

Date: March 21, 2022	Originator's files: PO.13.HYD
To: Chair and Members of General Committee	
From: Shari Lichterman, CPA, CMA, Commissioner of Corporate Services and Chief Financial Officer	Meeting date: April 13, 2022

Subject

Tax Exemption for a Municipal Capital Facility, being a portion of the property municipally known as 800 Hydro Road, Tax Roll #21-05-07-0-998-00201

Recommendation

1. That a by-law be enacted to classify the License Agreement dated February 3, 2022 between Lakeview Community Partners Limited and the City of Mississauga, as a municipal capital facilities agreement made pursuant to section 110 of the Municipal Act, 2001, SO 2001, c.25, as amended, and to hereby exempt a portion of 800 Hydro Road, consisting of a soccer field, the east and west parking lot, comprising an area of 4.39 acres as shown in Appendix 1 attached to the report dated March 21, 2022 from the Commissioner of Corporate Services and Chief Financial Officer titled "Tax Exemption for a Municipal Capital Facility, being a portion of the property municipally known as 800 Hydro Road, Tax Roll #21-05-07-0-998-00201" (the "Licensed Lands") from taxation for municipal and school purposes.
2. That By-law 0434-2004, being "A By-law to provide for Municipal Capital Facilities", be amended with necessary modifications by adding the Licensed Lands' tax roll number #21-05-07-0-998-00201 to the list of properties described in said By-law, for the purposes of declaring it to be a Municipal Capital Facility.
3. That the Clerk be directed to notify the Minister of Education, the Municipal Property Assessment Corporation, the Regional Municipality of Peel and the secretary of any school board which includes the land exempted, of the enactment of the By-law.
4. That all necessary by-laws be enacted.

Executive Summary

- By-law 0434-2004 provides that Council for the City of Mississauga may exempt facilities which are leased or licensed to the City from taxation by declaring those facilities as Municipal Capital Facilities.

- Municipal Capital Facilities are those facilities which are made available for public use by the City.
- A portion of 800 Hydro Road comprising of a soccer field and the east and west parking lots, with an area of 1.78 hectares (4.39 acres), are currently licensed by Lakeview Community Partners Limited to the City.
- By declaring the Licensed Lands as a Municipal Capital Facility, the estimated savings in property taxes based on the 2021 tax year is \$28,957, subject however to the Municipal Property Assessment Corporation's (MPAC) assessment.

Background

By way of delegated authority under By-law 0148-2018, the City entered into a License Agreement with Lakeview Community Partners Limited dated as of plus February 3, 2022 to use the Licensed Lands for a period of two (2) years with options to renew for three (3) additional terms of two (2) years each (the "License Agreement"). The City entered into the License Agreement to use the Licensed Lands for public recreational purposes and ancillary parking. The License Agreement is effective as of February 3, 2022.

Property that is owned and occupied by the City is exempt from taxation pursuant to section 3(9) of the *Assessment Act*, RSO 1990, c A.31. However, where the City leases or licenses space for municipal purposes from a private party who is subject to taxation, the City would be responsible for payment of property taxes depending on the lease or license agreement.

Section 110 of the *Municipal Act*, 2001, SO 2001, c 25, permits the council of a municipality to exempt from taxation for municipal and school purposes leased or licensed lands on which municipal capital facilities are or will be located. Municipal capital facilities are defined by the legislation to include, among other things, facilities used for recreational purposes and parking.

When municipal capital facilities are located on just a portion of land, the remainder of the lands that are not designated as municipal capital facilities continue to be taxed for municipal and school purposes.

The City will use the Licensed Lands to provide the public with access to additional recreational facilities.

Comments

The City has entered into a license agreement to license a portion of 800 Hydro Road consisting of a soccer field, the east and west parking lot, and comprising an area of 1.78 hectares (4.39 acres) as shown in Appendix 1 attached to this report, effective as of February 3, 2022. Under the terms of the License Agreement, the City is to be exempt from taxation, so long as a by-law is enacted declaring the Licensed Lands a municipal capital facility for the purposes of the *Municipal Act*, 2001, as amended. Should Council adopt the recommendations herein, the

Licensed Lands would become tax exempt. This exemption is only applicable so long as the City has a right to use the Licensed Lands. Upon the end of the license term, any renewal term or termination of the License Agreement, By-law 0434-2004 will be amended removing the municipal capital facility and all parties will be notified. MPAC will then re-class the property to resume the applicable taxation.

The Licensed Lands comprise an area of 1.78 hectares (4.39 acres) of the total area of the property municipally known as 800 Hydro Road (the "Property"). Designating the Licensed Lands as a municipal capital facility will only exempt the portion of the Property comprising 1.78 hectares (4.39 acres) from payment of property taxes. The remainder of the Property, containing an area of 69.78 hectares (172.44 acres), will continue to be subject to property taxes.

Financial Impact

Should Council adopt the recommendations noted herein and exempt the Licensed Lands from taxation for municipal and school purposes, the City will not be required to pay property taxes on the Licensed Lands. While the License Agreement contemplates the possibility of the Licensed Lands as being a municipal capital facility, the enactment of a by-law declaring it as such is required under the *Municipal Act*, 2001, as amended. Once enacted, MPAC will determine the assessment value of the lands being exempt resulting in an adjustment to the taxes payable for this property. Based on the current use of the lands and applicable property taxes, the estimated portion of taxes for the 1.78 hectares (4.39 acres) is \$28,957 for the 2021 tax year.

Conclusion

While ordinarily exempt from taxation, the City is obligated to pay its proportionate share of property taxes on properties, which have been leased or licensed, from private parties. Exempting the Licensed Lands from taxation in accordance with the municipal capital facilities provisions of the *Municipal Act*, 2001, as amended and would result in savings to the City.

Attachments

Appendix 1: The Proposed Tax Exempt Portion of 800 Hydro Road



Shari Lichterman, CPA, CMA, Commissioner of Corporate Services and Chief Financial Officer

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