



City of
Peterborough

To: **Members of the Arts, Culture & Heritage Advisory Committee**

From: **Richard Freymond, Commissioner of Corporate and
Legislative Services
Sheldon Laidman, Commissioner of Community Services**

Meeting Date: **June 10, 2021**

Subject: **Report ACHAC21-020
Creative Facilities Subclass**

Purpose

A report to seek input from Arts, Culture and Heritage Advisory Committee (ACHAC) on the request from Council for staff to review a potential Creative Facilities Tax Subclass.

Recommendation

That the ACHAC approve the recommendation outlined in Report ACHAC21-020, dated June 10, 2021 of the Commissioner of Corporate and Legislative Services and the Commissioner of Community Services, as follows:

That the ACHAC support the Staff recommendation not to proceed with the Creative Facilities Subclass concept for the City of Peterborough.

Budget and Financial Implications

There are no budgetary or financial implications associated with the recommendation.

Background

At the April 6, 2021 General Committee meeting during discussion of report CAO21-002 the following motion was passed:

That Staff report to Council by the fourth quarter of 2021 with options related to Tax Classes and other potential support mechanisms for the Arts and Culture sector.

The motion was in response to Council discussion related to outstanding reports that are at least two years old and that Staff had recommended not be brought forward.

The original request of Council on March 19, 2018 read as follows:

That City Staff report back to Council on the potential to create a new property tax class for Creative Co-Location Facilities and other methods to reduce the property tax burden for arts and cultural hubs that would currently be captured under a commercial or industrial property designation.

The Staff rationale to remove the action item from the list of reports was as follows: Creating a new property tax class for Creative Co-Location Facilities would currently be captured under a commercial or industrial property designation. Staff are only aware of this materializing in the City of Toronto. In Peterborough, all Commercial and Industrial properties have already benefited from the Tax Ratio Reduction program and for others that may qualify, the Charitable Rebate program.

The following provides additional detail respecting how the property subclass works in the City of Toronto and what it could potentially look like if Peterborough adopted a similar program. At this time, the City of Toronto is the only municipality to have instituted such a program.

City of Toronto - Creative Co-Location Facilities Subclass

The City of Toronto has implemented a Creative Co-Location Facilities Property Tax Subclass, the purpose of which is to support the viability of creative hubs that help cluster creative enterprises. In Toronto, there are specific criteria that both the property owner as well as the tenants must meet in order to qualify which include,

1. The tenant must meet the eligibility requirements to be determined to be a Creative Enterprise. The City of Toronto utilizes the Canadian Framework for Cultural Statistics.
2. The tenant must be charged below market rent.
3. There must be a lease in place for a minimum of five years.

4. There must be a minimum number of five full-time tenants that meet the definition of Creative Enterprise.
5. The Creative Enterprise must provide free programming and cultural activities for the public. In Toronto this is defined as at least twelve cultural programs that are offered free of charge to members of the public over the course of the calendar year, with no less than ten months of the year featuring such programs.
6. The property must be in the Commercial or Industrial Tax Class.

The tax relief is realized by the property owner and passed on to tenants through the below market rent. The idea being to provide relief to tenants in Toronto where the Commercial and Industrial tax ratios and commercial rents are higher than in the City of Peterborough.

In order to institute a similar program in the City of Peterborough eligibility requirements for both the tenant as well as the property owner would need to be determined and continued eligibility would be verified by City staff. Eligibility would be determined through a yearly application process that would require a detailed examination of the tenant mix and tenant activities taking place within the property, to ensure that the services offered provide the desired public benefits. Staff would also need to evaluate all leases as well as potentially rent receipts to ensure the requirement of below market rent is satisfied.

A By-Law would be required each year listing the approved properties for inclusion in the subclass. This By-Law would then be forwarded to the Municipal Property Assessment Corporation (MPAC). MPAC would be responsible for applying the tax class to each property as approved by the City. As tenancies or eligibility changed, amending By-Laws would be required. An ongoing review of eligibility would need to be performed throughout the year as tenancies change and to determine that eligibility requirements are being met. If a Qualifying Property has a change in eligibility status, the owner would be required to alert the City as soon as that change is known.

There will also be a requirement for Staff to defend the exclusion of any applicants to the Assessment Review Board following a Request for Reconsideration process that would be carried out by a City of Peterborough staff member who had been named Program Administrator.

The new property subclass and associated program, as described above is resource intensive to administer in that it involves ongoing maintenance and upkeep and is dependent on a third party to (MPAC) enact the changes in the assessment roll. It is for these reasons that Staff are recommending not to explore the Creative Facilities Subclass concept for the City of Peterborough.

Additional Research:

Staff also conducted a scan of other municipalities with a similar Arts and Culture sector to Peterborough and/or similar population to determine what other programs are being offered to assist the Arts and Culture sector.

Municipality	Existing Programs	Covid Specific Program
Guelph	Community Grant program	Mayors Task force looking at marketing program to support this sector.
Kingston	Kingston Arts Fund	Additional \$200,000 has been invested in Arts Fund to create two new, one-time funding programs developed in partnership with the Kingston Arts Council that include Resiliency Grants for individual artists and Adapt Grants to help artists, collectives, and arts organizations adjust to the impact of COVID-19.
St. Catharines	St. Catherine's Cultural Investment Program includes: Sustaining Funding - core or mid-sized festival Development Funding - Arts Development, Culture Build Community and Culture Days Activity funding	Arts and Culture Revitalization Program - replaced Arts Development and Culture Build Community Program in 2020 only. Supports projects that engage residents through performances, community art experiences, neighbourhood cultural activities and/or experiences that encourage participation, creativity, and innovation.
Waterloo	Region of Waterloo Arts Fund - not-for-profit corporation established by the Regional Municipality of Waterloo operate at arm's length from the Regional Municipality, which provides an annual per capita allocation to grant funding for the performing, visual and literary arts.	Allowing Community Cash program to be used to buy PPE, shift operations to follow compliance etc. More lenient with grant program for 2021 grants.

Windsor	Arts, Culture and Heritage Fund - invests in the soul of our City by providing financial assistance to locally developed arts, culture and heritage projects. Max funding \$5,000.	Enhanced Arts, Culture and Heritage Funding for COVID, max funding provided \$1,000 in 2020
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Based upon this review of other municipalities, additional supports for the arts and culture sector are very similar to the current programs in place through the City of Peterborough. The City operates various grant programs which in 2021 saw \$151,680 provided to arts and culture organizations as well as providing operating funding to EC3 to support the arts and culture sector. In addition, in 2021 the City provided additional funding in the amount of \$40,000 to the Arts Alive fund to support the arts during the COVID-19 pandemic.

Submitted by,

Richard Freymond
Commissioner of Corporate and Legislative Services

Sheldon Laidman
Commissioner of Community Services

Contact:

Karen Rennie
Manager, Arts, Culture and Heritage Division
Phone: 705-742-7777, Ext.1442
Toll Free: 1-855-738-3755
Fax: 705-743-2614
E-Mail: krennie@peterborough.ca