

## **Expropriation of Business Improvement Area Land and Potential Compensation**

**Date:** November 08, 2024

**To:** General Government Committee

**From:** Executive Director, Finance Shared Services

**Wards:** Ward 14 - Toronto-Danforth

### **SUMMARY**

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At its October 9 and 10, 2024 Council meeting, during its consideration of [Item GG16.3: Status of Outstanding Payments in Lieu of Tax Amounts for Federal, Provincial and Municipal Properties](#), a Motion to amend the item was carried requesting that the Chief Financial Officer and Treasurer report back to the November 20, 2024 General Government Committee meeting on:

- How the City of Toronto will determine and collect payments in lieu of taxes for those businesses which Metrolinx has expropriated and closed in Business Improvement Areas; and
- How the City of Toronto will compensate the Business Improvement Area levies for these properties.

This report is being written by Revenue Services in consultation with Economic Development & Culture and Legal Services.

### **RECOMMENDATIONS**

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The Executive Director, Finance Shared Services recommends that:

1. City Council receive this report for information.

### **FINANCIAL IMPACT**

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There are no financial implications arising from the adoption of the recommendation contained in this report.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications.

## **DECISION HISTORY**

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At its meeting on October 9 and 10, 2024 Council meeting, during its consideration of [Item GG16.3: Status of Outstanding Payments in Lieu of Tax Amounts for Federal, Provincial and Municipal Properties](#), City Council adopted a motion to amend the item requesting that the Chief Financial Officer and Treasurer report back to the November 20, 2024 meeting of the General Government Committee on how the City of Toronto will determine and collect payments in lieu of taxes for those businesses which Metrolinx has expropriated and closed in Business Improvement Areas and how the City of Toronto will compensate the Business Improvement Area levies for these properties.

## **COMMENTS**

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Business Improvement Areas (BIA) allows commercial property owners and tenants to join together with the support of the City of Toronto to have the ability to organize, finance and provide physical improvements that will promote economic development in their area. The general functions of a BIA is to oversee the improvement, beautification and maintenance of City owned land, buildings and structures in the area where these improvements are beyond what the City provides.

The BIA levy (also referred to as a BIA special charge) is charged to commercial and industrial member properties of the BIA and it is based on the assessment value of the property. The BIA special charge is added as a separate levy on the final property tax bill each year. Each BIA board determines the rate based on the funding required by the BIA, and Council approves the BIA's budget and the BIA special charge.

Given that the BIA levy is a charge to commercial and industrial taxable properties only, properties owned by the Federal, Provincial and Municipal governments which are subject to a Payment in Lieu of Taxes (PILT) rather than property taxes, are not subject to the payment of a BIA levy. Such properties, however, are subject to PILTs, and such PILTs will be collected by the City as they are for other properties owned by the Province and/or Metrolinx.

The Metrolinx Act, 2006 grants Metrolinx the authority to expropriate private land for the purpose of carrying out its objects.

Metrolinx is a Crown Corporation of the Province and as a part of their Ontario Line transit infrastructure project, nineteen properties have been identified to be expropriated for demolition within the Pape Village BIA. The City of Toronto was not involved in the selection process of these properties. Currently, Pape Village BIA has not suffered any expropriation-related losses. It is unknown whether these losses will occur in 2025 as it is dependent on whether Metrolinx files a Section 323 tax appeal. The deadline to file an appeal is February 28, 2025 for the 2024 taxation year. The mechanism for the Pape

Village BIA is to account for a BIA levy reduction is to set aside a provision for estimated expropriation-related appeal reductions processed in future years. If a Section 323 tax appeal reduction is approved, the City must recalculate the BIA charges based on the revised assessment and any levy reductions resulting from tax and assessment appeal reductions are applied against the provision. Should this occur, the estimated levy impact resulting from the expropriation of the BIA would be \$19,000, which is approximately 19.1% of the total BIA levy.

Each individual BIA board sets their own budget which is approved by Council. BIA budgets include provisions for reductions processed in future years. For example, if the Assessment Review Board (ARB) or the Municipal Property Assessment Corporation (MPAC) approves an assessment appeal reduction, the City must recalculate BIA charges based on the revised assessment and any levy reductions resulting from tax and assessment appeal reductions are applied against the provision.

If the provision is not sufficient, the BIA levy in the following year will be increased to cover the shortfall. The same process would apply with respect to reductions in the BIA levy due to expropriations.

Historically, in these circumstances, the City does not provide relief for reduced BIA levy revenue experienced by a BIA, as the BIA's budget provision should address the loss of revenue. Providing relief to the BIA currently experiencing the expropriation of lands could raise issues of fairness, and could set an expensive precedent in the future where other financial losses for BIA's are experienced such as a large reduction in assessment values.

## **Existing Business Improvement Area and Business Supports**

While the City does not provide relief for reduced BIA levy revenue, we do provide a wide array of grant programs, support and training for Business Improvement Areas and businesses impacted by the Ontario Line construction, which could be leveraged by the Pape Village BIA to mitigate impacts of any expropriation related losses.

The City's Economic Development and Culture Division has a dedicated Economic Development Officer to provide ongoing support to BIAs and businesses directly impacted by the Ontario Line construction. Through this effort the City has developed the Construction Mitigation Strategies Retailer Guide and Checklist.

The BIA Office provides the Ontario Line BIAs with quarterly economic snapshots on the economic health of their BIAs. These snapshots are prepared in collaboration with the Canadian Urban Institute. In 2025 the City will provide further support to BIAs to define best practices on how to address the information provided in these reports.

The City also supports BIAs and business associations through the Transit Expansion Construction Mitigation Grant Program. This program is specifically for organizations with proposals and projects to mitigate the impact of long-term transit construction

projects. To date, the City has committed \$685,000 to BIAs and business associations affected by the Ontario Line construction.

The Commercial Façade Improvement Grant Program provides up to \$12,500 to commercial property owners and tenants of commercial property to redesign, renovate or restore facades on commercial buildings.

The City partners with the Digital Main Street Program to offer tools, resources, and connections to trusted digital vendors, online learning and a Digital Service Squad that provides one-on-one virtual assistance. Working with community partners, the program helps small businesses, not-for-profit and creative/culture organizations with everything from website design and social media to launching e-commerce platforms.

The City and its partners also offer year-round learning opportunities for entrepreneurs and small business owners, from regularly scheduled seminars to large networking events to on-demand online training modules.

Through the Streetscape Improvement Program BIAs may receive matching funding of 50 per cent for capital projects ranging in cost from \$10,000 to \$1,000,000. In addition, through the Streetscape Master Plan Program BIAs may receive one-time cost-matched funding up to \$25,000 to acquire consulting services to create comprehensive streetscape plans that guide future improvements.

These program funding opportunities are available to all BIAs and there is no provision within these funding opportunities to assist in the funding shortfall realized by an expropriation of land. The City's BIA Office will continue to support the Pape Village BIA with particular focus on any impacts from expropriation related losses and provide supports towards mitigating those impacts through existing business supports where available and appropriate.

## **CONTACT**

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## **SIGNATURE**

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David McIsaac  
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