

Clause 9 in Report No. 5 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on March 24, 2016.

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Property Tax Rebates for
Toronto Region Conservation Authority

Committee of the Whole recommends adoption of the following recommendations contained in the report dated February 26, 2016 from the Commissioner of Finance:

1. The Toronto Region Conservation Authority be granted a property tax rebate equal to 60 per cent of the taxes payable for its temporary leased facility at 101 Exchange Avenue in the City of Vaughan, pursuant to section 361(4) of the Municipal Act, 2001.
2. A bylaw be prepared to implement this policy.

Report dated February 26, 2016 from the Commissioner of Finance now follows:

1. Recommendations

It is recommended that:

1. The Toronto Region Conservation Authority be granted a property tax rebate equal to 60 per cent of the taxes payable for its temporary leased facility at 101 Exchange Avenue in the City of Vaughan, pursuant to section 361(4) of the *Municipal Act, 2001*; and
2. A bylaw be prepared to implement this policy.

2. Purpose

This report proposes a property tax rebate for the Toronto Region Conservation Authority's temporary leased facility in the City of Vaughan.

3. Background

The Toronto Region Conservation Authority has requested relief from property taxes for its temporary headquarters

In 2015, the Toronto Region Conservation Authority (TRCA) moved into a temporary leased facility at 101 Exchange Avenue in the City of Vaughan while a new headquarters is being built at its Black Creek site in the City of Toronto. TRCA has approached the Region for financial assistance with respect to the additional property taxes associated with this temporary facility.

TRCA currently pays no property taxes to the City of Toronto

The TRCA currently does not pay any property taxes to the City of Toronto for either parkland or their facilities at the Black Creek Pioneer Village. The TRCA has requested that the Region provide an exemption on similar tax relief to its properties located in York Region.

The TRCA has two separate agreements with the City of Toronto that exempt their properties from municipal taxation as long as the land is managed and controlled by the City and used for park purposes. These agreements were made under the authority of section 451(1) of the *City of Toronto Act, 2006*. As York Region currently does not have these powers, an agreement similar to the City of Toronto is not possible at this time.

Also, under section 33 of the *Conservation Authorities Act, 1990*, the TRCA is exempt from paying property taxes on any building that it constructs on its own land. This is the principal reason that it pays no property tax with respect to its current headquarters at the Black Creek site. Because 101 Exchange Avenue is a leased property, the section 33 exemption does not apply and property taxes must still be paid.

As part of the Municipal Act Review, the Region requested that the Province grant it property tax exemption powers similar to the City of Toronto

On October 15, 2015, Council adopted a report entitled, "Municipal Act Review" that requested the Province to grant it, among other things, the power to exempt Conservation Authority lands from property taxation, similar to the City of Toronto.

However, even if York Region were to receive these powers, two criteria would still have to be met in order for Conservation Authority lands to be eligible for exemption:

- The land would have to be used for park purposes; and
- Parklands owned by the Conservation Authority would have to be managed and controlled by the Region.

TRCA already qualifies for a 40% tax rebate on properties within the commercial and industrial classes

The TRCA is a registered charity under the *Income Tax Act, 1990*. In 1998, Council approved a bylaw pursuant to section 361(1) of the *Municipal Act, 2001*, which allows for a 40 per cent annual property tax rebate to registered charities that are operating on commercial and industrial properties. The cost of the rebate is shared proportionately by the Region, local municipality and school boards.

The TRCA, as a registered charity, already qualifies for and takes advantage of the 40 per cent property tax rebate for its facility at 101 Exchange Avenue.

The approved 2016 Budget did not accommodate full funding of the property taxes associated with TRCA's temporary headquarters

As part of this year's pre-budget discussions, the TRCA identified the need to fund \$112,000 in property taxes on its temporary headquarters. This amount is net of the 40 per cent rebate that it is already eligible to receive. Historically, the cost of property taxes has been recovered as part of TRCA's annual funding request to the Region. However, TRCA did not include funding for the \$112,000 in property taxes in its budget submission. Regional staff agreed to examine options to provide tax relief for this facility and bring a recommendation forward to Council in early 2016.

4. Analysis and Options

Council has a history of funding Conservation Authorities' programs and initiatives

Conservation Authorities are mandated to ensure the conservation, restoration and responsible management of Ontario's water, land and natural habitats through programs that balance human, environmental and economic needs.

Council has provided funding for a wide range of the TRCA's projects, including water risk management, education and outreach, and administrative costs. Funding for the TRCA is shared among the City of Toronto, Durham Region, Peel Region and York Region, based on a formula that in part recognizes the benefits that each receives.

The Region could also provide a further property tax rebate to TRCA if it meets certain conditions

To meet the TRCA's property tax funding request, the Region could provide an additional "similar to charity" rebate under section 361(4) of the *Municipal Act, 2001*.

Staff proposes that this rebate apply to organizations that operate on a not-for-profit basis, serve the residents of York Region, have properties that are located in York Region, and meet the following Official Plan objectives:

- To identify, protect and enhance the Regional Greenlands System and its functions to ensure a healthy system rich in native biodiversity; and
- To protect endangered, threatened and special concern species and their habitats to ensure that biological diversity with the Region is not diminished; and
- To protect significant woodlands and their biodiversity and encourage reforestation to provide environmental, social and economic benefits for the residents of York Region.

The two rebates can be combined to provide a 100% tax relief for TRCA's temporary headquarters

The TRCA can be given a 60 per cent property tax rebate for the leased facility at 101 Exchange Avenue under section 361(4) of the *Municipal Act, 2001*, in addition to the 40 per cent rebate that it currently receives as a registered charity.

The combination of the two rebates would provide 100 per cent property tax relief for the temporary headquarters for the duration of the lease, which is expected to end in 2021.

Link to key Council-approved plans

Two of the guiding principles in Vision 2051 are to be accessible and inclusive and to be sustainable. This report seeks to provide financial assistance to eligible organizations that make York Region a greener, cleaner, healthier place to live.

5. Financial Implications

The “similar to charity” rebate would cost the Region \$214,500 over the next six years

Table 1 below shows the net taxes for the TRCA facility at 101 Exchange Avenue after all property tax rebates are applied.

Table 1
Property Taxes for 101 Exchange Avenue (\$)

	2016	2017	2018	2019	2020	2021	Total
Total estimated taxes	186,667	255,000	260,000	265,000	270,000	138,333	1,375,000
Charity rebate (40%)	74,667	102,000	104,000	106,000	108,000	55,333	550,000
“Similar to charity” rebate (60%)	112,000	153,000	156,000	159,000	162,000	83,000	825,000
Net taxes after rebate	0	0	0	0	0	0	0

Source: TRCA

With the “similar to charity” rebate, the costs would be shared by the Region, the City of Vaughan and School Boards as a tax write-off in proportion to their share of the total taxes collected for the commercial property.

Table 2 shows the proportions of the tax rebate using the 2015 actual shares.

Table 2
Proportionate Shares of 60% Tax Rebate (\$)

	Region (26%)	City of Vaughan (15%)	School Boards (59%)	Total
Total Property Taxes (2016 – 2021)	214,500	123,750	486,750	825,000

6. Local Municipal Impact

The City of Vaughan would share in the cost of providing a tax rebate to TRCA's temporary leased facility.

7. Conclusion

To assist the TRCA at its temporary headquarters in the City of Vaughan, it is recommended that an additional 60 per cent property tax rebate under section 361(4) of the *Municipal Act*, 2001 be approved for the duration of the term of the current lease.

For more information on this report, please contact Edward Hankins, Director, Treasury Office, at extension 71644.

The Senior Management Group has reviewed this report.

February 26, 2016

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