

## UPCOMING

### SEPTEMBER

- 14 Close of nomination deadline for councillor candidates
- 26 Waterfront Toronto Design Review Panel, 8:30 a.m., 20 Bay Street, Suite 1310

### OCTOBER

- 4 Design Review Panel, time TBC, committee room 2
- 12 TCHC Design Review Panel, 3:00 p.m., 180 Sackville Street
- 22 Municipal elections
- 24 Waterfront Toronto Design Review Panel, 8:30 a.m., 20 Bay Street, Suite 1310

### NOVEMBER

- 1 Design Review Panel, time TBC, committee room 2
- 21 Waterfront Toronto Design Review Panel, 8:30 a.m., 20 Bay Street, Suite 1310
- 22 Design Review Panel, time TBC, committee room 2

### DECEMBER

- 4 Inaugural meeting of Council, 2018-2022 term
  - 6 Community Councils (urgent business only), 9:30 a.m., various locations
  - 7 Executive Committee, time and location TBC
  - 12 Waterfront Toronto Design Review Panel, 8:30 a.m., 20 Bay Street, Suite 1310
  - 13 Council, time TBC, council chamber
- Design Review Panel, time TBC, committee room 2
- TCHC Design Review Panel, 3:00 p.m., 180 Sackville Street



## COMMERCIAL PROPERTY TAX OVERBURDEN

# SOLUTIONS PENDING



Rob Jowett

A practical solution to Toronto's commercial property tax crisis is needed quickly in order to reduce the burden on businesses taxed on the highest and best uses for their properties.

"It would be impossible to find a perfect solution," ward 27 Toronto Centre-Rosedale councillor **Kristyn Wong-Tam** said at a panel discussion this week hosted by the **Ryerson City Building Institute**. "We've got to find one that makes sense for Toronto and that values ... the character of the neighbourhoods that we want to preserve."

Property in Ontario are assessed by the Municipal Property Assessment Corporation, which assesses commercial properties according to their highest and best use,—a measure of their maximum sale potential on the open market.

"They have to estimate the price that a willing buyer would pay for a property in January 2016," **University of Toronto** economics professor **Peter**

**Tomlinson** told *NRU*. "That means the highest bidder. So if there's redevelopment potential, the highest bidder is going to pay a price reflecting that and MPAC has to put that on the roll."

MPAC reassesses properties every four years. Businesses across the city routinely see a huge increase in their taxes when this occurs, often higher than 100 per cent. An oft-cited example is **Le Sélect Bistro** at 432 Wellington Street West, which in 2016 faced a tax increase of 239 per cent. The bistro has no plans to sell or redevelop.

The City of Toronto has the power to set the tax rate, but not to define the way a property is assessed, which is defined in the *Assessment Act*.

"The city's role is to create tax policy, not necessarily to tell MPAC how [it] should be valuing properties," Toronto revenue services director **Casey Brendon** told *NRU*. "MPAC's mandate is to establish a market value, establish a current value assessment for all properties in Ontario..."

And the city's tax policies are a reflection of how we collect taxes, not how these properties are assessed."

One power that the city does have is to cap the rate at which property taxes increase for a business. Toronto set a new 10 per cent cap in January. However, this only mitigated the problem, it didn't solve it.

"It's not the rates," says **Canadian Federation of Independent Business** provincial affairs for Ontario director **Julie Kwiecinski**. "It's the assessments that are the issue. So you have to go to the source of the assessment and make the changes there."

The City of Toronto is considering a shift toward current-use value assessment that would assess a property on the basis of what exists on a site rather than on potential redevelopment value. Tomlinson says that this shift requires more study but that to achieve that objective, city council would need to request the Ontario Finance Minister

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# MOBILIZING FOR CHANGE

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“These residents’ groups or neighbourhood organizations are trying to use what little power and influence they have to basically replace what a political party would do,” he said.

“I think that that is an impressive process and exactly the type of work that people need to do because at the end of the day it’s about residents and voters coming together to make change,” said **Progress Toronto** executive director **Michal**

**Hay**. “Whether it’s knocking on doors or people taking the time to get behind one candidate, that’s how we can actually get new people into city hall.”

The coalition’s method proved effective in the 2003 election, when the group backed ward 16 candidate **Karen Stintz**, who was running against long-time incumbent **Anne Johnston**. Johnston had helped push through a controversial condominium development

at the corner of Yonge and Eglinton in 2002. The **North Toronto Tenants Network** took out an advertisement in the local community paper seeking applicants to contest the seat. Stintz responded to the ad and defeated Johnston by over 2,300 votes.

“I think it goes a very long way for that community to have a signal, for people who might not be involved in that residents’ association to see that a group that they trust is supporting a certain candidate. That is a strong signal to them about who they should be voting for and it does help a new candidate overcome the power that incumbency has, that power, namely being name

recognition.”

Progress Toronto also plans to mobilize residents in the city in preparation for the October 22 election.

“The silver lining of the battle against [Premier **Doug**] **Ford** has been that our organization has had an opportunity to pull in hundreds of volunteers and thousands of people who are committed to standing up for the city and we are going to turn that around and use it to elect a progressive city council and a progressive school board who will both fight for the future of our city and be there to stand up against Ford.” 🌸

# SOLUTIONS PENDING

CONTINUED FROM PAGE 2

to prescribe a new regulation within the *Assessment Act*.

“MPAC could start by identifying submarkets without redevelopment potential. In those submarkets, the intention of willing buyers is to retain the existing retail buildings in their current use,” he says. “MPAC could then turn to

submarkets where there is expectation of redevelopment, which is reflected in sale prices. Willing buyers in those cases are valuing properties as redevelopment land. The existing buildings do not add ... to the land value if the buildings will not be retained. Potential buyers intending to retain the current use will be

outbid by buyers intending to redevelop, so hypothetical current-use values are not observable.”

Another possible solution could be the creation of a small business taxation class, Kwiecinski says.

“That would be an option... that would [still] require going to the province and opening up this *Assessment Act*,” she says. “It’s something we have asked for and we will continue to raise going into the... municipal election.”

While changing the act will not be easy, it is vital

to preserving the character of the city, says **Downtown Yonge BIA** chief operating officer **Mark Garner**.

“It would be easier to split an atom in our basement than to change the current tax law,” he says. “The question... is: what type of neighbourhood do you want to live in? What does your neighbourhood look like?” 🌸