

2900 Warden Avenue - Designation of a Portion of the Property used by Toronto Employment and Social Services as a Municipal Capital Facility

Date: April 15, 2024

To: General Government Committee

From: Interim Controller and Executive Director, Corporate Real Estate Management

Wards: Ward 22 - Scarborough - Agincourt

SUMMARY

This report seeks City Council's authority for the adoption of the necessary By-law to designate a portion of the property owned by 2366829 Ontario Limited leased to the Toronto Employment and Social Services (TESS) 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 unit 225 which is approximately 34,658 square feet at 2900 Warden Avenue.

RECOMMENDATIONS

The Interim Controller and Executive Director, Corporate Real Estate Management 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 between Bridlewood Mall Management Inc., the landlord, which will lease approximately 34,658 square feet at 2900 Warden Avenue (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:

- the commencement date of the lease;
- the date the Municipal Capital Facility Agreement is entered into; and
- 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 34,658 square feet of space (currently taxable) to be occupied by Toronto Employment and Social Services (TESS) are estimated at \$108,587, comprised of a municipal portion of \$64,548 and a provincial education portion of \$44,039, based on 2023 Current Value Assessment and 2023 tax rates.

As shown in Table 1 below, providing a property tax exemption for the 34,658 square feet of space at 2900 Warden Avenue, Suite 225 will result in a net annual reduction in property tax revenue to the City of approximately \$64,548, representing the municipal portion of taxes that are 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 \$44,039 will no longer be required to be remitted to the Province once the exemption for the Leased Premises takes effect.

Table 1: Property Taxes for Toronto Employment and Social Services – 2900 Warden Avenue, Suite 225

Location	Municipal Taxes	Education Taxes	Total Property Taxes
2900 Warden Avenue 1901-10-4-185-00100	\$64,548	\$44,039	\$108,587
Total Amounts Payable if Exempt	\$0	\$0	\$0
Reduction in Municipal Tax Revenues			\$64,548
Reduction in Education Taxes Remitted			\$44,039

Toronto Employment and Social Services’ cost of basic rent on the leased space is funded through an annual budget allocation. Designating the property leased as a Municipal Capital Facility and providing an exemption from taxes will reduce the rental amount paid by Toronto Employment and Social Services. The savings from the designation as a Municipal Capital Facility for the location identified in Table 1 above have been accounted for and included in the 2024 Operating Budget for Toronto Employment and Social Services.

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

DECISION HISTORY

At its meeting on September 30, October 1 and October 2, 2020, City Council adopted the General Government and Licensing Committee report GL.15.19 - City of Toronto Lease at 2900 Warden Avenue, which authorized the Executive Director, Corporate Real Estate Management, to enter into an offer to sublease and a sublease to be executed pursuant to the Offer, with Bridlewood Mall Management for use by Toronto Employment and Social Services of the approximately 33,000 square feet of space municipally known as unit 235, 2900 Warden Avenue for a ten year term. The staff report can be accessed at:

[City of Toronto Lease at 2900 Warden Avenue](#)

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.

The space occupied by Toronto Employment and Social Services at 2900 Warden Avenue is normally subject to taxation at commercial rates. Designating the property leased by the City of Toronto as a municipal capital facility and providing an exemption from taxes will reduce the monthly rental amount paid by Toronto Employment and Social Services.

The property tax exemption on the space leased by the City of Toronto and used by Toronto Employment and Social Services 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 of the City as eligible municipal capital facilities for the purpose of section 252.

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

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