

City of Mississauga Corporate Report



Date: November 10, 2023

To: Chair and Members of General Committee

From: Raj Sheth, P.Eng, Commissioner of Corporate Services

Originator's files:

Meeting date:
January 10, 2024

Subject

Removal of the Municipal Capital Facility designation under By-law 0015-2023 for lands leased from Lakeview Community Partners Limited, depicted as Part 1 on Plan 43R-40389 and being part of PIN 13485-0771, Tax Roll# 2105-070-998-00202 (Ward 1)

Recommendation

1. That lands leased by the City from Lakeview Community Partners Limited ("LCPL") for the old park depot, comprising a total area of approximately 4,129 square metres (44,444.19 square feet) as outlined in the corporate report dated November 10, 2023 from the Commissioner of Corporate Services entitled "Removal of the Municipal Capital Facility designation under By-law 0015-2023 for lands leased from Lakeview Community Partners Limited, depicted as Part 1 on Plan 43R-40389 and being part of PIN 13485-0771, Tax Roll# 2105-070-998-00202 (Ward 1)", be exempt from By-law 0015-2023.
2. That the Clerk be directed to notify the Minister of Education, 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.
3. That all necessary by-laws be enacted.

Executive Summary

- On September 15, 2022 the City entered into a five-year Commercial Lease Agreement ("Lease Agreement") with LCPL in order to continue to occupy LCPL-owned lands depicted as Part 1 on Reference Plan 43R-40389 ("Lands Leased from LCPL") to operate the old municipal parks depot building, including driveway access, to support the maintenance and operation of the Lakefront Promenade Park and other City parks within the surrounding community (the "Park"), pending completion of the new park depot in the Lakeview development.
- On February 1, 2023, under By-law 0015-2023, the Lands Leased from LCPL were declared as a Municipal Capital Facility (MCF) exempting it from taxation for municipal

and school purposes effective the date of the Lease Agreement, being September 15, 2022.

- Earlier this year, staff moved into the new parks depot located in the Lakeview development. The Lands Leased from LCPL for the old depot are no longer occupied by the City since September 30, 2023 and therefore it is appropriate to repeal By-law 0015-2023 in order to cease having the Lands Leased from LCPL for the old depot designated municipal capital facilities.
- By removing the Municipal Capital Facility designation from the Lands Leased from LCPL for the old depot, the lands will revert to being taxable for municipal and school purposes.

Background

Under By-law 0179-2021, the City entered into a Lease Agreement with LCPL effective September 15, 2022 to use the Lands Leased from LCPL for the purpose of continuing to operate the old maintenance depot building, including driveway access, to support the operations of the Park.

The City provided a written notice to terminate the Lease Agreement and advised LCPL that the City will vacate the Lands Leased from LCPL as of end of business day of September 29, 2023 and that LCPL will be responsible for the Lands Leased from LCPL thereafter. The early termination notice was accepted by LCPL.

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, this exemption does not flow through automatically where the City leases or licenses space for municipal purposes from a person or corporation that is subject to taxation.

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 O. Reg. 603/06, as amended by O. Reg. 151/16 to include, among other things, facilities used for the general administration of the municipality.

Once a property is designated as a Municipal Capital Facility, the Municipal Property Assessment Corporation (MPAC) is notified and then the classification for the property or portion of the property to exempt is changed.

The Lands Leased from LCPL for the old park depot were designated as a Municipal Capital Facility under By-law 0015-2023. In order to have the Lands Leased from LCPL revert to being

taxable, a new by-law must be enacted to repeal By-law 0015-2023 in order to remove the Municipal Capital Facility designation to be effective on September 30, 2023 (the day after the Lease Agreement expired).

Comments

As the Lands Leased from LCPL for the old park depot no longer qualify being designated as a municipal capital facility, it is important to repeal By-law 0015-2023, being “*A By-law to exempt specified property from taxation for municipal and school purposes*”, so that the Municipal Property Assessment Corporation (“MPAC”) is then provided with the required information to adjust the classification for the property back to taxable and remove the exemption from taxation for municipal and school purposes.

The Lands Leased from LCPL for the old park depot are no longer occupied by the City since September 30, 2023 and therefore it is appropriate to repeal By-law 0015-2023 in order to cease having the Lands Leased from LCPL designated municipal capital facilities.

Financial Impact

The removal of the Municipal Capital Facilities designation and returning the Lands Leased from LCPL to taxable lands will result in, in-year tax adjustments through supplementary/omitted taxes for the current and two prior years as applicable.

Current legislation only allows collection of supplementary/omitted taxes for the current and two prior years. The amount of supplementary/omitted taxes is dependent on the assessment change from MPAC changing from exempt to taxable.

Conclusion

It is necessary to repeal By-law 0015-2023 in order to cease having the Lands Leased from LCPL for the old park depot designated municipal capital facilities. This repeal will enable MPAC to correct the classification from exempt for municipal and school taxation.

Should Council adopt the recommendations of this report, MPAC would revert the Lands Leased from LCPL back to taxable for municipal and school purposes.

Attachments

Appendix 1: The Lands Leased from LCPL for the old park depot – Part 1 on Plan 43R-40389.



Raj Sheth, P.Eng, Commissioner of Corporate Services

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