of \$2,034 will no longer be required to be remitted to the Province once the exemption for the Leased Premises takes effect. Funding for the lease of the property is provided to Toronto Public Health by the Province of Ontario in 2022 as part of the Ontario Seniors Dental Care Program. Designating the property leased by the Toronto Public Health as a Municipal Capital Facility and providing an exemption from taxes will reduce the monthly rental amount paid by Toronto Public Health and offset the reduction in tax revenues.

Table 1: Financial Implication of Property Tax Exemption – 240 Alton Towers Circle – Suite 300

Location	Municipal Taxes	Education Taxes	Total Property Taxes
240 Alton Towers Circle – Suite 300 1901-12-4-451-01000	\$2,870	\$2,034	\$4,904
Total Amounts Payable if Exempt	\$0	\$0	\$0
Reduction in Municipal Tax Revenues			\$2,870
Reduction in Education Taxes Remitted			\$2,034

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 March 30, 2022, authorized City staff to enter into a 15 year lease with Cedar City Paradise (Milliken) Inc. for 1,700 square feet of space to be used as a senior dental clinic inside suite 300 at 240 Alton Towers Circle in Ward 23 – Scarborough North. A copy of this form can be accessed at:

[Delegated Approval Form \(DAF 2022-091\) – 240 Alton Towers Circle Suite 300](#)

COMMENTS

On April 11, 2019, the Government of Ontario announced a \$90 million investment for the Ontario Seniors Dental Care Program (OSDCP), a new publicly-funded dental program for low-income Ontario seniors. The program is for eligible Ontario seniors, and allows eligible seniors to seek treatment services anywhere in Ontario where OSDCP is provided. As part of the Ministry's implementation, Toronto Public Health applied and received capital funding to procure or construct infrastructure to support program delivery. The Leased Premises at 240 Alton Towers Circle, suite 300 will house one of the senior dental clinics to deliver such program.

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 Toronto Public Health at 240 Alton Towers Circle, suite 300 is normally subject to taxation at commercial rates. Designating the property leased by the Toronto Public Health as a Municipal Capital Facility and providing an exemption from taxes will reduce the monthly rental amount paid by Toronto Public Health.

The property tax exemption on the space leased by the Toronto Public Health 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 social and health services as eligible municipal capital facilities for the purpose of section 252.

Upon the passing of this By-law authorizing the municipal capital facility and the property tax exemption, 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