

Councillors' Constituency Offices - Designation of Portions of Properties used as Municipal Capital Facilities

Date: November 14, 2023

To: General Government Committee

From: Controller

Wards: Ward 3 - Etobicoke-Lakeshore, Ward 13 - Toronto Centre, Ward 16 - Don Valley East

SUMMARY

This report seeks Council's authority for the adoption of the necessary by-laws to designate portions of three properties leased by the City of Toronto for use as City Councillor's constituency offices as Municipal Capital Facilities and to provide exemptions for municipal taxes and education taxes. The municipal capital facility agreements authorized by the by-laws will provide tax exemptions for approximately 3,163 square feet in total of combined space. The three properties and their respective square footage are provided below.

- 641B The Queensway, Ward 3: 1,592 square feet
- 329 Parliament Street/0 Regent Street, Ward 13: 919 square feet
- 895 Lawrence Avenue East, Ward 16: 652 square feet

RECOMMENDATIONS

The Controller recommends that:

1. City Council pass by-laws pursuant to Section 252 of the City of Toronto Act, 2006, providing authority to:
 - a. enter into Municipal Capital Facility Agreements with the landlords of each of the three properties with whom Corporate Real Estate Management has a lease on behalf of the City Councillors (the "Leased Premises"), with respect to approximately 3,163 square feet of combined space, for the purposes of providing municipal capital facilities related to the provision of facilities used by City Councillors located at:

641B The Queensway (Ward 3)
 329 Parliament Street/0 Regent Street (Ward 13)
 895 Lawrence Avenue East (Ward 16); 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 3,163 square feet of combined space (currently taxable) leased by the City of Toronto and used as City Councillors' constituency offices are estimated at approximately \$15,800, comprised of a municipal portion of \$9,392 and a provincial education portion of \$6,408, based on 2023 Current Value Assessment (CVA) and 2023 tax rates.

As shown in Table 1 below, providing property tax exemptions for the 3,163 square feet of combined space at 641B The Queensway, 895 Lawrence Avenue East and 329 Parliament Street/0 Regent Street would result in a net annual reduction in property tax revenue to the City of approximately \$9,392, representing the municipal portion of taxes that is currently payable that will no longer be collected once the Leased Premises are designated as Municipal Capital Facilities. The provincial education portion of property taxes of \$6,408 will no longer be required to be remitted to the Province once the exemptions for the Leased Premises takes effect.

Table 1: Annual Financial Implication of Property Tax Exemption - 641B The Queensway, 895 Lawrence Avenue East, and 329 Parliament Street/0 Regent Street

Location	Municipal Taxes	Education Taxes	Total Property Taxes
641B The Queensway 1919-01-7-070-02000	\$2,196	\$1,498	\$3,694
895 Lawrence Avenue East 1908-10-1-420-00500	\$1,393	\$950	\$2,343
329 Parliament Street/0 Regent Street 1904-07-2-250-00212	\$5,803	\$3,959	\$9,763
Total Amounts Payable if Taxable (Annual)	\$9,392	\$6,408	\$15,800

Total Amounts Payable if Exempt	\$0	\$0	\$0
Reduction in Municipal Tax Revenues			\$9,392
Reduction in Education Taxes Remitted			\$6,408

As the City currently funds the Councillors' constituency office cost of rent (which includes property taxes) on any leased space as an eligible constituency office expense, there is no net financial 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 actual lease expenditure to be incurred for City Council. There is a net annual savings on the education portion of property taxes of \$6,408 as the City will no longer be required to remit this portion of the property taxes to the Province.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

A Delegated Approval Form, dated April 25, 2023, approved a three-year and seven month lease between the City and TopAsset Management Inc., for 1,592 square feet of space to be used as a Councillor's constituency office at 641B The Queensway in Ward 3 - Etobicoke-Lakeshore. A copy of this form can be accessed at:

[Delegated Approval Form - 641B The Queensway](#)

A Delegated Approval Form dated April 14, 2023 was approved allowing a three-year and six month lease between the City and FCHT Holdings Corporation, for 652 square feet of space to be used as a Councillor's constituency office at 895 Lawrence Avenue East in Ward 16 - Don Valley East. A copy of this form can be accessed at:

[Delegated Approval Form - 895 Lawrence Avenue East](#)

A Delegated Approval Form dated, March 3, 2023, was approved allowing a three-year and six and a half month lease between the City and Dundas and Parliament Development Corporation, for approximately 919 square feet of space to be used as a Councillor's constituency office at 329 Parliament, municipally known as 0 Regent Street in Ward 13 - Toronto Centre. A copy of this form can be accessed at:

[Delegated Approval Form - 329 Parliament Street](#)

COMMENTS

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 combined space occupied by City Councillors for constituency offices at 641B The Queensway, 895 Lawrence Avenue East and 329 Parliament Street/0 Regent Street are normally subject to taxation at commercial rates. Designating the properties leased by the City of Toronto as municipal capital facilities and providing an exemption from taxes will reduce the monthly rental amount paid by the City Councillor's office.

The property tax exemption on the spaces leased by the City of Toronto and used as City Councillors constituency offices 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 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 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