

City of Mississauga Corporate Report



<p>Date: May 30, 2024</p> <p>To: Chair and Members of General Committee</p>	<p>Originator's files:</p>
<p>From: Raj Sheth, P.Eng, Commissioner of Corporate Services</p>	<p>Meeting date: June 19, 2024</p>

Subject

Designation of Municipal Capital Facility and Tax Exemption on a portion of the property at South Common Mall municipally known as 2150 Burnhamthorpe Road West (Ward 8)

Recommendation

1. That a by-law be enacted to designate the Agreement set out in the report dated May 30, 2024, from the Commissioner of Corporate Services, as a Municipal Capital Facilities Agreement made pursuant to section 110 of the Municipal Act, 2001, SO 2001, c.25, as amended, and to thereby designate a portion of 2150 Burnhamthorpe Road West, as depicted in the sketch attached hereto as Appendix 2, as a Municipal Capital Facility and be thereby exempt from taxation for municipal and school purposes pursuant to Section 110 of the Municipal Act, 2001, S.O. 2001, c. 25, as amended, effective as of the date the term of the Agreement is to commence.
2. That the lands which are legally described on Appendix "1" but which are not depicted on Appendix "2" are lands that are to continue to be subject to taxation for municipal and school purposes.
3. That the Municipal Capital Facilities Agreement is to be ratified as a municipal capital facilities agreement made pursuant to Section 110 of the Municipal Act, 2001.
4. That the City 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.
5. That all necessary by-laws be enacted.

Background

By way of delegated authority under By-law 0004-2024, the City will be entering into a Lease Agreement with Calloway Reit (Mississauga) Inc. to use the self-enclosed retail unit #18 (the "Premises") at South Common Mall located at 2150 Burnhamthorpe Road West (the "Third-Party Lands") for a period of three (3) years with an option to extend for one (1) additional term of six (6) months (the "Agreement"). The City entered into the Lease Agreement to use the

Premises for a temporary pop-up library to continue operation of the South Common Library while South Common Community Center and Library is closed for renovations. At the time of writing this report it is expected that the Agreement will be executed within the next two weeks.

Property that is owned and occupied by the City is exempt from assessment and taxation pursuant to section 3(9) of the Assessment Act, R.S.O. 1990, c A.31. However, this exemption does not flow through automatically where the City leases or licenses space for municipal purposes from a private party who is taxable.

Section 110 of the Municipal Act, 2001, S.O. 2001, c 25 (the “Municipal Act, 2001”), 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 public libraries.

When municipal capital facilities are located on a portion of the land of another party, 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 Premises to provide the public with library services during the closure and renovation of South Common Community Centre.

Comments

The City will be entering into a Lease Agreement to lease a portion of 2150 Burnhamthorpe Road West (the “Third Party Lands”) consisting of a self-enclosed retail space and comprising an area of 109.16 square meters (or 1,175 square feet) as shown in Appendix 1 attached to this report.

Under the terms of the Agreement, the City is to be exempt from taxation, provided a by-law is passed by Council designating the Premises as a municipal capital facility for the purposes of the Municipal Act, 2001, as amended. Should Council adopt the recommendations herein, the Premises would become tax exempt. This exemption is only applicable for so long as the City has a right to use the Premises. The exemption will terminate at the expiry of the Municipal Capital Facilities Agreement.

Designating the Premises as a municipal capital facility will only exempt the portion of the Third-Party Lands comprising 109.16 square meters (or 1,175 square feet) from property taxes. The remainder of the Third-Party Lands will continue to be subject to property taxes.

Financial Impact

Should Council adopt the recommendations noted herein and exempt the Premises from taxation for municipal and school purposes, the City will not be required to pay property taxes as

otherwise provided for in the Municipal Capital Facilities Agreement. While the Agreement contemplates the possibility of the Premises as being a municipal capital facility, the enactment of a by-law designating it as such is required under the Municipal Act, 2001, as amended. The approximate amount of exempt taxation is estimated to be (taxation amount) subject to the Municipal Property Assessment Corporation's assessment of the space.

Conclusion

While ordinarily exempt from assessment and taxation, the City is obligated to pay its proportionate share of property taxes on properties which have been leased or licensed from private parties. As a result, tax exempting the Premises in accordance with the municipal capital facilities provisions of the Municipal Act, 2001 would result in savings to the City.

Attachments

Appendix 1: Legal Description - 2150 Burnhamthorpe Road West

Appendix 2: The Proposed Tax-Exempt Portion of 2150 Burnhamthorpe Road West - Unit 18



Raj Sheth, P.Eng, Commissioner of Corporate Services

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