CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF MAY 12, 2008

Item 17, Report No. 24, of the Committee of the Whole, which was adopted without amendment by the Council of the City of Vaughan on May 12, 2008.

17 UJA FEDERATION OF GREATER TORONTO PRIVATE LEGISLATION FOR EXEMPTION FROM PROPERTY TAXATION - REQUEST FOR COUNCIL RESOLUTION

The Committee of the Whole recommends:

1) That Clause 1 of the recommendation contained in the following report of the Deputy City Manager/Commissioner of Finance & Corporate Services and the Director of Financial Services, dated May 5, 2008, be approved;

2) That the following resolution be adopted:

> **"Whereas the Joseph & Wolf Lebovic Jewish Community Campus, a subsidiary of the United Jewish Appeal Federation of Greater Toronto, (hereinafter referred to as the UJA) is the owner of certain real property in the City of Vaughan known as the Joseph & Wolf Lebovic Jewish Community Campus located on the west side of Bathurst, north of Rutherford; and**
>
> **Whereas the UJA is a registered charity within the meaning of the Income Tax Act; and**
>
> **Whereas the UJA wishes to build and operate the non-profit Joseph and Wolf Lebovic Jewish Community Campus at the subject property, which will include, schools, medical services, synagogue, immigrant aid services, supportive housing for physically and developmentally challenged, family and child services, pools, gymnasia; and**
>
> **Whereas the UJA has received site plan approval for Phase I and II but not Phase III of the project; and**
>
> **Whereas the UJA intends to lease the subject property to various occupants, who will provide charitable and non-profit services; and**
>
> **Whereas section 3 of the *Assessment Act*, R.S.O 1990, c. 31, as amended, requires that a charitable organization needs to own and occupy a property in order to qualify for a property tax exemption; and**
>
> **Whereas the UJA would qualify for property tax exemption under section 3 of the *Assessment Act* but for the fact that they will not be occupying the subject property; and**
>
> **Whereas the UJA is applying for a Private Bill to have the subject property exempted from municipal property tax; and**
>
> **Whereas the UJA is requesting that the City of Vaughan consents to such a private Bill; and**
>
> **Now Therefore be it Resolved that Council of the City of Vaughan support the efforts of the UJA in its application for a Private Bill giving authority to the City of Vaughan to enact a by-law that would exempt the subject property from municipal property taxes, provided that the uses on the subject property would be exempt under the *Assessment Act* but for the fact that the subject property is not being occupied by the UJA;"**

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3) **That the supporting documents requiring the signature of the Mayor be provided to the Council meeting of May 12, 2008;**

4) **That the memorandum of the Director of Finance, dated May 5, 2008, be received; and**

5) **That the deputation of Mr. Louis Greenbaum, 1118 Centre Street, Suite 208, Thornhill, L4J 7R9, on behalf of UJA Federation of Greater Toronto, be received.**

Recommendation

The Deputy City Manager/Commissioner of Finance & Corporate Services and the Director of Financial Services, in consultation with the Director of Legal Services and the Manager of Property Tax & Assessment recommends:

1) That this report be received for information; and

2) That should Council wish to support the request, staff recommend approving the attached Resolution in support of the United Jewish Appeal Federation of Greater Toronto (the UJA) for a Private Bill.

Economic Impact

If the UJA were to receive exemption from property taxes on the subject lands referred to below, the annual estimated property taxes for the City portion only on Phase I is $179,000, Phase II is $37,000. Phase III cannot be determined at this point. The above amounts are only estimates based on information provided by the UJA Federation. The Regional impact is indicated below and Provincial Education Taxes would also be exempted.

Communications Plan

A Communications Plan is not applicable to this report.

Purpose

To provide Council with the background and estimated economic impact regarding the UJA's request for City support via resolution through passage of a Private Bill in the Provincial Legislature, that would provide the City with the authority to enact a By-law to exempt the subject property from property taxes.

Background - Analysis and Options

The UJA is a charitable, not-for-profit corporation. It is supported by a combination of donations and public funds. The UJA Federation supports community service-type organizations as well as education, health and social services.

The City has received a request (see attached request) from the UJA asking that the City of Vaughan Council pass a resolution in support of a Private Bill to the Provincial Legislature that would enable the UJA to become exempt from paying municipal property taxes for all or a portion thereof for the Joseph and Wolf Lebovic Jewish Community Campus, which is approximately 50 acres in size and is situated on the west side of Bathurst Street north of Rutherford Road (the subject property).

The Assessment Act, administered by MPAC, exempts philanthropic organizations, charities or non-profit organizations from paying municipal property taxes, provided they satisfy certain criteria. MPAC has established an exemption review process for all municipal property tax

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exemption requests in order to ensure that the provisions under the Assessment Act are consistently adhered to throughout the Province. MPAC was approached by the UJA in order to avail itself of this exemption review process. The Assessment Act states that a charitable organization needs to **own and occupy** a property under certain conditions in order to qualify for municipal property tax exemption. With respect to the subject lands, UJA will maintain ownership however, it will provide land leases to various occupants who, in turn will build and occupy their own buildings, and provide charitable, non-profit services. Therefore, MPAC confirmed that under the described proposed arrangements for the subject property, the municipal property tax exemption requirements under the Assessment Act will not be technically met. The issue being that a non-profit organization would not own and occupy the property, but rather would own the property but lease to another non-profit organization that would provide charitable services. The position that the UJA has taken is that it is unfair to deny the UJA property tax exemption when the only reason for the denial is that they are leasing the subject property to another non-profit charitable organization to provide charitable services on its behalf, rather than occupying the subject property themselves to perform the charitable service.

Current Property Tax Status

The Municipal Property Assessment Development Corporation (MPAC) currently has the property assessed as "Residential Vacant Development land" and as such is subject to Municipal Property taxes. Once these lands are fully developed, based on the current information it appears that without a private bill all the buildings including the synagogues would be liable for property taxation since the buildings will not be occupied by the UJA as land owner.

Development Plans

The intent of the Campus development is to provide a range of significant community facilities and services to the general public (see attached UJA master plan). Currently, the majority of the property is still under construction, but the intention is to complete the property as follows:

Phase I, Quadrant 'A' - Site Plan Approved

This phase of the development has already been initiated with the completion and occupation of the Kimmel Education Centre, a 2-story Private Secondary school. The current approved Site plan also includes a Community Services Complex and REENA / Special Needs facilities. South of these facilities are City owned lands which will be developed into a soccer field, baseball diamond and parking.

Phase II, Quadrant 'B' – Site Plan Submitted

The proposed phase II of the development includes 2 Private Elementary Schools, including a Synagogue. The school area will include playground, soccer field, outdoor amphitheatre, plus parking. The Site plan has been submitted and is currently awaiting final approval.

Phase III, Quadrant 'C' & 'D' – Official Plan & Zoning Amendment - Application

This phase is currently under Official Plan Amendment File OP.07.003. and zoning By-law amendment 2.07.032. At this point only conceptional site plans have been submitted to the City. This phase is in it's early stages of planning and is intended at this point to be used as high rise residential.

Private Bill

Current legislation does not permit the City to grant a site-specific tax exemption. Therefore it is necessary for a Private Bill to be enacted that would give the City authority to enact a By-law that

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would exempt the UJA from municipal property taxes. The properties would still be assessed by MPAC but would be put into an exempt property class. Given the initial conclusion of MPAC the UJA would like to approach the Provincial Legislature in order to enact such a Private Bill. This Private Bill would give the City authority to enact a by-law that would exempt the subject property from all municipal property tax subject to the conditions that the City may deem appropriate. One of the requirements for obtaining a Private Bill is an indication of support via resolution (see attached) from the impacted municipality.

Possible Conditions to the Enactment of the By-law

Once the Private Bill is enacted, the City will have authority to enact a by-law that would exempt the UJA Federation from paying property taxes, subject to conditions that the City deems appropriate. One precondition for the enactment of the By-law would be that the UJA continues to be in a situation whereby it would receive tax exemption under the Assessment Act but for the fact that they are not occupying the subject property. Another possible condition is that the UJA enter into an agreement with the City. Possible provisions for this agreement could be a stipulation that if the lands in question are sold, leased or otherwise disposed of, or if there are changes in use, that property taxes may become applicable. The provisions will also require the registration of the agreements against the title to the property. This approach will provide the City with ability to monitor the property in terms of property taxes, thereby providing fairness in the process.

Relationship to Vaughan Vision 2020

This report is consistent with the priorities previously set by Council and the necessary resources have been allocated and approved.

Regional Implications

If the UJA were to receive exemption from property taxes on the subject lands, the annual estimated property taxes, for the Regional portion only, on Phase I is $347,000, Phase II is $72,000. Phase III cannot be determined at this point.

Conclusion

The UJA Federation, a charitable/non-profit corporation, has requested support from the City via resolution for exemption of property taxes through a Private Bill. Support from an impacted municipality is required for the enactment of a Private Bill. A Private Bill is necessary because the UJA Federation does not technically satisfy the Assessment Act requirements of ownership and occupation. However, the UJA will be satisfying the spirit of the Assessment Act, as they will be leasing the subject property to other charitable/non-profit organizations. With support from the City, the Province can enact a Private Bill that would provide the legislated authority for the City to exempt the UJA from property taxes. Other Municipalities have also provided this type of support under similar circumstances to various charitable organizations and the City has also granted a similar request in the past, and will continue to consider similar requests in the future.

If the City wishes to assist the UJA in their efforts, then a resolution supporting the request will be required. The City, once the Private Bill is passed by the legislature, will enact a By-law and may enter into an agreement with the UJA that will provide for certain conditions that are deemed appropriate.

Attachments

Attachment 1 – Resolution
Attachment 2—UJA request
Attachment 3 - UJA Master Plan

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Report prepared by:

Barry E. Jackson, CGA
Director of Financial Services
Ext 8272

Maureen E. Zabiuk, A.I.M.A., AMTC
Manager, Property Tax & Assessment
Ext. 8268

Chris Bendick
Solicitor
Ext. 8298

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)